

Involuntary Resettlement Portfolio Review

Phase II: Resettlement Implementation

CONFIDENTIAL DRAFT

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Acronyms

AFR	Africa Region
AM	Aide-Mémoire
ARD	Agriculture and Rural Development Sector
EAP	East Asia and the Pacific Region
ECA	Eastern Europe and Central Asia Region
EMT	Energy, Mining and Telecommunications Sector
FTE	Full Time Equivalent
FY	Fiscal Year (July to June)
GRM	Grievance Redress Mechanism
IBRD	International Bank for Reconstruction and Development
ICR	Implementation Completion Report
IDA	International Development Association
IP	Indigenous People
ISR	Implementation Status and Results Report
LCR	Latin America and Caribbean Region
MENA	Middle East and North Africa Region
M&E	Monitoring and Evaluation
OP	Operational Policy
PAP	Project Affected Person
PIU	Project Implementation Unit
RP	Resettlement Plan
RPF	Resettlement Policy Framework
SAR	South Asia Region
TR	Transport Sector
TTL	Task Team Leader
UD	Urban Development Sector
WAT	Water and Sanitation Sector

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EXECUTIVE SUMMARY

Introduction and Methodology

1. As part of the strategy to enhance the implementation of the Bank's social safeguard policies, the Social Development Department is conducting a three-phase Bank-wide review of the implementation of Operational Policy 4.12 on Involuntary Resettlement (OP 4.12). Phase I was a desk review of all of those projects from 1990 to 2010 that triggered OP 4.12. The present document reports on the first part of Phase II, which is an in-depth analysis of a sample of these projects. This analysis will contribute to preparation of an action plan to improve future resettlement practices and outcomes (the second part of Phase II). Phase III of the Bank-wide review will be implementation of the action plan.

2. This study examines the sample projects in the following areas:

- Magnitude of the resettlement impacts
- Outcomes of the resettlement measures taken in each project, including
 - compensation for loss of land and other assets,
 - relocation,
 - restoration of incomes and/or livelihoods,
 - responding to the needs of informal occupants, and
 - responding to the needs of indigenous peoples (IPs) and other vulnerable persons and groups
- Consultation and participation processes
- Client capacity to manage resettlement
- Grievance redress systems
- Monitoring, evaluation and reporting
- Bank supervision

3. Fifty-nine projects were included in the sample. These projects all triggered OP 4.12, and they were all approved in the period from FY05 through FY09. All of the projects had been under implementation for at least three years, allowing for assessment of resettlement outcomes. Since the focus of the review was to assess resettlement design, implementation and outcomes, the sample was limited to those that had a Resettlement Plan (RP) at appraisal or at least one RP during implementation. The 59 sample projects had regional and sectoral distributions similar to those for the full set of eligible projects.

4. The review was carried out by a team of Bank resettlement specialists who completed project questionnaires to identify and assess project impacts, processes and outcomes. The specialists reviewed all relevant project documents and contacted project Task Team Leaders or Social Development Specialists for more information as needed. Most of the questions used a scale of Satisfactory (S), Marginally Satisfactory (MS), Marginally Unsatisfactory (MU), Unsatisfactory (U), Don't Know (DK), and Not Applicable (N/A).

Findings

5. **Magnitude of Resettlement Impacts.** Reviewers evaluated each of the 59 projects to determine magnitude of three categories of impacts: (i) loss of land and other assets; (ii) physical

displacement (relocation) and (iii) loss of income sources and/or livelihoods. The anticipated impacts (as described in resettlement plans—RPs) were rated Significant (if more than 200 persons were affected) or Minor (if the number affected was less than 200). The reviewers then compared the anticipated impacts with the actual impacts (as described in documents prepared during project implementation). The results of this analysis are presented in Table A.

Table A. Magnitude of Anticipated Versus Actual Resettlement Impacts

Type of Impact		Magnitude of the Impact of the 59 Projects							
		Significant		Minor		Don't Know		Not Applicable	
		N	%	N	%	N	%	N	%
Loss of Land and/or Other Assets	Anticipated	41	69.5%	15	25.4%	3	5.1%	0	0.0%
	Actual	37	62.7%	14	23.7%	8	13.6%	0	0.0%
Relocation	Anticipated	24	40.7%	20	33.9%	1	1.7%	14	23.7%
	Actual	17	28.8%	15	25.4%	15	25.4%	12	20.3%
Loss of Income and/or Livelihoods	Anticipated	14	23.7%	14	23.7%	9	15.2%	22	37.3%
	Actual	9	15.3%	5	8.5%	24	40.7%	21	35.6%

6. Each of the 59 projects was rated in the three categories of impacts, for a total of 177 ratings. Ratings for anticipated and actual impacts were the same in 128 cases (72%). In the remaining 49 cases (28%), the ratings for anticipated and actual impacts were not the same. These discrepancies are largely explained by information deficiencies in the RPs and in the documentation developed during project supervision. Information on the number of persons who had to relocate or suffered loss of income was particularly lacking. The most common change in the ratings was from Minor or Significant (based on information provided in the RP on anticipated impacts) to Don't Know (based on information in documents produced during project implementation), which suggests that most projects do a poor job monitoring and reporting the status of project affected people (PAPs). Information gaps should close (not grow) during project implementation. This finding also suggests that the assessment made on resettlement impacts at appraisal often changes during implementation.

7. **Resettlement Outcomes.** The projects were rated on a number of resettlement outcomes, as presented in Table B.

Table B. Ratings of Actual Resettlement Outcomes

Type of Outcome	Ratings of the Resettlement Outcomes of the 59 Projects							
	S or MS		U or MU		Don't Know		Not Applicable	
	N	%	N	%	N	%	N	%
Compensation for Loss of Land and/or Other Assets	41	69.5%	9	15.2%	7	11.9%	2	3.4%
Relocation	15	25.4%	2	3.4%	27	45.8%	15	25.4%
Restoration of Income and/or Livelihoods	17	28.8%	2	3.4%	24	40.7%	16	27.1%
Overall Resettlement Outcome*	34	57.6%	7	11.9%	15	25.4%	3	5.1%
Effectiveness of Measures for Informal Occupants	11	18.6%	3	5.1%	19	32.2%	26	44.1%
Effectiveness of Measures for Indigenous Peoples & Other Vulnerable Persons	14	23.7%	2	3.4%	19	32.2%	24	40.7%

*Combined rating derived from previous three categories

8. As shown, many more projects received Satisfactory or Moderately Satisfactory rankings than Unsatisfactory or Moderately Unsatisfactory. This finding becomes even more evident taking into account the number of projects for which particular measures were not applicable. However, a disturbingly large number of projects had insufficient data available to allow evaluation, and thus received Don't Know ratings. Analysis of the data also revealed that outcomes were similar whether RPs were prepared prior to appraisal or during implementation.

9. In general, results were overwhelmingly Satisfactory or Moderately Satisfactory in all categories of outcomes for those projects that had enough information to allow a rating. Nevertheless, some projects were rated Unsatisfactory or Moderately Unsatisfactory in all categories. Ratings of U or MU were assigned for a variety of reasons, and other problems were also identified, including the following:

- *Compensation*: Substantial delays in paying compensation, inadequate compensation, lack of compensation for certain categories of lost assets
- *Relocation*: Delay in supplying permanent housing, provision of new houses despite PAPs' preference for cash compensation
- *Restoration of Income/Livelihoods*: Economic rehabilitation rarely planned for PAPs losing more than 10% of their productive assets, no analysis of whether compensation for lost assets also restores lost livelihoods
- *Overall Outcomes*: Extensive delays in land acquisition and resettlement, failure to use market rates in valuation of assets, failure to allocate needed resettlement funds
- *Informal Occupants*: Poor documentation of measures taken to assist informal occupants, little or no information on the effectiveness of such measures
- *IPs and Vulnerable Persons*: Delays in disbursement of resettlement and rehabilitation assistance, extremely poor documentation of implementation of measures taken

10. Poor documentation was found to be a pervasive problem. Project documents attributed many of the other difficulties to budgetary constraints.¹

11. **Resettlement Implementation and Management.** Table C shows project ratings for various aspects of resettlement implementation and management. Many more projects received Satisfactory or Moderately Satisfactory rankings than Unsatisfactory or Moderately Unsatisfactory. Once again, a disturbingly large number of projects had insufficient data available to allow evaluation, and thus received Don't Know ratings. Analysis of the data also revealed that, in most cases, outcomes were similar whether RPs were prepared prior to appraisal or during implementation.

¹ These findings are consistent with those of Phase I of the Involuntary Resettlement Portfolio Review and the IEG report "Safeguards and Sustainability Policies in a Changing World" (Independent Evaluation Group of the World Bank, June 29, 2010).

Table C. Ratings of Resettlement Implementation and Management

Implementation and Management Category	Ratings							
	S or MS		U or MU		Don't Know		Not Applicable	
	N	%	N	%	N	%	N	%
<i>Consultation and Participation</i>	43	72.9%	8	13.6%	8	13.6%	0	0.0%
<i>Client Capacity</i>	34	57.6%	11	18.6%	13	22.0%	1	1.7%
<i>Client Reporting</i>	22	37.3%	8*	13.6%	27	45.8%	2	3.4%
<i>Monitoring and Evaluation</i>	27	45.8%	7	11.9%	24	40.7%	1	1.7%
<i>Grievance Redress Mechanisms</i>	25	42.4%	5**	8.5%	28	47.5%	1	1.7%
<i>Bank Supervision</i>	51	86.4%	7	11.9%	1	1.7%	0	0%

*Includes three projects where monitoring reports appear not to have been prepared

**Includes two projects where GRMs appear not to have existed

12. In general, the results were overwhelmingly Satisfactory or Moderately Satisfactory in all categories for those projects that had enough information to allow a rating. Nevertheless, some projects were rated Unsatisfactory or Moderately Satisfactory in all categories. Ratings of U or MU were assigned for a variety of reasons, and other problems were also identified, including the following:

- *Consultation and Participation*: Inadequate consultation before land acquisition and for the assessment of losses, mechanisms created but not used successfully, lack of information about consultation during implementation
- *Client Capacity to Manage Resettlement*: Lack of documentation except in cases where problems occur, skill levels requiring capacity building, hiring delays, staff turnover, understaffing, problems in overall resettlement due to inadequate capacity
- *Client Reporting*: Lack of monitoring or implementation reports, lack of reporting on economic rehabilitation and income restoration, poor quality progress reports, Bank supervision undermined by lack of reporting
- *Monitoring and Evaluation (M&E)*: Absence of M&E reports in project files, poor quality reports, lack of information on resettlement impacts, delays in contracting external M&E, difficulties created for Bank supervision teams during site visits
- *Grievance Redress Mechanisms (GRMs)*: Delays in activating GRMs, non-functioning or poorly designed GRMs, lack of representation of PAPs in grievance committees, delays in resolving grievances
- *Bank Supervision*: Lack of reporting about resettlement, failure to include resettlement specialists in supervision teams, resettlement rated satisfactory in the ISR despite extensive problems

13. Once again, poor documentation was found to be a pervasive problem.

14. **Resettlement Policy Frameworks.** OP 4.12 requires the preparation of a Resettlement Plan (RP) for all projects that entail involuntary resettlement. However, in cases of financial intermediary operations that may involve involuntary resettlement or projects with multiple subprojects where the zone of impact or precise sitting alignments cannot be determined, a Resettlement Policy Framework (RPF) must be prepared prior to appraisal instead. This review found that, in practice, RPFs are prepared for regular operations (those that support directly a single project) and that they are most commonly prepared in the Africa Region. In contrast, the

proportion of projects with RPF only is significantly lower in the East Asia and the Pacific Region, where RPs are most likely to be prepared before appraisal. Across all regions, only a fraction of RPFs are used to prepare RPs during project implementation. Of 172 projects for which a RPF was prepared (among projects approved during FY05-09 and closing during FY11-13), only 31 (18%) also had an RP filed in the Bank's electronic records.

15. Reviewers examined three characteristics of 17 projects that had an RPF at appraisal and at least one RP prepared during implementation. The first criterion, Gap Analysis, refers to the requirement that the RPF examine material differences between country systems for managing involuntary resettlement and the requirements of OP 4.12. The other categories are more self-explanatory, and results are outlined in Table D.

Table D. Analysis of Use of RPFs

RPF Category	Ratings					
	S or MS		U or MU		Don't Know	
	N	%	N	%	N	%
<i>Gap Analysis</i>	11	64.7%	6	35.3%	0	0.0%
<i>Use of RPF in Preparing RP</i>	10	58.8%	6	35.3%	1	5.9%
<i>Consistency between RPFs and RPs</i>	12	70.6%	4	23.5%	1	5.9%

16. As for other characteristics studied in this review, many more projects received Satisfactory or Moderately Satisfactory rankings than Unsatisfactory or Moderately Unsatisfactory for use of RPFs. However, some projects were rated Unsatisfactory or Moderately Satisfactory in all categories. Some of the problems identified in projects rated U or MU were the following:

- *Gap Analysis*: Failure to identify gaps between country systems and OP 4.12, failure to identify measures necessary to fill gaps
- *Use of RPFs in Preparing RPs*: Failure to use RPFs in preparation of RPs, ignoring or reversing measures recommended in RPFs in RPs, approval of inadequate document as RPFs
- *Consistency between RPFs and RPs*: Failure to follow all provisions in RPFs in the RPs, poor alignment of provisions of RPF and RP.

Conclusions and Recommendations

17. The findings of this review are mixed. Projects that had sufficient information to permit a rating tended to receive satisfactory ratings, but there is a pronounced shortage of information in project documents. Many projects could not be rated in key areas related to resettlement implementation and outcomes, and documentation on physical and economic displacement lacked complete and comprehensive descriptions of actions and results. The review revealed little about the effectiveness of special measures for indigenous peoples and vulnerable groups. Weak documentation in so many of the projects makes it difficult to tell whether projects suffered from problematic resettlement practices, or if difficulties and poor outcomes were not even identified. While the ratings do not provide much cause for concern, the sizeable gaps in information point to significant potential failures in the Bank's system for dealing with resettlement. The inability to confirm that resettlement has been satisfactorily completed poses a reputational risk for the World Bank.

18. Project teams invest substantial energy in assisting client counterparts in the preparation of planning documents (RPs and RPFs). However, there seems to be little time or incentive to properly assess client systems and procedures for managing land acquisition and resettlement, evaluating client capacity, assessing the feasibility of planned actions, assuring the sufficiency of existing monitoring and grievance redress systems, or identifying the optimal path to achieve desired resettlement outcomes. Aide-mémoires produced during project supervision make numerous references to “implementing the RP,” but using the RP to benchmark is problematic because RPs are often prepared before the areas required for projects can be defined with precision, and because they are not updated as technical information becomes available or as circumstances change. Based on these findings, we offer recommendations in three categories, as outlined below.

19. The findings of this report are largely reflected in other Bank-wide and regional studies carried out recently by the Bank on resettlement implementation. This includes the Bank’s Internal Evaluation Group (IEG) report on the application of the Bank’s Safeguard Policies that was disclosed in 2010. The report’s findings are also reflected in a study recently conducted in the field with project-affected persons by Blackstone Corporation Resource Management Consultants for the Bank.

20. **Recommendations on Resettlement Planning and Management:**

- *RPs should be actionable management plans that are updated periodically.* This review repeatedly found discrepancies between the measures described in RPs and those actually taken by resettlement implementing agencies. In practice, most aspects of resettlement revert to national laws and procedures, especially for compensation for the loss of assets. For RPs to be effective management tools, they need to rely on client systems and procedures as much as possible. If client procedures need to be modified in order to achieve acceptable resettlement outcomes, the RP should specify the required modifications. An “adaptive management” approach should be used in complex resettlement programs. RPs should define acceptable outcomes for the various categories of affected persons, and should be living documents that are updated on a regular basis until implementation is complete.
- *Ensure that RPs are based on a careful assessment of land acquisition and resettlement impacts and a precise identification of the losses suffered by PAPs.* Social assessments carried out as part of RPs are often inadequate. In most of the RPs reviewed, the data on the affected population was incomplete, imprecise and never updated. In many cases the reviewers were unable to determine the number of PAPs or establish whether the predicted impacts were minor or significant, particularly in projects that caused loss of income and/or livelihoods. RPs also failed to differentiate PAPs by type of impact or estimate the amount of land affected by projects. In projects involving physical displacement, documents often failed to distinguish between impacts on residential structures and business establishments. In projects that affected agricultural units, it was not always clear if these units were totally or partially affected. In cases where it is not possible to fully anticipate impacts due to incomplete project design, the RP should be updated as technical information becomes available and as consultation with PAPs enables identification of losses they have suffered.
- *Ensure that RPs include sufficient socioeconomic baseline data to permit monitoring and evaluation of results.* In many of the projects reviewed, baseline information

provided in the RP was poor and monitoring and evaluation activities were insufficient or non-existent.

- *Standardize the description of resettlement impacts to facilitate monitoring and evaluation and comparisons among projects.* At present RPs use different units of analysis to report impacts. Some refer to persons, others to households or families. The terms used to refer to specific categories of affected persons also vary. Some RPs refer to “affected persons” (or PAPs) and other to “displaced persons.” It is not always clear if this term refers only to those physically relocated, or if it also includes economically displaced persons.
- *Elevate the requirement to assess and strengthen (if necessary) client capacity for managing resettlement.* Among the projects reviewed, client capacity was highly correlated with satisfactory ratings and appears to be the most important predictor of successful resettlement. RPs should identify the client’s units responsible for the various aspects of land acquisition and resettlement, and their capacity should be evaluated in a serious and credible way. Measures to build capacity should be implemented prior to the initiation of the resettlement program. For projects involving complex resettlement (for example, projects requiring collective resettlement or the economic rehabilitation of affected persons), the RP should be a project component, so that it receives sufficient attention. Specialists should be hired to assist in the design and implementation of components of the RP that the client is not accustomed to handling and does not expect to handle on a regular basis.
- *Elevate the requirement to improve country systems for land acquisition and involuntary resettlement.* In countries where there are significant gaps between country systems for land acquisition and involuntary resettlement and the World Bank policy on involuntary resettlement, upstream country dialogues should be conducted to identify ways to bring country systems up to international standards. This would help to avoid the current situation where the application of involuntary resettlement standards may vary by sector or by project within the same country.
- *Establish effective systems for monitoring, reporting and evaluation.* There was little information in the project files about arrangements or systems to monitor the progress of resettlement programs towards the achievement of well-defined results. Client resettlement monitoring, progress, or implementation reports formed part of the project files for only 10 of the 59 projects, and four of those had only a single report. Most RPs did not include good baseline information and performance indicators, which are critical for monitoring and evaluation. In most projects this shortcoming would have made evaluation difficult, even if it had been attempted. In cases of complex resettlement, the capacity of the client to monitor and evaluate resettlement should be enhanced. Third-party monitoring should be considered when specialized skills are required and resettlement is not a recurrent issue for the client. Indicators to evaluate performance on specific aspects of resettlement should be clearly defined in the RP and included in the project’s results framework. Resettlement audits/ex-post evaluations should be required in all projects causing physical relocation or loss of income/livelihoods. These evaluations should be disclosed in the Bank’s InfoShop. A resettlement completion assessment should be carried out for all projects that trigger the Bank’s involuntary resettlement policy. This would create an incentive to develop clear performance indicators and good monitoring systems.

- *Reach an agreement on reporting requirements prior to project appraisal.* The submission of regular reports on the implementation of resettlement should be an obligation of the client specified in the legal agreement. The Bank and the client should agree on the content and format of the reports, and a template of the report should be attached to the legal agreement, providing details on the aspects of the resettlement process that need to be monitored, the types of information that should be included, etc. Reports should not consist only of a description of actions taken, but should provide evidence of progress towards the achievement of acceptable outcomes as defined in RPs.
- *Ensure that PAPs have a voice in the identification of impacts and losses and during the implementation and ex-post evaluation of RPs.* Culturally appropriate and meaningful consultations with displaced persons should not be limited to the preparation of the RP and the identification of losses and damages; they should continue during and after the implementation of the resettlement program. Reviewers found information on consultation and participation primarily in RPs, not in documents produced during project implementation. RPs described plans for consultation, but aide-mémoires provided very little information about what was actually done during implementation. They seldom stated who had been consulted, on what issues, and what consultation and participation had achieved.
- *Rely on existing systems for addressing grievances and improve them or expand them as necessary.* Effective, easily accessible and well-disseminated mechanisms to register and respond to grievances at the local/project level are an important ingredient of successful resettlement. However, there was no evidence of a functioning GRM in nearly half of the projects reviewed. The lack of information about GRMs is troubling because they are a key channel for identifying implementation problems and an important tool for mitigating and managing risks inherent to resettlement.
- *Improve the documentation on compensation and ensure its timeliness and adequacy.* Almost all compensation-related information in project documents was about payment of compensation; there was seldom any discussion of whether the compensation amounts were adequate. Clients should be required to provide evidence in monitoring reports that the compensation meets the replacement cost standard.
- *Offer Bank financing of land acquisition and resettlement where funding is uncertain.* Delays in the delivery of compensation payments were mainly due to the lack of funds. Numerous projects did not budget funds for land acquisition. The lack of funds sometimes forced clients to rely on land donations to gain access to the areas required by roads and other projects, causing delays in paying compensation and even in project construction. When funding is uncertain, the Bank should offer to fund land acquisition and resettlement. The procedures for approving Bank financing of land acquisition and resettlement should be streamlined.

21. **Recommendations on Bank Supervision:**

- *Increase the effectiveness of Bank supervision by focusing on results.* Information on key issues was missing in a high proportion of projects reviewed. This raises questions about the effectiveness of Bank supervision, and suggests that task teams were not focusing on outcomes and did not feel compelled to report on the status of displaced persons or the effectiveness of measures directed to them.

- *Require clients to report on resettlement implementation and plan supervision visits based on the review of such reports.* For most of the projects reviewed, supervision visits were not planned on the basis of regular monitoring or resettlement implementation reports. Inadequate reporting makes Bank supervision less efficient, as mission teams may not know where to focus their supervision efforts. Good reports on resettlement implementation would enable SDS to focus on significant issues, increasing the efficiency of supervision efforts.
- *Make supervision efforts commensurate with the magnitude, complexity and risks of resettlement programs.* This review found that the amount of time that SDSs devote to projects does not vary significantly from project to project. Most projects are supervised twice a year and missions last for about a week. Supervision could be more effective if it was planned based on characteristics of each project and the risks posed by each resettlement program.
- *Increase reliability of ISR Ratings.* The ISR usually provided very little evidence to support the ratings on resettlement, often a sentence or less. ISR ratings on resettlement sometimes changed from one mission to the next with no explanation. When serious resettlement problems arose, projects often had satisfactory ISR ratings up until that time, so there was no advance warning of developing problems.
- *Produce separate internal reports on resettlement.* In most of the projects reviewed, aide-mémoires were the only documents where implementation progress was recorded. This should not be the case, given the sensitivities of aide-mémoires. SDS should produce separate internal reports on resettlement implementation, outcomes, policy compliance and social risk.
- *Improve the systems for filing and retrieval of project information related to resettlement.* It is often difficult to gain access to critical information on involuntary resettlement in the project files. Currently, there is no single corporate information system for managing project information, and the inability to access accurate project information poses a major reputational risk for the World Bank. It is critical to improve the management of project information and documentation related to resettlement.

22. **Recommendations on Bank Policy Reform:**

- *Adopt an outcome-based approach.* Since context varies considerably from project to project, policies should be flexible on inputs but clear on expected outcomes. Policy provisions need to be adapted to specific situations. The shift should be from an emphasis on rules to an emphasis on outcomes, emphasizing achieving the goal of restoration of livelihoods and living standards but with increased flexibility as to how that is achieved.
- *Link the requirements on resettlement planning to the status of project design.* When projects cause loss of assets, shelter or income, OP 4.12 requires the preparation of an RP (in the case of regular lending operations) or an RPF (in the case of intermediary operations or projects with multiple subprojects) before appraisal. The requirement to have final or almost final RPs before appraisal is unrealistic in regular projects that have only a preliminary design by appraisal, such as projects built through Design-Build-Operate contracts. A better option in such cases would be to acknowledge design

limitations at appraisal and require only a preliminary RP at this stage. The plan should then be updated and completed as information becomes available.

- *Increase reliance on procedures (rather than plans) to address minor impacts.* Some projects cause only minor loss of assets, do not involve relocation, and do not require special measures to restore incomes or livelihoods. In such cases, the Bank could require “Land Acquisition Procedures,” i.e., the procedures normally used by the client to compensate for the loss of assets, with any modifications necessary to meet the standards of Bank policy. Instead of developing plans, clients could be required to demonstrate compliance with the procedures agreed to with the Bank.
- *Delink the application of Bank policy to project restructuring.* The purpose of RPFs is to guide the preparation, review and approval of future RPs. However, this review found that only about 18% of the projects with an RPF also had an RP in the InfoShop and/or the Operations Portal. To further explore this, a survey of TTLs was conducted, and found that project teams tend to trigger OP 4.12 as a precautionary measure to avoid the risk of later needing to restructure the loan. In other words, RPFs are being developed to manage internal procedural risk. To avoid triggering the policy in cases where resettlement is unlikely but possible and asking the client to prepare an RPF as a precaution, a negative clause could be included in the legal agreement. This clause would state that the client will not acquire land or relocate persons unless a plan is prepared that meets the requirements of Bank policy, and that plan is approved by the Bank. A clear threshold would need to be established to determine when the Board needs to be informed about unexpected resettlement.
- *Restrict the use of RPFs to types of projects that are likely to use them.* This review found that RPFs seem to be most useful in projects with “repeater” subprojects—i.e. projects in the same sector and with a common legal framework. They can also be useful in projects with subprojects in more than one sector, as long as the types of impacts of future subprojects can be anticipated. In these cases the RPF can be more specific than OP 4.12 in terms of expected impacts, likely measures to compensate and assist affected persons, and types of persons to be affected. In other cases, RPFs are probably not worth the effort. Several of the RPFs reviewed seem to have been written quickly for internal Bank audiences, to satisfy pre-appraisal disclosure requirements, and were of little relevance during project implementation.
- *Clarify policy requirements in key areas.* These include: definition of involuntary resettlement; definition of acceptable outcomes when informal or illegal occupants are displaced; cases when the depreciation of structures should not be taken into account in applying the replacement cost method of valuation; compensation for losses related to the residual land of an affected asset; compensation when land is not taken, but land use is restricted; cases when cash compensation is both appropriate and sufficient; application of the policy to physical displacement unrelated to land acquisition.

I. INTRODUCTION

23. As part of the strategy to enhance the implementation of the Bank's social safeguard policies, the Social Development Department is conducting a Bank-wide review of the implementation of Operational Policy 4.12 on Involuntary Resettlement (OP 4.12). The review consists of three phases:

- Phase I (completed): A desk review of all projects triggering the resettlement policy from 1990 to 2010 to assess global, regional and sectoral trends, and to make preliminary recommendations.
- Phase II: An in-depth analysis of a sample of projects to evaluate resettlement practices and outcomes and preparation of an action plan to improve them.
- Phase III: Implementation of the action plan.

24. This report summarizes the analysis of resettlement practices and outcomes carried out as part of Phase II. The report is structured as follows: Section II describes the methodology used to select the sample of projects and evaluate resettlement practices and outcomes. Section III presents the main findings of the study in the following areas: magnitude of the resettlement impacts of Bank projects; outcomes of the measures taken in each project to address key resettlement impacts (loss of land and other assets, relocation and loss of assets and livelihoods) and to respond to the needs of vulnerable persons and groups; consultation and participation processes; client capacity to manage resettlement; grievance redress systems; monitoring, evaluation and reporting; and Bank supervision. Section IV offers recommendations.

II. METHODOLOGY

A) Project Selection

25. A total of 59 projects were included in Phase II of the review. These projects were selected from the 459 IBRD/IDA projects approved from FY05 through FY09 that triggered OP 4.12.² The review team chose this five-year period to (i) include projects that have been under implementation for at least three years, so that resettlement outcomes can be assessed and (ii) exclude projects approved prior to FY05, which are less likely to reflect current practice and could complicate any efforts to contact (if necessary) the Bank staff Task Team Leaders (TTL) and the Social Development Specialists (SDS) who worked on the projects. Since the focus of the review was to assess resettlement design, implementation and outcomes, the projects selected for review were restricted to those that had an RPF at appraisal or at least one RP during implementation.

26. The 59 projects selected fall into two categories:

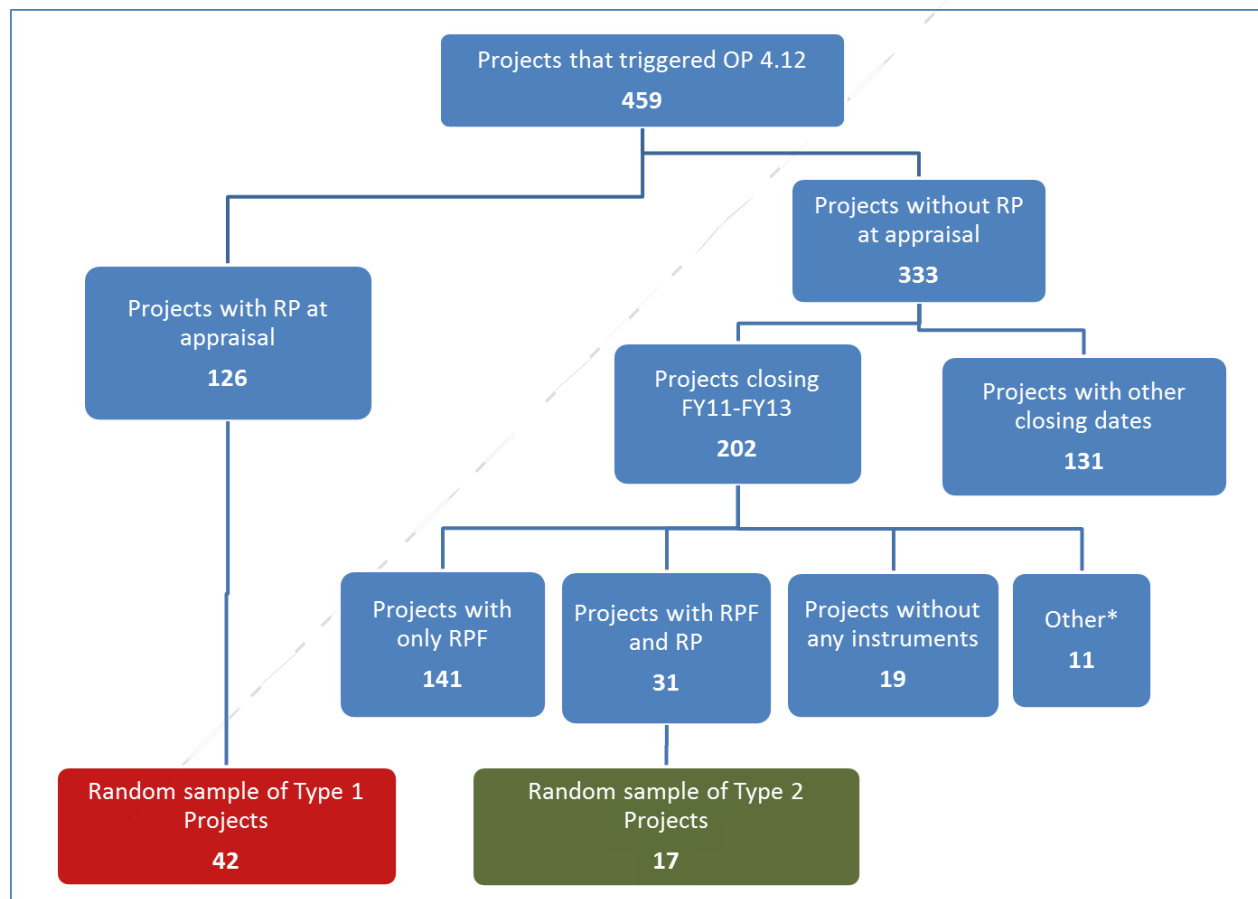
- Group 1 Projects (42), defined as projects for which a Resettlement Plan (RP) was prepared prior to project appraisal; and

² The 459 projects that triggered the policy from FY05 through FY09 represent about 25% of the total of 1,815 IBRD/IDA projects approved during this five-year period.

- Group 2 Projects (17), defined as projects for which a Resettlement Policy Framework (RPF) was prepared by appraisal and at least one RP was prepared during project implementation.

27. The 42 projects in Group 1 were selected at random from a total of 126 projects approved from FY05 through FY09 and for which an RP was prepared prior to appraisal. We obtained basic data on the 126 projects by merging information from the Bank Operations Portal on projects approved during this period³ with data on policy instruments prepared during the same period as part of Phase I of this Review.

28. The 17 projects in Group 2 were selected at random from a group of 31 projects approved from FY05 to FY09 and for which an RPF was prepared before appraisal and at least one RP was prepared during project implementation. Figure 1 shows the process followed to arrive to the 42 projects in Group 1 and the 17 projects in Group 2.



*RPF or RP misfiled, filed with a different name, or included within other environmental and social management plans.

Figure 1 - Selection of Projects Reviewed

³ The 459 projects approved in FY05-FY09 were identified using the Bank website “Projects with Safeguard Policies Triggered”.

29. Both groups had regional and sectoral distributions similar to those in the population from which they were selected (see Annex 1).

B) Description of the Projects Selected

30. The distribution of the 59 projects by region, sector and status is shown in the Figures 2 and 3 below. EAP accounts for about one-third of the projects in the sample (19) and over half of the projects in EAP (11) are in China.

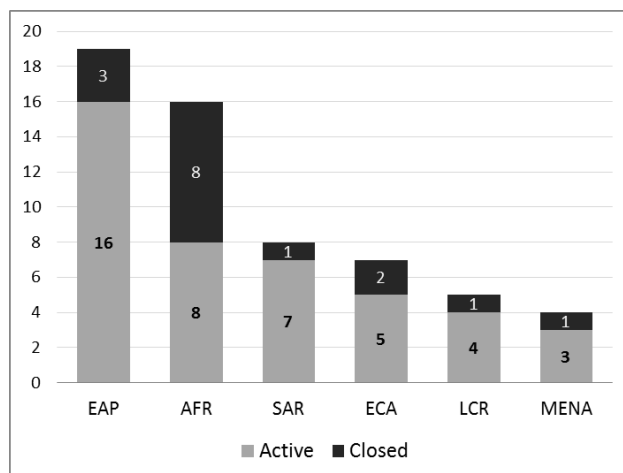


Figure 2 - Distribution of Projects by Region and Status

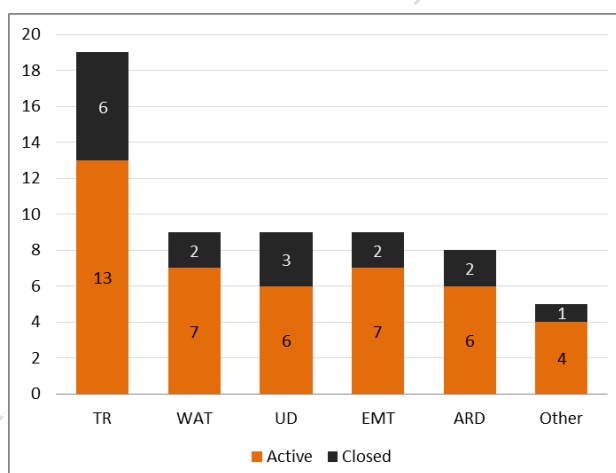


Figure 3 - Distribution of Projects by Sector and Status

C) Review Team

31. The review was carried out by a team of Bank resettlement specialists⁴ who were selected taking into account their experience, background, regional expertise and language skills.

D) Project Questionnaire

32. The resettlement specialists filled out project questionnaires to identify and assess project involuntary resettlement impacts (loss of land, housing and other assets; physical displacement; impacts on livelihoods and incomes); resettlement processes (consultation, participation, Bank supervision, client capacity, client monitoring and reporting, mechanisms for redress of grievances); and resettlement outcomes. A copy of the questionnaire is in Annex 2.

⁴ The members of the Review Team were the following World Bank staff and consultants: María Elena García Mora (Social Development Specialist), Martin Lenihan (Senior Social Development Specialist); Ricardo Schusterman (Consultant); Hanneke van Tilburg (Senior Social Development Specialist); M. Yaa Pokua Afriyie Oppong (Senior Social Development Specialist); Vincent Roquet (Senior Social Development Specialist); Warren A. Van Wicklin III (Consultant); Kimberly Vilar (Social Development Specialist), Chaogang Wang (Senior Social Development Specialist); and José Vicente Zevallos (Senior Social Development Specialist). The Team was supported by Ramana Pemmaraju (Information Analyst), Linh Van Nguyen (Program Assistant), and Eun Jung Park (Consultant).

33. The resettlement specialists reviewed all project documents related to involuntary resettlement including RPs, RPFs, aide-mémoires, ISRs (Implementation Status and Results Report), resettlement monitoring reports, and ICRs (Implementation Completion Reports). Then the specialists completed the project questionnaires and, using established criteria, rated the resettlement impacts, implementation processes, and outcomes. Most of the questions used a scale of Satisfactory (S), Marginally Satisfactory (MS), Marginally Unsatisfactory (MU), Unsatisfactory (U), Don't Know (DK), and Not Applicable (N/A). Each rating required supporting text from project documents and/or other justification for the rating. The ratings were based on the information available in the project file and the professional judgment of the resettlement specialist.

34. The questionnaire, assessment criteria and ratings were structured to identify areas of relative strength and weakness in resettlement implementation and outcomes, and any trends within the entire set of projects as well as between Group 1 and Group 2 projects, and between projects with "Minor" and "Significant" impacts. Projects with 200 or more "Project Affected People" (PAPs) were identified as having Significant impacts; projects with fewer than 200 PAPs were classified as having Minor impacts. The sample was too small to make meaningful comparisons between regions and sectors. The rating system allowed the specialists to identify questions where they felt that there was insufficient information to make a rating, answering instead with "Don't Know." Occasionally specialists contacted the project's Task Team Leaders (TTLs) or Social Development Specialists (SDSs) for more information or for clarifications of issues raised in project documents. The completed questionnaires were distributed to all TTLs and SDS, who had the opportunity to comment and submit additional information.⁵

III. FINDINGS

A) Categories of Impacts and Their Magnitude

35. Reviewers evaluated each of the 59 projects in terms of three categories of impacts: (i) loss of land and other assets; (ii) physical displacement (relocation) and (iii) loss of income sources and/or livelihoods. The anticipated impacts (as described in RPs) were classified as Significant or Minor. Reviewers then compared this classification to the actual impact, after implementation, to the extent that this information was available in project documents.

i) Loss of Land and other Assets

36. The actual loss of land and other assets was rated Significant (meaning that more than 200 persons lost land and other assets) in a total of 37 projects (63%), while the loss was rated Minor in 14 projects (24%). A total of 8 projects (13%) were rated Don't Know because the reviewers did not find sufficient information in the project file on the number of persons who lost land and other assets (Figure 4). Actual impacts were similar to those anticipated in the RP, but more projects were rated Don't Know for actual impacts than for anticipated impacts (Figure 5).

⁵ As a result of the validation exercise, 31 ratings were modified, including 21 Don't Know ratings.

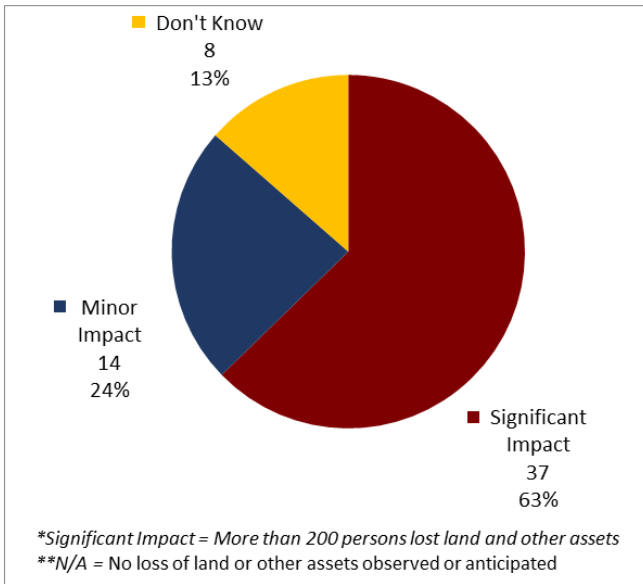


Figure 4 - Actual Loss of Land and other Assets: Magnitude

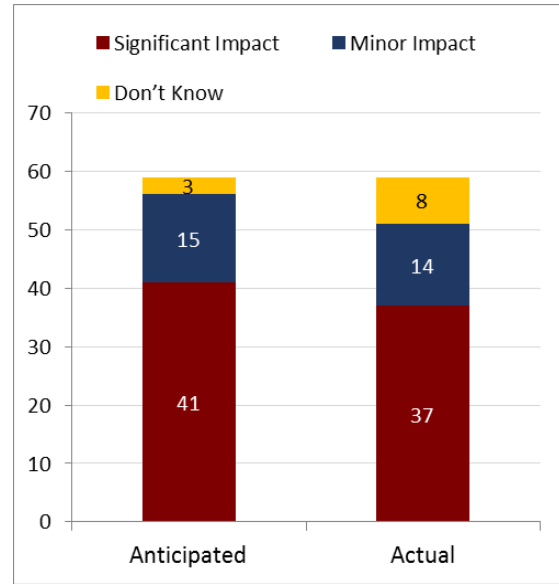


Figure 5 - Anticipated vs. Actual Loss of Land and Other Assets

ii) Physical Displacement (Relocation)

37. Actual physical displacement (relocation) was rated Significant (meaning that more than 200 persons had to relocate) in 17 projects (29%) and Minor in 15 projects (26%). A total of 15 projects (25%) were rated Don't Know because the reviewers did not find sufficient information in the project file on the number of persons who had to relocate (Figure 6). The actual impacts were similar compared to those anticipated in the RPs, except for the increase in Don't Knows from one to 15 (Figure 7). It is important to note that 20% of the projects did not result in physical displacement.

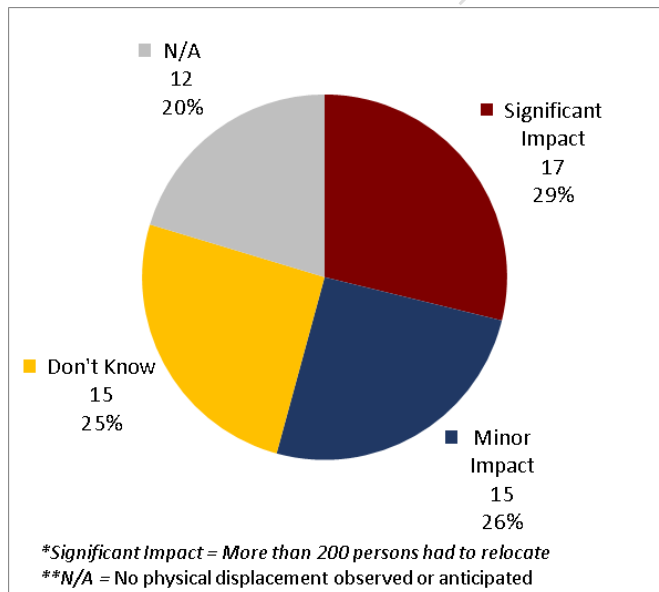


Figure 6 - Actual Physical Displacement: Magnitude

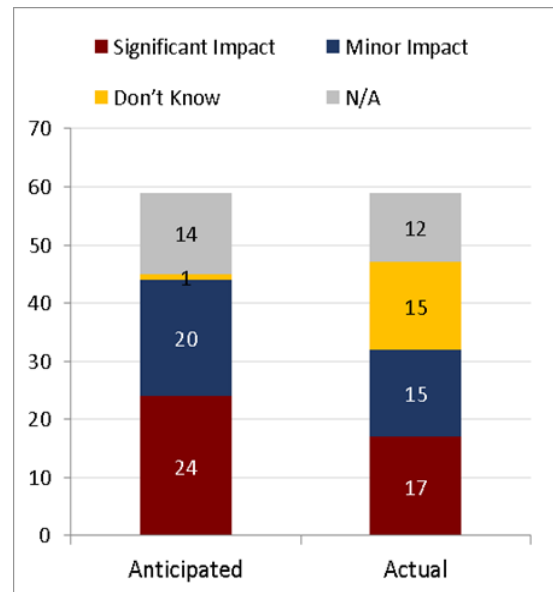


Figure 7 - Anticipated vs. Actual Physical Displacement

iii) Loss of Income and/or Livelihoods

38. Loss of income and/or livelihoods was rated Significant in nine projects (15%) and Minor in five projects (8%). A total of 24 projects (41%) were rated Don't Know because the reviewers did not find sufficient information in the project file on the number of persons who lost income and/or livelihoods (Figure 8). The impacts anticipated in the RPs were similar to the actual impacts, but a sizeable number of projects were rated Don't Know for actual impacts (Figure 9). A substantial proportion of the projects (36%) were assessed as not having caused loss of income and/or livelihoods.

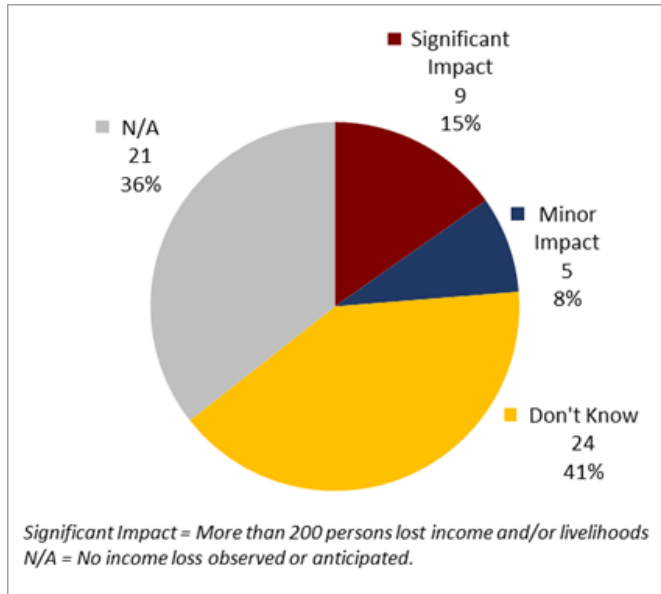


Figure 8 - Actual Loss of Income and/or Livelihoods: Magnitude

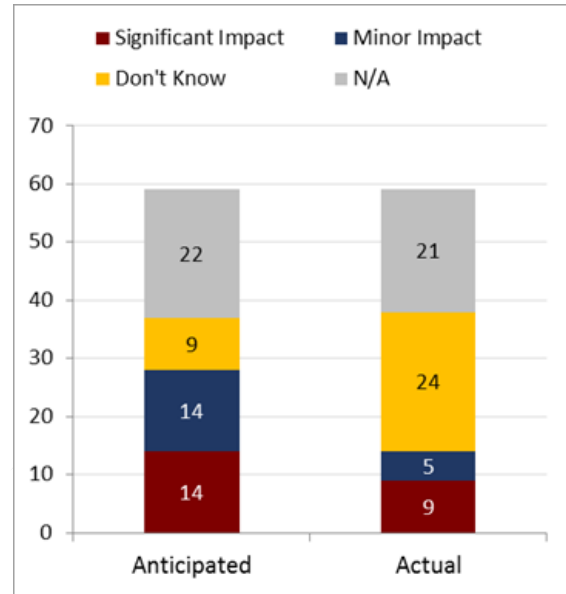


Figure 9 - Anticipated vs. Actual Loss of Income and Livelihoods

39. In sum, each of the 59 projects was rated in 3 categories, for a total of 177 ratings. Of these, ratings for anticipated and actual impacts were the same in 131 cases (74%). In the remaining 46 cases (26%), the ratings for anticipated and actual impacts were not the same. These discrepancies are largely explained by information deficiencies in the RPs and in the documentation developed during project supervision. Information on the number of persons who had to relocate or suffered loss of income was particularly lacking. Table 1 below provides details on the 49 cases where ratings differed. Ratings for loss of assets, relocation and loss of income/livelihoods changed 10, 17 and 22 times respectively. The most common change in the ratings was from Minor or Significant to Don't Know, which suggests that most projects do a poor job monitoring and reporting the status of PAPs. Information gaps should close (not grow) during project implementation. This finding also suggests that the assessment made on resettlement impacts at appraisal often changes during implementation.

Table 1. Accounting for the Differences between Anticipated and Actual Impacts

	Projects in which the ratings for anticipated and actual impacts differ		Projects in which the ratings for anticipated and actual impact changed from...						Other*	
			...Minor or Significant to Don't Know		...Don't Know or Minor to Significant		...Minor or Significant to Minor or Not Applicable			
	N	%	N	%	N	%	N	%	N	%
Loss of land and/or other assets	9	16.9%	6	10.2%			2	3.4%	1	3.4%
Relocation	16	28.8%	11	20.3%	1	1.7%	2	3.4%	2	3.4%
Loss of income and/or livelihoods	21	37.3%	17	30.5%	2	3.4%			2	3.4%

*Other: Don't Know to Minor or Not Applicable; Not Applicable to Don't Know.

B) Resettlement Outcomes

40. The questionnaire included six questions on resettlement outcomes. These included one question for each of the three main types of impacts (compensation for the loss of assets, relocation, and loss of incomes and/or livelihoods), and two questions about impacts on special categories of affected persons (informal occupants, and indigenous peoples and other vulnerable persons). The sixth question asked for an overall resettlement outcome rating. The results for each of the six questions are presented in the following paragraphs.

i) Compensation for the Loss of Land and other Assets

41. Question B1 requires the reviewer to rate the adequacy of the compensation provided to persons who lost land and other assets in the project. Possible ratings are Satisfactory (S), Moderately Satisfactory (MS), Moderately Unsatisfactory (MU), Unsatisfactory (U), Don't Know (DK) and Not Applicable (N/A). A rating of S means that project documents indicate that compensation was based on the replacement cost of the assets.

42. Figure 10 below shows the distribution of ratings. Compensation was rated S or MS in 40 projects, which represent 69% of the projects reviewed and 82% of the projects that received an evaluative rating. More than four times as many projects were rated S (32) or MS (9) as MU (4) or U (5), indicating that ratings on compensation are quite positive. Only seven projects were rated DK. This rating was mainly assigned because the reviewer was unable to establish from documentation if compensation was at replacement cost. Sometimes the client did not report on the implementation of compensation procedures, so they had to be rated DK. Aide-mémoires generally describe the form of compensation and include data on compensation payments, but only

sometimes describe how compensation in kind and/or the payments made compare to replacement cost or fair market value. One project was rated Not Applicable (N/A) because the anticipated loss of assets did not materialize, even though an RP was prepared. A second project was designated N/A because the implementation of the components that required land acquisition was deferred.

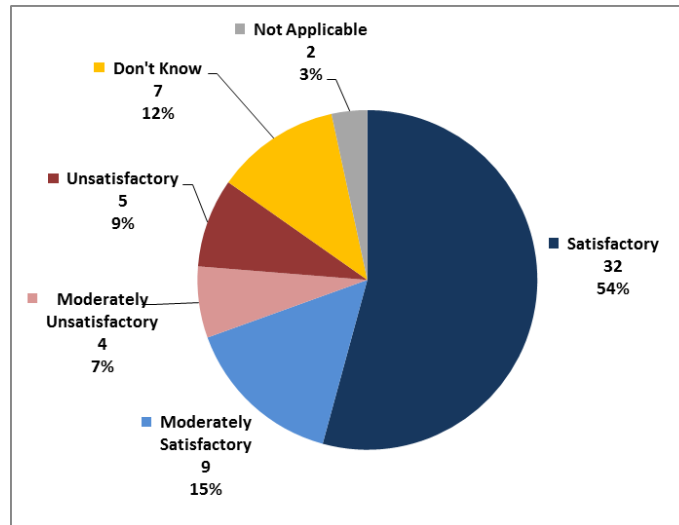


Figure 10 - Compensation for the Loss of Assets: Distribution of Ratings

43. Some projects rated S could have been rated even higher if that was an option. ISRs for a highway project in China rated resettlement progress as highly satisfactory. An aide-memoire stated that all of the displaced persons received higher compensation rates than the replacement cost stated in the resettlement action plan. It also noted that PAPs were able to build better houses than the ones they lost. This was a common indicator of satisfactory compensation of lost assets. PAP satisfaction with compensation rates was another frequent indicator of satisfactory compensation for lost assets.

44. While most projects received satisfactory ratings on compensation meeting replacement cost, reviewers found some significant issues related to the compensation provided to PAPs. Six of the eight projects rated MS suffered significant delays in paying compensation, three paid less than what the RP specified, and one relied on land donations in situations where compensation should have been paid. Four projects were rated MU mainly because of substantial delays in paying compensation or because it was not clear if compensation had been paid or if it was adequate. For example, an aide-memoire from a railway project in Africa Region stated "There is insufficient evidence on compensation. It is not clear if all affected persons were compensated. Also, it not clear if the compensation provided was adequate." Five projects were rated U. Two projects in Africa used outdated or other compensation rates that did not reflect market valuation. In an energy project in Asia, "Land acquisition and compensation process was not fully completed before the construction due to the urgency of the project and pressure to speed up the power transmission line..." A project in the Eastern Europe and Central Asia Region relocated people despite their preference for cash compensation. A project in Africa did not provide compensation

for removal of kiosks and other structures from designated commercial spaces, or for loss of trees along the roadway.

45. Delays in the delivery of the compensation payments were noted in nine projects. It appears that most of the delays were due to governments being short of funds. Since compensation and other resettlement costs are normally not covered by Bank loans, the government entity responsible for acquiring the land (central government agencies or municipalities) must divert funds from its budget or request land donations. Governments, particularly local governments, often do not budget explicitly for compensation and resettlement for World Bank-supported projects. A few projects with extensive delays in compensation paid interest or otherwise made up for these temporary losses to PAPs. Several projects required additional payments to top up initial compensation to meet replacement cost.

46. Reviewers also noted that PAPs expressed dissatisfaction with compensation rates in several projects. However, since the comments were often about delays in the delivery of compensation and other implementation issues, they did not necessarily affect the compensation outcomes per se, so they did not affect the rating. Therefore, although the ratings for compensation are broadly quite satisfactory, there are a number of problems with compensation for lost assets that go beyond meeting replacement cost.

47. The distribution of ratings on compensation for the loss of land and other assets is very similar for projects that prepared RPs before appraisal and for projects that did so during project implementation (Table 2).

Table 2. Ratings on Compensation for Projects with RPs Prepared Before & After Appraisal*

<i>Timing of Preparation of RP</i>	<i>Ratings for Compensation for the Loss of Land & Other Assets (Question B1)</i>					
	<i>S</i>	<i>MS</i>	<i>MU</i>	<i>U</i>	<i>Don't Know</i>	<i>Total</i>
Before appraisal (Group 1)	57.1%	14.3%	9.5%	9.5%	9.5%	100.0%
After appraisal (Group 2)	53.3%	20.0%	0.0%	6.7%	20.4%	100.0%

*Includes all projects that required compensation for the loss of assets (56).

48. The 59 projects reviewed were also segmented depending on whether they involved significant impacts or minor impacts. Impacts were classified as minor when fewer than 200 persons lost land or other assets. In general, the distribution of the ratings for anticipated and actual impacts was fairly similar across both groups. Table 3 below shows the distribution of projects according to their actual impact. Minor impact projects had slightly higher satisfactory ratings (S plus MS) on compensation for the loss of assets than projects with significant impacts. Both categories had far more satisfactory ratings than unsatisfactory (U plus MU).

Table 3. Ratings on Compensation for Projects with Minor and Significant Impacts*

<i>Level of Impact (Loss of Land & Other Assets)</i>	<i>Ratings on Compensation for the Loss of Land & Other Assets (Question B1)</i>					
	<i>S</i>	<i>MS</i>	<i>MU</i>	<i>U</i>	<i>Don't Know</i>	<i>Total</i>
Minor	75.0%	8.3%	8.3%	8.3%	0.0%	100.0%
Significant	63.9%	22.2%	2.8%	5.6%	5.6%	100.0%

*Includes all projects that required compensation for the loss of assets (56).

ii) Physical Displacement

49. Question B2 requires the reviewer to rate the results of the relocation process in projects that caused physical displacement. A rating of “Satisfactory” means that the affected persons or businesses were able to relocate to housing or business premises with similar or better characteristics.

50. Figure 11 below shows the distribution of ratings. Of the 59 projects reviewed, 15 (26%) did not cause physical displacement. Relocation was rated Satisfactory or Moderately Satisfactory in 15 projects, which represent 25% of the projects reviewed and 88% of the projects that received an evaluative rating. There were more than seven times as many projects rated Satisfactory (13) or Moderately Satisfactory (2) as Moderately Unsatisfactory (2). None were rated Unsatisfactory. However, the status of physically displaced persons was not known in 27 projects, which represent 61% of projects that caused relocation (Figure 12). Some of the Don’t Know ratings were because relocation had not been completed by the time of the most recent aide-mémoire. But in most projects rated DK, the relocation had taken place and the project file offered little or no information about the replacement housing or what had happened to the relocated PAPs.



Figure 11 - Status of Displaced Families after Relocation: Distribution of Ratings (Including N/A)

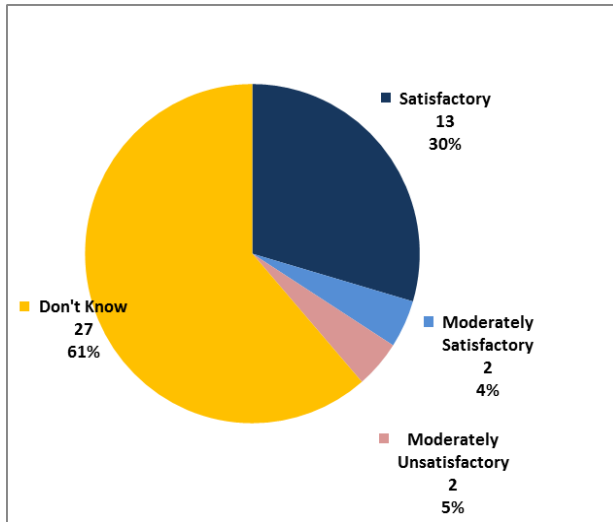
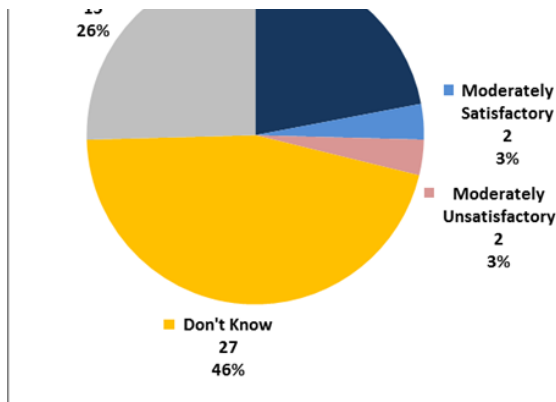


Figure 12 - Status of Displaced Families after Relocation: Distribution of Ratings (Excluding N/A)

51. Project documents mainly reported on the quality and/or size of the new housing for PAPs. For example, an aide-mémoire for a project in the South Asia Region noted that PAPs “have built larger houses with better facilities and some of them have even rented out part of their house, thus supplementing their incomes.” Occasionally the square meters of new housing were compared to old housing and sometimes the location and utilities would be compared to the old housing. Occasionally PAP satisfaction with new housing was reported, but the evidence was anecdotal, limited to a few families, and there were no reports of satisfaction surveys. When PAPs relocated themselves there was very little if any information, so those had to be rated DK.

52. Two projects were rated MS. In a project in the South Asia Region, roads were designed in a way to minimize the damage to houses. Nevertheless, the road widening work affected the structures in some sub-projects requiring alterations of the front part of the house or shifting of the structure to new sites. It was widely observed that the owners of the affected structures agreed to provide space for the road by renovating or shifting their structures, especially in areas where roads are aligned through dense settlements and where there is no scope for an alternative bypass road. They should have been compensated.

53. Two projects were rated MU. In one of them, 30% of the PAPs had not yet received their permanent houses, but were living in temporary houses. In the other project, PAPs were satisfied with their new apartments, but there were problems with the municipal sewerage system and construction debris and other rubbish was not completely removed from the site. Finally, some PAPs were still waiting for titles to their new apartments seven years after they were supposed to receive them.

54. Ratings on relocation follow a similar pattern to the ratings on compensation in terms of the distribution between Group 1 projects (those that prepared RPs prior to appraisal) and Group 2 projects (those that prepared RPs during project implementation). The main difference is that Group 1 projects have a significantly higher proportion of projects rated DK (Table 4).

Table 4. Ratings on Relocation for Projects with RPs Prepared Before & After Project Appraisal*

<i>Timing of Preparation of RP</i>	<i>Ratings on the Status of Displaced Families after Relocation (Question B2)</i>				
	<i>S</i>	<i>MS</i>	<i>MU</i>	<i>Don't Know</i>	<i>Total</i>
Before appraisal (Group 1)	28.6%	2.9%	2.9%	65.7%	100.0%
After appraisal (Group 2)	33.3%	11.1%	11.1%	44.4%	100.0%

*Includes all projects that required relocation (44).

55. Projects reviewed were also segmented depending on whether they involved Significant Impacts (200 or more people were affected) or Minor Impacts. The status of displaced persons after relocation was unknown in 63% of the projects with significant impacts and in 29% of the projects with minor impacts (Table 5).

Table 5. Ratings on Relocation for Projects with Minor and Significant Impacts*

<i>Level of Impact - Relocation</i>	<i>Ratings on the Status of Displaced Families after Relocation (Question B2)</i>				
	<i>S</i>	<i>MS</i>	<i>MU</i>	<i>Don't Know</i>	<i>Total</i>
Minor Impacts	28.6%	14.3%	28.6%	28.6%	100.0%
Significant Impacts	34.4%	3.1%	0.0%	62.5%	100.0%

*Includes all projects that required relocation (44).

iii) Restoration of Incomes and/or Livelihoods

56. Question B3 requires the reviewer to rate the effectiveness of measures taken to restore the incomes and livelihoods of economically displaced persons. A rating of “Satisfactory” means that the affected persons were able to restore their incomes and or livelihoods.

57. Figure 13 below shows the distribution of ratings. Of the 59 projects reviewed, 14 (25%) were judged not to require special measures to restore the incomes and/or livelihoods of affected persons. Among the projects that required special measures, their effectiveness was rated Satisfactory or Moderately Satisfactory in 17 projects, which represent 28% of projects reviewed and 88% of the projects that had sufficient information for an evaluative rating. There were more than eight times as many projects rated Satisfactory (14) or Moderately Satisfactory (3) as

Moderately Unsatisfactory (2). None were rated Unsatisfactory. However, there was insufficient information to rate 56% of the projects on this question (Figure 14).

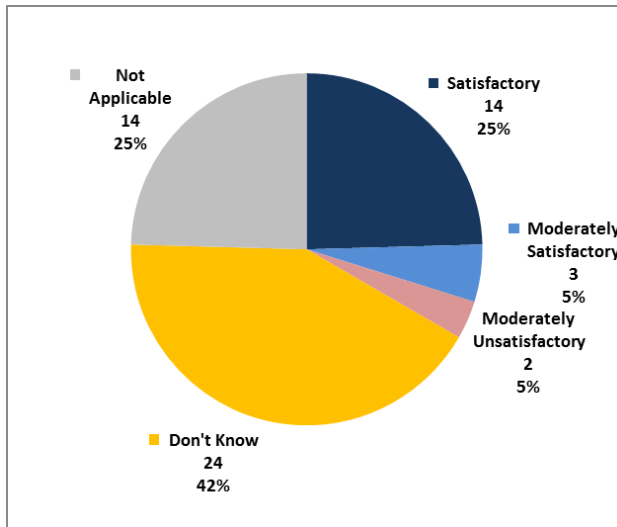


Figure 13 - Effectiveness of Measures to Restore Income and/or Livelihoods: Distribution of Ratings (Including N/A)

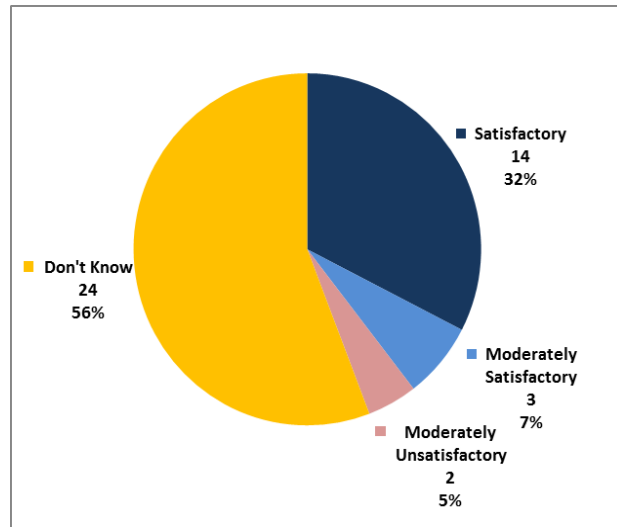


Figure 14 - Effectiveness of Measures to Restore Income and/or Livelihoods: Distribution of Ratings (Excluding N/A)

58. While RPs describe the measures planned to restore incomes or livelihoods, there is very little information in subsequent project documents about the effectiveness of these measures. In some project files, there is no clear record of which income restoration measures were actually implemented. There is limited information about training and none about employment or income levels after training. Very few projects generate new jobs even though that is highly desired by PAPs. Livelihood impacts are often mitigated through additional compensation, but there is little information about how effective that is.

59. Conclusions about restoring livelihoods and incomes were based on information about compensation, training, jobs, or other income restoration measures. These are measures to assist economically displaced persons, not outcome indicators, so there is no direct evidence as to whether livelihoods and incomes were restored. This information can only be deduced based on the evidence available in project documents. In some projects, the impacts on livelihoods were so minor that it can be reasonably assumed that livelihoods were restored. For example, one project moved vendors 100 feet to a new, better market.

60. Usually PAPs who lost only a portion of their land were treated as if their livelihood was unaffected, although anything more than a minor loss of land would, in many cases, negatively affect income. Project documentation indicates that economic rehabilitation is rarely planned for PAPs losing more than 10% of their productive assets. Rather, the reviewers found that economic rehabilitation is mainly applied when people lose their jobs. If they lose land, RPs often assume that with adequate compensation they can replace it. Very seldom is there analysis of whether this happened. There seems to be reluctance to deal with income rehabilitation and an excessive reliance on cash compensation to mitigate impacts.

61. Two projects were rated MU. In a project in the East Asia and the Pacific Region, it was assumed that impacts were only on the residential rather than the economic assets of the PAPs. However, there was evidence from the June 2010 aide-mémoire that the issue of damage to crops was being resolved. In a project in the South Asia Region, only 14% of the identified eligible households had received resettlement assistance five years into project implementation.

62. Ratings on income restoration measures follow a similar pattern in Group 1 projects (RPs prepared prior to appraisal) and Group 2 projects (RPs prepared during implementation). Group 2 projects have a slightly higher proportion of favorable ratings (S or MS) and a slightly lower proportion of DKs (Table 6).

Table 6. Ratings on Income Restoration for Projects with RPs Prepared Before and After Project Appraisal*

<i>Timing of Preparation of RP</i>	<i>Ratings on the Effectiveness of Income/Livelihood Restoration Measures (Question B3)</i>				
	<i>S</i>	<i>MS</i>	<i>MU</i>	<i>Don't Know</i>	<i>Total</i>
Before appraisal (Group 1)	33.3%	3.3%	6.7%	56.7%	100.0%
After appraisal (Group 2)	30.8%	15.4%	0.0%	53.9%	100.0%

*Includes all projects that required measures to restore incomes and/or livelihoods (35).

63. The distribution of ratings on the effectiveness of income/livelihood restoration measures for projects with minor and significant impacts also follows a similar pattern in both groups. Projects with favorable ratings (S or MS) accounted for 57% of projects with minor impacts and 46% of projects with significant impacts. The proportion of projects rated DK was very high for both categories of projects: 43% and 50% respectively (Table 7).

Table 7. Ratings on Income/Livelihood Restoration for Projects with Minor and Significant Impacts*

<i>Level of Impact (Income and Livelihoods)</i>	<i>Ratings on the Effectiveness of Income/Livelihood Restoration Measures (Question B3)</i>				
	<i>S</i>	<i>MS</i>	<i>MU</i>	<i>Don't Know</i>	<i>Total</i>
Minor	57.1%	0.0%	0.0%	42.9%	100.0%
Significant	35.7%	10.7%	3.6%	50.0%	100.0%

*Includes all projects that required measures to restore incomes and/or livelihoods (35).

iv) Overall Resettlement Outcome

64. Question B5 requires the reviewer to rate the overall resettlement outcome. This question combines all the elements of resettlement outcomes into a single rating. B5 combines compensation for lost assets (B1), status of displaced families after relocation (B2), and income or livelihood restoration measures (B3), although the last two are not applicable to every project (fifteen projects were rated not applicable for B2 and 16 projects for B3). A rating of “Satisfactory” means that overall resettlement outcomes were acceptable.

65. Figure 15 shows the distribution of ratings for this important question. Almost five times as many projects are rated Satisfactory (23) or Moderately Satisfactory (11) as Moderately Unsatisfactory (3) or Unsatisfactory (4). In other words, 83% of the projects that were rated received an S or an MS rating, so reviewers assessed the overall resettlement outcomes in a quite positive light. A relatively large number of projects (15) were rated Don’t Know, which reflects insufficient information on questions B2 (relocation) and/or B3 (income/livelihood restoration). Three projects were rated Not Applicable because resettlement had not taken place due to various reasons (delays in the construction of the components expected to cause displacement and changes in project plans).

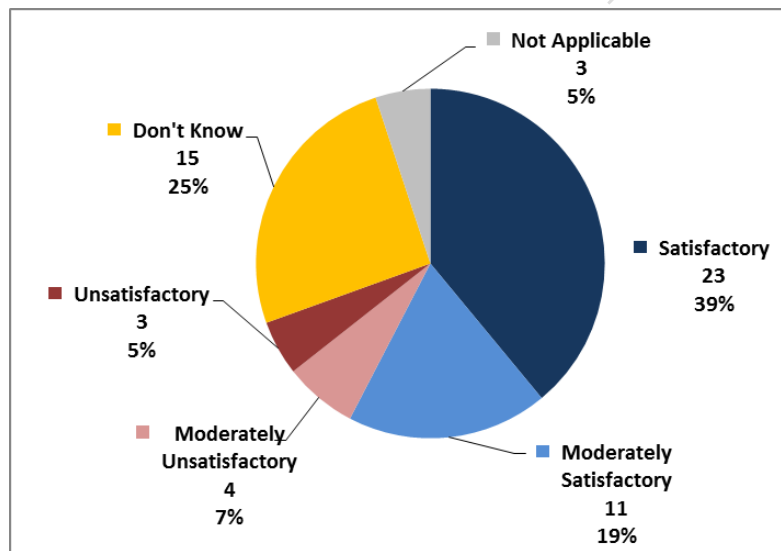


Figure 15 - Overall Resettlement Outcomes: Distribution of Ratings

66. Interestingly, there was little difference in ratings of overall resettlement outcomes between projects that prepared RPs during implementation and projects that prepared RPs before appraisal (Table 8). This challenges the common assumption that attention to resettlement is not as strong in projects with RPs completed after appraisal. The review of this sample of projects indicates that outcomes were unaffected by the timing of the RP.

Table 8. Ratings on Overall Resettlement Outcomes for Projects with RPs Prepared Before and After Appraisal*

<i>Timing of Preparation of RP</i>	<i>Ratings for Overall Resettlement Outcomes (Question B5)</i>					
	<i>S</i>	<i>MS</i>	<i>MU</i>	<i>U</i>	<i>Don't Know</i>	<i>Total</i>
Before appraisal (Group 1)	40.5%	21.4%	7.1%	4.8%	26.2%	100.0%
After appraisal (Group 2)	42.9%	14.3%	7.1%	7.1%	28.6%	100.0%

*Includes all projects with ratings for overall resettlement impact (56).

67. Despite the relatively high percentage of projects with S or MS ratings, almost all of the ratings were based on reported successful implementation of measures agreed on in the RP rather than on reported outcomes. Most of these projects were rated on the basis of satisfactory implementation as described in the aide-mémoire, since the review team found few monitoring or evaluation reports in the project files, or even references to such reports. Many aide-mémoires mention satisfactory implementation of the RP, payment of satisfactory compensation, and other implementation measures. Only two projects reported data on resettlement outcomes, such as changes in incomes or housing. The ICR for a project in China reported that “income per capita has been increased from just more than 3,000 Yuan in the past to over 5,000 Yuan in 2010. A large majority (77.5%) of the interviewed households by the external monitor affirmed that their current life was better than that before the project.” There is scant information about the status of households after relocation or about income/livelihood after the implementation of income restoration programs. Thus a more accurate finding or conclusion would be that the large majority of projects with sufficient information to rate them had satisfactory implementation of measures agreed on in the RP.

68. Two of the three projects rated MU had extensive delays in land acquisition and resettlement. In the third project, landowners chose to donate small strips of land for roads rather than risk having their land values assessed and updated, which would probably have led to much higher tax rates for their remaining landholdings.

69. Four projects were rated U for overall resettlement outcomes. In a project in the Africa Region, market rates were not applied in the valuation of assets. Most PAPs interviewed stated that the compensations given were far below what it would cost to replace their assets. A project in the Eastern Europe and Central Asia Region was rated U primarily because: (i) after seven years there does not seem to be resolution of the titling issue, (ii) PAPs are asked to pay rent despite the agreement that they would be relocated to a place with immediate transfer of the property, and (iii) income and livelihoods issues did not seem to be taken into consideration. In a project in the East Asia and the Pacific Region, less than 20% of the funds needed for resettlement had been allocated, with no plans to allocate the remaining funds. Therefore, construction could begin in only a couple of sites. A project in the South Asia Region is also still awaiting funds to complete resettlement to permanent houses. Funding shortages have become a major problem in resettlement.

70. The ratings for B5 (overall resettlement outcome) are mainly influenced by the ratings for B1 (compensation for the loss of assets). There are two reasons for this. First, most of the projects did not have ratings for B2 (status of displaced families after relocation) or B3 (effectiveness of income and/or livelihood restoration measures) because either these measures were not applicable in those projects or because there was insufficient information to rate the projects. Thus the only

rating that could contribute to B5 was B1. Second, even when there were ratings for B2 or B3, most of the PAPs were affected by loss of assets, so that was the more frequent impact. Therefore B1 ratings tended to influence the rating for B5 the most (see Table 9 below).

Table 9. How B5 (Overall Resettlement Outcome) is Mainly Influenced by B1 (Compensation for Lost Assets)

Rating	B1. Compensation for the loss of assets		B2. Status of displaced families after relocation		B3. Income and/or livelihood restoration measures		B5. Overall resettlement outcomes	
	N	%	N	%	N	%	N	%
S	32	54.2%	22	22.0%	13	23.7%	23	39.0%
MS	8	13.6%	12	3.4%	2	5.1%	11	18.6%
MU	4	6.8%	3	3.4%	2	3.4%	4	6.8%
U	5	8.5%	4	0.0%	0	0.0%	3	5.1%
DK	7	11.9%	15	45.8%	27	40.7%	15	25.4%
N/A	3	5.08%	3	25.42%	15	27.12%	3	5.08%
Total	59	100.0%	59	100.0%	59	100.00%	59	100.0%

v) Effectiveness of Measures for Vulnerable Persons and Groups

(1) Informal Occupants

71. Question B10 requires the reviewer to rate the effectiveness of measures to compensate and provide resettlement assistance to PAPs who were informal occupants (persons without formal legal rights to the land they occupied before displacement). A rating of “Satisfactory” means that informal occupants displaced by the project were not left worse off after displacement.

72. Only 14 of the 59 projects were rated on this outcome measure. This was because 26 projects were rated Not Applicable as they did not encounter this situation, and 19 other projects were rated Don’t Know (Figure 16). Of the 13 projects that were rated, most were Satisfactory (8) or Moderately Satisfactory (3). Only three were rated Moderately Unsatisfactory and none were rated Unsatisfactory (Figure 17). However, it is troubling that more projects were characterized as DK than received a rating. That is, more often than not there was insufficient information in the project documentation to determine the impact of displacement on informal occupants. While measures to compensate or assist displaced informal occupants were mentioned in resettlement plans, aide-mémoires in most of the rated projects did not mention whether these measures were implemented. Even fewer of them discussed the effectiveness of the measures.

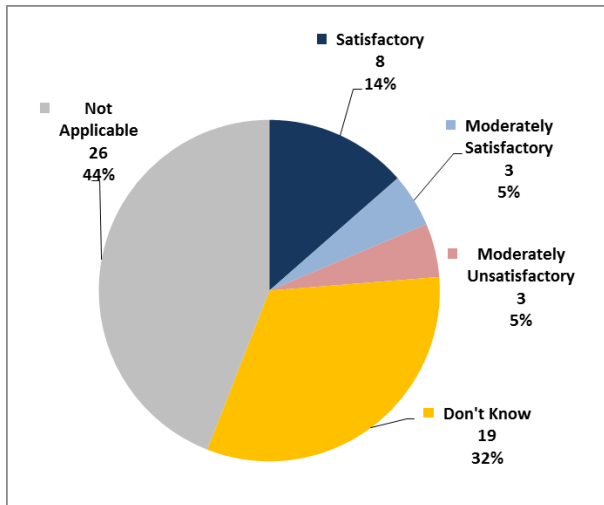


Figure 16 - Effectiveness of Measures for Informal Occupants: Distribution of Ratings (Including NA)

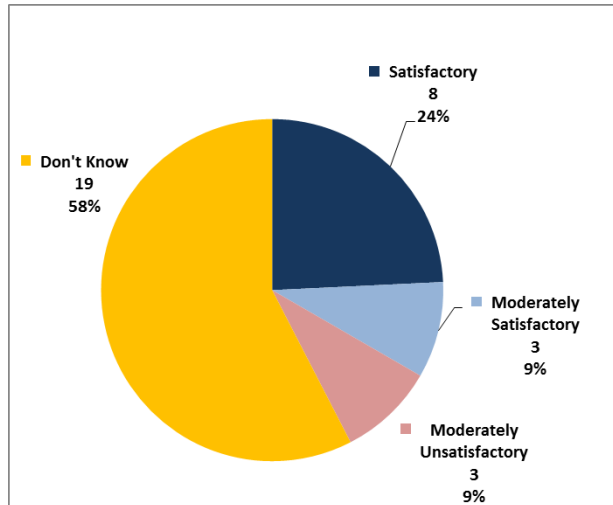


Figure 17 - Effectiveness of Measures for Informal Occupants: Distribution of Ratings (Excluding NA)

73. The distribution of ratings on the effectiveness of measures for informal occupants followed a similar pattern in projects that prepared RPs before and after appraisal (Table 10).

Table 10. Ratings on Measures for Informal Occupants for Projects with RPs Prepared Before and After Project Appraisal*

Timing of Preparation of RP	Ratings on the Effectiveness of Measures for Informal Occupants (Question B3)				
	S	MS	MU	Don't Know	Total
Before appraisal (Group 1)	25.0%	8.3%	8.3%	58.3%	100.0%
After appraisal (Group 2)	22.2%	11.1%	11.1%	66.7%	100.0%

*Includes all projects that affected informal occupants (33).

74. Those project files that provided details indicated that PAPs without formal legal rights to the land, but with recognized possession rights, received the same entitlements as those with formal legal rights. A few projects affected tenants or sharecroppers, and the RPs in these projects indicated that these groups were entitled to compensation for loss of assets (crops, structures, etc.). Whether this compensation was delivered during implementation is difficult to establish in most projects due to poor documentation. The treatment of persons who were illegally encroaching on government land was inconsistent among the projects reviewed.

75. Extensive delays in the delivery of entitlements to a small number of occupants resulted in a rating of MU for two projects. It was also very difficult to determine or prove ownership of some properties in both these projects. In general, the measures taken to assist informal occupants were poorly documented in project files and there was little or no information on the effectiveness of such measures.

(2) Indigenous Peoples and Vulnerable Persons

76. Question B11 requires the reviewer to rate the effectiveness of measures taken to address the needs of indigenous peoples and vulnerable persons. A rating of “Satisfactory” means that the RP was implemented with special consideration of the needs of communities of indigenous peoples and vulnerable persons, if such communities or persons were affected.

77. Only 16 of the 59 projects were rated on this outcome measure. Twenty-four projects were rated NA as they did not affect indigenous peoples or vulnerable persons, and 19 other projects were rated DK (Figure 18). Of the 16 projects that were rated, most received ratings of Satisfactory (11) or Moderately Satisfactory (3). Only one was rated Moderately Unsatisfactory, and one was rated Unsatisfactory (Figure 19). However, it is troubling that more projects were designated Don’t Know than were rated; more often than not there was insufficient information to allow a rating. Of the 37 projects with resettlement plans that included measures to address the needs of indigenous peoples and vulnerable persons, more than half did not document the implementation of such measures in aide-mémoires. Even fewer aide-mémoires discussed the effectiveness of the measures or referred to reports on this subject.

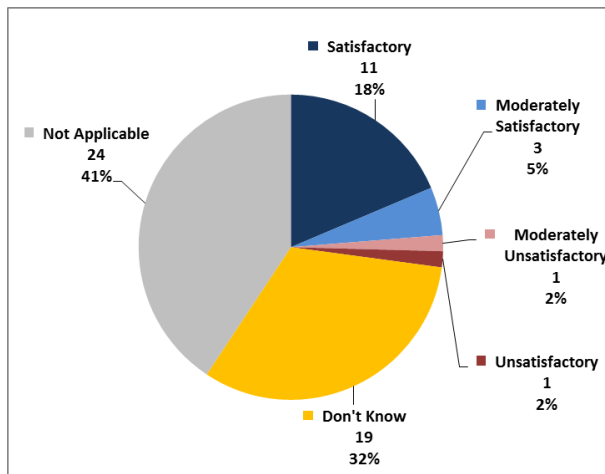


Figure 18 - Effectiveness of Measures for IPs and Vulnerable Persons: Distribution of Ratings (Including NA)

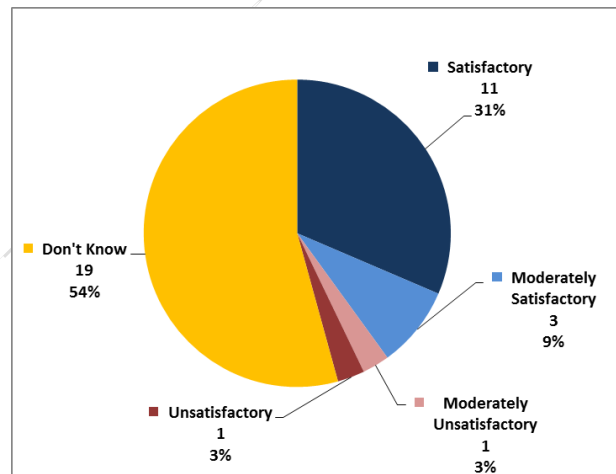


Figure 19 - Effectiveness of Measures for IPs and Vulnerable Persons: Distribution of Ratings (Excluding NA)

78. Ratings on the effectiveness of measures for indigenous peoples and vulnerable persons were higher for projects that prepared RPs before appraisal than for projects that prepared RPs during implementation (Table 11), but there are so many projects rated DK that the differences are not significant.

Table 11. Ratings on Measures for Indigenous Peoples and Vulnerable Persons for Projects with RPs Prepared Before and After Project Appraisal*

<i>Timing of Preparation of RP</i>	<i>Ratings on the Effectiveness of Measures for IP and Vulnerable Persons (Question B11)</i>					
	<i>S</i>	<i>MS</i>	<i>MU</i>	<i>U</i>	<i>Don't Know</i>	<i>Total</i>
Before appraisal (Group 1)	40.74%	3.7%	3.7%	0.0%	51.9%	100.0%
After appraisal (Group 2)	0.0%	25.0%	0.0%	12.5%	62.5%	100.0%

*Includes all projects that affected IPs and Vulnerable Persons (37).

79. Notes from the reviewers attest to a wide range of vulnerable groups impacted by the sampled projects. These groups include widows, female-headed households, the unemployed, the chronically ill, the elderly, those living on pensions, orphans, mentally and physically handicapped persons, those living below the poverty line, renters, non-nationals, and severely affected PAPs. Project documents generally demonstrate good effort to identify and define vulnerable PAPs. In addition, the RPs outline a wide variety of measures to deliver benefits to them. These measures include additional compensation, job hiring preferences, land donations, preferential access to natural resources, food, assistance in building houses, livelihood training, assistance in preparing and planting fields, etc. Unfortunately, this carefully detailed identification of vulnerable PAPs and special measures for protecting their interests is not matched by detailed follow-up and evaluation of results during project implementation. At best, a few projects mentioned that PAPs preferred extra compensation and did receive it.

80. In general, the implementation of measures for indigenous peoples and vulnerable persons is one of the weakest areas of reporting in project documents. Even among some of the rated projects it was difficult to assign ratings due to incomplete information or uneven implementation of proposed measures. While documentation was generally weak, the information provided in aide-mémoires points to poor implementation. For example, in the project rated MU, an aide-mémoire reported that “only two of the 21 vulnerable families received the extra cash assistance that the RP promised. The Team is particularly concerned about the delay in disbursement of resettlement and rehabilitation assistance and additional support allowance to vulnerable groups. Only 14% of the identified eligible households have received R&R assistance. The disbursement of support allowance is also significantly slow. Only 18% of the total eligible households have received the amount.”

81. In a project rated U, vulnerable people (female-headed families and others) should have been provided with job opportunities by the construction contractor. However, the mission observed that no effort had been made by the contractor to employ these PAPs. The mission was also informed that usually contractors provide a lot of unskilled jobs to the local people. No explanation was given for the failure to do so.

C) Resettlement Implementation and Management

82. There were six questions covering specific aspects of resettlement implementation and management: consultation and participation processes, client capacity to manage resettlement,

monitoring and evaluation, client reporting, grievance redress systems, and Bank supervision. In the following sections, the results for each of these six questions are presented.

i) Consultation and Participation

83. Question B4 requires the reviewer to rate the adequacy of the consultations with PAPs, as well as their degree of involvement in the resettlement process. A rating of “Satisfactory” means that the consultations with, and participation of, PAPs were appropriate considering the anticipated resettlement impacts. This is a rating of processes, not of outcomes. However, good consultation and participation processes are often a necessary condition for successful resettlement.

84. Five times as many projects are rated Satisfactory (30) or Moderately Satisfactory (13) as Moderately Unsatisfactory (3) or Unsatisfactory (5). Some projects were not rated due to insufficient documentation (8). The majority of the rated projects (83%) received an S or MS, so consultation with and participation of PAPs is generally satisfactory in the sampled projects. The 51% of the rated projects with S ratings were notable because project documentation tended to describe extensive, iterative, and ongoing consultations.

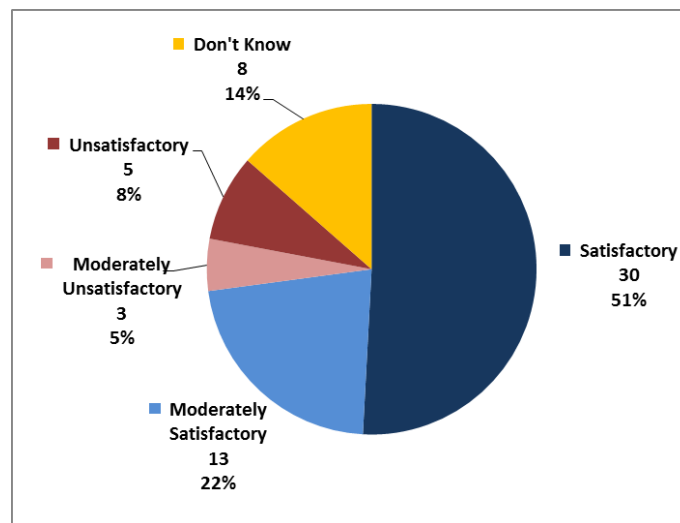


Figure 20 - Consultation and Participation: Distribution of Ratings

85. The ratings on consultations and participation were highly correlated with the ratings for overall resettlement outcomes as measured by question B5 (Table 12). In 21 projects (57% of the projects rated), the ratings for consultations and overall resettlement outcomes were the same (two were U for both and 19 were S or MS for both). In 11 projects (30%), the ratings for consultations and overall resettlement outcomes differed, but only between S and MS. In only five projects (14%) were S or MS ratings in one question accompanied by MU or U in the other.

Table 12. Ratings on Consultations Compared with those on Overall Resettlement Outcomes

<i>Ratings for consultations and overall resettlement outcomes</i>	<i>N</i>	<i>%</i>
Same rating	21	56.8%
Different, but both satisfactory (S or MS)	11	29.7%
MS consultations, MU outcomes	2	5.4%
MU consultations, MS outcomes	1	2.7%
MU consultations, S outcomes	1	2.7%
S consultations, U outcomes	1	2.7%
<i>Total</i>	37	100.00%

86. Most of the projects rated S not only had extensive consultations during RAP preparation, but also during RAP implementation. For example, an aide-memoire noted that a project in the East Asia and the Pacific Region “continued to hold consultations with the local people periodically to discuss implementation progress and listen to the concerns of the local people. So far 79 consultations have been held and 3,377 persons have participated in these consultations.” Consultations were very useful when there was reluctance to relocate, such as in a project in the Middle East and North Africa Region where vendors did not want to lose their prime locations, and in a project in the Eastern Europe and Central Asia Region where elderly people were very attached to their traditional village). In both cases, PAPs were convinced of the benefits of moving and eventually did express satisfaction with their new locations (the vendors were moved only 50 feet). In a project in the Africa Region, extensive consultations were undertaken with both (host) communities to provide a sound foundation on which smooth integration of the two communities could occur. Sometimes consultation during RAP implementation made a significant difference (see Box 1).

Box 1: An Example of the Impact of Consultation on RAP Implementation – A Case from China

In the China Fuzhou Nantai Island Peri-Urban Development Project, consultation made a big difference. The Fanchuanpu Church was affected by the need for land for urban roads. The church was built in 1929 and is certified as a provincial cultural heritage site. It was recognized by priests as their home and served 40,000 priests in the province. The public consultations were extended for three years. Finally, the municipality reached agreement with the church authorities on relocating the church buildings and the feasibility study was approved by the provincial and central government authorities. The relocation of the church building was a Top News story broadcasted by CCTV and also reported by major media. The entire church building of 1,500 tons was moved 89 meters, turned 90 degrees, and moved 30 meters to its final location. As a result of the extensive consultations with church authorities, civil works were delayed about three years. However, the city’s Vice Mayor expressed his great appreciation to the Bank mission for its recommendation in relocating the church building.

Source: China Fuzhou Nantai Island Peri-Urban Development Project December 2009 aide-memoire.

87. Despite the positive overall trend, the projects rated U had significant shortcomings. In an urban project in the East Asia and the Pacific Region, limited public participation appears to have resulted in the abandonment of or substantial modifications to certain sub-projects. In a road project in the Africa Region, some PAPs felt that they did not have an opportunity to agree to the compensation and viewed the valuation and entitlement process as unfair.

88. Two of the projects rated MU did not adequately consult PAPs before land acquisition began. Another problem was inadequate communication with PAPs, which prevented them from gaining a complete understanding of project impacts and their rights and options. For example, an aide-mémoire of a road project in the South East Asia region noted the following:

Inadequate field visits and consultations by NGO staff were commonly noticed in most of the sites, which not only gave rise to unsolved social issues but also elevated people's expectations and demands with limited awareness of ... project features including design, size and cost. The PAPs were not informed about their entitlements ... The voluntary land donation process ... was fraught with confusion...The NGOs tended to apply the "voluntary donation" method for obtaining both land and structures without referring to the Entitlement Policy Matrix ... There was no clarity as to if land acquired through donation was to be limited to the 6-8 meter wide road formation or the right of way which covered 10 meters on either side of the centre line of the road. Even the local peoples were not aware of the existence of Grievance Hearing Committees and the Right of Way of the road being upgraded..."

89. Even projects rated MS had problems with PAP consultation and participation. Sometimes consultation did not prove effective and the project encountered PAP resistance to land acquisition and resettlement, as in a water and power project in Africa. In several projects, additional consultation meetings became necessary due to PAPs' dissatisfaction with land acquisition, compensation rates, and so on. Sometimes consultation was satisfactory during project preparation, but more was needed during project implementation. Some projects were rated MS rather than S because of shortcomings in communicating information to PAPs. For example, in a transportation project in China, the resettlement information booklet still had not been distributed when 44% of the land had already been acquired. Other projects mentioned long time lags between RP preparation and implementation, and that PAPs needed to be kept better informed during the process. Some projects described good consultation in some locations but not in others. In other cases, mechanisms for consultation would be created but then would not be used or would otherwise fail to achieve the desired level of consultation.

90. A common thread in project documentation was a lack of detailed information about consultations during project implementation. Aide-mémoires would state that consultations had been done, but there was no description of the consultations, so often it was difficult to assess their quality and appropriateness and to be confident about the rating on this question.

91. Ten projects were rated DK. The project files contained no information about consultation and participation during project implementation, so the reviewer could not assess whether the plans for consultation and participation described in the RP were implemented. Most projects had consultation during preparation of the RP. But although consultation should continue during implementation of the RP, a significant number of projects did not document any such consultations.

92. Ratings on PAP consultation and participation were slightly higher for projects that prepared RPs before appraisal (Group 1) compared to projects that prepared RPs during implementation (Group 2). While Group 2 had a higher percentage of projects rated S, Group 1 had a higher combined percentage of projects rated S or MS and a lower percentage rated MU or U (Table 13).

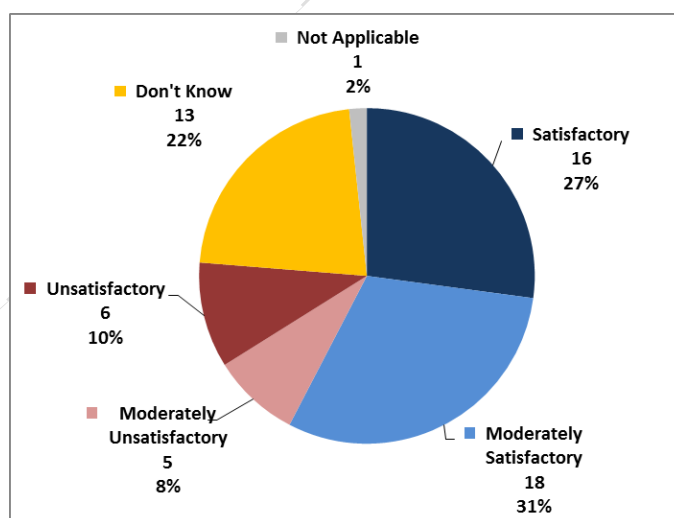
Table 13. Ratings on Consultation and Participation for Projects with RPs Prepared Before and After Project Appraisal

<i>Timing of Preparation of RP</i>	<i>Ratings on Consultation and Participation (Question B4)</i>					
	<i>S</i>	<i>MS</i>	<i>MU</i>	<i>U</i>	<i>DK</i>	<i>Total</i>
Before appraisal (Group 1)	45.2%	31.0%	0.0%	9.5%	14.3%	100.0%
After appraisal (Group 2)	58.8%	0.0%	17.7%	5.9%	11.8%	100.0%

ii) Client Capacity to Manage Resettlement

93. Question B8 requires the reviewer to rate the capacity of the client to implement resettlement. A rating of “Satisfactory” means that at the time of implementation the client had adequate capacity for achieving positive resettlement outcomes.

94. Figure 21 shows the distribution of these ratings. More than three times as many projects are rated Satisfactory (16) or Moderately Satisfactory (18) as Moderately Unsatisfactory (5) or Unsatisfactory (6). In other words, 76% of the rated projects received S or MS ratings. However, the fact that more projects were rated only MS rather than S indicates some problems. Furthermore, 22% of the projects were rated Don’t Know. The DK rating usually indicated that insufficient information on client capacity was included in project documents. Client capacity is not well documented and is usually discussed in aide-mémoires only when there is a problem. Sometimes capacity was inferred by reviewers from other measures and outcomes, or was assumed to be adequate given the observed implementation progress. This suggests that client capacity may be less satisfactory than ratings indicate.

**Figure 21 - Client Capacity: Distribution of Ratings**

95. Most of the projects that were rated S for client capacity had supporting documentation describing capacity in terms of the number of full time equivalent (FTE) resettlement staff, but not detailing staff skills or experience in resettlement tasks. The authors of aide memoires praised the skills of client resettlement staff in three projects. For example, in a transportation project in China, client capacity was very good. The May 2012 aide-memoire stated that “The mission highly

appraises the admirable efforts and dedication that...[...]...has put in ensuring full satisfaction of the resettled persons.” Several projects rated S described efforts to build greater capacity, implying that it was previously insufficient. Therefore, some projects that were rated S may have actually had some shortcomings, at least initially, in terms of client capacity.

96. The 18 projects rated MS for client capacity had a number of problems. These include delays in hiring necessary staff, insufficient support from project management, resettlement staff turnover, and resettlement staff that did not understand the RP, other resettlement instruments (such as frameworks), or OP 4.12. Several projects were woefully understaffed, but in some of them this problem was addressed. For example, the August 2011 aide-memoire for a road project in the East Asia and the Pacific Region stated that “The team is pleased to note that based on the earlier discussions on the need to enhance safeguard management capacity, the PCU has hired 20 Social Development Consultants and 10 Senior Social Development Consultants.” In several projects it was stated that resettlement was the weakest part of the project and holding up the rest of the project. Delays in resettlement were frequently attributed to lack of client capacity. Once capacity increased, resettlement performance improved and delays were reduced.

97. The five projects rated MU showed evidence of more extensive issues related to client capacity. Resettlement staff in a road project in the East Asia and the Pacific Region reported that land acquisition was not required, but site visits showed that the commune authority had cleared land corridors along the proposed road link soon after it was selected and before the launching of the project. That demonstrates a lack of understanding of Bank policy. An aide-mémoire for an energy project in the East Asia and the Pacific Region reported “The mission observed a long delay in the recruitment of environmental and social independent monitoring and external evaluation consultants. This continued delay adversely impacts on project performance.” An aide-mémoire for a road project in the South Asia Region stated that “it was not possible to summarize how the social and environmental mitigation measures have been incorporated or addressed because of the work load and shortage of human resources.”

98. Reviewers found evidence of insufficient client capacity not only in terms of a lack of necessary skills, but also due to a basic lack of sufficient staff to do the work. Understaffing was a significant problem in all of the 6 projects rated U. A transportation project in the Africa Region found it necessary to boost the number of right-of-way agents from a dozen to 37. In another urban and rural infrastructure project in the Africa, Bank documents stated that client capacity was so low that Bank staff were filling those gaps and doing the work themselves. In a conservation project in Africa, an aide-mémoire stated that “It is clear to the mission that the park authority does not have the needed experience and skilled staff to do the [resettlement] work.” An aide-mémoire for an urban infrastructure project in Africa observed that “even after the training of local focal points regarding the requirements of the ESMF and of the RPF, no observable effect could be noted regarding their capacities, particularly in regards to resettlement.” An aide-mémoire for an earthquake recovery project in the East Asia and the Pacific Region noted that the implementation risk for a subproject was moderate to substantial, especially regarding some ongoing resettlement issues and the lack of capacity of the PIUs.

99. Clearly, client capacity was a significant constraint leading to delays and poor implementation in a number of sampled projects. Given that client capacity is a major determinant of the effectiveness of resettlement implementation, the findings of this review indicate that

inadequate capacity created significant barriers to successful resettlement for some projects and presented challenges of varying severity for others.

100. Among the projects sampled, the ratings in client capacity and overall resettlement outcomes were highly correlated: in 19 projects (58% of the projects rated), the ratings for client capacity and overall resettlement outcomes were the same (four were U or MU for both, 15 were S or MS for both). In 10 projects (32%), the ratings for client capacity and overall resettlement outcomes differed, but only between S or MS. In only four projects (12%) were S or MS ratings in one question accompanied by MU or U in the other (Table 14).

Table 14. Ratings on Client Capacity Compared with those on Overall Resettlement Outcomes

<i>Ratings for client capacity and overall resettlement outcomes (Question B8)</i>	<i>N</i>	<i>%</i>
Same rating	19	57.6%
Different, but both Satisfactory (S or MS)	10	30.3%
Different rating	4	12.1%
<i>Total</i>	33	100.0%

101. Ratings on client capacity were fairly similar for projects that prepare RPs during implementation and for projects that prepared RPs before appraisal (Table 15).

Table 15. Ratings on Client Capacity for Projects with RPs Prepared Before and After Project Appraisal

<i>Timing of Preparation of RP</i>	<i>Ratings on Client Capacity (Question B8)</i>					<i>Total</i>
	<i>S</i>	<i>MS</i>	<i>MU</i>	<i>U</i>	<i>DK</i>	
Before appraisal (Group 1)	28.6%	28.6%	11.9%	4.8%	26.19%	100.0%
After appraisal (Group 2)	25.0%	37.5%	0.0%	25.0%	12.5%	100.0%

iii) Client Reporting

102. Question B7 requires the reviewer to rate completeness of client reporting on resettlement. A rating of “Satisfactory” means that the client produced monitoring reports on the implementation of the RP on a regular basis. Acceptable reports included stand-alone reports and reports on resettlement that were included in other documents, such as Project Progress Reports.

103. Figure 22 below shows the distribution of ratings. Four times as many projects are rated Satisfactory (16) or Moderately Satisfactory (6) as Moderately Unsatisfactory (3) or Unsatisfactory (2). In other words, 80% of the projects that were rated had S or MS ratings, so client reporting was usually satisfactory. However, nearly half the projects (46%) were rated Don’t Know. In most of these cases project documentation contained no information on client reporting, making it impossible to determine whether client reporting overall is as satisfactory as the ratings indicate. Three projects were rated “Not Done”, meaning that the reviewers concluded that the client did not prepare monitoring reports. Two projects were rated NA because resettlement had not yet begun.

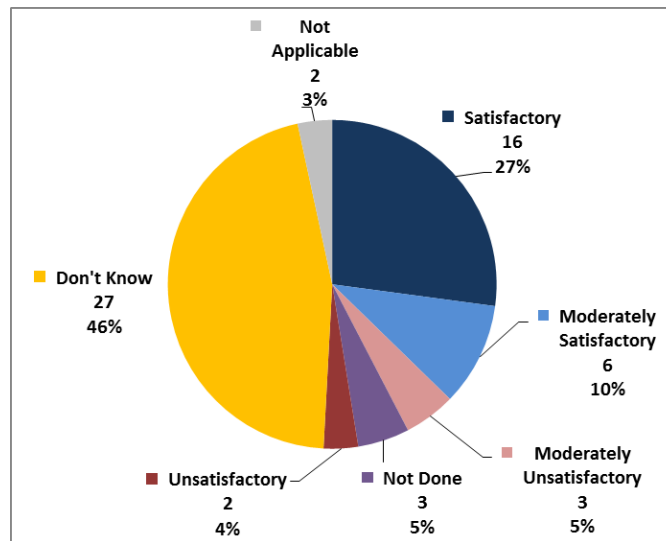


Figure 22 - Client Reporting: Distribution of Ratings

104. The review team found client resettlement monitoring, progress, or implementation reports in the project files for only 10 of the 59 projects, and four of the 10 had only a single report. Nine of the ten projects had RPs before appraisal, so monitoring reports were very rare for projects with RPs prepared during project implementation. Only two of the 30 projects rated DK contained documentation that mentioned client monitoring reports.

105. Only two of the 11 projects rated S on client reporting had monitoring reports in the project files. The absence of documentation in the project files means that it was difficult to assess whether there was a lack of client monitoring, a lack of monitoring reports, or a failure to put client monitoring reports into Bank project files. In the absence of documentation, the ratings were based on comments in aide-mémoires and ISRS about client monitoring reports. Most often the comments simply mentioned that the monitoring reports were being produced and/or delivered to the Bank. In only three of these projects did aide-mémoires mention the quality of the monitoring reports. It seems that if aide-mémoires do not explicitly refer to issues with monitoring reports, the project teams assume that monitoring reporting is adequate. Few teams documented the quality or completeness of client monitoring programs.

106. Reviewers of four of the seven projects rated MS identified shortcomings in monitoring reports. Two of the projects contained team assessments that specifically mentioned the need to report on economic rehabilitation measures and income restoration, yet project documents do not refer to any monitoring of these mitigation measures. Evidence of the success or failure of economic rehabilitation measures is sparse in project documentation. Two of the projects did not begin resettlement monitoring and reporting until years into resettlement implementation.

107. Three of the four projects rated MU noted quality problems with client monitoring reports. For example, in an aide-mémoire for an infrastructure development project in the Africa Region, “The mission noted with concern that the quality of quarterly progress reports on the implementation of the RAP submitted to IDA is still poor even though IDA provided guidance on the reporting format and staff were trained in land acquisition, resettlement and rehabilitation.” In a rural project in the Africa Region, the aide-mémoire stated that “The quarterly progress reports

should include several types of information that currently were not being reported, especially about grievances filed by PAPs”. In a water and sanitation project in the East Asia and the Pacific Region, an aide-memoire stated that “The Independent Resettlement Monitoring Report does not fully satisfy the Bank’s standard of a resettlement monitoring report.” For the fourth project the reviewer cited minimal reference to client monitoring as the justification for its MU rating.

108. In the two projects rated U, the lack of client monitoring undermined Bank supervision. In a transportation project in Africa Region, the client did not provide the Bank with any RP completion reports or the status of the ongoing RP activities. While the RP appeared to have been implemented, the absence of monitoring reports prevented confirmation. In an urban development project in the Africa Region, the June 2010 mission was informed that the removal of residents had already started. In the absence of credible client monitoring detailing the resettlement process, the mission requested a rapid assessment to determine whether resettlement was compliant with the RPF and whether additional measures were required.

109. The distribution of ratings on client reporting follow a similar pattern in projects that prepared RPs during implementation and in projects that prepared RPs before appraisal (Table 16), but the latter performed a bit better. They have a higher proportion of S ratings and a lower proportion of U and DK ratings.

Table 16. Ratings on Client Reporting for Projects with RPs Prepared Before and After Project Appraisal

<i>Timing of Preparation of RP</i>	<i>Ratings on Client Reporting (Question B7)</i>					
	<i>S</i>	<i>MS</i>	<i>MU</i>	<i>U</i>	<i>DK</i>	<i>Total</i>
Before appraisal (Group 1)	35.0%	10.0%	7.5%	2.5%	45.0%	100.0%
After appraisal (Group 2)	14.3%	14.3%	0.0%	7.1%	64.3%	100.0%

iv) Monitoring and Evaluation

110. Question B9 requires the reviewer to rate the monitoring and evaluation (M&E) of resettlement. A rating of “Satisfactory” means that the M&E activities were appropriate (in terms of frequency and methods used), considering the anticipated resettlement impacts. This question is closely related to B7 on client reporting on monitoring, but it also considers both external monitoring (i.e., monitoring by an entity other than the agency responsible for resettlement) and evaluation.

111. Figure 23 shows the distribution of ratings. Four times as many projects are rated Satisfactory (19) or Moderately Satisfactory (8) as Moderately Unsatisfactory (6) or Unsatisfactory (1). In other words, 79% of the projects that were rated had S or MS ratings, so M&E was usually satisfactory. However, 41% of the projects were rated Don’t Know. This was usually because project documentation included little information about M&E. Most RPs did not include information that is critical for monitoring and evaluation, namely good baseline information and performance indicators. In general, reviewers found little information about arrangements or systems to monitor the progress of resettlement programs towards the achievement of well-defined results. M&E reports were seldom in the project files, suggesting that actual performance in M&E might not be as satisfactory as the ratings indicate.

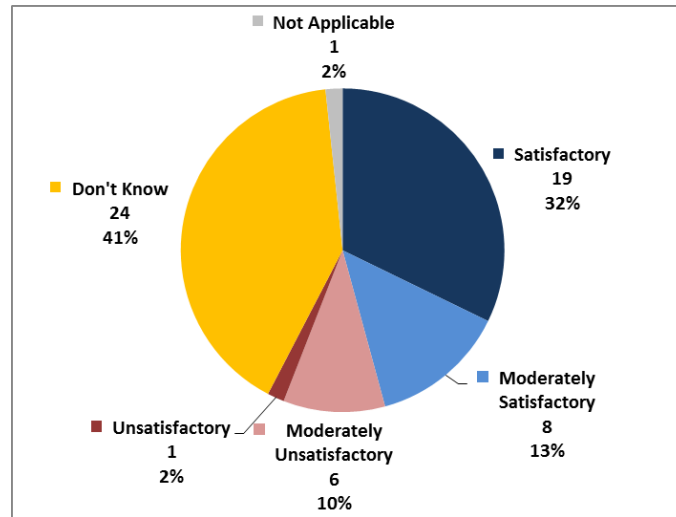


Figure 23 - Monitoring & Evaluation: Distribution of Ratings

112. Most of the 19 projects rated satisfactory for M&E cited specific text from aide-mémoires on the quality of M&E. Most aide-memoires simply confirmed that monitoring was being done, but sometimes more details were presented (see Box 2). In the few cases without specific text, M&E could be inferred from information in the aide-mémoires. The evidence supported the satisfactory rating. While internal monitoring was standard and competent, several projects mentioned that resettlement agencies were slow to contract independent monitoring, if they did so at all.

Box 2: The Benefits of External Monitoring of Resettlement Implementation – A Case from Azerbaijan

External monitoring, especially by highly qualified consultants or firms, can provide useful suggestions in addition to checking on resettlement implementation progress. An AM noted that “An International Monitoring consultant has visited 3 times during the period November 2010 - January 2011 and reviewed the land acquisition process and assisted the PIU in advancing the implementation of pending issues and also highlighted some of the good practices followed so far, such as assisting a non-title holder for physical relocation and considering compensation for unviable leftover land parcels. The mission was informed that PIU finds the International Consultant’s visits useful from the point of view of assisting them in the documentation, advising on the follow-up work and verifying the process of land acquisition and resettlement on the ground through interactions with the affected people and NGOs. This consultant will be available in the future on need basis as and when required.”

Source: Azerbaijan Highway 2 Project April 2011 Aide-memoire

113. Four of the eight projects rated MS had some problems such as poor quality of monitoring reports, little information on resettlement impacts, ad hoc M&E arrangements with no clear assignment of responsibility, and delays in contracting external M&E. For example, an aide memoire for an infrastructure project in Africa stated that “The mission noted with concern that the quality of quarterly progress reports on the implementation of the RAP submitted to IDA is still poor even though IDA provided guidance on the reporting format and ... staff were trained in land acquisition, resettlement and rehabilitation ... The training was aimed at improving supervision of RAP implementation and progress reporting. Further, the complaints log has not

been updated from the previous one and yet so many more complaints have been registered while others have been resolved.”

114. Projects rated MU noted quality problems or delays with M&E. In one of these projects, a water and sanitation project in the East Asia and the Pacific Region, the RP included a very detailed and thorough methodology for internal and external monitoring of resettlement activities. However, aide-mémoires mention the need to improve monitoring and to “mobilize” a consultant to carry out independent monitoring as a matter of urgency and to improve monitoring and progress reports to reflect the actual facts of land acquisition and resettlement. In an urban project in the East Asia and the Pacific Region, the monitoring institute was not contracted until about three years after project implementation began. In another project the reviewer mentioned that no M&E document was found.

115. The project rated U had extensive monitoring problems from the very beginning of resettlement implementation. The lack of M&E made it impossible for Bank supervision teams to establish the validity of the claims made by the PAPs when the team visited the project site to remediate issues.

116. The distribution of ratings on M&E reporting follows a similar pattern in projects that prepared RPs before appraisal and those that prepared RPs during implementation (Table 17).

Table 17. Ratings on M&E for Projects with RPs Prepared Before and After Project Appraisal

<i>Timing of Preparation of RP</i>	<i>Ratings on Monitoring & Evaluation (Question B9)</i>					
	<i>S</i>	<i>MS</i>	<i>MU</i>	<i>U</i>	<i>DK</i>	<i>Total</i>
Before appraisal (Group 1)	33.3%	14.3%	11.9%	2.4%	38.1%	100.0%
After appraisal (Group 2)	31.3%	12.5%	6.3%	0.0%	50.0%	100.0%

v) Grievance Redress Mechanisms

117. Question B12 requires the reviewer to rate the grievance redress mechanisms (GRMs) for resettlement issues. A rating of “Satisfactory” means that there is evidence in the project file that the affected persons had access to a system for lodging complaints and resolving grievances.

118. Figure 24 shows the distribution of ratings. Five times as many projects are rated Satisfactory (16) or Moderately Satisfactory (9) as Moderately Unsatisfactory (2) or Unsatisfactory (3). In other words, 83% of the rated projects received an S or MS rating. However, reviewers signaled nearly half of the projects (48%) as Don’t Know because there was too little project documentation on functioning GRMs. RPs often prescribed GRMs, yet aide-mémoires rarely confirmed the existence or details of GRMs except in cases where there was documented use of GRMs by PAPs.

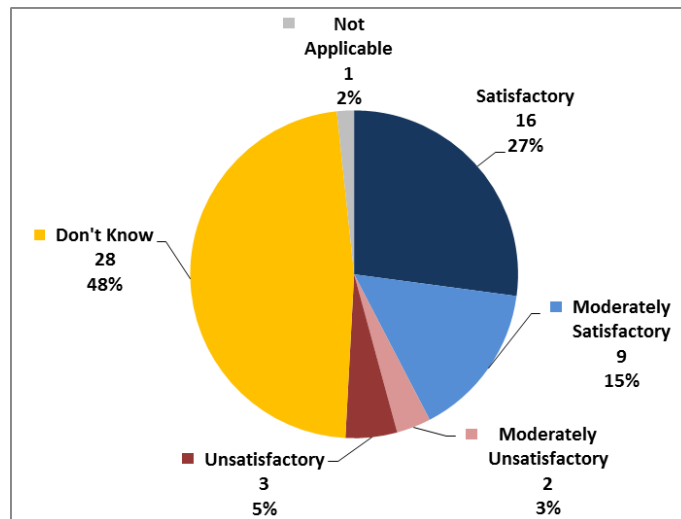


Figure 24 - Grievance Redress Systems: Distribution of Ratings

119. Ten of the 16 projects rated S had descriptions of specific complaints and how the GRM functioned in response. The other six S-rated projects had more general evidence of a functioning GRM.

120. Reviewers observed only minor problems related to GRMs in the nine projects rated MS. For example, the GRM prepared for a land and water management project, GRM called for participation by high level officials who could not meet in the villages as planned. Once the GRM was revised to be more practical and accessible, project documentation indicated that the GRM was more successful. However, it took three years to make this change. Similarly, a year delay in activating a GRM for a transportation project in South Asia resulted in a backlog of 1,600 complaints, which were mostly related to compensation rates and re-measurement/verification of the affected assets. Reviewers noted that some GRMs were established but PAPs chose not to use them, preferring other methods for redress. This suggests that GRMs may have been poorly designed.

121. Only two projects were rated MU because of non-functioning GRMs. In one these projects, the RP describes the GRM, including phone hotline contact information. However, the aide-mémoires refer to a plethora of unresolved issues raised by PAPs, particularly regarding sewerage, construction debris, lack of titling, and requests for rent payments. In the other project, the RP describes the GRM, but an aide-mémoire notes that “The complaints management system is currently not operational (only one of three telephone lines is working). No provision has been made for electronic reporting of complaints or for the systematic manning of telephone lines.”

122. Only one project was rated U on its GRM. An aide-mémoire noted that “The PAPs are not aware of the grievance mechanisms and are not represented adequately. Grievance committees where they exist are composed of local administration and other government offices...with no representation of the PAPs. PAPs have to wait for several weeks and months before decisions are made regarding their grievances.”

123. The distribution of ratings on GRMs follows a similar pattern in projects that prepared RPs before appraisal and those that prepared RPs during implementation (Table 18).

Table 18. Ratings on GRMs for Projects with RPs Prepared Before and After Project Appraisal

<i>Timing of Preparation of RP</i>	<i>Ratings on Grievance Redress Systems (Question B12)</i>					<i>Total</i>
	<i>S</i>	<i>MS</i>	<i>MU</i>	<i>U</i>	<i>DK</i>	
Before appraisal (Group 1)	28.6%	14.3%	4.8%	4.8%	47.7%	100.0%
After appraisal (Group 2)	25.0%	18.8%	0.0%	6.3%	50.0%	100.0%

vi) Bank supervision

124. Question B6 requires the reviewer to rate Bank supervision of resettlement. A rating of “Satisfactory” means that Bank supervision of the implementation of the RP was appropriate and that social development specialists participated in the majority of missions that took place during the implementation of the RP.

125. Figure 25 shows the distribution of the ratings. More than seven times as many projects are rated Satisfactory (35) or Moderately Satisfactory (16) as Moderately Unsatisfactory (4) or Unsatisfactory (3). In other words, 88% of the projects that were rated had S or MS ratings, making Bank supervision one of the most highly rated aspects of resettlement implementation. Ratings for this question relied primarily on the level of participation of social development specialists in supervision missions. The appropriateness of that supervision was difficult to assess on the basis on aide-mémoires and ISRs, although reviewers noted the thoroughness and achievements of resettlement supervision in several projects.

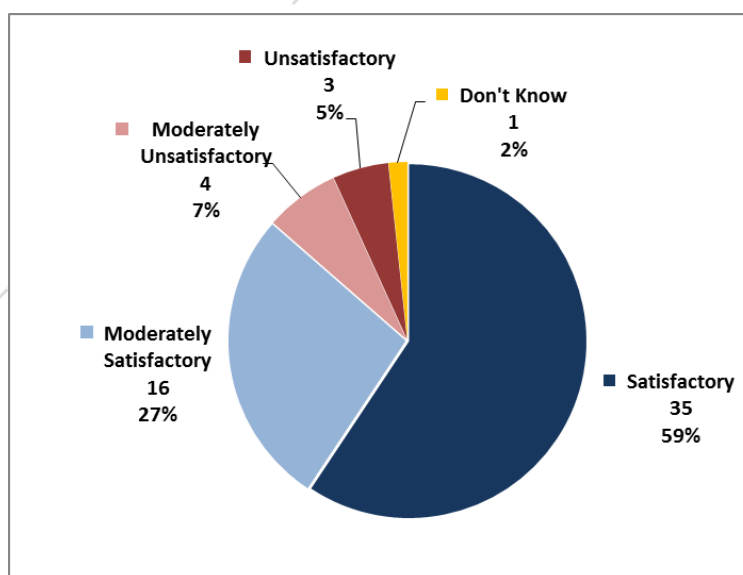


Figure 25 - Bank Supervision: Distribution of Ratings

126. A major challenge was trying to determine whether the lack of reporting about resettlement in aide-mémoires is because resettlement was not properly supervised or because it was not adequately reported. The difficulty of assessing Bank supervision of resettlement is exemplified by a project rated DK in the Eastern Europe and Central Asia Region. Aide memoires rarely mention resettlement. They usually do not identify titles of mission members. No one is identified as a resettlement or social development specialist. ISRs ratings for resettlement change from mission to mission with no explanation. Finally, the ISR notes that: "The final resettlement plan for the water intake area of...[...]...has not been completed and implemented." That IRS rates resettlement as moderately satisfactory. With so little information it is too difficult to rate supervision efforts, much less its effectiveness.

127. The fact that there is so little information about resettlement in many aide-mémoires where resettlement specialists were part of mission teams is itself very problematic. While some aide-mémoires devote entire annexes to discussing resettlement implementation, other aide-mémoires contain no discussion at all. Occasionally aide-memoires described the supervision of resettlement, but mainly in terms of areas visited. The quality of supervision is mainly inferred from the depth of detail in describing resettlement implementation and in making recommendations.

128. Most of the reviewer justifications for the 34 projects rated S mentioned the presence of social development specialists on missions, but that does not say anything about the quality of that supervision, or whether it made any difference. After reading the project files, reviewers who themselves were experienced resettlement specialists could judge whether the supervision appeared appropriate. In several projects the aide memoires did describe the extensive efforts resettlement specialists made to identify and resolve problems in resettlement implementation.

129. The projects that received an MS rating were so rated because social development specialists participated in some of the missions that took place during the implementation of the RP, but not on the majority of them. Sometimes environmental specialists on mission teams supervised resettlement, or were assumed to do so in the absence of social development specialists. The reviewers mention specific shortcomings with resettlement supervision in only three projects. For example, in a power and water project in the Africa Region, the Bank should have pushed more forcefully for avoiding relocation earlier and to get the water component into compliance earlier. One project had five different resettlement specialists over eight years, and the extent of some problems was not mentioned until later, when more experienced resettlement specialists took over supervision.

130. Three of the four projects rated MU did not have social development specialists on most of the key missions for supervising resettlement. There were additional problems that may have been related to the absence of resettlement specialists on supervision missions. In one project, almost two years went by without having a safeguard specialist on the supervision missions. An aide-mémoire stated that "The mission believes that had a social safeguard been involved, the situation would not have evolved the way it did and many issues would have been identified and addressed at the source." In another project, resolution of issues is pending and reporting on rental repayment issues raised in previous aide-mémoires is lacking in later aide mémoires.

131. Two of the three projects rated U did not have any social development specialists listed for most or all of the missions during RP implementation. Both of those projects had so little information about resettlement implementation that resettlement outcomes could not be rated. The

third U-rated project had extensive resettlement problems but the ISRs rated the project MS on resettlement performance. A new resettlement specialist replaced the former resettlement consultant who had supervised resettlement for five years and reported extensive resettlement problems. While it is possible that the problems emerged at the time of the change in resettlement specialists, that seems to be an unlikely coincidence. Nonetheless, the ISR continued to rate resettlement as satisfactory.

132. Ratings on Bank supervision were very similar for projects that prepared RPs before appraisal and those that prepared RPs during implementation (Table 19).

Table 19. Ratings on Bank Supervision for Projects with RPs Prepared Before and After Project Appraisal

<i>Timing of Preparation of RP</i>	<i>Ratings on Bank Supervision (Question B6)</i>					
	<i>S</i>	<i>MS</i>	<i>MU</i>	<i>U</i>	<i>DK</i>	<i>Total</i>
Before appraisal (Group 1)	64.3%	23.8%	7.1%	4.8%	0.0%	100.0%
After appraisal (Group 2)	47.1%	35.3%	5.9%	5.9%	5.9%	100.0%

D) Findings about Resettlement Policy Frameworks (RPFs)

133. OP 4.12 requires the preparation of a Resettlement Plan (RP) for all operations that entail involuntary resettlement. However, in cases of financial intermediary operations that may involve involuntary resettlement or projects with multiple subprojects where the zone of impact or precise sitting alignments cannot be determined, a Resettlement Policy Framework (RPF) must be prepared prior to appraisal instead.⁶ This review found that, in practice, RPFs are often prepared for regular operations (those that directly support a single project).

134. RPs and RPFs are unequally distributed among regions. The East Asia and the Pacific Region (EAP) accounts for half of the 126 projects for which an RP was prepared before appraisal during FY05-09, while Africa Region (AFR) accounts for 40% of the 172 projects for which an RPF was prepared during the same period, and which closed during FY11-FY13 (Figures 26 and 27). The differences among regions are difficult to explain solely on the basis of the types of operations in the various regions and may reflect differences in interpretation as to when an RP or an RPF is required.

⁶ OP 4.12, para. 28.

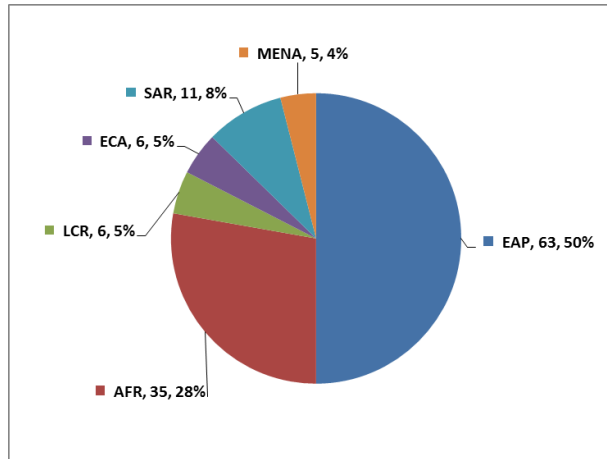


Figure 26 - Distribution of 124 projects with RP at Appraisal by Region (approved FY05-09)

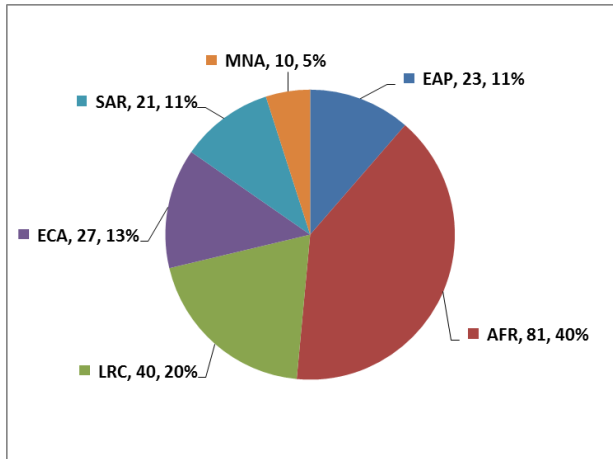


Figure 27 - Distribution of the 202 Projects with an RPF by Region (approved FY05-09, closed FY11-13)

135. Data collected as part of this review indicates that a small fraction of RPFs are used to prepare RPs during project implementation. Of the 172 projects for which an RPF was prepared, only 31 (18%) also had an RP filed in the Bank's electronic records. Figure 28 shows the distribution of the 141 projects that had an RPF but not an RP.

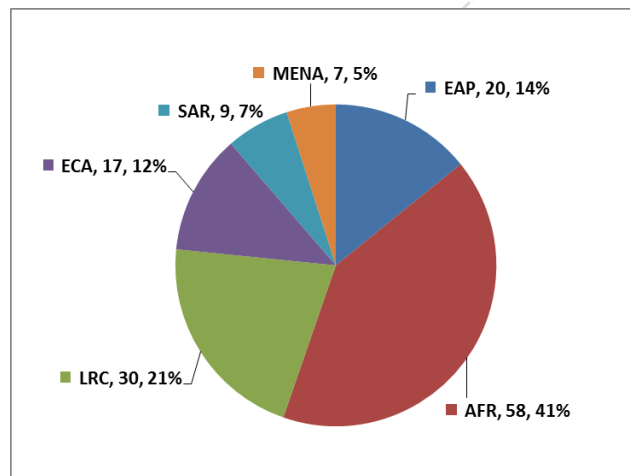


Figure 28 - Distribution of the 141 Projects with an RPF but no RP by Region (approved FY05-09, closed FY11-13)

136. The reviewers completed a questionnaire for 17 of the 31 projects that had an RPF at appraisal and for which one or more RPs were prepared during implementation. The 17 projects were selected at random from the 31 projects that met these criteria. The questionnaire included three questions on RPFs and their relation with RPs (questions C1-C3). In question C1 reviewers were asked to evaluate the degree to which the RPFs compared the requirements of OP 4.12 to those of country systems and identified similarities and differences. This "gap analysis" is a central component of RPFs, and a detailed and accurate analysis can facilitate the preparation of future RPs. In question C2, reviewers evaluated the degree to which RPFs were actually used in the preparation of RPs. RPFs are supposed to guide the preparation of RPs by establishing general principles and procedures, such as the entitlements of various categories of persons who are likely to be affected and eligibility criteria. RPs do not need to include these principles and procedures,

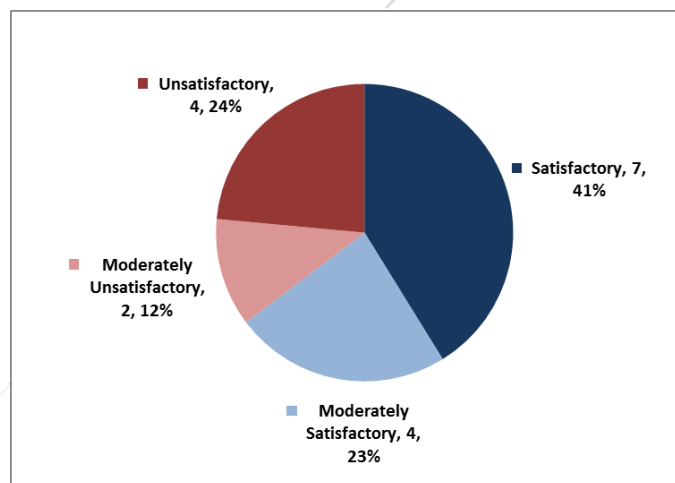
but should refer to them and rely on them.⁷ In question C3, the reviewer evaluated the consistency between the RPF and the RP. Closely aligned RP and RPFs indicate that clients likely paid close attention to the gap assessment and procedures set forth in the RPF.

137. Below is a summary of the findings from the review of the 17 projects, focusing on gap analysis, entitlement delivery and RPF-RP consistency.

i) Gap Analysis in RPFs

138. Question C1 requires the reviewer to rate the quality of the RPF's gap analysis of material differences (if any) between country systems for managing involuntary resettlement and the requirements of OP 4.12. A rating of "Satisfactory" means that the RPF specifies how country systems (compensation procedures based on national legislation, relocation practices, etc.) either fully meet or will be modified or supplemented to meet the requirements of OP 4.12.

139. Figure 29 shows the distribution of ratings. Only 64% of the projects had Satisfactory or Moderately Satisfactory ratings, so there is room for improvement in gap analysis.



**Figure 29 - Gap Analysis in RPFs (Group 2 Projects):
Distribution of Ratings**

⁷ According to OP 4.12 (Annex A, para. 25), RPs prepared during project implementation "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 any additional impacts 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."

140. All seven projects rated S had RPFs that described the gaps between country systems and the requirements of OP 4.12, and referred to the measures that are necessary to fill these gaps (see Box 3 for an analysis of gaps in a project in Zambia). These measures included public disclosure of RPs, benefits for illegal occupants, public consultation and participation, income restoration, attention to vulnerable groups, and access to common property resources.

Box 3: Gaps Between National Law and OP 4.12 – An Example from Zambia

Zambian Law provides for limited consultation and compensation. Compensation under the Land Acquisition Act provides only for a parcel of land similar to that dispossessed, and cash compensation is not provided for unutilized or undeveloped land. Thus, for example, use of forest areas surrounding a residential unit to be displaced (e.g. collection of firewood, herbs and building materials, but not pastoral use) would not be compensated. Also, Zambian laws are silent on the provision of assistance in moving to a new site and transitional support during displacement. As a result, provisions for development assistance after resettlement are unclear in national legislation. Finally, specified departments (e.g. Forestry, Mines and Mineral Development) can grant concessions without local consultation, and the concessionaire has the right to use the area as he wishes as long as the activities accord with the law. Such licensing of concessionaires could restrict customary and private owners of access to resources at a minimum and could entail the physical relocation of entire communities at a maximum. By contrast, international standards require minimization of resettlement, meaningful consultation and participation, compensation at full replacement value, and appropriate measures for any such land or asset loss that affects livelihood.

Source: Zambia Support for Economic Expansion and Diversification (SEED) Project RPF.

141. Two of the three projects rated MS described the national legal framework but not its differences with OP 4.12. The six RPFs rated MU or U contained no gap analysis. Two of those rated U included only a description of national land acquisition laws.

ii) Findings on Use of RPFs

142. Question C2 requires the reviewer to rate the use of RPFs in the preparation of RPs. A rating of “Satisfactory” means that the RP prepared during project implementation drew upon the RPF prepared by project appraisal and made reference to its provisions.

143. Figure 30 shows the distribution of ratings. Only 59% of the projects had Satisfactory or Moderately Satisfactory ratings, so the use of the RPF in preparing later RPs was limited. Keeping in mind that an RPF is produced *precisely* to support the preparation of an RP, the low success rate on this question is discouraging.

144. The ten projects rated S or MS used the RPFs to varying degrees in preparing the RPs. There were some problems in the projects rated MS. For example, in one project the agency responsible for RP implementation was not aware of the ESMP or the RPF.

145. In the two projects rated MU the RP was weakly linked to the RPF. In one case, the RP can be read as self-standing document; only in the RP introduction reference is made to the RPF. In another case, the RP repeats the contents of the RPF instead of providing details on the resettlement impacts of the subproject and the measures planned to address them.

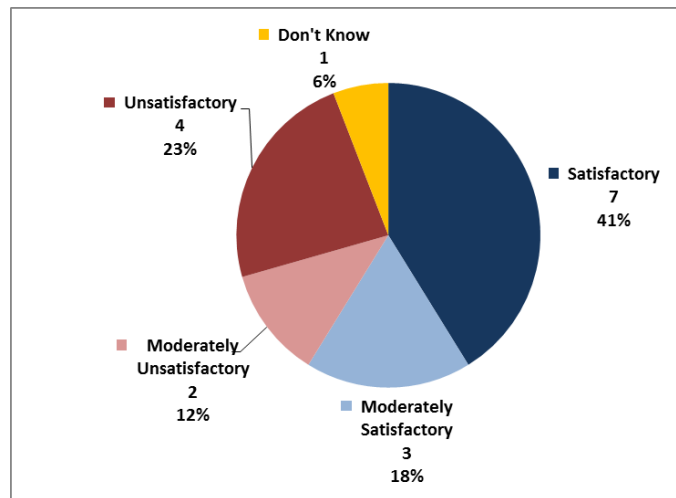


Figure 30 - Use of RPFs (Group 1 Projects): Distribution of Ratings

146. The four U-rated projects demonstrated a variety of serious flaws in terms of linking measures in the RPF with the RP. The RPFs were sometimes not even referred to in the RPs. Even more seriously, measures in the RPFs were ignored or countermanded in the RPs or implementation phase. In a road project in the South Asia Region, the RPF was used as a social screening instrument, not as a basis for preparing an RP. The RP prepared during the implementation of an earthquake recovery project in the East Asia and the Pacific Region does not refer to the relevant provisions of the RPF. The RPF for a land allocation project in the same region does not specify how country systems needed to be modified to deal with relocation of illegal encroachers found during project implementation. The RPF for a disaster management project in the Latin America and the Caribbean Region appeared to be merely a draft terms of reference for the RP. This RPF should not have been approved. Clearly, in these projects the RPFs had little influence on resettlement planning and management during project implementation.⁸

iii) Consistency between RPs and RPFs

147. Question C3 requires the reviewer to rate the consistency between RPs and RPFs. A rating of “Satisfactory” means that the provisions of the RP (for example, compensation procedures) are consistent with those of the RPF.

148. Approximately 71% of the sampled projects had Satisfactory or Moderately Satisfactory ratings (Figure 31), indicating only a fair level of consistency between RPs and RPFs.

⁸ One project in the Africa Region was rated DK because the RP was prepared in parallel with the RPF. The reviewer noted that another plan may have been prepared later, but it was not published in the InfoShop or found in the project file.

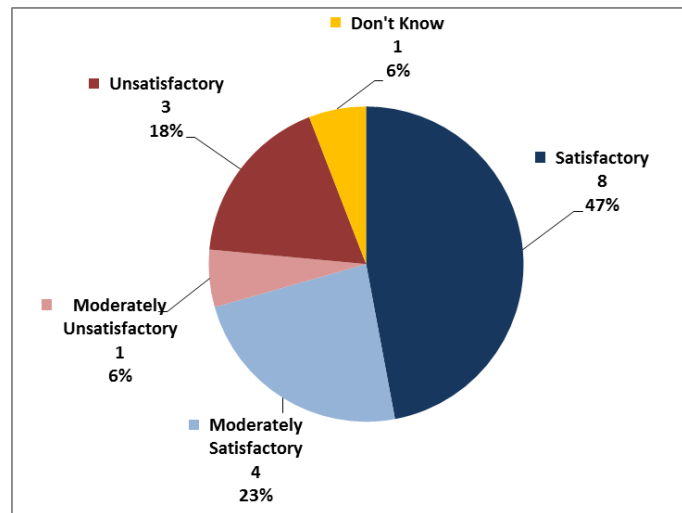


Figure 31 - Consistency of RPFs and RPs: Distribution of Ratings

149. The four projects rated MS reported some inconsistencies. For example, in the Pakistan Punjab Municipal Services Improvement Project, while both the RPF and the RP were comprehensive in terms of addressing OP 4.12, there seemed to be some important inconsistencies between the two documents. The RPF prepared for an infrastructure rehabilitation project in the Africa Region required cash compensation, supplemented with employment options, if replacement land was not available. However, the RP does not mention this compensation requirement. Similarly, the RP for an education project in the Eastern Europe and Central Asia Region does not follow all of the provisions envisioned in the RPF. In that project, the RP did not require the legalization of affected land, while this was proposed in the RPF. The RP for a water and sanitation project in the same region was missing so many sections that it is difficult to assess consistency.

150. In the projects rated Moderately Unsatisfactory or Unsatisfactory, the provisions of the RPF and the RP were not well aligned. This was usually because of problems with the RPF, not the RP. For example, in a disaster management project in the Latin America and Caribbean Region, the RPF provided a rough guideline for RP preparation. Otherwise, it was missing many of the key details necessary. However, the RP was excellent. Similarly, in a transportation project in the South Asia region, the RPF and RP were completely different instruments. The RP was a remedial RP, so it is not fair to rate these two instruments for consistency.

IV. CONCLUSIONS AND RECOMMENDATIONS

151. The findings of this review are mixed. On one hand, projects that can be rated tend to receive satisfactory ratings. On the other hand, there is a pronounced shortage of information in project documents. Almost every review question on resettlement implementation and outcomes resulted in a large number of “Don’t Know” (DK) rankings, preventing assessment and rating. Many projects could not be rated in key areas. The inability to confirm that resettlement has been satisfactorily completed poses a reputational risk for the World Bank.

- More than 60% of projects that caused physical displacement lacked information about the status of families after relocation.
- About 56% of projects that caused economic displacement had insufficient information on economic rehabilitation programs and their outcomes.

152. Documentation on physical and economic displacement, even when available, fell short of a complete and comprehensive description of actions and results.

- For projects causing relocation, project documents mainly referred to the quality of the new housing for PAPs, and compared the square meters of new housing to the size of old housing.
- Occasionally PAP satisfaction with new housing was reported, but the evidence was anecdotal, limited to a few families, and there were no reports of satisfaction surveys.
- When PAPs relocated themselves, there was very little information. There was evidently no follow-up in these cases.
- For projects resulting in economic displacement, files contained limited information about training and no information about employment or income after training.
- The evidence indicated that very few projects resulting in economic displacement provided jobs even though PAPs placed a high value on employment opportunities. Instead, livelihood impacts of projects were reportedly mitigated through additional compensation. Very few projects contained any information on the effectiveness of this compensation.

153. Likewise, the review revealed little about the effectiveness of special measures for indigenous peoples and vulnerable groups, where applicable, because project documentation was largely absent or sparse:

- While RPs describe required measures to mitigate impacts on indigenous peoples and/or vulnerable groups, aide-mémoires say very little about their effectiveness.
- The lack of documentation leaves open the question of whether clients and/or project teams failed to report on outcomes, or whether the measures were not implemented at all.
- Similarly, little is known about the status of measures designed to protect economically vulnerable informal occupants (those without formal title to the land they used). Aide-mémoires for some projects noted that informal occupants received their entitlements, but many more projects were silent on this matter. Only rarely did project documentation contain information on issues or problems encountered while implementing measures for informal occupants. The sampled projects provided little evidence on the status of informal occupants and other vulnerable groups after displacement.

154. The findings of the study regarding Grievance Redress Mechanisms are not surprising. Indeed, the Global Review of Grievance Redress Mechanisms in World Bank Projects (completed by the Dispute Resolution and Prevention Unit in February 2013) found that GRMs prepared for Bank projects are primarily tied to projects that trigger OP 4.10 on Indigenous Peoples or OP 4.12 on Involuntary Resettlement. An evaluation of a random sample of GRMs revealed that GRMs existed on paper but not in practice. Only 7 of 23 projects in the qualitative sample were able to provide data on grievances received and resolved. The review concluded that mandated use of GRMs often results in a “box-checking” exercise that is not truly owned by the Bank or the client.

The failure to implement GRMs was most evident in projects that set up stand-alone GRMs and did not link them to existing channels or structures, such as village chiefs and local councils. The review also found that the Bank does not systematically document or monitor GRM implementation. Project documents (ISRs, ICRs) did not have much documentation on GRM usage and impact; GRM data is not systematically tracked at either at the project level or at the corporate level.

155. The wider findings of this report are largely reflected in other Bank-wide and regional studies carried out recently by the Bank on resettlement implementation. This includes the Bank's Internal Evaluation Group (IEG) report on the application of the Bank's Safeguard Policies that was disclosed in 2010. The report's findings are also reflected in a study recently conducted in the field with project-affected persons by Blackstone Corporation Resource Management Consultants for the Bank.⁹

156. Weak documentation in so many of the reviewed projects means that it is difficult to tell the extent to which projects suffered from problematic resettlement practices, or if issues and poor outcomes were not even identified. While the ratings do not provide much cause for concern, the sizeable gaps in information point to significant potential failures in the Bank's system for dealing with resettlement in its operations.

157. Project teams appear to invest a good deal of energy assisting client counterparts to prepare the planning documents (RPs and RPFs) to satisfy Bank requirements. But there seems to be little time or incentive to properly assess client systems and procedures to manage land acquisition and resettlement, client capacity, the feasibility of planned actions, the sufficiency of existing monitoring and grievance redress systems, or the optimal path to achieve desired resettlement outcomes. Aide-mémoires prepared during project supervision make numerous references to "implementing the RP," but using the RP to benchmark is problematic because RPs are often prepared before the areas required for projects can be defined with precision (due to incomplete technical designs), and they are not updated as technical information becomes available or as circumstances change.

158. Recommendations resulting from this study fall into three categories. First, Section A below makes recommendations to change the Bank's approach to resettlement, so that the attention of both the client and Bank staff shifts from inputs to outcomes, and from the preparation of documents to the development of management systems for achieving positive outcomes. Section B contains recommendations on how to improve Bank supervision. Finally, Section C includes recommendations for Bank policy reforms.

A) Recommendations on Resettlement Planning and Management

159. ***Recommendation A1: RPs should be actionable management plans that are updated periodically and not primarily compliance documents for processing the Bank loan.*** This review found that there are often discrepancies between the measures described in RPs and the actual

⁹ Blackstone Corporation Resource Management Consultants – **Executive Summary Report: Review of WB Safeguard Policies- Consultation with Project-Affected Peoples**, December 31, 2013, Final Report for OPSOR, World Bank.

measures taken by resettlement implementing agencies. It is unclear how much RPs guide actual implementation. Resettlement implementation agencies, especially frontline workers, often seem to have little familiarity with OP 4.12 or the RP they are supposedly “implementing.” In practice, most aspects of resettlement seem to revert to national laws and procedures, especially for compensation for the loss of assets.

160. For RPs to be effective management tools, they need to rely on client systems and procedures as much as possible. If client procedures need to be modified in order to achieve resettlement outcomes that are acceptable to the Bank, the RP should specify the required modifications. The proposed approach would be similar to the approach being used in Program for Results (PforR) operations in that it would require an in-depth assessment of client systems and capacity. It would also be similar in the sense that it would require an “action plan” to strengthen all relevant aspects of client systems as required to achieve acceptable resettlement outcomes. Therefore, the proposed approach would typically require an evaluation by Bank staff of the relevant aspects of client systems, such as compensation procedures and the existing consultation, grievance redress, monitoring and evaluation systems.

161. In some cases, infrequent or rarely occurring activities are required to meet the objectives of Bank policy that are not covered by existing client systems, such as a livelihood restoration plan. These activities could be carried out by, or with the support of, specialized entities hired by the client. The Bank should not ask clients to expand or strengthen existing systems to meet Bank requirements for a single loan, unless the client expects to encounter similar situations in the future, justifying a permanent expansion of systems and staff.

162. An “adaptive management” approach should be used in complex resettlement programs, defined as any program involving collective relocation (i.e., resettlement of a community or group of families to the same resettlement site) or requiring special measures to restore incomes/livelihoods. RPs should define acceptable outcomes for the various categories of affected persons and should be living documents that are updated periodically. Measures that do not work should be replaced by others, and clients should be free to make such changes as long as the expected results are obtained.

163. ***Recommendation A2: Ensure that RPs are based on a careful assessment of land acquisition and resettlement impacts and a precise identification of the losses suffered by PAPs.*** This review found that the social assessment carried out as part of an RP was often inadequate. In many of the projects reviewed, the description of anticipated impacts was poor, and the data on the affected population was incomplete, imprecise and never updated. In many cases the reviewers were unable to determine the number of PAPs or even establish whether the predicted impacts were minor or significant, particularly in projects that caused loss of income and/or livelihoods. Reviewers found it difficult to differentiate PAPs by type of impact (loss of land and other assets, physical displacement and loss of income and/or livelihoods) and to estimate the amount of land affected by projects. In projects involving physical displacement, it was often difficult to distinguish between impacts on residential structures and business establishments. In projects that affected agricultural units, it was not always clear if these units were totally or partially affected.

164. In cases where it is not possible to provide a full assessment of impacts due to the incomplete project design, the RP should be updated as technical information becomes available and as consultation with PAPs leads to identification of losses they have suffered.

165. **Recommendation A3: Ensure that RPs include sufficient socioeconomic baseline data to permit monitoring and evaluation of results.** In many of the projects reviewed, baseline information provided in the RP was poor and monitoring and evaluation activities were insufficient or non-existent.

166. **Recommendation A4: Standardize the description of resettlement impacts to facilitate monitoring and evaluation and comparisons among projects.** RPs use different units of analysis to report impacts. Some refer to persons and others to households or families. The terms used to refer to specific categories of affected persons, or to group them, also vary. Some RP refer to “affected persons” (or PAPs) and other to “displaced persons”. When the latter term is used, it is not always clear if it refers only to those physically relocated, or if it also includes economically displaced persons. Data on the amount of land affected is not always reported or is not disaggregated.

167. **Recommendation A5: Elevate the requirement to assess and strengthen (if necessary) client capacity for managing resettlement.** Client capacity was rarely assessed in the projects that were reviewed.

- It was seldom known even what units were responsible for resettlement, just the agency.
- Even in cases where client capacity is rated, the ratings tended to be based on scant information. It was largely inferred from reports on resettlement implementation.
- Aide-mémoires often said capacity was lacking or needed to be strengthened but provided no details.

168. Among the projects reviewed, client capacity was highly correlated with satisfactory ratings and appears to be the most important predictor of successful resettlement. RPs should identify the client’s units responsible for the various aspects of land acquisition and resettlement, and their capacity should be evaluated in a serious and credible way. Measures to build capacity should be implemented prior to the initiation of the resettlement program.

169. In the case of projects involving complex resettlement (for example, projects requiring collective resettlement or the economic rehabilitation of affected persons), the RP should be a project component, so that it receives sufficient attention. Specialized individuals or entities should be hired to assist in the design and implementation of components of the RP that the client is not accustomed to handling and does not expect to handle on a regular basis.

170. **Recommendation A6: Elevate the requirement to improve country systems for land acquisition and involuntary resettlement.** In countries where there are significant gaps between country systems for land acquisition and involuntary resettlement and the World Bank policy on involuntary resettlement, upstream country dialogues should be conducted to identify ways to bring country systems up to international standards. This would help to avoid the current situation where the application of involuntary resettlement standards may vary by sector or by project within the same country.

171. **Recommendation A7: Establish effective systems for monitoring, reporting and evaluation.** This review found little information in the project files about arrangements or systems to monitor the progress of resettlement programs towards the achievement of well-defined results. The review team found client resettlement monitoring, progress, or implementation reports in the project files for only 13 of the 59 projects, and four of those had only a single report. It is very difficult to tell if the problem is a lack of client monitoring, client failure to report on its monitoring efforts, or failure of Bank supervision documents to discuss client monitoring or reporting.

172. Most RPs did not include information that is critical for monitoring and evaluation, namely good baseline information and performance indicators. In most projects, effective monitoring and evaluation would have been difficult, even if it had been attempted, given the lack of good baseline information and well defined performance indicators. RPs usually defined compensation standards, but did not define acceptable outcomes, particularly for physically or economically displaced persons.

173. A focus on resettlement outcomes would require major improvements in monitoring and evaluation practices. In cases of complex resettlement, the capacity of the client to monitor and evaluate resettlement should be enhanced. Third-party monitoring should be considered in cases where specialized skills are required and resettlement is not a recurrent issue for the client. Indicators to evaluate performance on specific aspects of resettlement should be clearly defined in the RP and included in the project's results framework. Reporting on specific aspects of resettlement should be standardized to the extent possible to facilitate comparisons with other projects, as well as data collection and analysis.

174. Resettlement audits/ex-post evaluations should be required in all projects causing physical relocation or loss of income/livelihoods. These evaluations should be disclosed in the Bank's InfoShop. A resettlement completion assessment should be carried out for all projects that trigger the Bank's involuntary resettlement policy. This would create an incentive to develop clear performance indicators and good monitoring systems.

175. OP 4.12 (para. 24) requires the borrower to undertake a resettlement completion assessment,¹⁰ but this is not done in most projects. This provision of the policy needs to be enforced and all ICRs of projects involving resettlement should report on the borrower's resettlement completion assessment. The fact that the completion assessment is rarely done is at the root of many of the problems described in this report.

176. **Recommendation A8: Reach an agreement on reporting requirements prior to project appraisal.** The submission of regular reports on the implementation of resettlement should be an

¹⁰ The borrower is responsible for adequate monitoring and evaluation of the activities set forth in the resettlement instrument. The Bank regularly supervises resettlement implementation to determine compliance with the resettlement instrument. 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 should propose follow-up measures that may serve as the basis for continued Bank supervision, as the Bank deems appropriate (see also BP 4.12, para. 16).

obligation of the client specified in the legal agreement. Monitoring reports do not need to be stand-alone documents, but the Bank and the client should agree on the contents and format of the reports, and a template of the report should be attached to the legal agreement, providing details on the aspects of the resettlement process that need to be monitored, the types of information that should be included, etc. Reports should not consist only of a description of actions taken, but should provide evidence of progress towards the achievement of acceptable outcomes as defined in RPs. Monitoring reports should be put in the Bank's electronic document record. Failure to include such reports should reflect on the team's performance.

177. **Recommendation A9: Ensure that PAPs have a voice in the identification of impacts and losses and during the implementation and ex-post evaluation of RPs.** Culturally appropriate and meaningful consultations with displaced persons should not only inform the preparation of the RP and be a critical input for the identification of losses and damages; they should continue during the implementation of the resettlement program, as well as during the ex-post evaluation of RP implementation. In the projects reviewed, most of the information available on consultation and participation was found in the RP, not in documents produced during project implementation. RPs describe plans for consultation, but aide-mémoires provided very little information about what was actually done during implementation. It was seldom stated who had been consulted, on what issues, and what consultation and participation had achieved. It appears that consultation was rated satisfactory merely because it occurred rather than based on its quality or impacts.

178. **Recommendation A10: Rely on existing systems for addressing grievances and improve them or expand them as necessary.** Effective, easily accessible and well-disseminated mechanisms to register and respond to grievances at the local/project level are an important ingredient of successful resettlement. However, this review did not find evidence of a functioning GRM in nearly half of the projects reviewed. The lack of information about GRMs is troubling because they are a key channel for identifying implementation problems and an important tool for mitigating and managing risks inherent to resettlement. Adequate information about grievance redress mechanisms could have shed light on many of the other review questions. If grievances had been discussed in project documents, it would have been easier to determine which aspects of resettlement implementation were problematic, at least to PAPs, and would have facilitated the Bank's understanding of implementation. Some project files described the nature of complaints and their resolution, but most did not.

179. **Recommendation A11: Improve the documentation on compensation and ensure its timeliness and adequacy.** Almost all compensation-related information in project documents was about payment of compensation. Sometimes aide-mémoires mentioned how people felt about the compensation, that PAPs did or did not complain, but there was seldom any discussion of whether the compensation amounts were adequate or how they compared to market or full replacement value. Clients should be required to provide evidence in monitoring reports that the compensation met the replacement cost standard.

180. **Recommendation A12: Offer Bank financing of land acquisition and resettlement where funding is uncertain.** Delays in the delivery of compensation payments were discussed in aide-mémoires fairly often and were mainly the result of the lack of funds. Numerous projects suffered from lack of funds for resettlement, often because they were not budgeted. The lack of funds for land acquisition sometimes forced clients to rely on land donations to gain access to the areas

required by roads and other projects. Most often it caused delays in paying compensation and even delayed construction of infrastructure.

181. In cases where funding is uncertain, the Bank should offer to fund land acquisition and resettlement. The procedures for approving Bank financing of land acquisition and resettlement should be streamlined.

B) Recommendations for Improved Bank Supervision

182. ***Recommendation B1: Increase the effectiveness of Bank supervision by focusing on results.*** The lack of information on key issues in a high proportion of projects raises questions about the effectiveness of Bank supervision and suggests that task teams were not focusing on outcomes and did not feel compelled to report on the status of displaced persons or the effectiveness of measures directed to them.

183. ***Recommendation B2: Require clients to report on resettlement implementation and plan supervision visits based on the review of such reports.*** Currently SDS rely mostly or solely on brief field visits to provide inputs to aide-mémoires. It is questionable how much SDS can learn during these visits without the benefit of regular monitoring or resettlement implementation reports.

184. Improvements in client reporting could transform Bank supervision. Inadequate reporting makes Bank supervision less efficient, as mission teams do not necessarily know where to focus their supervision efforts. The type of information reported in aide-mémoires indicates that Bank team members' knowledge is based on what they see and are told during field visits, and that important findings often occur by chance, especially if visits are limited to a sample of sites or subprojects.

185. The information provided in monitoring reports should be the basis for determining the agendas of supervision missions. Good reports on resettlement implementation would enable SDS to focus their efforts on significant issues, which would increase the efficiency of supervision efforts. Good reports would also prompt clients to address problems earlier, since they would not have to wait until the SDS discover problems and write their observations in aide-mémoires.

186. ***Recommendation B3: Make supervision efforts commensurate with the magnitude, complexity and risks of resettlement programs.*** This review found that the amount of time and effort that SDSs devote to projects does not vary significantly from project to project. Most projects are supervised twice a year and missions last for about a week. Bank supervision could be more effective if it was planned taking into account the characteristics of each project and the risks posed by each resettlement program. SDS should devote more time and effort to complex/high risk projects and less time and effort to low-risk projects with minor impacts. Desk reviews can be sufficient for projects involving partial acquisition of small parcels of land, as long as the Bank and the client have agreed on acceptable procedures and the client reports regularly on their application. Then, if monitoring reports raise issues, supervision missions could examine implementation more thoroughly.

187. **Recommendation B4: Increase the reliability of ISR Ratings.** ISR ratings are not always reliable. In some of the projects reviewed, the ISR included a satisfactory rating for resettlement, but the aide-mémoire described problems with resettlement. The ISR usually provided very little evidence to support the ratings on resettlement. Most often there was a sentence or less. ISR ratings on resettlement sometimes changed from one mission to the next with no explanation. When serious resettlement problems arose, projects often had had satisfactory ISR ratings up until that time, so there was no advance warning of developing problems.

188. IRS ratings on resettlement should be given by the SDS responsible for supervising resettlement. The ratings should be based on the review of monitoring and evaluation reports, as well as findings of supervision missions.

189. **Recommendation B5: Produce separate internal reports on resettlement.** Given the constraints and sensitivities of aide-mémoires, they should not be the only document where implementation progress is recorded. SDS should also produce separate internal reports on resettlement implementation, outcomes, policy compliance and social risk, not just inputs to aide-mémoires.

190. **Recommendation B6: Improve the systems for filing and retrieval of project information.** This review found that it is often difficult to gain access to critical information on involuntary resettlement in the project files. Currently, there is no single corporate information system for managing project information, and the inability to access accurate project information poses a major reputational risk for the World Bank. It is critical to explore ways to improve the effectiveness of project information and document management.

C) Recommendations for Bank Policy Reform

191. Some of the findings of this review have implications for the Bank's safeguard policy reform and relate to specific provisions of OP 4.12. The recommendations based on these findings follow.

192. **Recommendation C1: Adopt an outcome-based approach.** The review noted that context varies considerably from project to project, so the policy should be flexible on inputs but clear on expected outcomes. Policy provisions need to be adapted to specific situations. The shift should be from an emphasis on rules to an emphasis on results, emphasizing achieving the goal of restoration of livelihoods and living standards but with increased flexibility as to how that is achieved.

193. **Recommendation C2: Link the requirements on resettlement planning to the status of project design.** In the case of projects that cause loss of assets, shelter or income, OP 4.12 requires the preparation of an RP or RPF. RPs need to include an assessment of land acquisition and resettlement impacts and a precise identification of losses suffered by PAPs. RPFs do not need to include a precise identification of losses suffered by PAPs, but are intended only for intermediary operations or for Bank projects with multiple subprojects.

194. In the case of regular projects that do not have technical designs that permit an exact delineation of the zone of impact of projects, three things may happen: (i) the lack of sufficient technical information impedes the completion of the RP and delays project approval; (ii) an RPF is prepared, even though OP 4.12 states that RPF can only be used in intermediary operations and projects with multiple subprojects; and (iii) an RP is prepared and approved with a poor definition of impacts and losses and is never updated. This review found that situations (ii) and (iii) are common.

195. The requirement to have near-final RPs by appraisal, and that they be finalized by negotiations, is unrealistic in projects that only have a preliminary design at appraisal, such as projects built through Design-Build-Operate contracts. A better option in such cases would be to acknowledge design limitations at appraisal and require only a preliminary RP by this stage. The plan should be updated and completed as technical information become available.

196. **Recommendation C3: Increase reliance on procedures (rather than plans) to address minor impacts.** Some of the projects reviewed caused minor loss of assets, did not involve relocation, and did not require special measures to restore incomes or livelihoods. In such cases, the Bank could require “Land Acquisition Procedures,” i.e., the procedures normally used by the client to compensate for the loss of assets, with any modifications necessary to meet the standards of Bank policy. Instead of developing plans, clients could be required to demonstrate compliance with the procedures agreed to with the Bank.

197. **Recommendation C4: Delink the application of Bank policy to project restructuring.** The main purpose of RPFs is to guide the preparation, review and approval of future RPs. However, this review found that only about 18% of the projects with an RPF also had an RP published in the InfoShop and/or filed in the Operations Portal.¹¹ It is unclear whether plans were not developed in the first place, or whether they were developed but not published or filed in the system. To further explore this, a survey of TTLs was conducted. The analysis of the survey results indicated that project teams tend to trigger OP 4.12 as a precautionary measure to avoid the risk of later needing to restructure the loan. In other words, RPFs are being developed to manage internal procedural risk.

198. Instead of “triggering” the policy in cases where resettlement is unlikely but possible, and asking the client to prepare an RPF as a precaution, a negative clause could be included in the legal agreement, stating that the client will not acquire land or relocate persons unless a plan is prepared that meets the requirements of Bank policy, and that plan is approved by the Bank. If resettlement occurs, and its magnitude and/or associated risks are significant, the Bank’s Board of Directors would need to be notified. A clear threshold should be established to determine when the Board needs to be informed about unexpected resettlement.

199. **Recommendation C5: Restrict the use of RPFs to types of projects that are likely to use them.** The findings of this review (and also of Phase I) suggest that RPFs are most useful in projects with “repeater” subprojects—i.e. projects in the same sector and with common legal framework. They can also be useful in projects with subprojects in more than one sector, as long as the types of impacts of future subprojects can be anticipated. In these cases the RPF can be more specific than OP 4.12 in terms of expected impacts, likely measures to compensate and assist affected

¹¹ This review identified 31 projects with an RPF and at least one RP among 172 projects with an RPF (see Figure 1).

persons, and types of persons to be affected. In other cases, RPFs are probably not worth the effort. Among the projects reviewed that had an RPF and also one or more RPs, the RPs often did not reflect the provisions of the RPFs, and the RPFs did not accurately reflect client systems and procedures. It was also often unclear how the provisions in RPFs differed from those normally used by clients. Most RPFs seemed to have been written quickly for internal Bank audiences, in order to satisfy pre-appraisal disclosure requirements, and were often of little relevance during project implementation. The fact that many RPFs are prepared by consultants and that implementing agencies have little ownership of them further undermines their utility.

200. ***Recommendation C6: Clarify policy requirements in key areas.*** This review did not evaluate specific policy requirements and how they are applied. However, the review noted that certain policy provisions are applied inconsistently in some areas, and that even the reviewers had different interpretations of the policies in these areas. Some aspects of the policy that would benefit from greater clarity include the following:

- *Definition of involuntary resettlement.* The policy defines “involuntary” as “actions that may be taken without the displaced person’s informed consent or power of choice.” Consent is fairly easy to assess and document, but power of choice is not, particularly in the case of land donations and other situations where individuals can be subject to community pressure, or in cases where there is an unequal relationship between the buyer and seller of the land.
- *Definition of acceptable outcomes when informal or illegal occupants are displaced.* OP 4.12 does not define acceptable outcomes in cases where projects displace informal or illegal occupants of land. This makes it difficult to evaluate the results of resettlement programs that target this category of person. According to the policy, persons without land rights are entitled to compensation for the loss of assets other than land and resettlement assistance in lieu of compensation for land. But the policy does not distinguish among situations within the broad category of persons without land rights, nor does it provide a rationale for the provision of compensation and assistance to persons who occupy land illegally. This makes it difficult to reach agreements with clients on entitlements and acceptable results for specific groups. For example, what should be provided for renters of houses in informal settlements? Should slumlords be compensated? How should roadside vendors and other “mobile” businesses be treated? What kind of economic rehabilitation is required in various situations? How can the policy be aligned with the public interest in these cases? Should the word “compensation” be used to deal with illegal actions, or should the policy rationale be the recognition of basic human rights?
- *Definition of the replacement cost standard.* OP 4.12 states that in applying the “replacement cost” method of valuation, “depreciation of structures and assets should not be taken into account.” Does this provision apply only to cases where affected structures must be rebuilt? Or is the provision also relevant for cases where the affected asset is compensated in cash and can be replaced in the market?
- *Compensation for losses related to the residual land of an affected asset.* The policy is silent on this topic, which is covered by the legislation of many client countries and by international norms for valuation of losses in the case of partial takings of land.
- *Compensation for the restriction of land use.* If land is not taken, but land use is restricted (for example, when rights of ways for transmission lines are established),

how should landowners be compensated? Should the compensation be a percentage of the market value of the land? Should the Bank have a standard on this or rely on country systems?

- *Compensation of productive assets.* When compensation for productive assets is in cash, and cash compensation is appropriate, are the provisions of the policy on income restoration relevant?
- *Physical displacement unrelated to land acquisition.* If physical displacement occurs as a result of the project, but is not caused by land acquisition (for example, when buffer zones are established or houses are affected by noise or harmful emissions), should it be covered by the policy? Should this be made explicit to avoid confusion?

ANNEX 1: DISTRIBUTION OF PROJECTS INCLUDED IN THE REVIEW

A total of 59 projects that triggered OP 4.12 were included in this Review. These projects were selected from 459 IBRD/IDA projects that were approved during FY05 to FY09 and that triggered OP 4.12. The 459 projects represent about 25% of the 1,815 total IBRD/IDA projects approved during this five-year period.

These 59 projects fall into two categories:

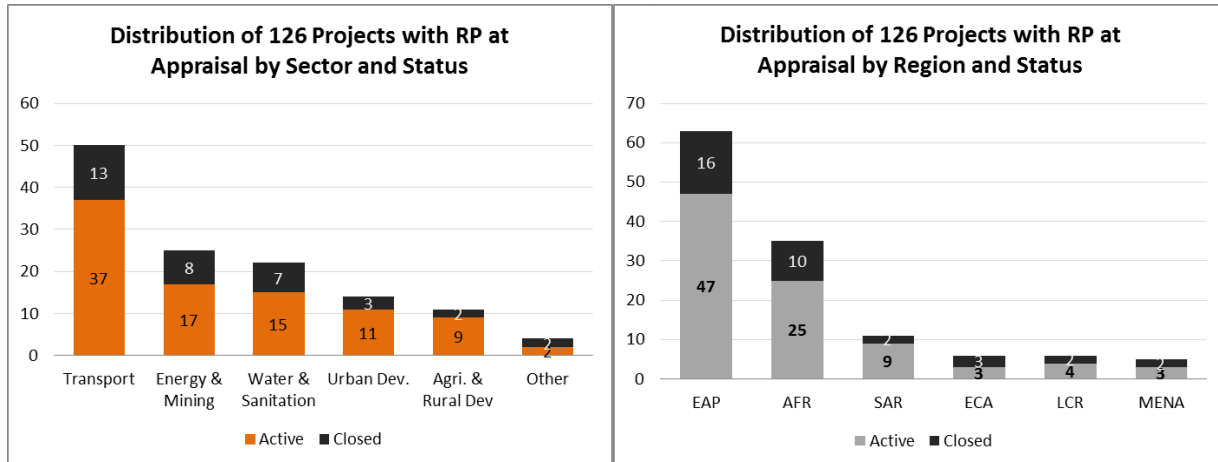
- Group 1 Projects (42), defined as projects for which a Resettlement Plan (RP) was prepared prior to project appraisal; and
- Group 2 Projects (17), defined as projects for which a Resettlement Policy Framework (RPF) was prepared before appraisal and at least one RP was prepared during project implementation.

The process followed to select these projects is illustrated in Figure 1 in the main text. This annex provides additional detail about the characteristics Group 1 and Group 2, and about the pools from which they were selected.

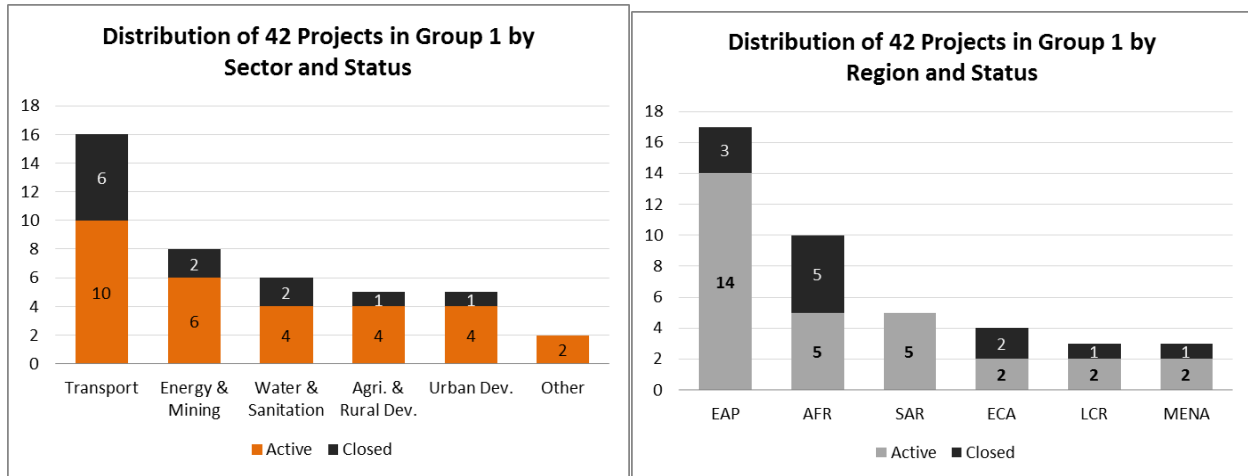
Selection of Group 1 Projects

The 42 projects in Group 1 were selected at random from a total of 126 projects approved from FY05 through FY09 and for which an RP was prepared prior to appraisal.

The distribution of the 126 projects by region, sector and status is shown in the following figures.



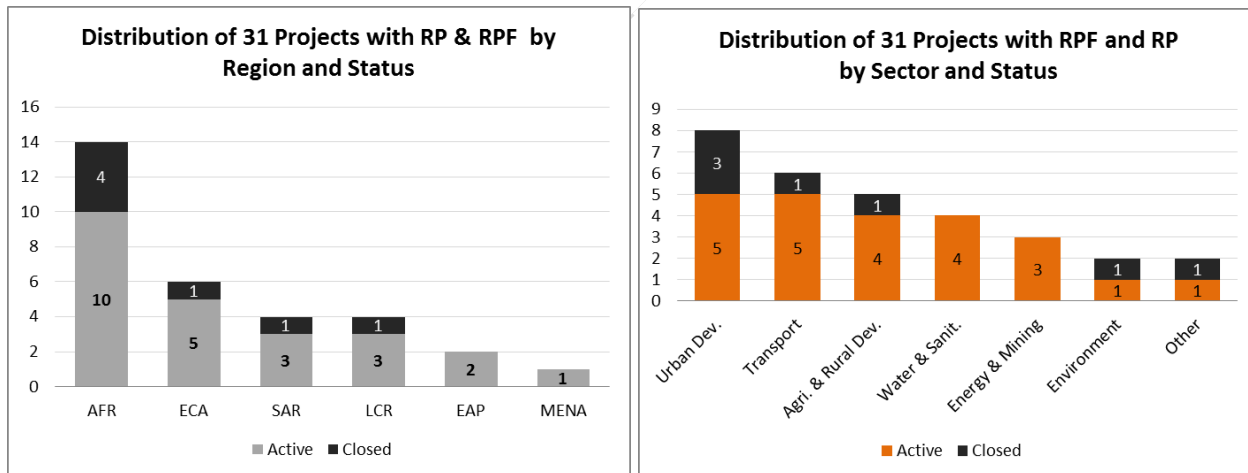
From the 126, the review team selected a random sample of 42 projects (33%). The distribution of these projects by region and sector is shown in the following figures.



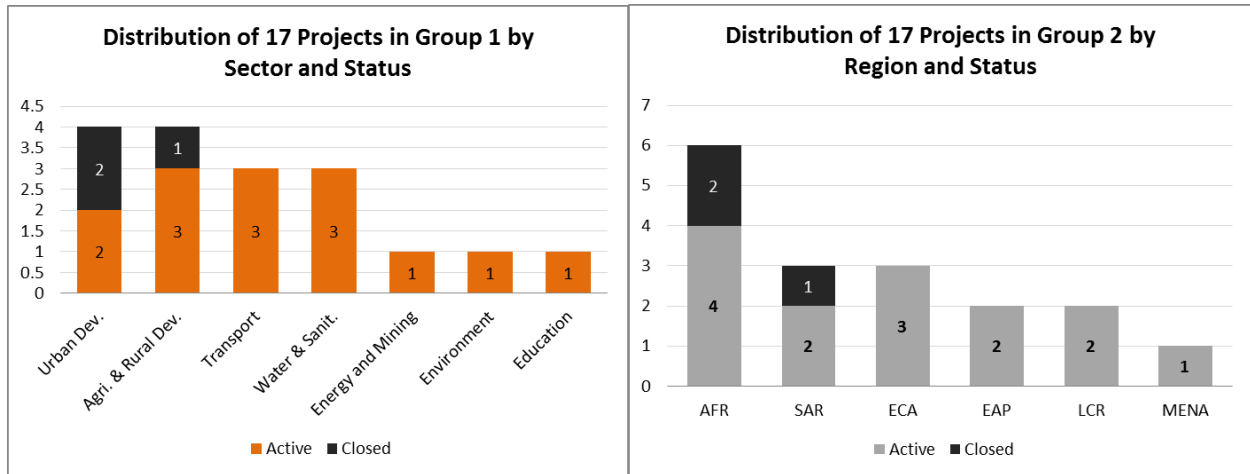
Selection of Group 2 Projects

The 17 projects in Group 2 were selected at random from a group of 31 IBRD/IDA projects approved from FY05 to FY09 and for which a Resettlement Policy Framework was prepared before appraisal *and* at least one Resettlement Plan was prepared during project implementation.

The distribution of the 31 projects by region, sector and status is shown in the figures below.



Of the 31 projects, the review team selected a random sample of 17 projects (55%). The distribution of these projects by region, sector and status is shown in the charts below.



ANNEX 2: QUESTIONNAIRE

Project ID

Group

Group 1

Group 2

Reviewer

Region

AFR

EAP

ECA

LRC

MNA

SAR

Country

Project Name

Sector Board

Current TTL

Previous TTLs

Current Social Development Specialist

Previous Social Development Specialist

Impact 1: Loss of land and other assets – Description

Please include a brief description of the land and other assets affected by the project. Also, please specify the number of landowners and/or the properties affected, if this information is available in the RP.

Methods & Sources - Review of RP

Impact 1: Loss of land and other assets - Quantity

Significant (200 persons or more expected to lose land and other assets)

Minor (less than 200 persons expected to lose land and other assets)

Not anticipated

Don't know (not enough information to rate)

Impact 1: Loss of land and other assets - Measures

Please list the key measures proposed to compensate for the loss of land and other assets.

Methods & Sources - Review of RP

Impact 2: Physical displacement - Description

If the project caused physical displacement, please include information on the types of structures that had to be demolished, totally or partially (dwellings, commercial structures, structures with mixed use) and the number of persons or families who had to relocate. Also, please specify the legal status of physically displaced persons, i.e., specify if they are legal (formal) or illegal (informal) occupants of the area affected.

Methods & Sources - Review of RP

Impact 2: Physical displacement - Quantity

Significant (200 persons or more)

expected to relocate

Minor (less than 200 persons expected to relocate)

Not anticipated

Don't know (not enough information to rate)

Impact 2: Physical displacement - Measures

Please list the key measures proposed to assist physically displaced persons/families

Impact 3: Loss of income and/or livelihoods - Description

If the project caused loss of income and/or livelihoods, please describe the population affected in this manner.

Methods & Sources - Review of RP

Impact 3: Loss of income and/or livelihoods - Quantity

Significant (200 persons or more expected to lose income and/or livelihoods)

Minor (less than 200 persons expected to lose income and/or livelihoods)

Not anticipated

Don't know (not enough information to rate)

Impact 3: Loss of income and/or livelihoods - Measures

Please list the key measures proposed to restore income and/or livelihoods

B1. Compensation or the loss of assets

S=Satisfactory

MS=Marginally Satisfactory

MU=Marginally Unsatisfactory

U=Unsatisfactory

DK=Don't Know (Not Enough Information to Rate)

ND= Not Done (therefore cannot rate)

N/A= Not Applicable (not relevant or did not need to be done)

The rating "Satisfactory" means that the compensation provided was based on the replacement cost of the assets.

Methods & Sources - Review of documents in project file (RP, AM, ISRs, ICRs, client reports, etc.)

B1a. Justification of rating

Please summarize the information that exists in the project file on the compensation provided.

B1b. Actual loss of land & other assets - Quantity

Significant (200 persons or more expected to lose land and other assets)

Minor (less than 200 persons expected to lose land and other assets)

Has not or will not occur

Not anticipated

Don't know (not enough information to rate)

B2. Status of displaced families after relocation

S=Satisfactory

MS=Marginally Satisfactory

MU=Marginally Unsatisfactory

U=Unsatisfactory

DK=Don't Know (Not Enough Information to Rate)

ND= Not Done (therefore cannot rate)

N/A= Not Applicable (not relevant or did not need to be done)

The rating "Satisfactory" means that the affected persons or businesses were able to relocate to housing or business premises with similar or better characteristics.

Methods & Sources - Review of documents in project file (RP, AM, ISRs, ICRs, client reports, etc.)

B2a. Justification of rating

Please summarize the information that exists in the project file on the compensation provided.

B2b. Actual physical displacement (relocation) - Quantity

Significant (200 persons or more expected to relocate)

Minor (less than 200 persons expected to relocate)

Has not or will not occur

Not anticipated

Don't know (not enough information to rate)

B3. Income and/or livelihood restoration measures

S=Satisfactory

MS=Marginally Satisfactory

MU=Marginally Unsatisfactory

U=Unsatisfactory

DK=Don't Know (Not Enough Information to Rate)

ND= Not Done (therefore cannot rate)

N/A= Not Applicable (not relevant or did not need to be done)

The rating "Satisfactory" means that the affected persons were able to restore their incomes and/or livelihoods.

Methods & Sources - Review of documents in project file (RP, AM, ISRs, ICRs, client reports, etc.)

B3a. Justification of rating

Please summarize the information that exists in the project file on the success of the measures. Also, please indicate the post-displacement status of persons who lost income sources and/or livelihoods was evaluated and how.

B3b. Actual loss of income and/or livelihoods - Quantity

Significant (200 persons or more expected to lose income and/or livelihoods)

Minor (less than 200 persons expected to lose income and/or livelihoods)

Has not or will not occur

Not anticipated

Don't know (not enough information to rate)

B4. Consultations and participation

S=Satisfactory

MS=Marginally Satisfactory

MU=Marginally Unsatisfactory

U=Unsatisfactory

DK=Don't Know (Not Enough Information to Rate)

ND= Not Done (therefore cannot rate)

N/A= Not Applicable (not relevant or did not need to be done)

The rating "Satisfactory" means that the consultations with and participation of displaced persons were appropriate, considering the anticipated resettlement impacts.

Methods & Sources - Review of RP and other documents in project file (PAD, AM, ISRs, ICRs, client reports, etc.)

B4a. Justification of rating

Please summarize the information that exists in the project file on consultation and participation (how affected people were informed about the potential resettlement impacts and the choices of resettlement, topics discussed during the consultations, revisions in the RP based on the consultations, etc.)

B5. Overall resettlement outcomes

S=Satisfactory

MS=Marginally Satisfactory

MU=Marginally Unsatisfactory

U=Unsatisfactory

DK=Don't Know (Not Enough Information to Rate)

ND= Not Done (therefore cannot rate)

N/A= Not Applicable (not relevant or did not need to be done)

The rating "Satisfactory" means that the overall resettlement outcomes were acceptable.

Methods & Sources - Review of documents in project file; interviews of TTLs and SDS

B5a. Justification of rating

Please assess the overall results of the RP, taking into account the information that exists in the project file on the aspects evaluated in sections A1, A2 and A3 above, as well as information provided by TTLs and SDS.

B6. Bank supervision

S=Satisfactory

MS=Marginally Satisfactory

MU=Marginally Unsatisfactory

U=Unsatisfactory

DK=Don't Know (Not Enough Information to Rate)

ND= Not Done (therefore cannot rate)

N/A= Not Applicable (not relevant or did not need to be done)

The rating "Satisfactory" means that Bank supervision of the implementation of the RP was appropriate and that SDS participated in the majority of missions that took place during the implementation of the RP.

Methods & Sources - Review of documents in project file (AM, ISRs, ICRs, client reports, etc.)

B6a. Justification of rating

Please include a summary of Bank supervision activities during the implementation of the RP (number of supervision missions, degree of attention paid to resettlement issues, number of missions that included a SDS).

B7. Client reporting

S=Satisfactory

MS=Marginally Satisfactory

MU=Marginally Unsatisfactory

U=Unsatisfactory

DK=Don't Know (Not Enough Information to Rate)

ND= Not Done (therefore cannot rate)

N/A= Not Applicable (not relevant or did not need to be done)

The rating "Satisfactory" means that the client produced monitoring reports on the implementation of the RP on a regular basis (stand-alone reports or reports on resettlement that were included in other documents, such as Project Progress Reports).

Methods & Sources - Review of documents in project file (AM, ISRs, ICRs, other)

B7a. Justification of the rating

Please specify the number and frequency of reports, along with content covered. Also, please specify if the client had a legal obligation to report on the implementation of the RP.

B8. Client capacity

S=Satisfactory

MS=Marginally Satisfactory

MU=Marginally Unsatisfactory

U=Unsatisfactory

DK=Don't Know (Not Enough Information to Rate)

ND= Not Done (therefore cannot rate)

N/A= Not Applicable (not relevant or did not need to be done)

The rating "Satisfactory" means that the client had developed adequate capacity for achieving positive resettlement outcomes.

Methods & Sources - Review of documents, including statements in the PAD on initial client capacity; interviews with TTLs, SDS

B8a. Justification of rating

If client resettlement capacity influenced outcomes, please indicate how. If client capacity was initially low, please list measures taken to increase the capacity of the client for managing resettlement.

B9. Monitoring and evaluation

S=Satisfactory

MS=Marginally Satisfactory

MU=Marginally Unsatisfactory

U=Unsatisfactory

DK=Don't Know (Not Enough Information to Rate)

ND= Not Done (therefore cannot rate)

N/A= Not Applicable (not relevant or did not need to be done)

The rating "Satisfactory" means that the M&E activities were appropriate (in terms of frequency and methods used), considering the anticipated resettlement impacts.

Methods & Sources - Review of documents in project file; interviews of TTLs & SDS

B9a. Justification of rating

Please list the key monitoring and evaluation activities. Indicate how the client monitored the implementation of the RP and assessed the effectiveness of resettlement measures. Describe the institutional arrangements for M&E.

B10. Effectiveness of measures – informal occupants

S=Satisfactory

MS=Marginally Satisfactory

MU=Marginally Unsatisfactory

U=Unsatisfactory

DK=Don't Know (Not Enough Information to Rate)

ND= Not Done (therefore cannot rate)

N/A= Not Applicable (not relevant or did not need to be done)

The rating "Satisfactory" means that the persons without legal rights to the land they occupied were not worse-off after displacement.

Methods & Sources - Review of documents in project file; interviews of TTLs & SDS

B10a. Justification of rating

Please summarize the measures implemented to assist displaced persons without legal rights to the land they occupied.

B11. Effectiveness of measures - IP & vulnerable persons

S=Satisfactory

MS=Marginally Satisfactory

MU=Marginally Unsatisfactory

U=Unsatisfactory

DK=Don't Know (Not Enough Information to Rate)

ND= Not Done (therefore cannot rate)

N/A= Not Applicable (not relevant or did not need to be done)

The rating "Satisfactory" means that the RP was implemented paying special consideration to the needs of communities of Indigenous Peoples and vulnerable persons, if such communities or persons were affected.

Methods & Sources - Review of documents in project file; interviews of TTLs & SDS

B11a. Justification of rating

Please summarize the measures implemented for different categories of vulnerable people

B12. Grievance redress system

S=Satisfactory

MS=Marginally Satisfactory

MU=Marginally Unsatisfactory

U=Unsatisfactory

DK=Don't Know (Not Enough Information to Rate)

ND= Not Done (therefore cannot rate)

N/A= Not Applicable (not relevant or did not need to be done)

The rating "Satisfactory" means that there is evidence in the project file that the affected persons had access to a system for receiving and addressing complaints.

Methods & Sources - Review of documents in project file; interviews of TTLs & SDS

B12a. Justification of rating

Please summarize the evidence that exist in the project file on the availability of a grievance redress system.

C1. Gap analysis

S=Satisfactory

MS=Marginally Satisfactory

MU=Marginally Unsatisfactory

U=Unsatisfactory

DK=Don't Know (Not Enough Information to Rate)

ND= Not Done (therefore cannot rate)

N/A= Not Applicable (not relevant or did not need to be done)

Note: This section should be completed only for projects in Group 2 (RPF prepared prior to appraisal & RP plan prepared during project implementation).

The rating "Satisfactory" means that the RPF specifies how country systems (compensation procedures based on national legislation, relocation practices, etc.) will be modified or supplemented to meet the requirements of OP 4.12.

Methods & Sources - Review of RPF and RP

C1a. Gap analysis - relevant evidence

Please summarize main modifications of measures to supplement country systems.

C2. Use of RFP

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S=Satisfactory

MS=Marginally Satisfactory

MU=Marginally Unsatisfactory

U=Unsatisfactory

DK=Don't Know (Not Enough Information to Rate)

ND= Not Done (therefore cannot rate)

N/A= Not Applicable (not relevant or did not need to be done)

Note: This section should be completed only for projects in Group 2 (RPF prepared prior to appraisal & RP plan prepared during project implementation).

The rating Satisfactory means that the RP prepared during project implementation refer to the relevant provisions of the RPF.

Methods & Sources - Review of RPF & RP

C2a. Use of RFP - relevant evidence

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Please specify elements of the resettlement plan (policy principles, entitlements, eligibility criteria, organizational arrangements, arrangements for monitoring and evaluation, the framework for consultations and participation, mechanisms for grievance redress, etc.) that were not included in the plan because they were already developed in the RPF.

C3. Consistency between RFP & RP

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S=Satisfactory

MS=Marginally Satisfactory

MU=Marginally Unsatisfactory

U=Unsatisfactory

DK=Don't Know (Not Enough Information to Rate)

ND= Not Done (therefore cannot rate)

N/A= Not Applicable (not relevant or did not need to be done)

Note: This section should be completed only for projects in Group 2 (RPF prepared prior to appraisal & RP plan prepared during project implementation).

The rating Satisfactory means that the provisions of the RP (for example, the compensation procedures) consistent with those of the RPF.

Methods & Sources - Review of RFP & RP

C3a. Consistency between RFP & RP - relevant evidence

Please list main differences between the provisions envisioned in the RPF and those that were anticipated in the RP.

Other

If there are other observations or findings that do not fit in the previous sections, please add them here.

Please insert questions that should be asked to the TTL or SDS through an email or a phone interview about aspects of resettlement implementation that are not clear in the project file or findings of the review that need to be confirmed by them.

Status

Draft

Final