

# **ETHIOPIAN ROADS AUTHORITY**



## **Resettlement/Rehabilitation Policy Framework**

**February 2002**

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# List of Acronyms

ARCCH	Authority for Research and Conservation of Cultural Heritage
Cr.	Credit
DANNIDA	Danish International Development Agency
EA	Environmental Assessment
EEPA	Ethiopian Environmental Protection Authority
EEPCo	Ethiopian Electric and Power Corporation
EIA	Environmental Impact Assessment
EMB	Environmental Management Branch
EPS	Executive Project Summary
ERA	Ethiopian Roads Authority
EU	European Union
GCRC	Gross Current Replacement Cost
HIV / AIDS	Human Immuno Deficiency Virus / Acquired Immuno Deficiency Syndrome
IDA	International Development Association
IEC	Information, Education, Communication
IEE	Initial Environmental Examination
JICA	Japan International Cooperation Agency
MoFED	Ministry of Finance and Economic Development
LEG	Legal Department
NGOs	Non- governmental Organizations
NORAD	Norwegian Agency for Development Cooperation
OD	Operational Directives
PAPs	Project Affected Persons
Para(s).	Paragraph(s)
PMO	Prime Minister's Office
PPF	Project Preparation Facility
RAP	Resettlement Action Plan
QAG	Quality Assurance Group
RED	Regional Environmental Division
RoW(B)	Right - of -Way (Branch)
RRAs	Rural Roads Authority (ies)
RRP	Road Rehabilitation Project
RSDP	Road Sector Development Program
RSDPSP	Road Sector Development Program Support Project
RVP	Regional Vice President
SA	Social Assessment
SIA	Social Impact Assessment
SPR	Sector Policy and Research
STDs	Sexually Transmitted diseases
TM	Task Manager
ToR	Terms of Reference
WB	World Bank

## Preface

A Resettlement Framework is a document that ought to be established prior to project implementation. This has not been the case for the resettlement framework of the Road Sector Development Program Support Project (RSDPSP). The rationale is simple.

The environmental assessment (EA, 1997) of the RSDPSP concluded that project implementation would have limited impact on involuntary resettlement. The EA suggested that the number of persons to be subject to involuntary resettlement would be less than 200 persons, in fact not more than 20 households of the size of 5 persons/household. A detailed resettlement action plan was therefore never required. Consequently, the project was cleared by World Bank's environmental division in the Africa Region.

However, at project launching, a subsequent review of the project by World Bank's Quality Assurance Group (QAG, 1999) suggested that the number of persons to be affected by the project and subject to involuntary resettlement was probably higher and a resettlement and rehabilitation policy framework was therefore required.

This document is the result of that process and was therefore not elaborated during project preparation but under project implementation. The establishment of the document has among others implied a process that has included: consultation with project affected persons (PAPs); consultations with local governments; consultations with the Ethiopian Environmental Protection Authority (EEPA); consultations with resident engineers and the incorporation of road components from local master plans, into the subprojects design processes.

Also, in conjunction with the World Bank concerns about project affected persons, the Ethiopian Constitution has a provision stating that people affected by development projects should be compensated and in the case of resettlement, their livelihoods should be restored. This principle has been the guideline in mitigating adverse social impacts induced by the operations of the Ethiopian Road's Authority (ERA). The two, World Bank policy directives and the ERA practice in mitigating adverse social impacts, constitute the basic framework of reference in establishing this document.

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# **1. Background**

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## **1.1 Objectives of the Framework**

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The overall purpose of the policy framework is to clarify the principles of social impact mitigation in the process of addressing social impacts induced by project operations. The framework is valid for all road projects executed by the ERA, under the framework of RSDPSP including bilateral as well as multilateral road projects.

The operational objective of the framework is to provide guidelines to stakeholders participating in the rehabilitation/resettlement operations in order to ensure that project affected persons (PAPs) will not be impoverished by the adverse social impacts of the projects. The basic principles imply that PAPs should be: compensated for loss of assets at replacement costs; given opportunities to share project benefits; and be assisted in case of relocation or resettlement. Focus is on restoring the income earning capacity of the project-affected persons. The aim should be to improve or at least sustain living conditions prior to project operations or resettlement.

## **1.2 The RSDPSP and the RRP**

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In its Economic Recovery Program from the early 1990's, the Government of the Federal Democratic Republic of Ethiopia identified the development of the road sector as one of its prime priorities. In January 1995 a first draft strategy of the Road Sector Development Program Support Project (RSDPSP) was elaborated realising that the investment required for the program was beyond what the national budget could support. Therefore, the government sought assistance from the international donor community and in August 1995 the final draft of the RSDPSP document was distributed to more than 30 potential donors in the intention of getting their attention and invite them to a donors meeting held in January 1996 in Addis Ababa. The consultation resulted in comments suggesting further development of the proposal.

As result, the RSDPSP was formulated to provide a sectoral approach to improving the efficiency and effectiveness of the road transport sector by co-ordinating capital investment in the road network with institutional, policy and financial reforms. The program was officially launched in September 1997. The implementation of the RSDPSP commenced in July 1997 and is divided into two phases: Phase I July 1997 to June 2002 and Phase II July 2002 to June 2007. The first phase of the project focuses on the rehabilitation of 10 roads along the trunk road system of Ethiopia. This constitutes the Road Rehabilitation Project (RRP). The current framework covers both phase I and phase II of the RSDPSP.

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### **1.3 Adverse Social Impacts**

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The long-term objective of the RSDPSP is to enhance the living conditions of Ethiopian citizens. In the short term, however, project operations will have adverse social impacts. Those impacts will be mitigated in the project implementation phase, and if circumstances allow, prior to implementation. Project operations presumed to induce adverse social impacts are: pavement widening; construction of diversion roads (detours); creation of borrow pits, construction of access roads, establishment of quarry sites and construction of culverts.

Their impacts will be monitored. The detail designs of the subprojects was and will be carried out taking into account ways to reducing adverse social impacts. Each subproject has and will provide a right of way report after mobilization. Those reports will identify: houses to be relocated, land to be requested and the number of persons to be affected by subproject operations.

## **2. Operational Procedures**

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### **2.1 Institutional Framework**

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Stakeholders of the Ethiopian RSDPSP include a range of actors: government institutions and organizations at federal, regional and local level; multilateral and bilateral organizations, private enterprises (national and international); non-governmental organizations (NGOs) and PAPs.

Experience from the Ethiopian road sector work suggests that, the Ministry of Finance and Economic Development (MoFED), the ERA, local governments; the EPA and the Authority for Research and Conservation of Cultural Heritage (ARCCCH) are the key stakeholders. These four actors will be consulted in the course of the project cycle in order to assure that adverse social and cultural impacts of the subprojects are addressed properly. Also, the four actors will be encouraged to participate in the identification and the mitigation of the adverse social and cultural impacts that might be identified in the implementation of the sub-projects.

The ERA is the implementing agency of the RSDPSP and the RRP, which implies, the implementing agency of all subprojects. Likewise, the ERA is the implementing agency of the resettlement & rehabilitation operations. The implementation of the subprojects and the mitigation of adverse social impacts, will therefore be subject to the ERA operational procedures in conjunction with: the requirements of the Ethiopian Environmental Protection Authority (EEPA); the World Bank policy requirements (on World Bank funded roads) and the potential requirements of other donors, multilateral as well as bilateral.

The operational procedures cover three phases of the project cycle. These are: project identification; project conception/preparation; and project launching/implementation. Basic principles regarding resettlement/rehabilitation will be executed in the project preparation phase as that is the phase that defines most actions to be undertaken during project implementation.

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### **2.2 Planning Principles and Process**

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The Right - of- Way Branch (RoWB) and the Environmental Monitoring Branch (EMB) are the two ERA units in charge of the identification and the mitigation of adverse social and environmental impacts. The EMB is accountable for planning and monitoring while the RoWB is accountable for the implementation of the expropriation/compensation

operations. Also, the EMB addresses analytical issues such as ToRs, RAPs, EIA reviews, and evaluations, while the RW is accountable for: registration of PAPs, establishment of compensation committees, assessment and establishment of compensation rates and payment of compensation.

The EMB and the RoWB will provide the general direction for the planning of the expropriation/compensation tasks, ensure coordination in the mitigation of social impacts among subprojects, monitor and document the implementation.

### **2.2.1 Project Identification**

At project identification, social screening/social impact assessment (SIA) of the subprojects will be conducted in the aim to determine whether or not a subproject (s) would require detailed resettlement action plans as specified in World Bank policy. The principles of compensation/rehabilitation will be triggered wherever there will be land acquisition and adverse social impacts. Should, however, the SIA findings reveal that more than 200 persons are affected by a subproject a resettlement action plan (RAP) will have to be prepared. The World Bank OD 4.30 paragraph 4, states:

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

And in note 8, the OD 4.30 specifies:

*Where only a few people (e.g., less than 100-200 individuals) are to be relocated, appropriate compensation for assets, logistical support for moving, and a relocation grant may be the only requirements. However, the principles on which compensation is to be based are the same as for larger groups.*

### **2.2.2 Project Preparation**

Upon the screening of a subproject at the identification phase, the project will be subject to an SIA or SA, depending on its category. Terms of reference (ToR) for the assessments will be drafted by the ERA's Environmental Monitoring Branch (EMB). Issues to be addressed by the SIA or SA will include: demography; land tenure; socioeconomic structure; consultations with local authorities and with the population; environmental impact of the road and safety. At this stage, land tenure issues will be

given particular attention as they are linked to land acquisition. Closely linked to land acquisition is involuntary resettlement.

The loss of land often implies that those who lived on the land lost need to be relocated or resettled. The first objective of the EIA in regard to involuntary resettlement is to estimate the capacity of the receiving area(s) to sustain additional population under the conditions introduced by the resettlement operations.

Should the SIA findings reveal that more than 200 persons will be affected by the road construction in one or more of the subprojects, a detailed resettlement action plan (RAP) will be prepared after appraisal and after detailed design of the road. The number of PAPs is a useful tool in the planning process. Experience from the ERA's other projects, however, shows that the final number of PAPs is confirmed after the detailed design work. The alignment of the centerline of the road will be the most critical work that will affect the size of PAPs. Any estimation of the number of PAPs before the design of the centerline must be considered as rough. Subprojects would therefore benefit from establishing the central-lines as soon as possible. That would not only advance and enhance the reliability of a RAP but it would also help the PAPs to better prepare their relocation.

To reduce adverse social impacts on houses in towns and in villages, the right-of-way requirements will be reduced when necessary. Furthermore, the centerlines will be designed to follow the existing alignments when possible in order to reduce impacts on houses. Also, the new road design will take into account, the physical development plans established by the towns along the roads. Master plans of urban areas will be taken into account in the design phase and incorporated into the road designs as integrated components of the subprojects.

One of the key activities to be conducted at this stage is a socioeconomic survey that serves as a background for the RAP. A household survey will be conducted, describing the extent of the social impacts, thus identifying villages and households affected by the project as well as preliminary identification of resettlement sites. The boundaries of land owned by the various groups affected should also be described. The household based social survey will contain general household data like:

- Family size, gender and age information;
- Education;
- Occupation;
- Land ownership, tenure arrangements, inheritance regulations;
- All sources of income;
- Inventory of wealth indicators, like building materials, house size, tools and utensils, furniture, crops, livestock;
- Means of transportation;
- Distance to markets, work, schools, and health facilities;
- Health implications;
- Listing of affected households.

The survey would estimate the extent to which the affected families will experience loss of assets, including control over resources, as well as infrastructure and social services available and disturbed. The survey should further describe local organizations and institutions, traditional village councils, religious groups, etc., that could later participate in planning and implementing the resettlement options. Expected changes in demography and health impacts should also be addressed. At this stage, all PAPs will be listed in order to avoid an influx of people trying to take advantage of the compensation and rehabilitation. A cut off date will be proclaimed. That means, a date from which eligibility for compensation will be terminated. New inhabitants coming to the project affected areas will not be considered for compensation.

The ToR for the RAP will be drafted by the EMB and focus on the following:

- Technical design alternatives to avoid resettlement;
- Land tenure, household survey; socio-economic baseline study;
- Selection of resettlement area and provision for alternative sites;
- Organizational structures;
- Community participation of both resettles and hosts, including also community institutions or organizations of both groups and NGOs;
- Legal framework;
- Plan and design of development assistance to cover both project affected persons (PAPs) and host community;
- Valuation methodology, title registration, time frame in compensation procedures, appeal mechanisms;
- Impact on marginal groups, old people, women, ethnic minorities and pastoralists;
- Cultural identity and preservation;
- Access to training, employment and credit;
- Housing, including criteria for house plot allocation, infrastructure and social services;
- State of natural resources, land suitability and carrying capacity at resettlement site estimated at least two generations ahead taking into account population and livestock growth, as well as water availability and water quality;
- Immediate as well as foreseen health implications at resettlement site in relation to water-borne diseases, nutrition, environmental hygiene, availability of clinics or other health extension services, hazardous chemicals, toxic wastes, food contamination and the work environment;
- Possibilities and constraints regarding assimilation or integration of resettles into host communities;
- Staff requirements, staff training needs, necessary equipment,
- Cost estimation, budget, synchronized resettlement implementation action plan with the road implementation schedule; and
- Monitoring and evaluation procedures.

The final output of the ToR is a RAP. (**Annex 2** shows the content of a RAP)

### **2.2.3 Project Implementation**

At the launching of each subproject, stakeholders will be consulted to establish planning principles and work arrangements aimed at identifying and mitigating adverse social impacts induced by sub-project operations. Baseline surveys, valuation of properties and payment of compensation will be effected ahead of the commencement of civil works. Progressively, all PAPs will be consulted in the process, be it in the context of resettlement/compensation, in the context of mitigating adverse impacts on cultural heritage or in the context of mitigating other project related social impacts.

Likewise, prior to project launching, regional, zonal and local governments will be consulted by the ERA, in line with established procedures. That is, the ERA will present the project to the regional and the zonal administrations and they will present it to the local governments. In addition, the ERA's right-of-way agent will consult with the relevant local government officials to present the project prior to implementation.

Parallel with the road construction schedule, presumed implementation of resettlement/rehabilitation action plans will be established. Compensation will be paid prior to land acquisition. After mobilization phase, engineer representatives of each subproject will be requested to elaborate right-of-way reports. Those reports should present all obstacles identified in the right-of-way of the roads, after completion of the final detailed designs.

### **3. Legal Framework for Expropriation and Compensation**

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#### **3.1 Expropriation Law**

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Resettlement and rehabilitation are recognized civic rights in the Ethiopian legislation. Article 44 No.2 of the Constitution of the Federal Democratic Republic of Ethiopia has a clause stating that:

*“All persons who have been displaced or whose livelihoods have been adversely affected as a result of state programs have the right to commensurate monetary or alternative means of compensation, including relocation with adequate state assistance.”*

This is the basis for the compensation procedures established by the ERA has and likewise, the legal framework for the present resettlement and rehabilitation policy framework.

Furthermore, by signing the credit agreements for the RSDPSP (credit 3032) and the RRP (credit 2438) with IDA, The Federal Democratic Republic of Ethiopia committed itself to abide the involuntary resettlement policy of the World Bank and both parties do agree on the fact that development projects should not be realized at the expense of the people affected by the projects. Thus, the legal framework of the RSDPSP are the Ethiopian constitution as transcended into the ERA procedures and the World Bank Operational Directive (OD) 4.30 on involuntary resettlement and its operational policy as spelled out in the resettlement and rehabilitation guidebook.

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#### **3.2 The ERA Strategy for Expropriation and Compensation**

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It is the objective of the ERA to avoid or reduce to a minimum, the detrimental effects of road operations, on the livelihood of the people intended to be served by the roads. However, if adverse social impacts induced by project operations are inevitable, the ERA’s strategy stresses that PAPs should be consulted and compensated for loss of their properties.

To achieve the social mitigation goal, the ERA allocates and will allocate a yearly budget for expropriations and compensations expected during project implementation. Ad hoc expropriation/ compensation committees are and will be established by the right-of-way

agents in the jurisdiction of the local governments which population has been identified to be negatively affected by road operations. Subprojects may therefore have more than one compensation committee. The committees are composed of experts from the ERA, civil servants from the local governments (Bureau or Department of Agriculture, Bureau or Department of Works and Urban Development, Police, etc.) PAPs and other relevant stakeholders.

The compensation rate and amount is and will be calculated by the ERA's Legal Division (right-of-way agent) in concert with the compensation committee. The payment is and will be effected by the Finance Division of ERA in concert with the Contract Administration Division. These operations are and will execute relocation or demolishing of any property.

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### **3.3 World Bank Procedures for Resettlement/Rehabilitation (OD. 4.30)**

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The World Bank operational directives (OD) 4.30 (paragraph 26) states:... *Where the specific resettlement needs of each subproject are not known in advance, the borrower would need to agree to resettlement policies, planning principles, institutional arrangements and design criteria that meet Bank policy and requirements as a condition of the loan. An estimate should be provided of total population to be displaced and overall resettlement costs, as well as an evaluation of proposed resettlement sites. Subprojects in sector investment loans should be screened by the implementing agency to ensure consistency with this directive, and approved individually by the Bank.* (For more details, see annex 4)

The commitment of the Federal Government of Ethiopia to comply with the requirements of World Bank's operational directives (OD) 4.30 has been demonstrated, not only in the ongoing implementation of the RSDPSP but also in the implementation of other projects, such as the Gilgel Gibe Resettlement Project undertaken by the Ethiopian Electric and Power Corporation (EEPCo).

## **4. Institutional Framework**

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### **4.1 The ERA – Organizational Framework**

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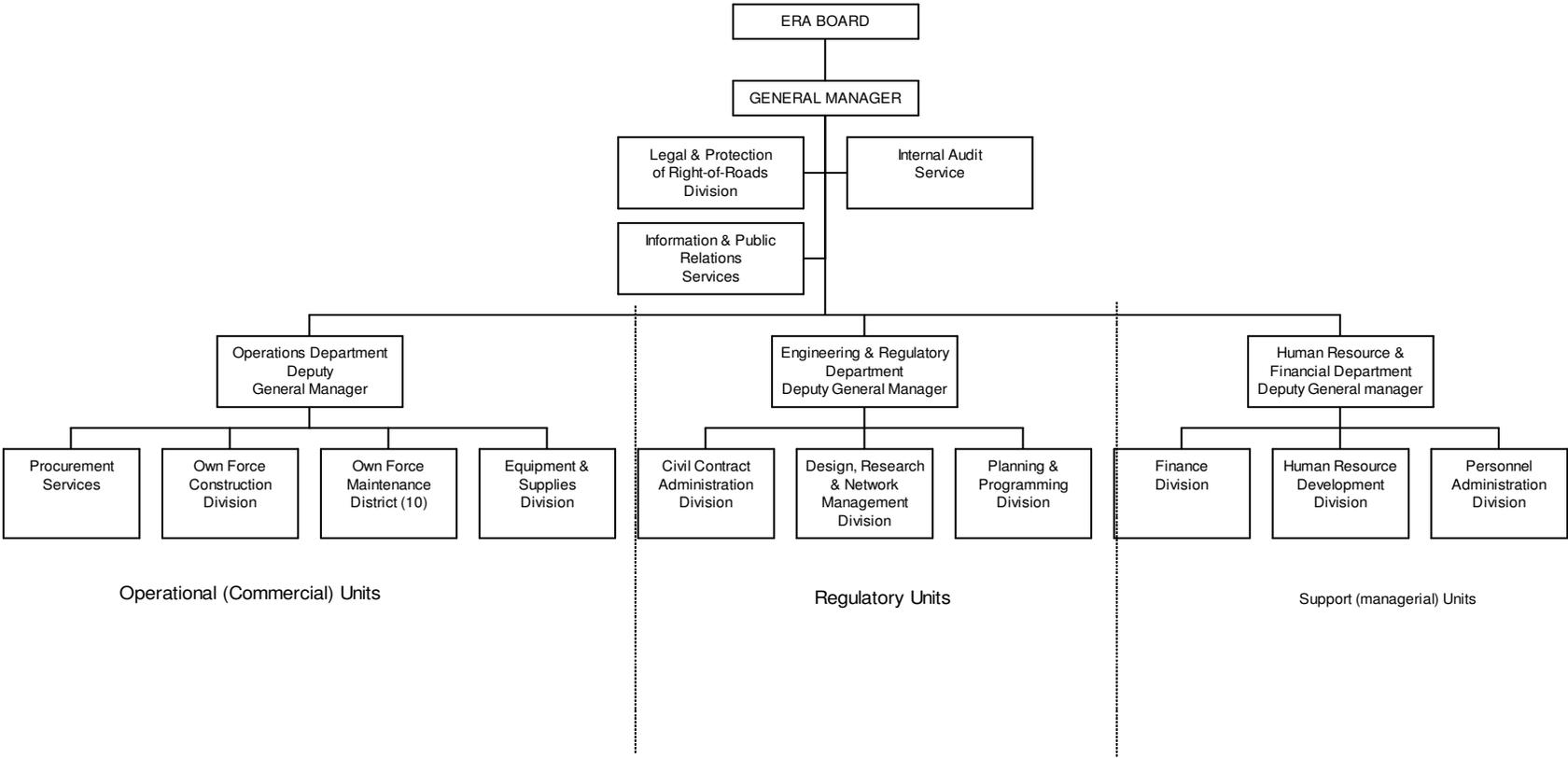
The ERA is a federal Road Authority under the Ministry of Infrastructure. Development and management of major highways and link roads is the responsibility of the ERA. Regional or rural roads are developed and administered by the respective regional government through the Rural Roads Authority (RRA). City councils and municipalities manage the road network within their jurisdictions. The ERA provides technical assistance to all of them, especially in the fields of contract administration and planning. In the upcoming Phase II of the RSDP, the same assistance will continue to be provided.

The geographical organization of the ERA constitutes 10 districts. They are accountable for the maintenance of the main road network. Regional roads management will be implemented by the administrative leadership of the regional governments in concert with their Rural Road Authorities (RRAs) as implementing bodies. As in the case of federal road network development, actions will be taken to ensure conformity of design standards with environmental and social protection requirements to reduce presumed adverse environmental and social impacts. That work will be executed by the EMB. A substantial component of the work will be capacity building in the aim to develop regional and district capacity in road and environmental management, by ways of strengthening social capital.

The capacity building operations will facilitate compliance with the decentralization policy of the Federal Government, the ERA is being and will be decentralized on the basis of commercialization principles to enhance effectiveness and efficiency in resource utilization and decision making. As decentralization entails delegation of authority to lower level management units, more decision making responsibilities have been accorded to districts in regard to district road planning, administration of personnel, finance, procurement and equipment management. This initiative will be strengthened by the RSDPSP project operations.

The current Organizational Structure of the ERA is as shown on the next page.

**ETHIOPIAN ROADS AUTHORITY  
ORGANIZATIONAL CHART**



## **5. Socio-Economic Background of PAPs**

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### **5.1 Socio – Cultural and Economic Landscape of PAPs**

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The RSDPSP will cover all regions of Ethiopia. Consequently, it will affect the various social and cultural landscapes of the country. Social assessments will be conducted in subprojects that have been screened to have major social impacts in terms of compensation and relocation of people.

The people living, for example, in the IDA financed project areas are mainly engaged principally in agricultural activities especially in the northern and north western parts of the country. The people in the eastern part of the country are either farmers or businessmen engaged in the trading of “chat” and other inter-border trades. On the other hand, people in the Northeastern part lead a nomadic life. In all cases there are people whose livelihood is based on activities such as trade (small shops) and selling local drinks.

Based on the above situation, the major right-of-way issues may include farmland acquisition and demolishing of few houses in towns along the project roads.

Despite the occurrence of minor detrimental social effects on people, the rehabilitation and /or upgrading of the road projects might influence more creativeness and productivity of the local people and improve the living standard of the community in both road project influencing societies.

Socioeconomic surveys will be conducted in order to establish: detailed information about categories of PAPs; the extent of impacts; provide the basis for determining eligibility and for estimating resettlement costs; and establishing baseline information for monitoring and evaluation.

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### **5.2. Towns and Villages**

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Most of the towns and villages in Ethiopia are found along roads manifesting that roads greatly contribute to urbanization and overall development. Such villages and towns in most of the cases are known to be unplanned. Although the establishment of towns and villages are not planned, they have benefited much from their proximity to transport access.

There are many towns and villages situated by IDA-financed roads in Ethiopia. Especially, in the eastern parts of the country, there are many towns and villages located within the right-of-way of roads due to the peculiar socio-economic condition of the areas. In the northern parts of the country, the encroachment into the right-of-way is very much less than the eastern part.

Villages and towns, in general, are focal points of business and residential areas of the local people. They are the center of administration, economic, and cultural values serving the rural population particularly the road influencing communities and project affected people.

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### **5.3 Cultural Affiliation of Project Affected People ( PAPs )**

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Culture of a society is usually based on the socio-economic situation of a particular community within a given environment. Directly or indirectly, cultural forms of a community may have positive and/or negative impacts on the socio-economic development of the people under consideration.

Considering the road project influencing communities and project affected people (PAP) for example, the particular norm or culture they have may facilitate or adversely affect the implementation of the road development. In general, there are slight variations in the cultural values of people along the subprojects.

Regarding religion, different types of religion are found in different parts of the country; Christianity and Islam being the major ones.

Early marriage system is exercised in the northwestern part as a result of which exist many divorces.

The dominant languages in the north are Amharic and Tigrigna while Oromiffa dominates in the east (where the subproject Awash-Harar is found). The Afars (north-eastern part) speak their own language, Afarigna and there are different languages spoken in the southern region. In addition, there are nationalities with different languages in the Gambela and Benishangul-Gumuz regions and the Somalis in the eastern region speak Somaligna. There are other minorities in the country who are not mentioned here.

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### **5.4 Land Use**

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Ethiopia is a country where several agro-ecological zones and various types of topography exist. Landforms range from lowland plains to mountain peaks. These are the result of geological and geomorphological processes taking place in and on the surface of the earth since time immemorial.

Once geological processes had operated in the interior of the earth and resulted in forming various land forms, geomorphological processes took place and started to sculpture the surface of the earth.

Because of the nature of land transport, roads traverse various landforms to connect two places of interest and hence, one can observe different land use practices along them.

It is evident that about 85% of the population of Ethiopia lives in rural areas and engaged in Agricultural activities as their mainstay. Due to this fact, except in lowland areas where the weather is difficult and the land is unsuitable for agriculture, farming remains the dominant land use along almost all subprojects. The other land use patterns include: pastureland, settlement and wasteland.

In lowland areas however, land is kept for grazing since the inhabitants are nomads whose life is based on cattle rearing. There are areas like National Parks, Game Reserves, Control Hunting Areas, Protected Forests, Archaeological Sites, Religious Sites, etc in different parts of the country.

In urban areas, land is mainly used for the construction of different types of buildings.

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## **5.5 Economic Activities**

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Economic activity involves the production of goods and / or services for sale or exchange and production of certain products for own consumption and people in the project areas are involved in economic activities that are suitable to the respective areas.

Economic activities undertaken in rural areas and urban centers are different. As agriculture is the main stay of the majority of the Ethiopian population and people in the rural areas are involved in this sector. Their activities mainly include farming and cattle rearing which is termed as mixed farming. This activity is widely practiced on the middle and highland areas. In the lowland areas, on the other hand, a cattle rearing by nomadic tribes is the common occupation.

On the contrary, urban inhabitants are mainly engaged in the trade of various natures while others are employed in private, governmental and non -governmental institutions. In some cases, some urban dwellers also base their life on farming especially those who live in small towns and at the outskirts of big towns.

In general, economic undertakings in the rural areas is mainly mixed farming including growing of cereals, legumes, vegetables, etc, including other cash crops like coffee. In urban areas, trade and employment are the dominant means of subsistence.

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## 5.6. Housing

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Housing is one of the basic needs of human being. Housing condition is the direct manifestation of the economic growth of the country since it is directly related to the wealth of individuals. This difference is quite common even within an area, which signifies the economic unbalance among the inhabitants.

Housing condition in Ethiopia is generally of low standard especially in the rural areas. The construction materials they are made of vary from area to area depending on the availability of materials, the climatic condition of the areas, etc.

There are significant differences between houses in rural and urban areas.

In rural areas where most of the people live without facilities such as water supply, electric light, telephone, toilet and the like. Even the settlement pattern in rural areas does not encourage the implementation of these facilities; i.e., houses are highly scattered and constructed in a very traditional way.

The availability of construction materials, weather condition and the economic growth of the area are among the factors that determine the housing condition of a given area. Thus, houses are mostly made of wood & mud and grass is used as roof cover in most parts of the country and in some places, corrugated metal sheet replace grass as roofing based on the owner's economic capability.

In the lowland areas where the major inhabitants are nomads, they construct tukuls from locally available materials, which they can take with them whenever they change places in search of water and fodder for their cattle.

In towns and small villages, however houses are made of wood and mud, bricks, blocks, stone and covered with corrugated metal sheet. In small settlements and at the outskirts of towns, houses with grass cover are also seen.

Regarding water supply, in rural areas, people normally get water from the nearby rivers, springs, ponds and in some cases from wells. In urban areas, however, pipe water and well (ground) water are the major water sources.

Although electric light is available in many towns, still much has to be done to electrify the rural areas of the country. Toilet facility is also relatively better in towns than in rural areas. Other amenities are also available in towns though differences among the inhabitants within a town are wide.

In general, housing condition between the urban and rural areas is significantly different.

## **6. Social Impacts of the Road Rehabilitation Program**

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### **6.1 Impacts on Land Use**

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Roads are constructed with the aim of connecting two places of interest traversing various land forms. Along the project roads, depending on the economic level of the area in particular and the country in general, various land use systems are encountered.

The dominant land use pattern along the roads are agriculture, industrial and residential areas (urban and sub urban areas) , pasture / grazing , national parks, bare lands and occasionally forest lands. Agriculture takes the largest share and this is the manifestation of the fact that the sector is dominant in the country's economic sphere.

Roads create or enhance accessibility and make virgin lands suitable for various land use practices. In this case, many of the potential remote areas, where due to lack of roads are not accessible and not developed, are opened up and developed for agriculture and other activities that enhance the livelihood of the local inhabitants. Furthermore, roads also enhance the performance of the existing land use pattern; because due to roads new and improved technologies can be introduced and other agricultural inputs such as fertilizer, select or improved seed, pesticides, herbicides and the like which improve or promote the productivity can be supplied (It is at this stage understood that herbicides and pesticides have their own detrimental effects on the environment).

Although roads have enormous advantages for the development of a given area, they sometimes pave the way for erosion that makes the farmland unsuitable for agriculture. This may result eventually in complete loss of fertility of the land or minimize its productivity and eventually results in changes in the land use pattern.

Roads constructed across national parks may disturb the ecosystem to the extent that some of the species in the area may become extinct. In general, roads, in both construction as well as operation phases affect the system of the park by making the wildlife migrate to other suitable areas for their life. In such cases, therefore, the land use pattern will be changed from national park to, say, a pasture land.

In general, roads have both negative and positive impacts on the land use pattern.

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## **6.2 Impacts on Economic Activities**

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Roads have impacts on the economic activities undertaken by the local people residing within the corridor. One of the principal objectives of road construction in a given area is to promote the socio-economic development in the area. Roads also create new economic sphere by inviting other activities, which were not in the area through attracting other entrepreneurs because of the developed road in the area.

The major economic activity along is agriculture; that is, both crop production and animal husbandry are existent in most of the areas. On the other hand, trade business is also exercised substantially.

The advantage of having a road in an area helps the quick transportation of agricultural sector inputs that improve yields such as fertilizer; pesticides, herbicides and improved (select) seed easily find their way to the remote areas. Moreover, veterinary medicines are easily supplied if the area is accessible. Farmers can also easily have access to markets for their produces.

Roads can also create good opportunities for the traders to find new market areas where they can buy and / or sell their goods. They can supply consumers with what they need on time. People can easily reach health and education services, which have impact on the economic activities of an area.

Roads sometimes alter the economic engagement of a community. That is, settlement by the new road will develop changing farmers to, for example, merchants and thus the agricultural activity may decrease to some extent.

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## **6.3 Impacts on Housing**

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As stated earlier, most of the houses in rural Ethiopia are made of wood and mud with mostly thatched roofs. In the urban centers, most of the houses are made of wood and mud but covered with corrugated iron sheets.

It is obvious that due to the upgrading of roads, the accessibility as well as the mobility of the people in the area will increase and as a result the movement of industrial goods to the rural areas will be enhanced. Therefore, rural dwellers that can afford will have access to purchase building materials like corrugated iron sheets and blocks to construct their houses in a better way.

On the other hand, if the road to be constructed will create resettlement of people within the right-of-way, the people will benefit from the construction of the road in such a way that their new houses will be of a better standard.

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## 6.4 HIV/AIDS

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The problem of infectious diseases in Ethiopia is becoming critical due to the steady emergence of the HIV/AIDS that has been spreading fast during the last two decades (Health Policy, 1998). It is estimated that 9.3% of the Ethiopian population is infected with HIV/AIDS and 250,000 have died of the disease in 1997 alone (UNAIDS, 1998). A substantial health crisis may emerge in the country, unless an integrated effort to stop the spread of the epidemic is enforced. Therefore, in the country of the cradle of humankind, there is an imminent risk that life itself might be imperiled for present and future generations.

Having understood the magnitude of the problem as well as the huge resource needed to combat HIV/AIDS, the Ethiopian Government issued a policy, which calls for an integrated effort of multi-sectoral response to control the epidemic. The Ethiopian Government's HIV/AIDS policy urges communities at large, including government ministries, local governments and the civil society to assume responsibility for carrying out HIV/AIDS awareness and prevention campaigns. In line with this policy, the ERA has taken the initiative to develop and implement an HIV/AIDS awareness and prevention strategy for the road sector. The strategy will comprise three phases:

- (a). An awareness and prevention campaign for the ERA headquarters staff (966 persons – 732 males and 234 females) in Addis Ababa;
- (b). An awareness and prevention campaign for the ERA districts staff and projects (15,000 persons);
- (c). The continuation and consolidation of awareness and prevention campaign for domestic and international contractors.

The overall objective of the ERA's HIV/AIDS awareness and prevention strategy is to contribute to reducing HIV/AIDS incidents in the transport sector. This will not only contribute to strengthening national efforts to halt the epidemic but also support international initiatives to stop the spread of the disease.

### *Operational Objectives*

The operational objectives are:

- To promote continuous sectoral, gender related information, education and communication (IEC) messages about HIV/AIDS infections, protection, counseling and care;
- To support capacity building needs of the ERA's medical branch in addressing HIV/AIDS;
- To increase availability and accessibility of condoms;
- To establish a sectoral policy that will safeguard human and civic rights and avoid discrimination of the ERA staff who are infected by HIV/AIDS;
- To contribute to the national efforts in establishing indicators that will ensure effective monitoring and evaluation.

In January 2001, the strategy was submitted to the national HIV/AIDS secretariat for funding. Each subproject of the RSDPSP will be included as a subject of the HIV/AIDS strategy.

## 7. Valuation Procedures

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### 7.1 Organizational Procedures for Delivery of Entitlements

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With regard to land and structures, "replacement cost" is defined as follows: For agricultural land, it is the pre-project or pre-displacement, whichever is higher, market value of land of equal productive potential or use located in the vicinity of the affected land, plus the cost of land preparation to levels similar to those of the affected land, plus the cost of any registration and transfer taxes; for land in urban areas, it is the pre displacement market value of land of equal size and use, with similar or improved public infrastructure facilities and services and located in the vicinity of the affected land, plus the cost of any registration and transfer taxes; for houses and other structures, it is the market cost of the materials to build a replacement structure with an area and quality similar to or better than those of the affected structure, or to repair a partially affected structure, plus the cost of transporting building materials to the construction site, plus the cost of any labor and contractors' fees, plus the cost of any registration and transfer taxes.

In determining the replacement cost, depreciation of the asset and the value of salvage materials are not taken into account, nor is the value of benefits to be derived from the project deducted from the valuation of an affected asset. Where domestic law does not meet the standard of compensation at full replacement cost, compensation under domestic law is supplemented by additional measures so as to meet the replacement cost standard.

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### 7.2 Method of Valuation

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The ERA will employ two methods, which can be used to conduct valuation of properties of resettlers. These are replacement cost and compensation. (see **Annex 3**)

#### ***Replacement cost***

The replacement-cost approach is based on the premise that the costs of replacing productive assets that have been damaged because of project activities or improper on-site management can be measured. These costs are taken as a minimum estimate of the value of measures that will reduce the damage or improve on-site management practices and thereby prevent damage. The approach involves direct replacement of expropriated assets and covers an amount that is sufficient for asset replacement, net depreciation, moving expenses and other transaction costs. This minimum value is then compared to the cost of the new measures. Within the road sector, this is arrived at by analyzing

current construction costs relative to design, materials employed, workmanship and final finish of the subject properties.

In line with the principles of “equivalent reinstatement” if the premises to be reinstated require repair, a deduction to reflect this should be made. The deduction for repairs is made in accordance with the principle that the reinstated property should as far as possible be equal to the property being reinstated.

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### **7.3 Basis of Valuation**

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The basis of valuation is Gross Current Replacement Cost (GCRC). Gross Current Replacement Cost is defined as ‘the estimated cost of erecting a building as new having the same gross external area as that existing with the site works and services on a similar piece of land’. The valuation process will also consider the use of “compensation value” for affected properties.

“Compensation value” is defined as ‘ the amount to be paid to the leaseholder which is calculated as an amount which is above the gross current replacement cost, including the costs for the inconvenience caused to the leaseholders by relocation, and to enable the same leaseholders to build slightly better houses than what they currently occupy’.

#### ***Compensation Approach***

The compensation approach is based on the willingness of owners of a resource to give up their rights to that resource. In general, the issue of compensation will address four questions: what to compensate for (e.g. land, structures, business, fixed improvements or temporary impacts); how to compensate; when to compensate; and how much to compensate.

Compensation for land structures, business, fixed improvements and other temporary impacts are based on among other things market valuation, productivity valuation, negotiated settlements, material and labor valuation, disposition of salvage materials and other fees paid. It should be noted that lack of license or permit will not be a bar to compensation. Because, even squatters have construction costs relative to design, materials employed, workmanship and final finish.

If relocation of business becomes necessary, access to customers and suppliers should be assured. In addition, workers losing employment in the process of relocating should be entitled to transitional income support.

Compensation for temporary impacts should include but not limited to the following:  
Compensation equivalent to lost income required for the duration of impact  
Compensation equivalent to lost income required for loss of access  
Physical restoration of assets (or access) required prior to return

In addition, PAPs will be entitled to transitional assistance which include moving expenses, temporary residence (if necessary), employment training and income support while awaiting employment and should have an option for full compensation if duration of impact is to exceed two years. In preparing the valuation average costs will have to be assumed. It should be noted that costs of construction vary from one locality to the other.

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## **7.4 Compensation Procedures and Civil Works Schedule**

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Compensation will be paid by the ERA's right of way branch (RoWB) at replacement cost. The ERA's practice is to establish expropriation and compensation committees for each local government (Woreda) affected. The committees are constituted of representatives of local governments, representatives of PAPs and the ERA's right of way agent. Together they will conduct the registration of affected properties and the number of PAPs per households. Likewise, they will establish the compensation rates, taking into account, World Bank requirements. All compensations will be effected ahead of the civil works.

Compensation procedures will include three steps: (a) Establishment of compensation committees, (b) Assessment of replacement values of identified assets; (c) Establishment of compensation rates for all assets to be expropriated. For instance, compensation for trees will take into account the distinction between various type of trees and their economic values; fruit trees versus non -fruit trees etc. Fruit trees will be compensated for the value of lost production until another tree comes to the same stage of productivity.

### ***Compensation Rates for Loss of Crops and Trees***

Cash compensation is paid for loss of crops and trees that are found on the land that has been acquired. The compensation rates are established by the relevant agricultural office of the locality considered. In accordance with the ERA procedures and in consultations with local governments, the ERA's right of way agents have executed the expropriation and the compensation for the loss of crops and trees. The decisions taken will as is the practice, be documented with meeting **protocols** and **receipts** upon payment. The documents will as usual, be available at local government offices and at the ERA headquarters. Compensation rates for loss of crops and trees will be based on market values and cover a cash value of the loss estimated until the new crop or tree comes to maturity. The process and the necessary actions to be taken will be concluded after consultations with local governments and the ERA.

### ***Compensation Rates for Loss of Houses***

Likewise, compensation procedures for loss of houses are established in consultations between the ERA and local governments. The right of way agent executes the expropriation/compensation procedures in concert with: the ERA's Legal and Right-of Roads Division, the Contract Administration Division, the Resident Engineer, the entitled Project Affected Persons (PAPs) and the local government. A local government committee establishes the compensation rates in concerts with concerned PAPs. The rates are established at market value. As in the case of expropriation/compensation for loss of

crops and trees, the decisions taken are documented. Also, each individual PAP has the right to refuse the rate proposed and take his case to the court if he finds the compensation to be under market value.

***Grievance Redress***

Following the ERA's practice, compensation is only paid to the PAP after a written consent of the PAP. Should a PAP refuse the compensation suggested by the ERA right-of-way agent, litigation is settled by the local governments courts. Each individual PAP has the right to refuse the compensation rate proposed and take his case to the court if he finds the compensation to be under market value. This system has worked for the last two decades and the ERA has experienced such an issue.

However, grievances are first preferred to be settled amicably whenever possible. That is, positive discussions are made to convince the affected PAP in the presence of elders, local administration representative or any influential person in the locality. If the PAP is not convinced with what has been proposed, as stated above, he can take the case to the court.

## **8. Sources of Funding**

As stated in the Constitution of Ethiopia, people affected by development projects have the rights to be compensated and resettled wherever the situation compels. This forms the bottom line for the commitment of the Government towards compensation and resettlement/rehabilitation.

The budget required is approved by the Parliament and the disbursement is monitored by the Ministry of Finance and Economic Development (MoFED).

Based on the above favorable situation, therefore, like any other interventions expected to be undertaken within a fiscal year, the ERA has a yearly budget for resettlement/rehabilitation. The cost is calculated on the basis of the estimates made in the SIA about the number of PAPs presumed to be affected by the projects in the pipeline including the quantity and types of properties of the PAPs. Upon establishing the cost estimates of the roads' operations, the budget including resettlement/rehabilitation is submitted to the ERA's board for review.

Once the budget is approved and transferred to the ERA account, the implementation is undertaken through a coordinated effort and involvement of the Finance, Contract Administration, Legal and Right-of-Way and Planning & Programming Divisions of the ERA. That is, the Legal and Right-of-Way Division usually do the estimation of properties with the assistance of the Planning Division in the social aspects. The Finance Division processes the estimated fund and finally the compensation is effected through the Contract Administration Division.

## 9. Consultation and Participation Processes

Relocating or compensating people implies communication or dialogue with the stakeholders. After completion of the design or the design review, PAPs will be consulted individually and in groups, depending on the context. The consultation and participation process will include four phases: i) data collection; ii) preparation and planning of operations; iii) implementation of operations; and iv) Monitoring and evaluation.

The Environmental Management Branch of the ERA will coordinate all the four operations.

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### 9.1 Data Collection Phase

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**Actors:** The ERA Environmental Management Branch (planning, coordination and Monitoring), the ERA Right-of-Way Branch (compensation/rehabilitation)  
Ministry, Bureau or Department of Agriculture (agriculture data)  
Ministry, Bureau or Department of Urban Development (housing data)  
PAPs (provision of other relevant data)  
Municipality and local administration (household data)

The above actors will constitute the main task force in the data-collection phase. This process will include consultations with PAPs, and other relevant stakeholders. The data collected will serve as an instrument for the monitoring of the social mitigation measures to be implemented.

PAPs, including local administration (the Bureau or Department of Agriculture, the Bureau or Department of Works and Urban Development, the Local Police) will be consulted through individual and group meetings to share information about the project. For example, owners of properties in the right-of-way, will be informed about actions to be taken and the rehabilitation or the resettlement measures anticipated in order to prepare them for the changes. At those meetings, PAPs will be invited to participate in the data-collection phase by providing socio-economic information about their livelihoods. Their contributions will be integrated into the subproject implementation process, from planning to evaluation.

The data-collection phase will include three major processes:

- i) Preparation of the resettlement/rehabilitation policy framework (completed at project preparation);
- ii) Execution of the social impact assessment (to be initiated/completed at project launching) and
- iii) Establishment of the presumed RAP for projects that would require it. (to be initiated/completed before civil works).

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## 9.2 Planning Phase

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**Actors:** The ERA's Environmental Management Branch (planning, coordination and Monitoring), the ERA Right of Way Branch (compensation/rehabilitation)  
Municipality and local administration (planning)  
PAPs (planning inputs, sounding board and advice-giving)

Planning and coordination of the tasks of the various actors is the key to a successful implementation of the expropriation/compensation arrangements. To achieve that goal, workshops will be organized with the above-mentioned stakeholders and other relevant government agencies, at project launching and at the commencement of every subproject identified to have adverse social impacts.

The above three stakeholders will be requested to participate in the decision making process and provide inputs in the area of their expertise in order to establish a coherent work plan. Also, PAPs will be consulted in the aim to obtain their positions on issues at stake. The requirements of their work programs/businesses activities will be incorporated into the expropriation/compensation plans.

The workshops will focus on: a) taking stock of the legal framework for compensation; b) settle institutional arrangements and mechanisms for payment of compensation; c) define tasks and responsibilities of each stakeholder and d) establish a work plan.

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## 9.3 Implementation Phase

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**Actors:** The ERA Environmental Management Branch (planning, coordination and monitoring), the ERA Right-of-Way Branch (compensation/rehabilitation)  
The Ministry of Finance and Economic Development (procurement of funds)  
The ERA and local administration (payment of compensation)  
PAPs (endorsement of arrangements)

The execution of the expropriation/compensation operations will be conducted by the ERA together with the Ministry of Finance and Economic Development, and local government agencies. PAPs will be consulted about the compensation arrangements prepared. Cash compensation amount and size of land offered for compensation will be presented to each eligible PAP (husband and wife) for consideration and endorsement before cash payment or land for land compensation can be effected.

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## 9.4 Monitoring and Evaluation Phase

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**Actors:** The Environmental Management Branch of ERA (planning, coordination and monitoring)  
Municipality and local administration (monitoring and evaluation)  
PAPs and NGO's or private consultants wherever required (evaluation)

The ERA will organize project completion workshops with government agencies, NGOs and representatives of PAPs after completion of the expropriation/compensation operations but prior to the closure of the mitigation measures. The aim of that exercise is to assess progress in the operations executed, suggest corrective measures where needed and solve pending issues.

After completion of all expropriation/compensation operations, PAPs will be consulted in a household survey. The aim of that survey is to assess the impacts of the social mitigation measures implemented. Likewise, the municipality and other local administration with PAPs will be consulted to provide their assessments of the impacts of the social mitigation measures applied.

The findings of the survey and the workshops will be presented in the Project Completion Report, which will be established by the ERA.

## 10. Monitoring and Evaluation Arrangements

**Actors:** The Environmental Management Branch of the ERA (planning, coordination and Monitoring)  
Municipality and local administration (monitoring and evaluation)  
PAPs and NGO's or private consultants as required (evaluation)

Monitoring and evaluation will be a continuous process. The ERA will continuously take stock of all expropriation compensation reports and discuss it on regular basis.

After completion of the resettlement /rehabilitation operations, it is expected that PAPs should be better of than prior to resettlement. Therefore, resettlement /rehabilitation operations need to be monitored as regard performance and compliance with the above goal.

Since resettlements are the by-products of road construction, the principal of the resettlement/rehabilitation operations will be the ERA, in close co-ordination and co-operation with local authorities. However, in the case of large-scale resettlement projects, the ERA may conduct the monitoring through an NGO or the consultant who might have established the Resettlement Action Plan (RAP).

The frequency of monitoring may vary, depending on the magnitude and complexity of the operations. Field visits by the ERA will be effected at least once a month. The local administration will conduct its own monitoring, but when possible, this will be done together with the ERA.

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### 10.1 Monitoring Principles

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For each subproject with adverse social impacts, a monitoring and an evaluation plan of the mitigation measures will be established. The scope of the plan will, however, take into account the size of the social impacts to be mitigated while respecting the basic monitoring principles. The plans will describe:

- The internal monitoring process;
- Key monitoring indicators (provide a list of monitoring indicators, which would be used for internal monitoring);
- Institutional (including financial) arrangements;
- Frequency of reporting and content for internal monitoring, process for integrating feedback from internal monitoring into implementation;
- Financial arrangements for external monitoring and evaluation, including process for awarding and maintenance of contracts for the duration of resettlement;
- Methodology for external monitoring;

- Key indicators for external monitoring, focusing on outputs and impacts;
- Frequency of reporting and content for external monitoring and process for integrating feedback from external monitoring into implementation.
- Analysis of the environmental and social performance or record of each sub-project

***Internal Monitoring*** will be conducted by the EMB of the ERA, following the plan described and the ERA Board should make the necessary follow-up to ensure that proper monitoring is being undertaken. Likewise, the concerned local administration will also conduct their own monitoring or in collaboration with the ERA.

***External Monitoring*** will be conducted through WB supervision missions. Classic WB supervision mission (twice a year) will, however, not be sufficient to monitor progress in the mitigation of adverse social impacts. Given the limited social scientific capacity of the ERA, the World Bank supervision missions should be coupled with capacity building inputs from an international resettlement expert. This would ensure: progress on the ground; strengthen analytical capacity and safeguard proper documentation of operations executed and the progress made.

Before closure of the mitigation of adverse social impacts, the ERA will consult a local NGO to conduct an evaluation of the mitigation measures executed. The evaluation report will be used as a planning instrument to correct pending issues and suggest a post-project monitoring period in the aim to ensure that PAPs have not been subject to impoverishment induced by the ERA's RSDP operations.

# **A N N E X E S**

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## **Annex 1: Screening Guidelines**

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The Environmental Impact Assessment (including social) are processes embodying various stages. Given that environmental studies require both time and financial resources as inputs and that some projects may generate impacts that are of little consequence, it has become an established practice to determine in advance whether or not, a particular project will generate major environmental and social impacts and be subjected to an environmental and social assessment study. The process of determining whether or not a project requires some environmental analysis to be conducted before implementation is called **screening**.

Within the roads sector, some of the projects generate impacts of consequence as experience elsewhere indicate. A series of studies (1995-1996) initiated by the Zambia National Roads Board through the Road Maintenance Initiative, supported by the World Bank, have shown that road rehabilitation and maintenance can generate environmental and social impacts such as:

- i) Destruction of wildlife habitats and loss of bio-diversity along road environments;
- ii) Increased soil erosion during road works leading to siltation of rivers and streams along roads;
- iii) Contamination of soils and water resources by chemical, oil and fuel spillage both during road works and road use;
- iv) Disruption of traditional lifestyles;
- v) Dislocation of social values, increased sexually transmitted diseases STDs and increased infections of HIV/AIDS among both local communities and project workers.

### ***Screening***

Screening determines whether or not a project proposal requires detailed environmental and social impact assessment and, if so, at what level. Screening involves judging whether or not the expected impacts of a proposal on the social environment are likely to be of **significant**. While it is true that there are different approaches to screening, which could be categorized into, judgmental and predetermined, the approach suggested here is a sequential one involving several levels of consideration in determining the potential significance of impacts from a proposed road rehabilitation/construction project.

### ***Suggested screening tools***

1. Provisions made under national policies and legislation.
2. Use of a matrix checklist to identify impacts.
3. Use of a questionnaire checklist to determine significance of impacts.
4. Use of transects along and across the road.

### ***Provisions made under national policies and legislation***

Provisions made under the Ethiopian national policies and legislation could be used to address specific environmental concerns that may be affected by the construction and

rehabilitation of roads as provided for under relevant policies and pieces of legislation. Notable policies and pieces of legislation with specific provisions on environmental and social impacts include: The National Environmental Action Plan (NEAP), National Environmental Procedure Manual, of the ERA's, Environmental Procedure Manual and Ethiopian labor laws.

***Use of a matrix checklist to identify potential relationships and influences***

In order to understand the anticipated relationship between road construction/ rehabilitation activities and potential social impacts, matrix checklists will be used as illustrated in the example below.

**Project Operations, Presumed Social Impacts and Mitigation Measures**

<b>Project Operations</b>	<b>Adverse Soc. Impacts</b>	<b>Mitigation Measures</b>	<b>Major Social Benefits</b>	<b>Next Steps</b>
<b>Borrow Pits</b>	Loss of land Loss of houses Loss of revenue from trees	Compensation for land through traditional tenure system Compensation in cash for trees, (for example, 3 years production value).	Enhanced communication among villages Strengthened purchasing capacity Enhanced access to markets for host population.	
<b>Quarry Diversions / Bridges Right of Way Accumulated Impact of Project Operations</b>	Influx of migrant workers Influx of ad hoc "dealers." Conflicts of interest with host population.	Building of a workers camp Creation of a settlement area for newcomers .	Enhanced quality of life for workers. Prevention of unplanned settlements. Enhanced access to social services and to better quality of life for host population.	Document capacity building gains made in the process of implementing the mitigation measures.

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## **Annex 2: Outline of a Resettlement Action Plan (RAP)**

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### **❖ Introduction – Project Background**

- Brief introduction about the project
- List of project components
- Description of project components causing land acquisition and resettlement. Overall estimates of land acquisition and resettlement.
- **Minimizing resettlement**
- Describe efforts made for minimizing resettlement
- Describe the result of these efforts

### **❖ Census and Socio-economic Surveys**

- Identify all categories of impacts (loss of property and assets; loss of livelihood; impacts on groups and communities)
- Give formats and tables for census surveys
- Provide outlines for socio-economic survey
- Summarize process for consultations on the results of the census surveys
- Describe need and mechanism to conduct updates, if necessary

### **❖ Resettlement Policy and Legal Framework**

- Identify areas of conflict between local laws and World Bank policies, and project-specific mechanisms to address conflicts
- Provide a definition of project affected persons
- Describe entitlement categories for each category of impact
- Describe method of evaluation used for affected structures, land, trees and other assets
- Provide entitlement matrix

### **❖ Resettlement Sites**

- Does the project need community relocation? Have these been approved by the PAPs?
- Give layouts and designs of residential sites
- Have the PAPs agreed to the strategy for housing replacement? Have the selected sites been explicitly approved by the PAPs describe the specific process of showing the sites to the PAPs and obtaining their opinion on them.
- Describe the technical and feasibility studies conducted to determine the suitability of the proposed sites.

- Is the land quality/area adequate for allocation to all of the PAPs eligible for allocation of agricultural land ?
- Give calculations relating to site requirements and availability.
- Describe mechanisms for (i) procuring, (ii) developing and (iii) allotting resettlement sites
- Provide detailed description of the arrangements for site development for agriculture, including funding of development costs.

### ❖ **Institutional Arrangements**

- Identify and discuss the institutions responsible for delivery of each item/activity in the entitlement policy
- Describe the project resettlement unit – functions and organizational structure of the unit and coordination relationship
- State how coordination issues will be addressed in cases where resettlement is spread over a number of jurisdictions.
- Identify who will coordinate all agencies-with the necessary mandate
- State when the project resettlement unit will be staffed.
- Describe plans for training and development of staff in the resettlement unit/local agencies.
- Discuss initiatives taken to improve the long term capacity or resettlement institutions

### ❖ **Income Restoration**

- Briefly spell out the main restoration strategies for each category of impacts, and describe the institutional, financial and technical aspects.
- Describe the process of consultation with project affected persons (PAPs) to finalize strategies for income restoration
- How do these strategies vary with the area/locality of impact?
- Are the compensation entitlements sufficient to restore income streams for each category of impact? What additional economic rehabilitation measures are necessary?
- Does income restoration require change in livelihoods, development of alternative farmlands, etc., or involve some other activities, which require a substantial amount of time for preparation and implementation?
- How does the action plan propose to address impoverishment risks?
- Are choices and options built into the entitlements? If so, what is the mechanism for risk and benefit analysis of each option? What is the process of ensuring that PAPs have knowledge about alternatives and can make informed decisions? Is there a mechanism to encourage vulnerable groups among PAPs to choose lower risk options such as support in kind rather than cash?
- What are the main institutional and other risks for the smooth implementation of the resettlement programs?

## ❖ **Implementation Schedule**

- List and briefly describe the chronological steps in implementation of the resettlement, including identification of agencies responsible for each step of the program.
- Prepare a month-wise implementation schedule of activities to be undertaken as part of the resettlement implementation (Gantt chart)
- Describe the linkages between resettlement implementation and initiation of civil works for each of the project components.

## ❖ **Costs and Budget**

- Clear statement of financial responsibility and authority.
- Ensure that the cost of resettlement is included in the overall project costs.
- Identify components, if any, to be funded by donors such as the World Bank, JICA, NORAD, DANNIDA, etc.
- Resettlement costs should be a part of annual involvement plans.
- Prepare a cost-wise, item-wise budget estimate for the entire direction of resettlement implementation, including administrative expense, monitoring and evaluation and contingencies.
- List the sources of funds and describe the flow of funds.
- Describe the specific mechanisms to adjust cost estimates by the inflation factor.
- Describe provisions to account for physical and price contingencies.

## ❖ **Participation and Consultation**

- Describe the process of consultation/participation in resettlement preparation and planning.
- Describe the various stakeholders.
- Describe the plan for disseminating information to project affected persons (PAPs), such as provisions for a booklet to inform PAPs and other stakeholders.
- Describe examples of outcomes of participation and consultation, such as how local beneficiaries' views have influenced the design process, entitlements and support mechanisms, or other issues.
- Have workshops been conducted, or are they planned? Who are the participants, and what are the expected outcomes?

## ❖ **Grievance Redress**

- Describe the step-by-step process for registering and addressing grievances
- Provide specific details regarding registering complaints, response time, communication modes, etc.
- Describe the mechanism for appeal
- Describe the provisions to approach civil courts in case other provisions fail.

## ❖ **Monitoring and evaluation**

- Describe the internal monitoring process
- Define key monitoring indicators. Provide a list of monitoring indicators, which would be used for internal monitoring.
- Describe institutional (including financial) arrangements.
- Describe frequency of reporting and content for internal monitoring.
- Describe process for integrating feedback from internal monitoring into implementation.
- Describe financial arrangements for external monitoring and evaluation, including process for awarding and maintenance of contracts for the duration of resettlement.
- Describe methodology for external monitoring.
- Define key indicators for external monitoring, focusing on outputs and impacts.
- Describe frequency of reporting and content for external monitoring.
- Describe process for integrating feedback from external monitoring into implementation.

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## Annex 3: Methods of Valuation - World Bank Guidelines

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The text below is from the World Bank Resettlement & Rehabilitation Guidebook, found on the web at: <http://essd.worldbank.org/sdv/guidebook/generic/gindex.htm>

### Method of Valuation for structures, land, trees and other assets at Replacement cost.

Replacement costs is the method of valuation of assets which helps determine the amount sufficient to replace lost assets and cover transaction costs. In applying this method of valuation, depreciation of structures and assets should not be taken into account. For losses that cannot easily be valued or compensated for in monetary terms (e.g. access to public services, customers and suppliers; or to fishing, grazing or forest areas), attempts are made to establish access to equivalent and culturally acceptable resources and earning opportunities.

- [Replacement cost for houses and structures](#)
- [Replacement cost for land](#)
- [Replacement costs for other assets](#)

### Method of Valuation for structures, land, trees and other assets Replacement cost for houses and structures

Replacement cost is the market cost of the materials to build a replacement structure, plus the cost of transporting building materials to the construction site, plus the cost of any labor and contractors' fees, plus the cost of any registration and transfer taxes. ( the cost of the land upon which the house or structure sits is considered in [Replacement cost for land](#)).

### Method of Valuation for structures, land, trees and other assets Replacement cost for land

*For agriculture land, replacement cost is the pre-project or pre-displacement, whichever is higher, market value of land or equal potential or use located in the vicinity of the affected land, plus the cost of land preparation to levels similar to those of the affected land, plus the cost of any registration and transfer taxes.*

For land in urban areas, replacement cost is the pre-displacement market value of land equal size and use, with similar or improved public infrastructure facilities and services and located in the vicinity of the affected land, plus the cost of any registration and transfer taxes.

- [Determining replacement cost in countries with active land markets](#)
- [Determining replacement cost in countries with "mixed" land markets and property systems](#)

- Determining replacement cost in countries lacking land markets

**Method of Valuation for structures, land, trees and other assets**  
**Replacement cost for land**

- **Determining replacement cost in countries with active land markets:** Determining replacement cost of affected land can be relatively easy where active land markets exist (for example, in most regions of India, Pakistan, Bangladesh, and Thailand). In projects located in these areas, RAPs should include land market surveys. Private and independent real estate agencies, banks, or mortgage firms could be engaged to determine market prices for land, or to evaluate the adequacy of administratively set compensation. If Borrowers refuse to engage private professional agencies, or if legal restrictions preclude payment of fair market prices, solatiums, relocation or subsistence allowances, or other forms of cash assistance can be used to "top up" compensation to replacement cost levels. Alternatively, committees including PAPs or NGO representatives can be formed to participate in establishing land valuation, and helping PAPs to identify and purchase replacement land.

**Precedents in Practice**

In India, land committees have been established for several projects to identify or purchase replacement land from willing sellers. In the Orissa Water Resources Consolidation Project (Cr.2801) legal compensation was to be supplemented by "rehabilitation assistance grants" sufficient to purchase replacement land or other productive assets. The projects also promised reimbursement for, or exemption from, all transfer fees or taxes.

In Bangladesh, the Jamuna Bridge Multipurpose Project (Cr.2569) replaced provision of administratively set compensation and an automatic 50% solatium with land purchase committees guaranteeing supplemental compensation sufficient to purchase replacement lands from a willing seller identified by the PAP. As long as the replacement land was within maximum allowable cost ceilings, the PAP could choose between more land of lesser quality, or less land of higher quality.

**Method of Valuation for structures, land, trees and other assets**  
**Replacement cost for land**

- **Determining replacement cost in countries with "mixed" land markets and property systems:** In some Borrower Countries (notably Indonesia and the Philippines), or in particular regions within Borrower Countries, formal property titling remains incomplete, leaving a complex melange of competing legal and customary claims upon land (see also Customary Claims and Common Property). In Indonesia, for example, untitled land continues to exist even in downtown Jakarta, with titled land valued 10-60% higher. In areas lacking coherent and integrated property systems, resource valuations may differ substantially and some property claims are likely to go unrecognized. Hence, establishing replacement cost requires much greater attention to the type of title and usage rights held by affected persons. And projects acquiring land in such areas should encourage vigorous information disclosure, negotiation or arbitration procedures, and independent grievance mechanisms.

### **Precedents in Practice**

In the Philippines, resettlement plans for the Leyte-Luzon Geothermal Project (Ln.3746) called for negotiated settlements on land acquisition between PAPs and the National Power Corporation. In the event agreement could not be reached, compensation disputes would be addressed by an Independent Appraisal Committee, consisting of a real estate expert and representatives from the local land bank and the Philippines National Bank.

Also in the Philippines, PAPs in the Transmission Grid Reinforcement Project (Ln.3996) could choose between compensation as evaluated by an independent appraiser or replacement land provided by the project.

In Indonesia, resettlement plans for the pending Second Sulawesi Urban Development Project would give PAPs with insecure tenure (and those now in rental housing) tenurial rights in developed houseplots that cannot be sold for at least 10 years.

### **Method of Valuation for structures, land, trees and other assets Replacement cost for land**

- **Determining replacement cost in countries lacking land markets:** Though both Vietnam and China are experimenting with mechanisms to increase individual or household tenure, land remains collectively or publicly owned and cannot be alienated. In China, the Bank accepts country practice of compensating the collectivities rather than affected households for expropriated land. (Affected households, in turn, receive replacement land or other forms of rehabilitation assistance from collectives or local authorities.) In Vietnam, by contrast, affected households often are directly compensated for loss of use of land. In the absence of land markets, replacement cost in these countries needs to be linked to the productive value of the affected land.

### **Precedents in Practice**

In China, compensation for expropriated rural land is calculated as a multiplier (usually 3-6) of the average annual value of agricultural production over the preceding three years. Some project plans, gradually increase the multiplier to favor smaller average landholdings in affected villages. An additional resettlement "subsidy" (allowance) for the people who need to be economically rehabilitated is also paid (and also is calculated as a multiplier). Where PAPs are relocated from one local jurisdictional unit to another, compensation and rehabilitation packages can be split among both. In some projects, the original unit of residence is compensated for loss of land while the unit of relocation receives rehabilitation assistance for providing alternative lands, jobs, or commercial opportunities. In the Xiaolangdi Resettlement Project (Cr.2605), however, all compensation and rehabilitation assistance goes to the local unit in the area of relocation; if collectives lose both land and PAPs they receive no compensation. National law limits combined compensation for land and economic rehabilitation to no more than 20 times the average annual productive value of the acquired land.

In Vietnam, an emerging market permits land use rights to be bought and sold at highly fluctuating prices. Compensation rates payable in cash to project affected households were introduced by national decree (87-CP) in 1994, which sets minimum and maximum prices for various categories of land. The prices established in this decree are set administratively and may not represent replacement cost. Bank experience in Vietnam so far has mainly focused on the land-for-land option for people losing more than 20% of their total holding, and cash compensation for people losing less than 20%. New laws also allow for outright ownership (and alienation) of houseplots up to 200 square meters in size. The Irrigation Rehabilitation Project (Cr.2711) provides 60% of replacement cost for non-owned homesteads (plus full compensation for the house or other structures) to be used for purchase of privately owned homesteads. In all instances, compensation is to be sufficient to purchase a 200-square-meter parcel. The conversion from use rights to outright, alienable ownership is considered as contributing to replacement cost.

**Method of Valuation for structures, land, trees and other assets**  
**Replacement cost for structures Calculating replacement costs**

- **Schedule of rates obtained from the infrastructure department:** The infrastructure construction departments in all countries have a schedule of rates for preparing estimates for construction projects, which Borrower agencies themselves use to assess costs for construction materials and labor. When applied to calculation of replacement cost, rates current for the period of actual replacement must be used.

**Method of Valuation for structures, land, trees and other assets**  
**Replacement cost for structures Calculating replacement costs**

- **Rates quoted by contractors for similar structures in other construction projects / programs:** Where rate schedules do not exist or are out of date, recent quotations by contractors for similar types of construction in the vicinity of the project can be used for calculating replacement cost. In projects offering the options of cash compensation or alternative accommodation, the construction cost estimates for alternative accommodation could be used for calculating cash compensation payable.

**Method of Valuation for structures, land, trees and other assets**  
**Replacement cost for other assets**

- For public infrastructure: in-kind replacement under force account within an agreed time schedule, or full compensation to the agency replacing the service is required.
- For cultural property and community-owned facilities: in-kind replacement or compensation at replacement cost for land and structures (e.g., religious churches, mosques, temples, or shrines; private or community-operated schools; village meeting houses; local libraries).

- For cash crops: Arrangements should be made to allow for harvest or market value should be paid for lost cash crops. In some countries average annual market value of crops for the previous 3 years is deemed appropriate as crop compensation. Compensation for subsistence crops can be in-kind, or can be an amount of cash sufficient to purchase equivalent supplies.
- For trees: Where markets do not provide sufficient information about the value of fruit or timber, compensation for fruit-bearing and non-fruit-bearing trees should be at net present value calculated for the productive life. In the case of immature trees, a less costly alternative may be to directly replace seedlings.

Other assets: Tubewells, graves, fishponds, poultry houses, fences, and other tangible assets should be replaced in kind (or with functional equivalents), relocated, or be compensated at replacement cost.

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## **Annex 4: World Bank Operational Directive (OD) 4.30**

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This directive was prepared for the guidance of staff of the World Bank and is not necessarily a complete treatment of the subjects covered.

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OD 4.30-----June 1990

### **Involuntary Resettlement**

#### **Introduction**

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

2. Development projects that displace people involuntarily<sup>4</sup> generally give rise to severe economic, social, and environmental problems: production systems are dismantled; productive assets and income sources are lost; people are relocated to environments where their productive skills may be less applicable and the competition for resources greater; community structures and social networks are weakened; kin groups are dispersed; and cultural identity, traditional authority, and the potential for mutual help are diminished. Involuntary resettlement may cause severe long-term hardship, impoverishment, and environmental damage unless appropriate measures are carefully planned and carried out.<sup>5</sup>

#### **Policy Objectives**

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

(a) Involuntary resettlement should be avoided or minimized where feasible, exploring all viable alternative project designs. For example, realignment of roads or reductions in dam height may significantly reduce resettlement needs.

(b) Where displacement is unavoidable, resettlement plans should be developed. All involuntary resettlement should be conceived and executed as development programs, with resettlers provided sufficient investment resources and opportunities to share in project benefits. Displaced persons should be (i) compensated for their losses at full replacement cost prior to the actual move; (ii) assisted with the move and supported during the transition period in the resettlement site; and (iii) assisted in their efforts to improve their former living standards, income earning capacity, and production levels, or at least to restore them. Particular attention should be paid to the needs of

the poorest groups to be resettled.

(c) Community participation in planning and implementing resettlement should be encouraged. Appropriate patterns of social organization should be established, and existing social and cultural institutions of resettlers and their hosts<sup>6</sup> should be supported and used to the greatest extent possible.

(d) Resettlers should be integrated socially and economically into host communities so that adverse impacts on host communities are minimized. The best way of achieving this integration is for resettlement to be planned in areas benefiting from the project and through consultation with the future hosts.

(e) Land, housing, infrastructure, and other compensation should be provided to the adversely affected population, indigenous groups,<sup>7</sup> ethnic minorities, and pastoralists who may have usufruct or customary rights to the land or other resources taken for the project. The absence of legal title to land by such groups should not be a bar to compensation.

### **Resettlement Planning**

4. Where large-scale<sup>8</sup> population displacement is unavoidable, a detailed resettlement plan, timetable, and budget are required. Resettlement plans should be built around a development strategy and package aimed at improving or at least restoring the economic base for those relocated. Experience indicates that cash compensation alone is normally inadequate. Voluntary settlement may form part of a resettlement plan, provided measures to address the special circumstances of involuntary resettlers are included. Preference should be given to land-based resettlement strategies for people dislocated from agricultural settings. If suitable land is unavailable, nonland-based strategies built around opportunities for employment or self-employment may be used.

### **Plan Content**

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

- (a) organizational responsibilities (para. 6);
- (b) community participation and integration with host populations (paras. 7-10);
- (c) socioeconomic survey (para. 11);
- (d) legal framework (para. 12);
- (e) alternative sites and selection (para. 13);
- (f) valuation of and compensation for lost assets (paras. 14-16);
- (g) land tenure, acquisition, and transfer (para. 17);
- (h) access to training, employment, and credit (para. 18);
- (i) shelter, infrastructure, and social services (para. 19);
- (j) environmental protection and management (para. 20); and
- (k) implementation schedule, monitoring, and evaluation (paras. 21-22).

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

### **Organizational Responsibilities**

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

### **Community Participation and Integration with Host Population**

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

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

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

aims.

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

### **Socioeconomic Survey**

11. Resettlement plans should be based on recent information about the scale and impact of resettlement on the displaced population. In addition to describing standard household characteristics, socioeconomic surveys should describe (a) the magnitude of displacement; (b) information on the full resource base of the affected population, including income derived from informal sector and nonfarm activities, and from common property; (c) the extent to which groups will experience total or partial loss of assets; (d) public infrastructure and social services that will be affected; (e) formal and informal institutions (such as community organizations, ritual groups, etc.) that can assist with designing and implementing the resettlement programs; and (f) attitudes on resettlement options. Socioeconomic surveys, recording the names of affected families, should be conducted as early as possible to prevent inflows of population ineligible for compensation.

### **Legal Framework**

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

### **Alternative Sites and Selection**

13. The identification of several possible relocation sites and the demarcation of selected sites is a critical step for both rural and urban resettlement. For land-based resettlement, the new site's productive potential and locational advantages should be at least equivalent to those of the old site. The Bank encourages "land for land" approaches, providing replacement land at least equivalent to the lost land. For rural settlers, irrigation, land reclamation, tree crop development, intensification of production, and other innovations often can provide adequate production potential on limited amounts of land to resettle agriculturalists, even in countries with high population densities. In selecting sites, attention must be paid to the availability of sources of off-farm income (fishing, gathering forest products, seasonal wage employment) to complement farm income. For urban resettlers, the new site should ensure comparable access to employment, infrastructure, services, and production opportunities. For both rural and urban resettlement, the borrower needs to (a) develop institutional and technical arrangements for identifying and preparing relocation sites, e.g., pooling together small plots, wasteland reclamation, land

leveling, and terracing; (b) draw up timetables and budgets for site preparation and transfer; (c) make legal arrangements for transferring titles to resettlers; and (d) consider, when necessary, a temporary freeze on land transactions within the relocation area to prevent land speculation. Though the Bank does not normally disburse against land acquisition, it can finance land improvement to accommodate resettlers.

#### **Valuation of and Compensation for Lost Assets**

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

15. Some types of loss, such as access to (a) public services; (b) customers and suppliers; and (c) fishing, grazing, or forest areas, cannot easily be evaluated or compensated for in monetary terms. Attempts must therefore be made to establish access to equivalent and culturally acceptable resources and earning opportunities.

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

#### **Land Tenure, Acquisition, and Transfer**

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

#### **Access to Training, Employment, and Credit**

18. Normally, general economic growth cannot be relied upon to protect the welfare of the project-affected population. Thus, alternative employment strategies are needed for nonagricultural displaced people, or where the land that can be made available is not

sufficient to accommodate all the displaced farmers. The resettlement plan should, where feasible, exploit new economic activities made possible by the main investment requiring the displacement. Vocational training, employment counseling, transportation to jobs, employment in the main investment project or in resettlement activities, establishment of industries, incentives for firms to locate in the area, credit and extension for small businesses or reservoir aquaculture, and preference in public sector employment should all be considered where appropriate.

### **Shelter, Infrastructure, and Social Services**

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

### **Environmental Protection and Management**

20. The screening process for an environmental assessment (EA) normally classifies projects involving involuntary resettlement as Category A.<sup>13</sup> The EA of the main investment requiring the resettlement should thus cover the potential environmental impacts of the resettlement. The resettlement plan must be developed in coordination with the EA and define the boundaries of the relocation area, and calculate incremental population density per land unit. In agricultural projects (involving, for example, relocation to the catchment surrounding a reservoir, or to a downstream command area), if the incoming resettled population is large in relation to the host population, such environmental issues as deforestation, overgrazing, soil erosion, sanitation, and pollution are likely to become serious and plans should either include appropriate mitigating measures, including training of oustees, or else should allow for alternative sites to be selected. Urban resettlement raises other density-related issues (e.g., transportation capacity, access to potable water, sanitation systems, health facilities, etc.). Constructive environmental management, provided through the EA's mitigation plan,<sup>14</sup> may provide good opportunities and benefits to resettlers and host populations alike (e.g., project-financed compensatory afforestation not only replaces the forests submerged by reservoirs but also offers gainful employment). If the likely consequences on the environment are unacceptable, alternative and/or additional relocation sites must be found.

### **Implementation Schedule, Monitoring, and Evaluation**

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

and hosts would be achieved.

22. Arrangements for monitoring implementation of resettlement and evaluating its impact should be developed by the borrower during project preparation and used during supervision.<sup>15</sup> Monitoring provides both a warning system for project managers and a channel for the resettlers to make known their needs and their reactions to resettlement execution. Monitoring and evaluation units should be adequately funded and staffed by specialists in resettlement. In-house monitoring by the implementing agency may need to be supplemented by independent monitors to ensure complete and objective information. Annual and midterm reviews are desirable for large-scale resettlement. The borrower should be required to continue impact evaluation for a reasonable period after all resettlement and related development activities have been completed. The borrower should also be required to inform the Bank about the findings.

### **Bank Role and Project Options**

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

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

25. The adequacy of the resettlement plan should be reviewed by appropriate social, technical, and legal experts. Resettlement specialists should visit the possible resettlement sites and review their suitability. In the case of large-scale relocation, such experts should be included in independent technical or environmental review boards.<sup>16</sup>

26. Bank financing of resettlement can be provided as follows: (a) As a component of the main investment project causing displacement and requiring resettlement. (b) If large enough, as a free-standing resettlement project with appropriate cross-conditionalities, processed and implemented in parallel with the investment project that causes the displacement. The latter approach may better focus country and Bank attention on the effective resolution of resettlement issues. (c) As a sector investment loan.<sup>17</sup> Where the specific resettlement needs of each subproject are not known in advance, the borrower would need to agree to resettlement policies, planning principles, institutional arrangements, and design criteria that meet Bank policy and requirements as a condition of the loan. An estimate should be provided of total population to be displaced and overall resettlement costs, as well as an evaluation of proposed resettlement sites.

Subprojects in sector investment loans should be screened by the implementing agency to ensure consistency with this directive, and approved individually by the Bank. For countries with a series of operations requiring resettlement, efforts to improve the policy, institutional, and legal framework for resettlement should form part of the Bank's ongoing country and sector dialogue with the government. These efforts should be appropriately reflected in economic and sector work and in country strategy papers and briefs.

### **Processing and Documentation**

27. The Regional Vice President (RVP) should be kept informed of major resettlement issues, and his guidance sought where necessary. The Regional Environment Division (RED), the Legal Department (LEG), and settlement specialists in Sector Policy and Research (SPR) should be consulted or included as necessary in peer reviews on involuntary resettlement issues throughout the project cycle.

### **Identification**

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

### **Preparation**

29. During project preparation, the feasibility of resettlement must be established, a strategy agreed upon, the resettlement plan drafted, and budget estimates prepared.<sup>20</sup> The full costs of resettlement should be identified and included in the total cost of the main investment project, regardless of financing source. The costs of resettlement should also be treated as a charge against the economic benefits of the investment project that causes the relocation. Any net benefits to resettlers (as compared to the "without project" circumstances) should be added to the benefit stream of the main investment. While the resettlement component or free-standing project need not be economically viable on its own, it should be the least- cost approach consistent with the policies laid out above.

### **Appraisal and Negotiation**

30. Submission to the Bank of a time-bound resettlement plan and budget that conforms to Bank policy is a condition of appraisal for projects involving resettlement, except for sector investment loans as discussed in para. 26. All final EPSs should confirm that this requirement has been met. The appraisal mission should ascertain (a) the extent that involuntary resettlement and human hardship will be minimized and whether borrowers can manage the process; (b) the adequacy of the plan, including the timetable and budget for resettlement and compensation; (c) the soundness of the economic and financial analysis; (d) the availability and adequacy of sites and funding for all resettlement

activities; (e) the feasibility of the implementation arrangements; and (f) the extent of involvement of beneficiaries. At negotiations, the borrower and the Bank should agree on the resettlement plan. The resettlement plan and the borrower's obligation to carry it out should be reflected in the legal documents. Other necessary resettlement-related actions must be covenanted. The Staff Appraisal Report and the Memorandum and Recommendation of the President should summarize the plan and state that it meets Bank policy requirements.

### **Implementation and Supervision**

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

### **Ex- Post Evaluation**

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

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## **Annex 5: Organizations/Persons Consulted**

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1. Ethiopian Roads Authority (Planning and Programming, Contract Administration and Legal & Right-of-Way Divisions)  
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