



Involuntary Resettlement

EMERGING LESSONS SERIES NO. 1 | The Inspection Panel

Involuntary Resettlement

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Cover photo: © World Bank/Inspection Panel. Further permission required for reuse. The cover photo was taken by the Inspection Panel in the state of Uttarakhand in northern India during its investigation visit concerning the India Vishnugad Pipalkoti Hydro Electric Project. The women pictured reside in villages perched on the banks of the Alaknanda River. They expressed concern that project construction would lead to involuntary resettlement, and that the partial diversion of the river could cause an adverse impact on local water sources and interfere with their religious beliefs.

Cover design: Bill Pragluski, Critical Stages, LLC.

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Executive Summary

This report on involuntary resettlement is the first in a series of papers to be published by the World's Bank Inspection Panel drawing on the main emerging lessons from its caseload over 22 years.

The Panel hopes the lessons presented in this study can highlight areas in which continued improvements can enhance the Bank's and its member countries' overall approach to resettlement and, in that regard, be useful to both the Bank and the global development community.

The Inspection Panel was created in 1993 by the World Bank's Board of Executive Directors to receive and investigate complaints submitted by people suffering harm allegedly caused by Bank projects. Since then, the Panel has received 105 requests for inspection. Of those, 85 have been registered and 32 investigated. Two additional investigations are under way.

Twenty-one of the 32 cases investigated have involved involuntary resettlement. Those 21 cases and one relevant pilot case covered 15 countries in five regions; energy, rural development, and natural resources and extractives were the sectors most represented. While all of those cases were studied as part of this report, a special emphasis was put on drawing lessons from cases within the past decade.

The report's main conclusions from the cases investigated are as follows:

- The frequency of resettlement complaints in the Panel's caseload confirms that it is one of the most challenging aspects of development. Indeed, many of the emerging lessons that the Panel describes here are recurring and reinforce lessons derived from other recent studies of resettlement. That underscores the need for expertise and additional care and attention when working on projects that involve involuntary resettlement.
- The Bank's ultimate policy goal of conceiving and executing resettlements as sustainable development programs has not been achieved in many of the cases investigated by the Panel. It is clear that project activities do not lead to this goal without a deliberate approach to resettlement.
- Better analysis of the full economics of resettlement is needed and must go beyond project costs and budgets to include a thorough understanding of what it takes to restore or improve the incomes and livelihoods of those who are resettled.
- Panel cases have positively influenced Bank practices on involuntary resettlement over time and resulted in clarifications related to the scope of application of the Bank's Policy on Involuntary Resettlement and guidelines to staff on how to address relevant aspects of the policy.

While Panel cases tend to highlight challenging projects where things went wrong and therefore are not necessarily reflective of the Bank's entire portfolio, the lessons nonetheless are important and, as mentioned above, reinforce the Bank's own reviews. They are intended to help build the

institutional knowledge base, enhance accountability, foster better results in project outcomes, and, ultimately, contribute to more effective development.

This report will be followed by publications on the emerging lessons from Panel cases involving environmental assessment, indigenous peoples, and the requirements for consultation, participation, and disclosure of information.

Abbreviations

APRAP	Assessment of Past Resettlement Activities and Action Plan
ARAP	Abbreviated Resettlement Action Plan
BKL	Boeung Kak Lake
DFID	Department for International Development (United Kingdom)
EIA	Environmental Impact Assessment
ESIA	Environmental and Social Impact Assessment
GRM	Grievance Redress Mechanism
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
MUTP	Mumbai Urban Transport Project (India)
OMS	Operational Manual Statement
OP	Operational Policy
PAD	Project Appraisal Document
PAP	Project-Affected Person
PDP	Power Development Project (Nepal)
RAP	Resettlement Action Plan
RPF	Resettlement Policy Framework
UESP II	Second Urban Environment Sanitation Project (Ghana)
WAGP	West African Gas Pipeline Project (Ghana and Nigeria)

Introduction

The Inspection Panel was created in 1993 by the Board of Executive Directors of the World Bank as an independent mechanism to receive complaints submitted by people suffering harm allegedly caused by World Bank projects.¹ To date, the Panel has received 105 requests for inspection, of which it has registered 85 and investigated 32. Two additional investigations are currently under way.

This experience provides important lessons in development for both the Bank and for the global development community at large. The Panel is therefore launching this series of publications to draw the main emerging lessons from its caseload. While Panel cases tend to highlight challenging projects where things went wrong and therefore are not necessarily reflective of the Bank's entire portfolio, the lessons nonetheless are important. This exercise is intended to help build the institutional knowledge base, enhance accountability, foster better results in project outcomes, and, ultimately, contribute to more effective development.

The series will be organized around the most recurrent issues in Panel cases. Initially, it will discuss emerging lessons related to involuntary resettlement, followed by lessons from environmental assessment, projects involving indigenous peoples, and requirements for consultation, participation, and disclosure of information. Each topic will be addressed in a separate publication. This first publication covers the Panel's experience with development-induced displacement and involuntary resettlement. (See appendix A for a summary of the World Bank's Policy on Involuntary Resettlement.)

Methods

Emerging lessons were drawn by analyzing the Panel's body of work involving involuntary resettlement:

1. A complete review of the Panel's database led to the initial identification of the main issues arising in projects involving involuntary resettlement. Of the Panel's 32 investigated cases, 21 (66 percent) have involved involuntary resettlement (see appendix B). While all of these cases were studied for the purposes of this report, emphasis was placed on the lessons from cases within the past 10 years.
2. A systematic identification and classification of issues was based on common threads and similarities among the cases. (The main cases studied are summarized in appendix C.) Although each case is unique, an attempt was made to group findings along general themes following the principal features of the Policy on Involuntary Resettlement.
3. Literature review was conducted and discussions were held with internal and external stakeholders and experts.

Results

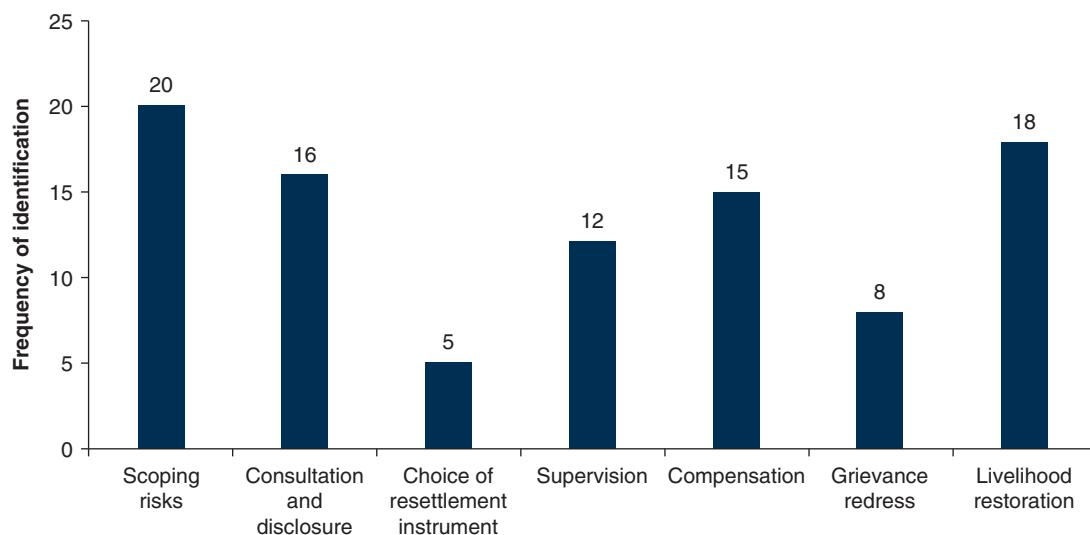
The subset of 21 investigations and one pilot case relevant to resettlement provide a wide sample. It spans 22 years and covers 15 countries in five regions. The most often represented sector is energy (seven cases), followed by rural development (five cases) and natural resources and extractives (five cases).

Figure 1 shows the frequency of the main issues found in Panel investigations of cases involving resettlement and forms the basis for the emerging lessons presented in this report.

The results of the analysis are presented in the following sections in a sequence based on the project cycle and following the main steps required to plan and implement involuntary resettlement programs.

FIGURE 1 Frequency of Issues Identified in Resettlement Cases

22 cases



Note: 21 investigations and 1 pilot.



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Project Preparation

Early identification of resettlement's risks and difficulties is indispensable for comprehensive resettlement planning. It needs to be supported by investments in the initial design and planning phases, and it requires that plans properly mitigate risks. High-quality research and planning during the very early stages of the resettlement process can help minimize adverse impacts and the need for subsequent remedial measures.

LESSON 1: Accurate Scoping of Risks Is the Foundation of Successful Resettlement Programs

The Panel reviewed the project appraisal documents (PADs) of a subset of 10 investigated projects.² Overall, the Panel found that these PADs failed to discuss resettlement risks comprehensively. The term *risk* was used much less frequently when referring to resettlement than when referring to other project features. In 50 percent of the cases, resettlement was not mentioned as a risk in the PADs' risk matrix, even though in all cases resettlement problems arose during implementation. This indicates that the large majority of projects with involuntary resettlement that the Panel has investigated underestimated the risks of resettlement. The Panel also noted that risk assessment and management should not be a one-off event during project preparation,

but ideally should be an ongoing and dynamic effort throughout the project so that mitigation measures can evolve as new risks arise.

The specific issues that are most often *not* properly captured while identifying risks include (i) accurately determining the project's impact areas (both in physical and livelihood terms); (ii) understanding the existence of long-standing legacy issues; and (iii) carrying out thorough baseline studies of affected populations. Furthermore, specifically in land administration and management projects, the Panel has found inadequate assessment of social, political, institutional, and legal risks.

Determining the Project's Impact Area

Determining the boundaries of a project's impact and influence is an essential element in ensuring successful resettlement. The area of influence (including the demographic dimension) needs to be correctly defined to include possible impacts that go beyond the narrow physical footprint of a project or project facilities and to adequately anticipate, mitigate, and compensate against losses suffered by the project-affected persons (PAPs). These can include agricultural limitations in rights-of-way, restrictions on access to resources or legal restrictions to land use. In addition, an adequate definition of a project's area of influence enables the collection of complete household-based socioeconomic data on PAPs.

Example. In the review of the Ghana Second Urban Environment Sanitation Project (UESP II), the Panel determined that the environmental and social impact assessment (ESIA) had not adequately identified the area of influence of the project's proposed landfill and its potential impacts on nearby residents. The ESIA also inadequately assessed or justified the decision to use a buffer zone of 250 meters to separate community members from the landfill. These inadequacies undermined the ability of the project to carry out resettlement planning in accordance with the Bank's Policy on Involuntary Resettlement and determine who would be entitled to compensation or resettlement assistance.

Addressing Legacy Issues

When the Bank reengages in a project that was suspended for some time, or when there is a long gap between the time when data is collected and implementation occurs, new or updated socioeconomic baseline data collection becomes essential, since original information can be out-of-date. Updated information needs to be collected and translated into situation-appropriate resettlement plans to enable the monitoring of progress in the livelihood restoration of households affected by resettlement.

Examples. In the Uganda Private Power Generation Project (Bujagali), the Panel noted that when a previous project was stopped, the resettlement process had already been initiated—affecting about 8,700 people, some of whom had been physically displaced. When reviewing the new Bujagali project, the Panel found that the resettlement plan did not properly assess the impacts and delays of the previous resettlement and did not identify the unintended socioeconomic costs incurred by displaced persons from earlier project

stoppage and delays, nor did it plan for restitution of such unintended costs. The lack of acknowledgement during project design of the legacy issue from the dropped project prevented many PAPs from being included in the resettlement process.

The Ghana Second Urban Environment Sanitation Project included the construction of a sanitary landfill in Accra. A 2003 ESIA was based mainly on analysis conducted at the site in 1999 by a previous Department for International Development (DFID) project but was not properly updated to take into account the influx of people and changing conditions since the earlier studies. As a result, resettlement needs were largely underestimated.

Following the investigation of these two projects, the World Bank prepared the “Interim Guidelines for Addressing Legacy Issues in World Bank Projects” to provide guidance to project teams and management on how to address legacy challenges related to safeguard issues when the Bank restarts engagement in projects (World Bank 2009c).

Understanding Legal Frameworks and Institutional Capacity

A proper assessment of the capacity of the project’s implementing agency affords the opportunity to strengthen the agency’s implementation abilities as needed. Implementing agencies that lack the capacity to properly handle the complexities that resettlement entails are in danger of failing in these efforts. Conversely, experienced and capable implementing agencies are able to navigate these complexities and flexibly address issues as they arise.

Example. The Kenya Natural Resources Management Project included activities to redefine the terms through which a traditional indigenous community (the Sengwer) would access its forest resources. The implementing agency in charge of this component, the Kenya Forestry Service, lacked a resettlement mandate and had no experience with resettlement or with community management of natural resources. The training and sensitization efforts that the project put in place were not sufficient to alter a long-established culture of law enforcement designed primarily to deal with forest encroachers. This impinged upon the ability of the project to properly address restrictions in access to resources experienced by the community, resulting in conflicts between the communities and the project’s management.

Addressing Unique Risks with Land-Administration and Land-Management Activities

The Panel has investigated several land administration and management projects, including the Albania Integrated Coastal Zone Management and Clean-Up Project, Honduras Land Administration Project, Panama Land Administration Project, and Cambodia Land Management and Administration Project. These cases revealed the existence of a policy gap with respect to the application of the Bank’s Policy on Involuntary Resettlement in the context of land-management projects.

Example. One such land-management project, the Albania Integrated Coastal Zone Management and Clean-Up Project, is notable in this respect. The Panel investigation responded to the complaint from families living in the southern coastal area of Albania whose homes had just been demolished. They claimed that a Bank project supporting coastal zone planning contributed to these demolitions in violation of the Bank's Policy on Involuntary Resettlement. The Panel's investigation revealed that an agreement with the government to suspend demolition in the project area, as stated in the PAD as a critical risk mitigating measure against the government's demolition program, did not actually exist. The Panel noted that without such agreement, or without applying the Policy on Involuntary Resettlement to ongoing demolitions, people potentially affected were not properly safeguarded.

Acknowledging the lack of clarity in the application of the Policy on Involuntary Resettlement to land-use planning projects, the Bank issued two guidance documents for staff. The first was a clarification of the policy regarding its application to land-use planning projects (World Bank 2009a); the second was "Interim Guidance Note on Land Use Planning" (World Bank 2009b). The latter is intended to clarify risks intrinsic to land-use planning projects, the application of safeguards during project implementation, measures available to mitigate risks, and recommended actions during project supervision.

Carrying out Meaningful Baseline Studies

Thorough baseline studies provide quantifiable information on the size of households, levels of income, and assets as well as qualitative information and analysis about livelihoods and living standards. These baseline studies define the unit and category of entitlement eligible for compensation, and inform the design of appropriate resettlement options.³ Solid baseline data also allow for the monitoring of resettlement activities in order to determine whether livelihood restoration is being achieved at pre-displacement levels of living standards or better, as required by Bank policy. In addition, accurate baseline data (which should include a census survey) can help identify vulnerable groups that require special attention, including gender- and age-based groups; vulnerable groups (such as indigenous peoples, the disabled or those with special needs); and the landless. Non-qualitative surveys do not provide the nuanced understanding of cultural differences related to land ownership, housing, and livelihoods and the differentiated needs of subgroups within the resettled community, including the vulnerable and disadvantaged populations.

Example. During the West African Gas Pipeline (WAGP) investigation in Nigeria, the Panel found that because the project used an improper identification methodology that did not take into account the local land tenure system, it underestimated the number of displaced persons. In this agrarian culture, the basic economic unit is the household, which also includes an extended family. Hence, both the members of a household whose land is taken and the members of the extended family need to be considered as displaced persons

eligible to entitlements under the resettlement plan. Furthermore, the ESIA erroneously estimated that the average household size of the project-affected communities was 3.48 people, which is substantially lower than the Nigerian average of 5.4 people. These improper baseline studies had wide-reaching effects on the involuntary resettlement program because they hindered the compensation process and denied proper attention to vulnerable groups.

LESSON 2: Meaningful Consultation and Participation Are Essential Elements of Involuntary Resettlement Programs

To create resettlement programs that are best informed by the needs of displaced persons, consultation must be a two-way conversation, with a feedback mechanism that closes the loop on suggestions and views collected during consultations. In the context of involuntary resettlement, consultation not only means informing PAPs of resettlement options but also ensuring that the displaced people have a voice and actively participate in the discussion and selection of such options. This helps minimize the negative impacts of involuntary resettlement process on PAPs, creates ownership of the project among them, and improves resettlement design and planning. No or weak consultation, participation, and disclosure of information are common themes in Panel cases involving involuntary resettlement and are often a root cause of disputes and protracted conflicts.

Participation and Meaningful Consultations

Panel cases have highlighted the importance of guaranteeing that PAPs are meaningfully consulted and that they participate in the design, implementation, monitoring, and evaluation of the resettlement process. Meaningful consultation and community participation directly correlate with a successful involuntary resettlement plan that is best suited for the unique needs of the affected people. The most important element required is the willingness to understand what PAPs really wish and need, and this requires close attention to cultural nuances. Consultation venues and formats must be culturally appropriate and accessible, so that affected people feel comfortable and free to voice their opinions.

Example. The Mumbai Urban Transport Project (MUTP) in 2004 was at that time the largest urban resettlement project that the Bank had undertaken in India. Middle-income shopkeepers disputed the quality of resettlement surveys, since they did not properly measure their commercial structures and identify them as a different group than slum dwellers. The Panel found that when meetings with PAPs took place, consultation consisted largely of informing them what was to occur rather than engaging their participation in meaningful discussion on alternative options that might better fit their needs.

Adequate and Timely Disclosure of Information

To support meaningful consultations, project documents need to be made available to PAPs in an accessible place, in an understandable language and format, and in advance of any meetings. The Panel has found that a lack of proper disclosure and access to information in formats and languages that are culturally appropriate are among the main sources of poor decision making, potentially resulting in misunderstandings and conflict.

Examples. PAPs in the Nepal Power Development Project (PDP) had minimal knowledge of resettlement because the original resettlement documents were disclosed only in English (in a local project office) and were made available on the implementing agency's website only almost seven years later. Moreover, a Nepali translation was made available locally and on the project website only in 2014, several years after the project started and about two years after the request for inspection with the Panel was filed.

Similar improper translation and disclosure concerns arose in the WAGP, where the lack of meaningful consultation and disclosure of documents in Yoruba (the local language) during preparation of the resettlement action plan (RAP) led to improper compensation and the establishment of an ineffective grievance redress mechanism (GRM) later in the project.

During the investigation of the Kenya Electricity Expansion Project (Olkaria), the Panel concluded that the omission of Maa language was one of the factors explaining why PAPs seemed unaware of various aspects of the resettlement. While most consultations were conducted in Swahili and most resettlement-related reports were disclosed in English, the great majority of adult Maasai PAPs are effectively monolingual in Maa, even if having some knowledge of Swahili. The disclosure of the surveys in a form, manner, and language that was not understandable to the PAPs caused them to have little knowledge about their inclusion or entitlements.

LESSON 3: Choice of the Appropriate Resettlement Instrument Is the Cornerstone of Effective Resettlement

The decision to apply the Policy on Involuntary Resettlement must be substantiated by the preparation of the most suitable resettlement instrument. Failing to do so could have serious consequences for both the PAPs and project success. On the positive side, the Panel found that in almost all of the cases analyzed, the Bank has properly triggered the resettlement policy.

Choosing the Instrument

Triggering the resettlement policy requires the preparation of a resettlement instrument, such as the RAP, the resettlement policy framework (RPF), or the abbreviated resettlement action plan (ARAP), depending on the available information and context. Whenever land acquisition will result in

resettlement, Bank policy requires a RAP to be prepared and the resettlement process to be properly planned and budgeted. By comparison, an RPF is required for operations with multiple subprojects that may require land acquisition and where the specific locations and impacts of subprojects cannot be determined during project preparation. In these cases, the Bank requires that a satisfactory RAP be submitted for approval before the subprojects can be financed. Bank policy allows for the preparation of an ARAP when the PAPs are fewer than 200. The inadequate choice and use of the proper instrument can lead to harm to PAPs.

Example. In the Ghana UESP II case, the project proceeded with an RPF at appraisal and delayed the development of the RAP for the Kwabenya subproject until project implementation. However, the Kwabenya subproject site and the extent of resettlement and compensation were well known during project preparation. The lack of preparation of a RAP hindered adequate identification of project risks and a proper consultation process in advance of project appraisal. This created challenges during project implementation that could have been addressed proactively if a RAP had been prepared.



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Project Implementation

LESSON 4: Active Supervision Is Necessary to Effectively Identify and Resolve Problems

Even when the appropriate resettlement instrument is developed, problems could still arise. Hence, active supervision is essential for early identification of problems and taking remedial measures during implementation.

Supervising the Implementation of Resettlement Instruments

The Panel has found that even comprehensive RAPs or RPFs that meet policy requirements can encounter implementation challenges. Consultation with and participation of PAPs need to continue throughout the implementation of the RAP so that it becomes a living document that adapts to emerging challenges. The Panel has reviewed projects where resettlement documents failed to reflect actual situations on the ground.

Bank support throughout implementation is also critical, especially when borrowers do not have appropriate resources and expertise on resettlement. Bank staff must constantly adapt to the progress of the resettlement to prevent harm. In this context, a solid monitoring plan and proactive supervision are important in determining resettlement progress and actively addressing issues as they arise.

Example. The Cambodia Land Management and Administration Project investigation responded to allegations of evictions and other serious harm suffered by communities in the Boeung Kak Lake (BKL) area in Phnom Penh. The decision to prepare a RPF was in compliance with the policy and, by including land-titling efforts, reflected a commendable new approach by the Bank to broaden the range of situations where the policy would apply. However, ambiguities regarding applicability of the RPF caused disagreements that ultimately led to the RPF not being applied during implementation. As a result, attention to the social consequences of land titling, including potential evictions, was not systematic and suffered from a lack of social safeguards expertise. The Panel concluded that evictions could have been avoided if the RPF had actually been applied.

LESSON 5: Compensation for PAPs Needs to Be Timely and Based on Sound Valuation Methodologies

Several of the Panel's cases involving involuntary resettlement address issues of adequate compensation for PAPs. Adequate and timely compensation calculated on the basis of a sound valuation methodology is crucial in ensuring that there is a path toward livelihood restoration for PAPs.

Proper Valuation

Before any compensation activity occurs during a resettlement program, an adequate valuation methodology must be employed. Replacement costs of existing assets (land, houses, and other structures) and trees and crops in agricultural areas need to be determined. A thorough social and economic analysis includes the value of such assets affected by the taking of land. Failure to do so can create impoverishment and negatively affect the objectives of the resettlement program.

Example. The investigation into the WAGP found that the inadequate baseline studies, compounded by inappropriate valuation of assets, reduced the level of compensation that PAPs should have received under a proper valuation. The valuation methodology was derived from values that were substantially lower than market prices in Western Nigeria. It also failed to account for income foregone from the loss of perennial crops and for transaction costs and ignored inflation adjustments. As a result, the compensation received was not sufficient to restore livelihoods. Additionally, an error in the methodology used to calculate compensation resulted in PAPs receiving one-tenth of what they were considered to be entitled.

Timely Compensation

Once there is agreement on the compensation package, the timeliness of payment is important to enable livelihood restoration. For this to occur, the compensation payment process must be properly communicated to the PAPs and

be conducted in a straightforward, systematic, and predictable manner. It should also be conducted at the earliest possible opportunity before the activities causing the resettlement take place.

Example. In the Nepal PDP, the placement of a transmission line imposed limitations on certain land uses within the right of way, and also physically displaced some households. The project failed to complete compensation payments by the end of its implementation phase. There were significant delays between compensation payments, in part due to confusion about when installment payments would be released, and the phasing of compensation payments caused additional economic strains on household incomes. Initial compensation payments were in some cases too low to allow relocation because of a lack of existing land on which to build new homes. The lack of communication regarding the compensation process and its requirements, compounded by the slow rate of payment, created a culture of frustration and mistrust that negatively affected the implementation of the project and resulted in violence.

LESSON 6: To Be Effective, a Grievance Redress Mechanism Needs to Be Accessible, Reliable, and Transparent

GRMs are vital to the resolution of project complaints; they also improve service delivery and increase stakeholder engagement. When functioning properly, GRMs can find rapid solutions to individual problems encountered by PAPs. However, the absence of a GRM or the presence of a dysfunctional one can breed frustration and mistrust among PAPs. To make productive use of an effective GRM, PAPs must be well informed of its existence, purpose, and process to handle complaints. Access to GRMs should be granted to both displaced persons and host communities.

A GRM needs to be user-friendly with clear guidelines on how to file a complaint and a timeline to receive a response. These features open the door to redress and transparency regarding the project. Without a proper framework to address grievances, there is little scope to resolve complaints when they arise.

Examples. In the Nepal PDP, affected households were unaware of their right to access a GRM. While the RAP stated that one would be created so that anyone could file a complaint, the Panel, while in the field, was not able to ascertain where grievances could be filed. The community was unable to engage with the GRM because the grievance committee had moved out of the project area and into the city of Kathmandu, several hours away by car. This happened because the unit originally charged with facilitating the compensation, rehabilitation, and dealing with grievances reached the end of its contract, even though compensation payments were not finished, and its responsibilities were transferred to a Kathmandu-based office.

In the India Vishnugad Pipalkoti Hydro Electric Project, some displaced communities were received by host communities in nearby settlements. This resulted in host communities sharing their natural resources and public services with their new neighbors, adding pressure to already scarce resources and causing some discontent and frustration. Although there was a functioning GRM, host communities felt they lacked access to it. The Panel found that while villagers generally supported the project, the host communities felt as if their grievances were not handled effectively because they were not considered “affected people” under the project and thus believed that the GRM was not for them. If the host community felt that they could safely air their complaints, they may have been more inclined to support project goals and temporarily share their resources with resettled PAPs until permanent infrastructure was in place.



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Long-Term Impacts

LESSON 7: Livelihood Restoration Works Best When Transitional Support, Development Assistance, and Culturally Appropriate Resettlement Alternatives Are Provided

The main expected outcome of the Bank's Policy on Involuntary Resettlement is to enable displaced persons to improve their livelihoods and standards of living, or at least to restore them in real terms to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher. This requires a deliberate approach to understanding the dimensions of livelihood restoration, including its cultural complexities, and proper monitoring after resettlement is completed to assess whether livelihood restoration was indeed achieved. It also requires putting in place measures, through transitional support and development assistance, to help PAPs bridge the gap from the time of their move, which is when income streams are disrupted, to the time when such streams are restored. In this context, a fundamental observation is that compensation is not an objective in itself but rather a bridge to enable the reestablishment of income streams in order to reach the livelihood restoration objective. In many of its cases, the Panel observed that fundamental issues such as externalization of costs and the inadequate treatment of the impoverishment effects of displacement prevented the fulfillment of the Bank's policy objectives on resettlement.

Development Assistance and Transitional Support

In achieving livelihood restoration of displaced persons, it is important to include measures to provide transitional support and development assistance, such as land preparation, credit facilities, and training and job opportunities after displacement, in addition to compensation. Panel cases show that simply providing compensation payments as replacements for assets lost is often insufficient to ensure a successful transition from a resettled community to a settled one whose members have their livelihoods restored.

Example. In the Kenya Electricity Expansion Project, several PAPs from the Cultural Centre village, which served as a tourist attraction representing traditional Maasai ways of living, suffered from the relocation as they lost their means of livelihood. The men from this village worked mainly as tour guides and women sold handicrafts to tourists. With the resettlement, the Cultural Centre village was left vacant and tourism diminished. The basic assumption of the project was that the livelihoods of PAPs dependent on tourism would not be adversely affected if a bus was provided for them to travel between the Cultural Centre and the resettlement site. However, PAPs could not afford operational and maintenance costs of the bus. Additionally, a transitional allowance, earmarked as assistance to PAPs to restore their livelihoods during a reasonable transitional period after relocation, was diverted to other purposes. If used in accordance with its original purpose, this allowance could have supported PAPs, especially the most vulnerable ones, during the transition.

Cultural Factors

Panel cases have shown that in instances where the compensation package or the resettlement location are incompatible with the PAPs' traditional ways of living, livelihood restoration is less effective. Successful livelihood restoration needs to be based on a thorough understanding of the community's cultural uniqueness.

Example. The Kenya Electricity Expansion Project included the resettlement of four Maasai villages. While the Panel found that the "land-for-land" principle was a positive, development-oriented compensation option, it observed that the failure to take pastoralism into account during resettlement design rendered the project culturally and economically problematic for the affected communities. The Panel noted that the population was mainly pastoralist, with cattle providing subsistence security as well as cash income. The Panel team observed that the pasture available at the resettlement site was very poor and the topography included steep ravines and gullies scoured by seasonal flashfloods. Had the project properly assessed rangeland conditions at the resettlement site, it could have considered some options enabling the PAPs to cope with the poor grazing land quality. The Panel noted that, without investments to improve the land's productive potential, most of the resettled Maasai could not maintain milk cows, calves, and sheep close to their homes. This had a direct consequence on the effectiveness of their livelihood restoration.

Impact Monitoring and Evaluation

Livelihood restoration is a long-term process requiring major adjustments in all aspects of the lives of resettled PAPs. After resettlement, PAPs have to face new ways of life, which adds stress to their ability to reengage in productive activities and ultimately restore livelihoods. The Bank's Policy on Involuntary Resettlement requires monitoring and evaluation of resettlement activities at the end of the project to assess whether the objectives, including livelihood restoration, have been achieved. In several of its investigations the Panel noted that there was inadequate monitoring to assess whether the PAP livelihoods were restored. This is also true for ex post evaluation of the long-term impacts of resettlement, which makes it impossible to understand the ultimate adequacy of most resettlement programs.

Example. In its investigation of the Cambodia Land Management and Administration Project, the Panel found that for a long time there was no monitoring and evaluation system for the project. Due to this, Bank management did not become aware of significant issues arising from the project. Moreover, it was not possible to determine the whereabouts of people who were forcibly evicted or displaced.



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Conclusions

The Inspection Panel's 22 years of experience in dealing with resettlement issues provides a rich body of knowledge, with important emerging lessons that can be useful to the World Bank and the development community more broadly. Given the Panel's mandate to respond to complaints from adversely affected communities, the sample of challenging projects discussed in this report may not necessarily represent the Bank's overall resettlement experience. Still, it is worth noting that similar issues were also identified in the 2014 Advisory Review of the Bank's Safeguard Risk Management by the World Bank's Internal Audit Department and the Involuntary Resettlement Portfolio Review I and II. The Panel's emerging lessons are summarized in table 1.

The emerging lessons provide the foundation for this report's four main conclusions.

First, the frequency of resettlement complaints in the Panel's caseload confirms that it is one of the most challenging aspects of development. Indeed, many of the emerging lessons that the Panel has described here are recurring and not different from other recent studies of resettlement. (See, for example, International Council on Mining and Metals 2015; Reddy, Smyth, and Steyn 2015; or World Bank 2012 and 2014, *Involuntary Resettlement Portfolio Review, Phase I and II*). This is not surprising given that resettlement in Bank projects is by definition "involuntary" and thus the starting point for potential conflict. Furthermore, resettlement, whether voluntary or involuntary,

TABLE 1 Summary of Emerging Lessons in Resettlement

Stage in the project cycle	Emerging lessons	Specific issues
Project preparation	<p>Lesson 1: Accurate scoping of risks is the foundation of successful resettlement programs</p> <p>Lesson 2: Meaningful consultation and participation are essential elements of involuntary resettlement programs</p> <p>Lesson 3: Choice of the appropriate resettlement instrument is the cornerstone of effective resettlement</p>	<p>Determining the project's impact area</p> <p>Addressing legacy issues</p> <p>Understanding legal frameworks and institutional capacity</p> <p>Addressing unique risks with land administration and management activities</p> <p>Carrying out meaningful baseline studies</p> <p>Participation and meaningful consultations</p> <p>Adequate and timely disclosure of information</p> <p>Choosing the instrument</p>
Project implementation	<p>Lesson 4: Active supervision is necessary to effectively identify and resolve problems</p> <p>Lesson 5: Compensation for PAPs needs to be timely and based on sound valuation methodologies</p> <p>Lesson 6: To be effective, a grievance redress mechanism needs to be accessible, reliable, and transparent</p>	<p>Supervising the implementation of resettlement instruments</p> <p>Proper Valuation</p> <p>Timely compensation</p>
Long-term impacts	Lesson 7: Livelihood restoration works best when transitional support, development assistance, and culturally appropriate resettlement alternatives are provided	<p>Development assistance and transitional support</p> <p>Cultural factors</p> <p>Impact monitoring and evaluation</p>

affects income streams and livelihoods, creating a strong potential for harm and impoverishment. Hence, there is a need for expertise and additional care and attention when working on projects that involve involuntary resettlement.

Second, the Bank's ultimate policy goal of conceiving and executing resettlements as sustainable development programs has not been achieved in many of the cases investigated by the Panel. It is clear that the sum of project activities does not lead to this goal absent a deliberate approach to resettlement. PAPs who are resettled involuntarily should not be seen as an obstacle to the project. Rather, they should be considered as one segment of the target population facing impoverishment risks and in need of sharing in project benefits.

Third, better analysis of the full economics of resettlement is needed. When resettlement is inevitable, there are numerous dimensions and moving parts throughout the project cycle that require a realistic understanding of the risks and real costs of implementing the necessary mitigation measures to address these risks. These costs go beyond the required proper budgets and human resources to enable intensive, high-quality attention throughout project preparation, implementation, and evaluation, and they involve a more thorough understanding of the economic dimensions of resettling PAPs and fully restoring or improving their livelihoods.

Fourth, Panel cases have positively influenced World Bank practices on involuntary resettlement over time. As noted earlier, in response to Panel investigations and where policy gaps were identified, the Bank provided clarifications related to the scope of application of the Bank's Policy on Involuntary Resettlement or issued guidelines to staff on how to address relevant aspects of the policy.

In closing, this study has helped identify the main instances in which involuntary resettlement challenges arise, and the Panel hopes that the lessons presented here can help point to areas in which continued improvements can enhance the Bank's overall resettlement approach.

Appendix A

Summary of World Bank Policy on Involuntary Resettlement

Background

The World Bank was the first multilateral development agency to issue a policy to mitigate the impact of involuntary resettlement on affected communities. The Operational Manual Statement OMS 2.33 “Social Issues Associated with Involuntary Resettlement in Bank-financed Projects” from 1980 introduced the principles that (i) involuntary resettlement should be avoided or minimized whenever feasible; (ii) affected families should be compensated and benefit from the project; and (iii) displaced people should regain at least their previous standard of living. The OMS 2.33 also required the preparation of a resettlement plan to ensure the proper planning and implementation of the resettlement process.

In 1990 the Bank approved the “Operational Directive 4.30 on Involuntary Resettlement.” This directive strengthened the scope and objectives of the policy and further defined the procedures and instruments to ensure the implementation of it. The directive also introduced the idea that preference should be given to land-based resettlement strategies for people with land-based livelihoods and that access to training, employment, and credit should be explored to restore livelihoods.

While the primary focus of OMS 2.33 and Operational Directive 4.30 was the resettlement associated with large-scale infrastructure projects, the World Bank in 2002 issued the “Operational Policy and Bank Practice 4.12 on Involuntary Resettlement” (OP/BP 4.12). It sought to incorporate the Bank’s experience in a range of sectors, including relatively minor land acquisition and projects with less severe impacts. The key principles of the policy have remained the same, but OP/BP 4.12 further defined the types of impacts caused by involuntary resettlement, the policy requirements and the instruments to address these impacts.

Policy Objectives

As in the previous policies, OP/BP 4.12 recognizes the severe harm that resettlement can bring to people and communities and states as its main objective that involuntary resettlement should be avoided or minimized whenever feasible and all viable alternative project designs should be explored. The policy also establishes two other objectives: (i) that resettlement activities should be conceived as sustainable development programs, in which displaced people share in project benefits and are meaningfully consulted; and (ii) that displaced persons should be assisted in their efforts to improve their livelihoods or at least restore them to pre-displacement levels.

Impacts Covered under OP/BP 4.12

In terms of scope, OP/BP 4.12 establishes that the policy applies to direct economic and social impacts that both result from Bank-assisted investment projects and are caused by involuntary taking of land resulting in (i) relocation or loss of shelter; (ii) loss of assets or access to assets; (iii) loss of income sources or means of livelihoods, whether or not the affected people must move to another locations; or (iv) the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of the displaced persons. For the purposes of the policy, the definition of *displaced persons* is synonymous with that of PAPs and is not limited to those subjected to physical displacement, but rather refers to those who are affected in any way as described above, including business owners, tenants, and those whose physical structures or assets are affected. Given that the objective of the policy is to protect livelihoods and living standards, the policy also recognizes affected people who may lack legal titles to the land they occupy.

Required Measures

1. *Resettlement instrument*: In order to address the impacts of resettlement, OP/BP 4.12 establishes that the borrower prepares a resettlement plan or policy framework to guide the resettlement process, which includes measures to ensure that displaced persons are (i) informed about their options and rights; (ii) consulted on the resettlement alternatives; and (iii) provided compensation at full replacement cost.
2. *Land-for-land*: The policy establishes that preference should be given to land-based resettlement strategies for displaced persons whose livelihoods are land based. If sufficient land is not available at a reasonable price, non-land-based options should be built around opportunities for employment or self-employment in addition to cash compensation for land and other assets lost.
3. *Livelihoods restoration*: According to the policy, where necessary to achieve its objectives, the plan or framework should also include measures to ensure that displaced persons are (i) offered support after displacement for a transition period; (ii) provided with development assistance in addition to compensation measures; and (iii) provided with support such as land preparation, credit, and training or job opportunities.
4. *Vulnerable groups*: OP/BP 4.12 also requires that particular attention is paid to the needs of vulnerable groups among the displaced, especially those below the poverty line, the landless, the elderly, women, children, indigenous peoples, and ethnic minorities.
5. *Consultation and grievance mechanism*: The policy requires that displaced persons and host communities are provided with timely and relevant information, consulted on resettlement options, and offered opportunities to participate in planning, implementation, and monitoring of resettlement. The policy also requires that appropriate and accessible grievance mechanisms are established for these groups.

Eligibility

According to the policy, after the identification of the need for involuntary resettlement, the borrower needs to carry out a census to identify the people who will be affected by the project, to determine who will be eligible for assistance, and to discourage the inflow of people ineligible for assistance.

Resettlement Planning, Implementation, and Monitoring

Resettlement planning includes early screening, scoping of main issues, and the choice of a resettlement instrument. Different planning instruments are used, depending on the type of project. The policy requires (i) a resettlement plan or abbreviated resettlement plan (for minor impacts or fewer than 200 people displaced) for all operations that entail involuntary resettlement; (ii) preparation of a resettlement policy framework during project preparation for operations that may require involuntary resettlement and when the project impacts and exact locations are not known; and (iii) a process framework be prepared for projects involving involuntary restriction of access to legally designated parks and protected areas.

The borrower is responsible for carrying out the resettlement instrument and for adequate monitoring and evaluation of the resettlement activities, while the Bank is responsible for supervising the implementation to determine the compliance with the resettlement instrument.

Appendix B

List of Panel Cases Analyzed

Case number	Year of receipt	Project title
1	1994	Nepal: Arun III Proposed Hydroelectric Project and Restructuring of IDA Credit
10	1997	India: NTPC I Power Generation Project
16	1999	China: Western Poverty Reduction Project
22	2001	Chad: Petroleum Development and Pipeline Project, Management of the Petroleum Economy Project, and Petroleum Sector Management Capacity Building Project
23	2001	India: Coal Sector Mitigation Project and Coal Sector Rehabilitation Project
24	2001	Uganda: Third Power Project, Fourth Power Project, and Proposed Bujugali Hydropower Project
26	2002	Paraguay/Argentina: Paraguay/Argentina Reform Project for the Water and Telecommunications Sectors, SEGBA V Power Distribution Project (Yacyretá)
27	2002	Cameroon: Petroleum Development and Pipeline Project, and Petroleum Environment Capacity Enhancement Project
32	2004	India: Mumbai Urban Transport Project
34	2004	Pakistan: National Drainage Program Project
40	2006	Ghana/Nigeria: West African Gas Pipeline Project
44	2007	Uganda: Private Power Generation (Bujugali)
47	2007	Albania: Integrated Coastal Zone Management and Clean-Up Project
49	2007	Ghana: Second Urban Environment Sanitation Project
51	2007	Argentina: Santa Fe Road Infrastructure Project and Provincial Road Infrastructure Project
60	2009	Cambodia: Land Management and Administration Project
81	2012	India: Vishnugad Pipalkoti Hydro Electric Project
82	2012	Ethiopia: Protection of Basic Services Program Phase II Additional Financing and Promoting Basic Services Phase III Project
84	2013	Kenya: Natural Resources Management Project
87	2013	Nepal: Power Development Project
91	2013	Nigeria: Lagos Metropolitan Development and Governance Project (Pilot case)
97	2014	Kenya: Electricity Expansion Project

Appendix C

Summary of the Main Cases Studied

For more information and to access the public documents for all Inspection Panel cases, please visit “Panel Cases” at <http://ewebapps.worldbank.org/apps/ip/Pages/AllPanelCases.aspx>.

India Vishnugad Pipalkoti Hydro Electric Project

The Panel received a complaint on July 23, 2012, concerning the India Vishnugad Pipalkoti Hydro Electric Project, which is being constructed on the Alaknanda River in North India. The complainants stated they did not want the river to be diverted or controlled in any way since they believe that the free flow of the Alaknanda River holds immense spiritual and aesthetic value for them, which, in their view, has not been estimated by project authorities. Additionally, the complaint expressed concerns about the impacts of the project on local water sources and water quality, loss of biodiversity and other environmental harm, impact on livelihoods and health, economic issues, and gender concerns.

Host community villagers, who had resettled families living in settlements nearby, complained of having to share their public services and natural resources without receiving any benefits from the project. These villagers complained that the handling of their project-related grievances was also not adequate. During its visit, the Panel team heard grievances about sharing of water sources, provision of community land for a secondary school, and use of their *van panchayat* (community forests) for fuel and fodder collection. Villagers expressed the fear that conflicts could ensue as a result of this resource sharing and that they should also receive some benefits under the Resettlement and Rehabilitation Policy as they are indirectly “hosting” the resettled households by sharing their resources with them.

On the issue relating to community conflicts and the GRM, the Panel found that the requirement of OP/BP 4.12 to establish an appropriate and accessible grievance mechanism was met. However, the Panel also noted the importance of the GRM being accessible to host communities so that their concerns can be heard and resolved when appropriate.

Ghana/Nigeria West African Gas Pipeline Project

The WAGP aimed to improve the competitiveness of the energy sectors in Ghana, Benin, and Togo by promoting use of less expensive, environmentally cleaner gas from Nigeria. Most of the infrastructure works took place in Nigeria. The pipeline’s right of way and ancillary facilities involved

the acquisition of 144 hectares traversing 23 communities in Western Nigeria. Survey results from 510 households interviewed during the ESIA were used to estimate the effects of the project on displaced persons. However, the ESIA did not account for all households that will suffer from loss of assets, which were to be acquired for the project, providing an inaccurate picture of the resettlement.

In Yoruba agrarian culture, the basic economic unit is a household. Households are affiliated with an extended family that is under the leadership of the head of the extended family. This person oversees the extended family's decision making on ancestral lands. This person represents the interests of all members of the extended family and therefore has considerable influence on the distribution of land-use rights and the sharing of gains or losses resulting from the transfer of land titles. Hence, both the members of a household whose land is taken and the members of the extended family would have to be considered as displaced persons, given that all members of the extended family have a certain claim to land that is under the control of the extended family. In this case, the Panel found that the complexities of the traditional land tenure system, wherein large extended families control land and the heads of the extended families distribute user rights among members of the extended family, were not adequately taken into account. An accurate baseline needed to take the sum of the population of each extended family that lost productive assets due to the project, as an affected and entitled population.

The ESIA also estimated that the average household size of the project-affected communities was 3.48 people, which is substantially lower than the Nigerian average of 5.4 people, as compiled by the United Nations between 1985 and 1990. Despite this inconsistency, the West African Gas Pipeline Company decided to base the calculation of displaced persons on the lower estimation. The project impact on land holdings was also estimated without specific data regarding the impact of the project on each displaced household; it simply divided the average of land taken by the average household land holdings and concluded a 4–6 percent loss of total land holding per household. Yet, the basic percentage calculation provides no context for the standards of living of the displaced people and ignores nuances that may be present in the population. These improper baseline studies had wide-reaching effects on the involuntary resettlement program by complicating the compensation process and denying proper attention to vulnerable groups.

Ghana Second Urban Environment Sanitation Project

Approved by the Board of Executive Directors in April 2004, UESP II included the construction of a sanitary landfill in Accra near the village of Kwabenza. This landfill was the focus of a 2007 request for inspection that brought to light the importance of accurate baseline studies in cases with potential legacy issues.

Earlier in 2000, Britain's DFID provided financing for the construction of the landfill at Kwabenza. The environmental impact assessment (EIA) commissioned in 1999 for the site estimated the number of families and people to be resettled at 22 and 170, respectively. A drainage culvert and access road into the area were successfully built. However, implementation was delayed, and ultimately discontinued, due to the inability of local authorities to settle land claims. The construction of this road enabled more people to move into the area and closer to the site proposed for the landfill.

In 2003, the World Bank-financed UESP II conducted an ESIA, which was based mainly on the 1999 EIA and a 1993 site selection study, which gave Kwabenza the highest rankings on criteria involving "distance to nearby communities" and "affected people." The 2003 ESIA was not properly updated to take into account the influx of people and changing conditions on the ground over the years since the earlier studies. No sociological survey was conducted after construction of the road and there was no counting of the people living in the project-influence area. As a result, the resettlement needs of the UESP II were largely underestimated.

Uganda Private Power Generation Project

The Uganda Private Power Generation Project consisted of the construction of the Bujagali hydropower plant on the Nile River near the Bujagali Falls. It was designed to provide an increase of 250 megawatts of power generation capacity to the national grid. The project was going to inundate the Bujagali Falls and other natural habitats, which were sites of cultural and religious significance to a large community of people, and involved displacement and resettlement of people from their lands.

The project involved an ongoing, incomplete resettlement program developed under a prior plan for a dam at Bujagali Falls, based on a no longer applicable policy. The Bank's OP/BP 4.12 on involuntary resettlement, which was applicable to the Private Power Generation Project, had the same overall objectives, and both policies called for the preparation of a RAP. Management had developed an assessment of past resettlement activities and action plan (APRAP), rather than a new RAP, with the justification that affected people had already been relocated and others had already received compensation under the prior project. The Panel found that the critical policy requirement to do a census of all displaced persons was neglected. The public consultation process was truncated, and the APRAP failed to adequately assess and update the previous RAP to ensure compliance with Bank standards. The Panel found that the effects on the people of the original displacement, and of the ensuing delay, were not fully reflected in the APRAP. On the issue of livelihood restoration, the Panel concluded that the project did not comply with the mandate of Bank policy to improve or at least to restore the livelihoods of the people it displaced. Many affected people also believed that other promises made under the prior project were not kept.

Mumbai Urban Transport Project

The MUTP began in 1995 as two distinct projects, one for transport infrastructure and the other for resettlement. After three years of preparation, the two projects were merged into one by including resettlement and rehabilitation as a component of the infrastructure project. At the time the two projects were merged, they were unequal in their preparation and readiness for Bank appraisal. The Panel found that given the size and complexity, this type of resettlement should have been addressed as a free-standing project under the policy.

The MUTP was designed to expand and improve the rail and road infrastructure in Mumbai. The Panel received four successive requests in 2004 that claimed noncompliance and harm from the large-scale displacement effects (some 120,000 people) of the project. In its investigation, the Panel identified significant compliance failures in resettlement activities. Resettlement risks were not sufficiently analyzed and were omitted from key project documents, consultations and baseline surveys were inadequate, project documents significantly underreported the number of displaced people, and the needs of middle-income shopkeepers were overlooked. The environmental assessment of resettlement sites, consideration of alternative sites, and conditions at the selected sites were also poor. Finally, the resettlement approach did not meet core policy requirements on income restoration. In light of these problems, Bank management suspended disbursement on the road and resettlement component of the project in March 2006, and indicated in its response to the Panel's investigation report that the State of Maharashtra agreed to implement a 10-condition strategy for lifting the suspension of disbursements.

At its meeting to consider the Panel's investigation report, the Board endorsed the management action plan and agreed that management would submit to it a progress report no later than six months from that date. It was also agreed that the Panel would report back to the Board on management's progress in implementing the action plan. Bank management's ensuing progress report stated that improvement had been made: in services, such as water supply, for resettled PAPs; on consultations and grievance procedures; and in building the capacity of the local implementing agency. The Bank lifted the suspension of disbursements in June 2006, after the State of Maharashtra had substantially met the conditions set by the Bank for doing so.

Albania Integrated Coastal Zone Management and Clean-Up Project

In July 2007, a number of families from the small community of Jale, on the Adriatic coast, filed two requests for inspection concerning the Albania Integrated Coastal Zone Management and Clean-Up Project. The requesters stated that the local construction police demolished their residences as part of the implementation of the Bank's Southern Coastal Development Plan

because residents did not possess building permits. They believed that their displacement—they claimed human rights violations, inhumane actions, and violence during the demolitions—occurred as a result of the Bank project and that the Bank did not consider their rights and their well-being. Given that no resettlement was planned for people whose houses were demolished, the requesters also alleged that the Bank failed to comply with its Policy on Involuntary Resettlement.

Bank management argued that the project was not linked to the demolitions and, therefore, that the families in Jale were not entitled to benefits and rights under the Policy on Involuntary Resettlement. In its investigation report, the Panel argued that a claimed “agreement” with the government to suspend demolitions in the project area (stated in the project appraisal document) had given the impression that a safeguard was in place to protect potentially affected people, and the Bank, against the critical project risk of demolitions. During its investigation, the Panel found that the government had not made such a commitment and that, without such alleged agreement or without applying the Policy on Involuntary Resettlement to ongoing demolitions, management failed to safeguard people potentially affected by project-related activities. The Panel investigation concluded that the involuntary resettlement policy should have been applied to the demolitions related to the project.

Acknowledging lack of clarity in the application of the Policy on Involuntary Resettlement, management indicated that it would review the application of safeguard policies in projects that support land-use planning to issue guidance to address environmental and social issues. As a result of the investigation, Bank management indicated that it had undertaken a Bank-wide review of more than 1,000 projects in the portfolio and quality control arrangements in all regions. Following discussion of the Board, two guidance documents were issued for Bank staff. The first was a clarification of the Policy on Involuntary Resettlement, regarding an application for land-use planning projects; the second was an “Interim Guidance Note on Land-Use Planning.” The latter is intended to clarify risks intrinsic in land use planning projects, the application of safeguards during project implementation, measures available to mitigate risks, and recommended actions in supervisions.

Cambodia Land Administration and Management Project

The Panel’s investigation into the Cambodia Land Management and Administration Project responded to allegations of evictions and other serious harm suffered by communities in the BKL area in Phnom Penh. The complaint came from about 4,250 families living around the lake. The objectives of the Bank-financed project were to (i) develop national policies and a regulatory framework and institutions for land administration; (ii) issue and register titles in rural and urban areas; and (iii) establish an efficient and transparent land administration system. The government of Cambodia cancelled the project couple of days after the Panel received the request.

During its investigation, the Panel found that the decision to prepare a RPF was in compliance with the policy and reflected a commendable new thinking within the Bank, as it broadened the range of situations where the policy would apply by including land titling efforts. However, the RPF did not provide a proper explanation of how and when the RPF should be triggered and applied. Further guidance would have been needed for Bank and government staff responsible for project implementation and supervision to determine the applicability of the RPF in concrete instances. These ambiguities caused uncertainty and disagreements and ultimately led to the RPF never being triggered during project implementation.

The Panel also encountered evidence in supervision records that management, on several occasions, raised land management issues potentially relevant for the RPF application but failed to detect the serious problems faced by the PAPs and did not consider appropriate actions. The Panel's investigation found that management's attention to the social consequences of land titling, including potential evictions, was not systematic and suffered from a lack of social safeguards expertise. The Panel concluded that evictions took place, which lead to grave harm to affected families, and that the RPF should have been applied. In its response, Bank management acknowledged that the procedures developed for the project were not followed and the RPF should have applied. After the Panel's investigation, Bank management stopped any new lending to Cambodia until a solution was found for the BKL community. In 2011, the government issued a sub-decree granting title more than 700 BKL families. As of this writing, the Bank has not initiated its lending to Cambodia due to the unresolved situation of the remaining families in the BKL community.

Nepal Power Development Project

The 2013 Panel investigation into the Nepal Power Development Project saw the effects of delayed compensation firsthand. The critical issue in this case was the placement of a 75-kilometer, 220-kilovolt Khimti-Dhalkebar Transmission Line between two power substations. The requesters claimed that the placement of this transmission line not only jeopardized the livelihoods of households that fell in its right of way by preventing effective use of land for agricultural purposes but also that the resettlement plan did not include adequate compensation provisions for households that were to be displaced or would lose land to the project.

Construction of the transmission line occurred in the Sindhuli District of Nepal following the signing of a tense peace accord between insurgent groups and the government. The area was still undergoing limited conflict during the final stages of the PDP. As such, the Panel found that Bank management was unable to ensure adequate and timely consultation and communication with affected people. Ultimately, the project did not complete the right-of-way compensation and resettlement payments by the time it was completed.

The Panel found significant delays between compensation payments, in part due to confusion about when installment payments would be released.

While in Nepal, the Panel team heard testimony that the phasing of compensation payments had caused additional economic strains on household incomes. One landowner claimed that the initial compensation payment was too low to allow him to relocate, as he did not have existing land on which to build a new home. The landowner also stated that the compensation was not enough to purchase replacement land elsewhere. Additional households explained to the Panel that they were unable to collect compensation payment even after the project had closed because they lacked proper documentation. The lack of communication regarding the compensation process and its requirements, compounded with the slow rate of payment, created a culture of frustration and mistrust around the project.

Kenya Electricity Expansion Project

The Kenya Electricity Expansion Project financed the construction of a geothermal plant that required the relocation of four Maasai villages. The Panel recognized the many positive aspects of this resettlement (land-for-land option, infrastructure investment, and a well-intended inclusive consultation mechanism) but confirmed claims that the most vulnerable people experienced harm and impoverishment during the resettlement process. The Panel determined that much of the harm it identified could have been avoided and that the most vulnerable segments would have benefitted more from the project had the protections of the Indigenous People's Policy been afforded.

The Panel determined that the process for identifying eligible PAPs was unsatisfactory, there were delays in the provision of land title and some infrastructure at the resettlement site, and livelihood restoration measures were insufficient. Due to the poor quality and the lack of a comprehensive socio-economic baseline data and systematic monitoring, precise information on livelihood restoration was unavailable. The Panel also found that despite the many missions conducted by the Bank, the quality of supervision remained inadequate. Furthermore, the Panel determined that the absence of a panel of internationally recognized resettlement specialists, as required by OP/BP 4.12, was a missed opportunity to ensure good resettlement practice.

Appendix D

Summary of the Discussion at the Release of Emerging Lessons Series No. 1: Involuntary Resettlement

The Inspection Panel released “Emerging Lessons Series No. 1: Involuntary Resettlement” on April 12, 2016, at a side event at the Spring Meetings of the International Monetary Fund and World Bank Group.

Franciscus Godts, an Executive Director at the Board of the World Bank Group, moderated a panel discussion about the report at the event, which also included Inspection Panel Chairman Gonzalo Castro de la Mata; Alberto Ninio, the Bank’s deputy general counsel for operations; and Professor Michael Cernea, the Bank’s former senior adviser for social policies and sociology who was the proponent and writer of the Bank’s Resettlement Policy.

Mr. Godts opened the event by reminding the audience that World Bank Group President Jim Yong Kim had identified resettlement as an area in which the Bank must do and will do better, adding: “I am confident that the lessons identified by the Panel in this report will help greatly in that effort.”

Mr. Castro de la Mata summarized the findings and conclusions of the report, and said the “Emerging Lessons Series” is intended to help build the Bank’s institutional knowledge base, enhance accountability, foster better results in project outcomes and, ultimately, contribute to more effective development.

He said the involuntary resettlement report would be followed by similar reports on lessons emerging from Inspection Panel cases involving environmental assessment, indigenous peoples, and consultation.

Mr. Ninio said there was no disagreement on the conclusions reached in the Inspection Panel’s report. He said the Bank has been working to improve resettlement outcomes, adding: “This is the most difficult issue when it comes to development.”

“At the moment that you take someone from his or her home, then it becomes no longer a matter of only public policy. It becomes very personal,” he said. “We need to do things better. I think we have been trying to do that.”

As a result of internal Bank reviews, he said, several areas related to resettlement have been identified for improvement, including:

- Greater consistency in, and accessibility to, resettlement documents.
- Increased Bank resources for resettlement supervision and monitoring.
- Increased support to borrowers struggling to apply international good practice standards to projects that involve involuntary resettlement.

Mr. Cernea said the Inspection Panel had “engaged in a most important exercise of providing enormous help to the Bank” by synthesizing lessons emerging from its cases over more than 20 years.

“We do have a resettlement policy dating from 2001, but this policy has utterly fallen behind the level of knowledge existing today,” he said. “(It is) necessary to improve the policy at the level of current knowledge.”

He said the Bank’s performance “is not what it should be” when it comes to involuntary resettlement, which he called “the single most difficult social and economic part of Bank investments in infrastructure.” He said displacement has “indisputable impoverishment risks, (since) … when you displace people you dismantle productive systems and livelihoods.”

“Our responsibility is to eliminate the poverty risks by changing the economics of displacement and of relocation, which now are deeply defective, and create economically feasible alternatives,” Mr. Cernea said, adding: “We are responsible when the risks are overlooked and are not treated as information sources for crafting Resettlement Action Plans.”

The opening statements were followed by questions and comments from the audience, including from community representatives, representatives of civil society and academia, and a person who told of being adversely affected by a Bank project.

Speaking from the floor, Maninder Gill, Director, Social Development, at the Bank, thanked the Panel for helping to put “the right spotlight on this extremely important and complex issue.” He called on groups inside and outside the Bank to work together to improve resettlement outcomes.

“We’ve made some progress. Not enough,” he said. “This is a great moment because we have everything it takes to make a huge impact, a positive impact, in improving our practice on resettlement. All of us need to pitch in.”

A video of the full 90-minute session can be found on the Inspection Panel website at <http://ewebapps.worldbank.org/apps/IP/Pages/Videos.aspx>

Notes

1. The Inspection Panel's mandate covers projects financed by the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). The Compliance Advisor Ombudsman handles complaints for projects financed by the International Finance Corporation and the Multilateral Investment Guarantee Agency. In this report, the World Bank (or Bank) refers to IBRD and IDA only.
2. Albania Integrated Coastal Zone Management and Clean-up Project; Cambodia Land Management and Administration Project; Ghana Second Urban Environment Sanitation Project; Ghana West African Gas Pipeline Project; Honduras Land Administration Project; Mumbai Urban Transport Project; India Vishnugad Pipalkoti Hydro Electric Project; Kenya Electricity Expansion Project; Uganda Third Power Project, Fourth Power Project, and Proposed Bujagali Hydropower Project; Uganda Private Power Generation Project (Bujagali).
3. The “unit of entitlement” is the individual, the family or household, or the community that is eligible to receive compensation or rehabilitation benefits. Determining the appropriate unit of entitlement, especially if the resettlement process disrupts current household relationships, is necessary to ensure that entitlements target those adversely affected and to clarify the responsibilities of agencies managing compensation and rehabilitation. As a rule, the unit of loss determines the unit of entitlement. See World Bank (2004), *Involuntary Resettlement Sourcebook, Planning and Implementation in Development Projects*, 47.

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