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**TOWARD ENVIRONMENTALLY AND SOCIALLY SUSTAINABLE DEVELOPMENT**  
RESETTLEMENT SERIES

# Resettlement and Development

The Bankwide Review  
of Projects Involving  
Involuntary Resettlement  
1986-1993

March 1996



**ESD**

Environmentally Sustainable Development

The World Bank

# Acronyms and Abbreviations

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AFR	Africa Regional Office
AGR	Agriculture & Natural Resources Department
ASTEN	Environment & Natural Resources Division of Asia Technical Department
ASTHR	Human Resources & Social Development Division of Asia Technical Department
CAM	Country Assistance Management
CASEC	Interagency Working Group (Colombia)
CD	Country Department
DKI	Department of Water Works (Turkey)
EAP	East Asia & Pacific Regional Office
ECA	Europe & Central Asia Regional Office
EDI	Economic Development Institute
ENV	Environment Department
ESD	Environmentally Sustainable Development Vice Presidency
GNP	Gross National Product
GOI	Government of India
ICLARM	International Center for Aquatic Resource Management
IDA	International Development Association
IEN	Industry and Energy Department
JAC	Joint Audit Committee
JICA	Japan Institute for International Cooperation Agency
LAC	Latin America & Caribbean Regional Office
LEG	Legal Department
MNA	Middle East & North Africa Regional Office
MPS	Management & Personnel Services
M&E	Monitoring and Evaluation
NGO	Non-Governmental Organization
NTPC	National Thermal Power Corporation (India)
OD 4.30	Operational Directive 4.30 "Involuntary Resettlement"
OED	Operations Evaluation Department
OMS	Operational Manual Statement
OPN	Operations Policy Note
ODA	Overseas Development Administration (England)
OECD	Organization for Economic Cooperation and Development
PCR	Project Completion Report
PPAR	Project Performance Audit Report
R&R	Resettlement and Rehabilitation
SA2	South Asia Country Department II
SAR	Staff Appraisal Report
SAS	South Asia Regional Office
TD	Technical Department
TM	Task Manager
TWU	Transport, Water & Urban Development Department
WDR	World Development Report

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**Social Policy and Resettlement Division**

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# **Resettlement and Development**

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of Projects Involving  
Involuntary Resettlement  
1986-1993**

**The World Bank  
Environment Department  
1996**

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The Resettlement Task Force was led by Michael M. Cernea, Senior Adviser, Social Policy and Sociology; it consisted of Scott Guggenheim, senior anthropologist, Lars Soefestad, Deepali Tewari and Warren Van Wicklin III. Part-time members of the Task Force were also Dan Aronson, Abdul Salam, and Tova Solo.

Michael M. Cernea and Scott Guggenheim wrote the report. Warren Van Wicklin III developed the review's data bank and prepared Chapter II.

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*Steering Committee for the Bankwide Resettlement Review.* The activities of the Bankwide Resettlement Review were guided by a Steering Committee chaired by Ismail Serageldin, Vice President for Environmentally Sustainable Development (ESD), and included representatives from all regional Vice Presidencies, the Environment Department, the Legal Department, the Agriculture and Natural Resources Department, and the Industry and Energy Department.

The members of the Steering Committee consisted of: Ismail Serageldin (Chairman); Mohamed T. El-Ashry, Chief Environmental Adviser to the President and Director, Environment Department; M. G. Sri-Ram Aiyer, Director, Latin America and the Caribbean Technical Department; Kevin M. Cleaver, Director, Africa Technical Department; Daniel Ritchie, Director, Asia Technical Department; Andres Rigo, Assistant General Counsel, Legal Operations; Anil Sood, Director, Middle East, North Africa, Eastern Europe and Central Asia Regions Technical Department; Michael M. Cernea, Senior Adviser, Social Policy and Sociology, Environment Department; Andrew Steer, Deputy Director, Environment Department; Dennis Anderson, Adviser, Industry and Energy Department; David R. Steeds, Division Chief, Natural Resources Division.

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# Preface

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This study is a comprehensive analysis of the involuntary resettlement of populations displaced by development projects. The study was first published in 1994 as a word-processed report.

Due to the wide interest and the continuous demand this study has generated, it is reprinted now, without modifications, in the new series of Environment Department Papers, a series widely available to all interested readers. To increase accessibility, the present volume also includes, for the first time, Spanish and French translations of the study's detailed Executive Summary, in addition to its original English version.

Since 1979-1980, when its resettlement policy was adopted, the World Bank has paid increasing attention to involuntary population resettlement issues, both in its project operations and in its policy dialogue with borrowing countries. Consistent with this continuous concern, by the end of 1992 Bank management initiated an in-depth review of the Bank's entire resettlement portfolio. This Bankwide review was carried out between January 1993 and April 1994. The review encompassed all projects entailing resettlement active between 1986 and 1993 in all lending sectors.

This vast study of the institution-wide project portfolio aimed at assessing consistency between policy and operations, ensuring increased attention to ongoing projects with resettlement, and strengthening processing procedures for new projects. The present report explains the study's objectives, describes the scale and composition of resettlement operations under Bank-financed projects, assesses the implementa-

tion of resettlement plans, analyzes the socio-economic impacts of resettlement, and documents the actions taken to improve resettlement work and performance.

The responsibility for the Bankwide resettlement review was assigned to the Environment Department, which created a special Task Force headed by Michael M. Cernea, the Bank's Senior Adviser for Social Policy and Sociology, to coordinate the review and carry it out jointly with the regional departments. To support the central Task Force, review "working groups" were created in all Bank Regional Vice Presidencies, consisting of technical and country department representatives, plus the Senior Operations Adviser. The Legal Department and several central sectoral departments (Agriculture, Energy) undertook special studies for the review.

A Bankwide Steering Committee chaired by Ismail Serageldin, the Vice President for Environmentally Sustainable Development (ESD), including the Chief Environmental Adviser to the President and Director of the Environment Department, and the operational complex's technical department directors, was created for overall guidance to the review.

The central Task Force acted as the focal point for the entire Bankwide review and provided direct guidance and support to regional activities and "working groups".

The specific objectives of the study were:

- To ascertain the scale of involuntary resettlement in the Bank's portfolio, and determine regional and sectoral trends and composition.

- To analyze ongoing resettlement programs for their quality, consistency with stated policy, and actual outcomes.
- To identify recurrent problems affecting resettlement performance, initiate midstream remedial actions to enhance quality, and prepare a follow-up strategy for addressing involuntary resettlement more effectively.

For comparative purposes, the review's Task Force also studied selected Bank-assisted projects with important resettlement components completed before 1986, as well as numerous resettlement projects outside the Bank's own portfolio — financed either from domestic sources only, or co-financed by other donors. The pipeline of forthcoming projects (FY94-FY97) was examined as well, to discern resettlement trends in future Bank lending.

The Task Force has also consulted and interviewed a very large number of project Task Managers and Division Chiefs. Professionally conducted focus groups were carried out with 20 percent of the Task Managers of projects with resettlement components. The Task Force organized consultations with various non-governmental organizations (NGOs) and resettlement researchers. Several NGOs were also invited to carry out field studies of involuntary resettlement operations as part of the Bankwide review.

The 1993-1994 resettlement review had a broader scope than the first resettlement review, carried out in 1985-86, and was different from the usual way in which such reviews are often done. To obtain on-the-ground results, the review's concept and methodology were broadened at the beginning of 1993 enabling it to pursue immediate improvements in the quality of the resettlement portfolio throughout 1993. The review stimulated intensified field supervision by the Bank of ongoing resettlement, through more frequent and better staffed field missions, and worked out with borrowing governments and agencies reasonable measures for adjusting resettlement operations gone awry.

The main product of this comprehensive field-based analysis was not simply the final report published in this volume, but the vast work process on resettlement that the review triggered throughout 1993 across the Bank and on the ground. Mandated to analyze the consistency of operations with policy, this review moved from simply assessing consistency to enhancing it. Thus the resettlement review became one of the central actions undertaken to strengthen and improve the management of the Bank's project portfolio.

Because the review coupled field work on all major operations with in-depth back-up studies on each geographic region and on all key lending sectors, as well as with a set of issue-focused sociological, legal, and economic studies, it provided the Bank with its first truly comprehensive picture of resettlement.

The Task Force designed the review so that its key feature would be on-site analysis through field missions, rather than remain a desk-bound headquarters' exercise. By design, it initiated a broad problem-solving effort, involving staff from all regions jointly with the Bank's Borrowers.

For the first time, the study provides estimates of the worldwide magnitude of development-caused displacements, assessed to affect at least 10,000,000 people each year, as a result of dam construction, urban and transportation development programs.

While the study found an overall improvement in resettlement performance in recent years, the study also concluded that in a number of projects actual resettlement operations and outcomes are not consistent with the standards defined and demanded by the Bank's resettlement policy. The study discussed important conceptual and policy issues regarding resettlement and poverty alleviation, analyzed methodological issues in social impact evaluation, and made recommendations for improving strategies of managing relocation processes. The study also presents, in conclusion, the important measures adopted by

the World Bank, as a result of the review's findings, to minimize resettlement in future projects whenever possible, mitigate its adverse effects, and improve work in this domain. These newly adopted measures include increased financing of resettlement, better project vehicles, strengthening of institutional capacities, resettlers' involvement in resettlement planning, monitoring and evaluation of results, and remedial actions in a number of ongoing projects.

Overall, the resettlement review asserted the central importance of social issues and concerns in development projects and opened up a broader space for work on social analysis and social design in the Bank's project activities and in research.

The present report is organized as follows:

The Executive Summary provides a detailed and comprehensive overview of all the major findings of the study. It also summarizes the actions taken by the Bank's senior management based on the review's conclusions.

Chapter I defines conceptually the nature of involuntary resettlement and the substance of the Bank's resettlement policy.

The next five chapters present and discuss the main findings of the review: the extent of the Bank's resettlement portfolio (II); the impact of Bank policy on national policies in borrowing countries and the reduction of displacements (III); the restoration of resettlers' livelihood and the risks of impoverishment (IV); and work processes that account for resettlement project performance (V and VI). Chapter VII reports on the corrective actions to improve ongoing resettlement operations taken during, and largely due to, the review itself, in 1993-1994.

The last chapter, VIII, describes strategic actions taken by Bank senior management to improve resettlement performance, and remedial and retrofitting actions in ongoing projects with resettlement problems.

The Task Force submitted a mid-term Progress Report to management in August 1993 about the first half of the review period, which was forwarded to the Bank's Executive Directors for information. The Executive Directors discussed the review's preliminary findings as part of the 1993 Annual Report on the Environment. The mid-term findings were also presented and discussed with a large number of resettlement researchers, practitioners, and NGO representatives, in the framework of an international conference on refugees organized by the Refugee Studies Program in Oxford, England. The final report on the review was completed on April 8, 1994 and released that same day at a public press conference.

The Bank's Board of Directors discussed the Task Force report on May 3, 1994, and the Chairman's Summary of the Board discussion was issued one week later as a press release. The Bank's Board "expressed broad support for the report and the approach which had been followed, which involved not only a review but also taking action. The report's findings and action plans were all supported. There was a general sense that the Bank's resettlement policy is sound." The Board also emphasized that "the review itself had resulted in substantial progress over the past 18 months, that the Review was very much part of a learning process, and that close attention to resettlement projects must be continued to ensure that lessons are quickly translated into action so that policy implementation continues to improve." Overall, the Board expressed satisfaction that problems in older projects are being addressed as a result of the review and that new projects show significant design improvements.

During the almost two years since the Bankwide resettlement review was completed, there has been substantial follow-up and improvements were made to resettlement operations. In fact, Chapter VIII of the present report has served as an outline of the follow-up strategy. A preliminary description of the steps taken and progress made were reported in a "Status Report: Re-

gional Remedial Action Planning for Involuntary Resettlement", which was transmitted to the Bank's Board on November 4, 1994.

A fuller report on the progress made over the first post-review year, which summarized the implementation of the regional remedial action plans, was discussed by the Board's Committee on Development Effectiveness on June 26, 1995.

These follow-up reports reflect the intensive, ongoing work process to sustain the improvements in the quality of the resettlement portfolio initiated by the Bankwide review. They also document actual specific improvements in the planning and implementation of resettlement operations since the Bankwide Resettlement Review.

The reprinting of the "Resettlement and Development" review almost two years after its initial publication is intended to further support the dissemination of the important lessons of experience drawn through this study. Sustained public interest in these complex socio-economic issues of resettlement is necessary for continuously improving work in this difficult and important domain.

Michael M. Cernea  
Senior Advisor  
Social Policy and Sociology  
The Environment Department  
February 1996

# Executive Summary

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## A Worldwide Challenge

Involuntary resettlement has been a companion of development throughout history and has been indelibly written into the evolution of industrial as well as developing countries. Installing major hydropower dams, irrigation and drinking water systems, or extending highway networks has entailed displacements fraught with hardships and deprivation. The drama of forced urban displacement in Boston's West End has spawned an entire sociological literature. The beautiful master-plan of today's Paris was made possible by painful relocation in the days of Baron Haussmann. New York's impressive Cross Bronx Expressway slashed through many neighborhoods, of which some — at least in hindsight — could have been saved. Huge hydroelectric complexes in Canada have required the uprooting of many indigenous groups. Involuntary displacements continue to occur in all countries for reasons related to the betterment of living conditions, environmental infrastructure, or expansion of public services. The experience with various types of involuntary displacement and resettlement has generated increased knowledge for planning and for protecting the entitlements and livelihoods of those affected.

In developing countries, the scale of development-related population displacement has grown rapidly in the past few decades, due to the accelerated provision of infrastructure and growing population densities. The displacement toll of the 300 large dams that, on average, enter into construction every year is estimated to be above 4 million people. The urban development and transportation programs being

started each year in developing countries are estimated to displace some additional 6 million people. Over the past decade, it is estimated that about 80 to 90 million people have been resettled as a result of infrastructure programs for dam construction, and urban and transportation development. Investments in other sectors have increased this number further.

World Bank-financed programs account for a small, but significant, share of this total. Projects currently in the Bank's active portfolio are expected to involve the resettlement of 2 million people over an eight-year period. Bank-funded projects account, conservatively, for some 3 percent of the resettlement caused by dam construction worldwide and for about 1 percent of the displacements caused by urban and transportation projects in the developing world.

While limited in relative terms, the Bank's involvement in resettlement is nonetheless of great importance. For those people resettled under Bank-financed projects, the Bank has a responsibility to help borrowers ensure that every effort is made to restore, and if possible improve, their livelihoods. But the Bank's involvement also has a broader significance that far exceeds the size of resettlement under Bank-financed projects. Indeed, over the past fourteen years since the Bank established its path-breaking resettlement guidelines, it has increasingly sought to work with governments to promote better policies and legal frameworks for resettlement, at and beyond the project level, and with project-executing agencies to promote better procedures for implementation.

Improving resettlement is difficult for developing country governments, particularly in low income countries with land scarcity, which face competing needs, resource limitations, and constraints on institutional capacity. Progress has been substantial over recent years and, in some countries, has been remarkable. However, major problems and difficulties associated with involuntary resettlement operations continue to occur, and often implementation performance is lower than expected.

The costs of inadequate resettlement can be very high, resulting in increased poverty for large numbers of people. This is especially serious since many of those affected are already very poor. They tend to live in disadvantaged areas where infrastructure is lacking and social services are very limited. The remote locations of many dam sites are often inhabited by indigenous people, ethnic minorities or pastoral groups. This heightens the moral imperative of ensuring sound policies and effective implementation.

Done right, resettlement programs can be an element of a nation's strategy to reduce poverty. This requires not only sound policies and adequate resources, but also a change in mindset — towards recognizing resettlers' entitlements to share in the benefits of the projects which cause their displacement.

Improving resettlement is thus an urgent priority. Achieving sound resettlement requires improving our understanding of the social, cultural, economic and ecological complexities involved, and in frankly facing up to the lessons from success and failure. This current review is part of this process.

## The Bankwide Resettlement Review

The Bankwide Resettlement Review was initiated in 1992 to encompass all projects with resettlement in the Bank's portfolio between 1986 and 1993 and to assess consistency between policy and operations. The Bankwide

review was assigned to the Environment Department in the Environmentally Sustainable Development Vice Presidency (ESD); the Environment Department established a Task Force to coordinate the review and carry it out jointly with the regional departments. Each of the Bank's operational regions and the Bank's Legal Department formed resettlement review working groups. All regions prepared comprehensive analytical reports on their resettlement portfolios, and these formed the basis of this report. Contributions were also received from the Bank's central Vice Presidencies.

The three objectives of the resettlement review were:

- To ascertain the scale of involuntary resettlement in the Bank's portfolio, and determine regional and sectoral trends and composition.
- To analyze ongoing resettlement programs for their quality, consistency with policy, and outcomes.
- To identify recurrent problems affecting performance, initiate midstream remedial actions, and prepare a follow-up strategy for addressing resettlement more effectively.

Rather than being carried out as a desk-bound and static stock-taking exercise, this review was deliberately designed as a broad process of resettlement analysis *in the field*, carried out by the Bank's relevant regional and central units jointly with the Borrowers. *The main product of this comprehensive review is not simply its final report, but the process that the review triggered throughout 1993 across the Bank and on the ground.* The review process consisted of intensified field supervision, analysis of project preparation, appraisal, supervision, and implementation, on-site consultations with non-governmental organizations (NGOs), sectoral resettlement studies, development of new technical tools for resettlement planning, and a considerable number of joint remedial actions initiated by the Bank and the Borrowers for projects failing to meet set objectives.

## Conceptual Issues

### *The need for investment in infrastructure*

Developing countries invest around \$200 billion per year in new infrastructure. The social and economic returns from these investments have been high.<sup>1</sup> In the past 15 years, the share of households with access to clean water has risen by 50 percent, bringing dramatic improvements in health and the quality of life. Per capita access to electric power and telephones has doubled in the same period, enabling increased productivity and human welfare. Food production has risen sharply — doubling in the past quarter century — with over half this gain coming from investments in irrigation. And investments in transportation have reduced costs and improved farm gate and producer prices.

Such developments often involve changes in land and water use patterns, and in some instances this requires that people be displaced. The numbers of people requiring resettlement can be reduced and, as shown in this report, progress in these areas has been substantial. But the need for resettlement cannot be eliminated. Nor should it be assumed that the volume of resettlement will be much lower in the future. More than 2 billion people still lack access to electricity and are forced to use sticks and dung for their energy needs; 1.7 billion lack sewerage systems and 1 billion lack access to clean piped water, resulting in the unnecessary death of 2-3 million infants and children each year. Food production will need to double again in the next 40 years — an impossibility without additional investment in irrigation. And the world's population will grow by almost 1 billion each decade over the same period. Substantial further investment in infrastructure will thus be absolutely essential if poverty is to be reduced and population growth rates brought down.

### *The nature of the resettlement problem*

Involuntary resettlement consists of two closely related yet distinct processes: displacing people and rebuilding their livelihood — processes

among the most difficult in development work. The complexity of involuntary resettlement and the enormous diversity of project situations make achieving good resettlement a formidable task. Recognizing the intrinsic difficulty of resettlement is the prime step for addressing this task seriously.

When people are displaced, production systems may be dismantled, kinship groups are scattered, and long-established residential settlements are disorganized. People's lives are affected in very painful ways. Many jobs and assets are lost. Health care tends to deteriorate. Links between producers and their customers often are severed, and local labor markets are disrupted. Informal social networks that are part of daily sustenance systems — providing mutual help in child care, food security, revenue transfers, short-term credit, labor exchanges, and other basic sources of socio-economic support — are dissolved. Local organizations and formal and informal associations disappear because of the dispersion of their members. Traditional community and authority systems can lose their leaders. Symbolic markers, such as ancestral shrines and graves, are abandoned, breaking links with the past and with peoples' cultural identity.

The cumulative effect can tear apart the social fabric and local economy, and is profoundly disruptive to large numbers of people. The main risk is impoverishment — through landlessness, joblessness, food insecurity, deteriorating health, or the loss of access to community assets. That is why carrying out resettlement adequately is an impoverishment prevention and poverty reduction task — central to the Bank's main mission. In working to reduce poverty, the Bank and its member countries must adopt mitigation measures to ensure that project-induced displacement and resettlement do not make additional people worse off.

Moving people involuntarily also raises legal issues. The potential for violating people's individual and group rights makes compulsory

relocation unlike any other project activity. The fact that projects frequently are delayed by courts, and that compensation levels are often raised significantly on appeal, reflects the recognition in legal systems that people cannot be arbitrarily displaced without just compensation, regardless of national need. When resettlement processes are carried out in a lawful manner that fully respects people's rights, opposition to projects by adversely affected people is reduced (although not eliminated) and overall project implementation is likely to unfold more effectively. Resettlement that reflects the needs and rights of affected persons is not just compliance with the law, but also constitutes sound development practice.

### *The international debate on resettlement*

Because of its complexity and adverse effects, involuntary resettlement has become the focus of a wide international debate, engaging and polarizing governments and nongovernmental organizations, public opinion groups, parliamentarians, development agencies, and the media. Criticism of involuntary resettlement often evolves into rejection of the goals and legitimacy of the project causing the resettlement, and sometimes of development itself. Two arguments are advanced. One denies, in principle, the acceptability of any involuntary resettlement. The second criticizes the quality of specific resettlement operations. Considerable criticism of both kinds is directed at Bank-supported projects.

The rejection of all resettlement is unrealistic. In many situations involuntary resettlement is unavoidable; the question is how to minimize its magnitude and how to respond effectively to the needs of the people being resettled. Thus, the Bank shares the views of those critics who deplore bad resettlement operations. Their concern for the welfare of the displaced populations is fully justified — and germane to the Bank's own mandate and policies. In practice, criticism of resettlement failures by NGOs or other interested groups frequently has helped improve the Bank's policies and operations. Through its very decision to adopt a formal

policy based on equitable principles and sound approaches, the Bank has delivered the sharpest criticism of bad displacement practices that cause the impoverishment of those displaced.

### *Bank resettlement policy*

The Bank was the first international development agency to respond to the complexity and difficulty of displacement by adopting, in 1980, a formal policy and institutional procedures to address displacement processes and resettlers' needs (see Box 1). This policy is based on actual experiences with resettlement in both developed and developing countries and on social science research. By adopting this policy, the Bank rejected the argument that impoverishing resettlers was an unavoidable, if lamentable, facet of development. The fundamental goal of the Bank's policy is to restore the living standards and earning capacities of displaced persons — and when possible to improve them. Its provisions protect and enlarge the entitlements of displaced people and promote a safety net approach for restoring their livelihoods. The Bank's policy calls for transforming people's involuntary resettlement, whenever possible, into an opportunity for development and for enhancing their prior living standards by enabling resettlers to share in the benefits of the development project that causes their displacement.

Restoring previous standards of living is a formidable task in practice. By pursuing a development-oriented outcome, the Bank's resettlement policy raises a major challenge for both Borrowers and the Bank, but a challenge fully consistent with the poverty alleviation policies of borrowing governments. However, the nature and the dimensions of the tasks at hand in implementing this policy must be well understood. The absence in many developing countries of effectively functioning land and labor markets, the substantive and procedural inadequacies of compensation systems for property appropriated by the state, and the absence of adequate social safety nets are three central reasons why the simple cash compensation of property losses under eminent domain

### Box 1. The Bank's resettlement policy

Based on feedback from field experiences and findings from social science research, the development of the Bank's resettlement policy has evolved steadily since 1980 through several key steps in 1986, 1988, and 1990.

The basic elements of the Bank's resettlement policy are:

- Involuntary displacement should be avoided or minimized whenever feasible, because of its disruptive and impoverishing effects.
- Where displacement is unavoidable, the *objective* of Bank policy is to assist displaced persons in their efforts to improve, or at least restore, former living standards and earning capacity. The *means* to achieve this objective consist of the preparation and execution by the Borrower of resettlement plans as development programs. These resettlement plans are integral parts of project designs.
- Displaced persons should be: (i) compensated for their losses at replacement cost, (ii) given opportunities to share in project benefits, and (iii) assisted in the transfer and in the transition period at the relocation site.
- Moving people in groups can cushion disruptions. Minimizing the distance between departure and relocation sites can facilitate the resettlers' adaptation to the new socio-cultural and natural environments. The tradeoffs between distance and economic opportunities must be balanced carefully.
- Resettlers' and hosts' participation in planning resettlement should be promoted. The existing social and cultural institutions of resettlers and their hosts should be relied upon in conducting the transfer and reestablishment process.
- New communities of resettlers should be designed as viable settlement systems equipped with infrastructure and services, able to integrate in the regional socio-economic context.
- Host communities that receive resettlers should be assisted to overcome possible adverse social and environmental effects from increased population density.
- Indigenous people, ethnic minorities, pastoralists, and other groups that may have informal customary rights to the land or other resources taken for the project, must be provided with adequate land, infrastructure, and other compensation. The absence of legal title to land should not be grounds for denying such groups compensation and rehabilitation.

laws cannot realistically be expected at this time to provide satisfactory outcomes for project-affected people in developing countries. This makes the need for the Bank's approach to resettlement compelling, in order to prevent impoverishment under Bank-financed projects. Attaining this goal often requires changes in the policies, legal frameworks, institutional capacities, and current practices of many Borrowers. This challenge is faced anew in every single development project that entails displacement.

Meeting it successfully demands that a systematic effort is made each time, including improving policy, allocating appropriate resources, and fostering the participation of resettlers and hosts.

For nations as for the Bank, policy goals must be translated into systematic implementation. While implementation in Bank-financed projects has not consistently been at the level required by the policy, it has been improving. It also is

undeniable that treatment of affected populations under projects that apply Bank policy is, in general, considerably better than under non-Bank financed projects, which account for up to 97-98 percent of total involuntary resettlement in the developing world. Bank-supported projects, however, should not be isolated from broad national policy contexts and frameworks. One of the most important findings of this review is that addressing the plight of these many millions through government commitment to better policies on resettlement (which would apply to both Bank-financed and non-Bank financed projects) is also the key way of improving the performance in that portion of the Bank's portfolio where resettlement issues remain problematic. Hence in countries where the Bank is financing, or is considering financing projects which involve resettlement, the Bank also assists governments in establishing or improving national policies, building on project-level experiences.

### Key Findings of the Review

The single most important message of the review is that good resettlement can prevent impoverishment and even reduce poverty by rebuilding sustainable livelihoods. If resettlement is not done adequately, resettlers end up worse off than before. Socially responsible resettlement is also economically beneficial because the heavy costs of poorly handled displacement extend well beyond the immediately affected population — to the regional economy, and to the host population in relocation areas. Inadequate resettlement induces local resistance, increases political tensions, entails extensive project delays, and postpones project benefits for all concerned; the benefits lost because of such avoidable project delays sometimes far exceed the marginal cost of a good resettlement package. Ensuring that involuntary resettlement is minimized — and when unavoidable, is carried out without impoverishing the people displaced — is fully justified on both economic and ethical grounds.

The review has shown, once again, that resettlement is nearly always more difficult, more expensive, and more time-consuming than generally realized. The largest resettlement operations move tens of thousands of people — often very poor people — long distances in a very short time, and reestablishing their standard of living is a hard task. The inherent difficulty in reestablishing standards of living and community services is compounded by the limited technical and institutional resettlement capacity of most Borrowers, and by weak commitment from some executing agencies.

Field research, project evaluations, and sectoral and legal studies confirm that:

- (a) The Bank's policy toward involuntary resettlement, described in Box 1, while ambitious, is sound and its goals reasonable.
- (b) Projects that follow Bank policy have demonstrably better resettlement outcomes than projects that bypass these requirements. Resettlement operations under projects effectively guided by the Bank's policy occur at standards usually superior to those outside Bank-assisted projects.
- (c) Resettlement performance is directly associated with the presence or absence of a domestic policy and organizational frameworks on resettlement. Countries, states, or sectors with an adequate resettlement policy generally achieve better outcomes in preventing impoverishment and restoring livelihoods than do countries or sectors which lack such policies.
- (d) The Bank's portfolio of resettlement operations is in much better health than in 1986, the year the previous resettlement review was completed — and radically different from the state of the portfolio at the time when the resettlement policy was issued. However, in a number of projects actual resettlement operations and outcomes are not consistent with the standards defined and demanded by the Bank's policy.

- (e) The planning processes and criteria established through the Bank's policy have significantly improved the practices of some borrowing governments, other international donors, technical agencies implementing large projects, and the Bank itself. However, progress in this respect has been insufficient and uneven. Much more needs to be done to ensure consistency of planning, outcomes, and impact monitoring with policy goals.
- (c) Sound social analysis, reliable demographic assessments, and technical expertise in planning for development-oriented resettlement;
- (d) Accurate cost assessments and commensurate financing, with resettlement timetables tied to civil works construction;
- (e) Effective executing organizations that respond to local development needs, opportunities and constraints; and
- (f) Public participation in setting resettlement objectives, identifying reestablishment solutions, and implementing them.

The in-depth review of resettlement experiences has generated important knowledge for both the Bank and Borrowers about ways to carry out more effective resettlement, and has identified good practices and ways of correcting unsatisfactory performance that are described in this report. The social dimensions of civil works construction projects require much greater attention by member country governments, as the recent OED review also concluded, as well as by the Bank.<sup>2</sup> Unless these aspects are mastered, development itself will continue to be dogged by some public criticism, rather than obtain the full, and increasing, support that it needs and richly deserves. Hence, beyond project-by-project activities, institutional development for addressing resettlement issues needs to be pursued as a valuable development objective in its own right.

Important learning has taken place over the last 10-14 years, building up towards the positive changes now underway. Despite the vast differences among countries and populations involved, much more is now understood about the *major common factors* that explain — by their presence or absence — why resettlement worked in some cases and failed elsewhere.

These are:

- (a) Political commitment by the Borrower, expressed in law, official policies, and resource allocations;
- (b) Systematic implementation by the Borrower and the Bank of established guidelines and procedures;

### The Bank's Resettlement Portfolio

During 1986 to 1993 involuntary resettlement was a part of 192 projects, displacing a total of 2.5 million people over the life of those projects. Forty-six projects had closed by 1993, having resettled over half a million people. Under the current portfolio of 146 projects active in 1993, nearly two million people are in various stages of resettlement. These projects represent eight percent of the Bank's currently ongoing 1,900 projects, and account for US\$23 billion or 15 percent of Bank lending. The large majority of the Bank-funded projects (60 percent) are located in East Asia and South Asia, due to the rapid development of these countries and their high population densities. Nearly 100 projects, with a preliminary estimate of about 600,000 people to be relocated, have been proposed by the Borrowers for the 1994 to 1997 pipeline of projects.

Within the 146 active projects with resettlement in the portfolio, the scale of resettlement per project varies from less than 500 to more than 200,000 people. However, the bulk of resettlement is concentrated in a handful of projects in India, China, Indonesia, and Brazil: eleven large projects situated in these countries account for over half — 1.1 million — of all the people being resettled. Projects in the South Asia and East Asia regions account for 80 percent of the

population to be resettled. Latin America's share in the resettlement project portfolio is 9 percent and Africa's is 23 percent. The number of countries with multiple resettlement operations is expanding: growing economies in Pakistan, Bangladesh, Vietnam, and Indonesia expect significant increases in the number of Bank-supported projects with resettlement.

The most significant sectoral shift in the Bank's resettlement portfolio is the rapid rise of transport, water and urban infrastructure projects. This is now the largest sector in terms of number of projects, accounting for 75 of the 146 ongoing projects involving resettlement. However, these resettlement operations are smaller than the average in hydropower or agriculture projects. Dams for irrigation, hydropower and drinking water are the single largest cause of displacement (63 percent of displaced people), and transportation corridors are the second largest cause (23 percent). In sectoral terms, agricultural projects continue to account for the largest segment of resettlers (52 percent).

### Performance in Resettlement

The Bank made significant progress during 1986 to 1993 in three major areas:

- Influencing the resettlement policies of borrowing countries.
- Assisting Borrowers in avoiding unnecessary resettlement operations or reducing the scale of unavoidable displacements.
- Assisting Borrowers in improving the circumstances of resettlers and their ability to restore their income.

At the same time, however, when projects were not consistent with policy and processing guidelines, a number of resettlers ended up worse off.

### *Influencing policies*

Having been the first international development agency ever to adopt a resettlement policy, the

Bank has promoted this policy with the Borrowers whose projects include involuntary population displacement. One main result of the Bank's catalytic impact during 1986 to 1993 is that several Borrowers enacted or improved domestic policies and legal frameworks for resettlement.

Resettlement works when governments want it to work. The main way governments express their commitment to good resettlement is by creating adequate institutional capacity, defined as the synergy between policy, organizations, and resources. Where Borrowers do not genuinely concur with the Bank's resettlement policy objectives from the outset, resettlement is generally not carried out well, regardless of the number of covenants, follow-up supervision missions, or the frequency of Bank threats to suspend disbursements. Similarly, when the Bank itself does not consistently adhere to its policy principles or procedures, project performance is weakened.

The 1986 to 1993 period has been marked by some notable policy successes. Stimulated by a Bank sector project in 1990, based on the Bank's policy, Brazil's *Electrobras* developed satisfactory resettlement guidelines for the country's power sector. Colombia adopted similar sectoral guidelines in 1992. China, with Bank involvement, improved its policy guidelines in the water resources sector. In 1993, India's National Thermal Power Corporation adopted a sectoral rehabilitation policy for all its operations, following detailed negotiations with the Bank as part of preparations for a sector loan. The Bank has been far more effective overall — and immediate operations have benefited more — when it succeeded in reaching agreement with borrowing governments on the broad domestic or sectoral policy framework relevant to Bank-assisted operations, than when its efforts were only confined to legal agreements for individual projects. In turn, the obligations laid down in individual loan legal agreements and the agreed upon "project policy" have sometimes formed the basis for discussing and improving more general domestic policy and legal frameworks.

Major multilateral and bilateral donors also have recently issued resettlement guidelines similar to the Bank's — for instance, the Inter-American Development Bank in 1990 — and the Asian Development Bank is now considering formally adopting similar guidelines. At the OECD's request, the Bank provided support in preparing resettlement guidelines, congruent with the Bank's guidelines, and in 1991 the development ministers of all OECD countries sanctioned similar unified guidelines for their countries' aid agencies.

### *Avoiding or reducing displacement*

The Bank has become more effective in assisting Borrowers in implementing the first principle of the resettlement policy: to avoid resettlement or reduce its size whenever technically and economically feasible. The potential for reducing or eliminating resettlement exists in many project proposals submitted for Bank financing. The redesign of the Saguling high dam in Indonesia, for instance, lowered dam height by five meters, thus avoiding the displacement of 35,000 people. In the Cote d'Ivoire forestry project, the Bank proposed revisions that reduced the Borrower's proposal to displace up to 200,000 people by 80 percent, to 40,000, and set substantially higher standards for those to be relocated. In Thailand, resiting the Pak Mun dam and lowering its height has reduced displacement from 20,000 to 5,000 people. In Ecuador's Guayas flood-control project, the redesign of canal layouts completely eliminated the need to displace anyone.

### *Restoring incomes*

The ultimate test of consistency between resettlement operations and policy is income restoration and improvement. Bank-financed projects that resettle people productively on land and in jobs tend to restore income more effectively than projects that deliver compensation without institutional assistance. Incomes were successfully restored particularly when resettlers were enabled to share in the immediate benefits

created by the very project that displaced them. Examples include helping resettlers develop aquaculture and fisheries in the new reservoirs (Indonesia), moving them into the newly irrigated command areas (China, and some projects in India) or favoring them to cash in on the commercial opportunities created around the newly constructed infrastructure (Argentina, China, Turkey). In many projects, living standards for urban resettlers improved through more durable housing, more floor space per capita, and better access to sanitary services — even though this came at the cost of a longer commute.

Although Bank policy defines a measurable goal for all resettlement operations — restoring pre-move income levels — very few projects have included sufficient measures or methods to assess whether income restoration is being achieved. Regional resettlement reports and most OED audits could not document whether incomes were improved or restored. Available evidence documents numerous cases of impoverishment of displaced people through unsatisfactory resettlement. Better monitoring systems have recently been initiated and will be expanded.

Compared to the findings of the Operations Evaluation Department in assessing the "early experiences with resettlement" (1993), which mostly referred to projects started in the early and mid-1980s, the review found better performance in recently completed or ongoing projects, particularly in countries with robust resettlement policies and implementation capacities such as China. However, the review comes to the same conclusion as the OED studies — that, although the data are weak, projects appear often not to have succeeded in reestablishing resettlers at a better or equal living standard and that unsatisfactory performance still persists on a wide scale. Though fragmentary, the weight of available evidence points to unsatisfactory income restoration more frequently than to satisfactory outcomes. Performance in income restoration is of particular concern in some country portfolios, such as India and Indonesia, which

have numerous projects entailing displacement but do not have a country-wide policy or legal framework for resettlement with income restoration. The key explanatory variable for success in restoring livelihoods on a productive basis is the presence of a national commitment to help resettlers, reflected in sectoral or national policy postures on the issue.

Declines in post relocation incomes are sometimes significant, in certain cases reaching as much as 40 percent for people who were poor even before their displacement. Losses often include important income-generating assets that are not replaced, as well as loss of shelter. Field findings show that for farm families, loss of their land has generally far more severe consequences than displacement from their homes; this is true even when partial loss of farming land leaves an economically nonviable unit. For urban families, hardest to replace is the loss of small businesses and workshops, or of access to gainful employment. Retrofitting actions have been started during the review in some recently identified cases, and other corrective actions will follow up on this review.

The risks of declining standards of living occur along several lines — economic, social, health, nutrition, and cultural alienation — and the risk-model identified by the review provides a warning model that helps planners and policymakers to prevent impoverishment. Not all risks affect various resettler groups equally, and some vulnerable groups and people (such as indigenous and tribal groups, or women headed households) have more exposure to the risks of economic and habitat displacement. Understanding the risks specific to different social groups helps explain how impoverishment occurs and what must be done to effectively avoid these risks in future operations.

The single most important factor for countering such risks in rural resettlement is making available adequate land with clear title to the members of displaced communities. In most situations, the “land for land” strategy leads to results far superior than cash compensation.

Difficulties occur particularly where land is scarce and land markets are thin. “Land for land” also implies land of approximately equal capability and, when such solutions are not available, trade-offs must be provided to open up off-farm income sources. In urban areas, resettlement difficulties revolve primarily around entitlements of owners, tenants, or transient groups, access to alternative jobs and business opportunities, and affordable housing. Participatory approaches and involvement of local urban NGOs have been very effective in finding alternative fill-in locations for urban resettlers and in mobilizing resettlers’ energies for reconstructing their habitat at higher standards, with better environmental services.

The question this review has posed for analysis is whether it is possible to identify the causes for the gap between Bank policy objectives — primarily recovering income levels — and actual project outcomes, which leave many people worse off. While there are cases of evident neglect and departures from institutional norms, more fundamental reasons account for problems in resettlement performance. Other lessons learned through this review concern questions of institutional capacities of both Borrowers and the Bank, the costs of successful resettlement, and the need for long-term development strategies.

Despite the enormous variability between projects and countries, a relatively small number of factors account for the uneven performance of resettlement operations:

- Compensation provisions and property acquisition practices do not provide enough resources to allow resettlers to purchase replacement lands and other assets. While no law prevents governments from providing adequate assistance to resettlers, in practice compensation procedures frequently exclude or underpay significant numbers of affected people. Borrowers use institutional means to displace people but do not use enough of their institutional abilities to

facilitate "land for land" alternatives on the ground.

- The overall financial resources earmarked for resettlement often fall short, often by large amounts. Cost overruns for resettlement operations exceed overruns for civil works by an average of 50 percent, mainly because of initial underestimates. Budget constraints and inflexible allocation procedures limit resources still further.
- The institutions charged with managing resettlement often lack the legal framework, mandate and skill needed to help resettlers and their hosts. Rigid procedures and lack of experience with resettlement exacerbates weak commitment and poor performance.
- The affected and host communities are not adequately participating in the resettlement process. Local knowledge is rarely used in designing resettlement programs or finding viable solutions, and effective legal mechanisms for resolving grievances are often lacking. Top-down planning and weak institutional field presence do not mobilize project beneficiaries in host areas to act as stakeholders for resettlement success by accommodating resettlers amongst them.

Certain preconditions exist for creating the enabling environment needed to help displaced families rebuild their lost livelihoods and production systems. Knowledge is available for creating such an enabling environment, despite the enormous variability in each resettlement situation. Favorable policy and legal frameworks, sufficient financing, able institutions, and local involvement in program design and management are the foundation for successful resettlement.

### *Borrower capacities*

Improving resettlement practice within Bank operations and beyond requires incorporating resettlement issues into the broader development discussions between the Bank and its Borrowers, and within the agenda of poverty

alleviation policies and strategies. Some of the Bank's most successful resettlement experiences have emerged from sectoral dialogues; where Borrowers and the Bank concentrate on overall resettlement objectives and planning principles that will guide individual resettlement projects.

Important differences exist between countries' abilities to implement resettlement, and, within individual countries, between sectoral capabilities. Strong and profitable sectoral agencies such as utilities and some parastatals can allocate the resources to carry out resettlement successfully, provided it is part of their legal responsibility, and sound relocation standards become normal business practices. Administrative departments typically lack the resources, budgetary flexibility, and managerial skills to carry out resettlement programs without major improvements in their internal structure. All resettlement programs, including smaller-scale operations such as the ones found in many urban or environmental protection programs, can be handled more effectively by involving local NGOs or community organizations of both resettlers and hosts.

### **Preparation and Appraisal of Resettlement**

Considerable improvements in the preparation and appraisal of projects involving resettlement were implemented between 1986 and 1993, bringing quality markedly above the levels found by the 1986 resettlement review. But some work processes and procedures were found not to have been carried out fully either by Borrowers or the Bank. The project processing and portfolio management issues identified by this review are partly similar to those found by the recent portfolio management task force for the Bank at large, though often more acute in the case of resettlement; they explain some of the uneven performance on the ground. Specific problems that were found to recur, particularly in the early part of the review period, are: (i) failure by many borrowing agencies to prepare satisfactory resettlement plans (quality at entry); (ii) laxness in fulfilling in-house responsibilities for

review and clearance in early project stages; (iii) irregular or insufficient project supervision; and (iv) insufficient follow-up actions by Borrowers and the Bank when implementation problems are identified.

For sound project preparation and execution, four elements are defined as mandatory for Bank financing of projects entailing displacement: population and income surveys; resettlement plans and development packages; resettlement timetables synchronized with civil works; and distinct resettlement budgets for financing compensation and resettlement-related investments. With significant regularity, the failures in implementation and in restoring income can be traced to poor work processes particularly in early project stages during project identification, preparation, and appraisal.

### *Baseline surveys*

Information about the population affected and its resource base is essential for assessing and planning resettlement. The use of baseline surveys has increased substantially — from 21 percent in FY80-FY85 to 43 percent in FY86-FY93, to 72 percent in projects approved in FY92-FY93, and 100 percent in the first ten months of FY94. The majority of these Borrower socio-economic surveys for ongoing projects still do not include income data. Assessing pre-move income levels is not easy, but is feasible and necessary, since lack of income data at start deprives the design and execution of projects of defined implementation targets and monitorable benchmarks for income recovery.

The greatest initial difficulty in many instances is that borrowing agencies undercount the affected population in project preparation and provide inaccurate information to appraisal missions. The Turkey Izmir Water and Sewerage project (FY87) started with an estimate of 3,700 affected people and now has a revised assessment of 13,000 people. The Madagascar Tana Plain project (FY90), for which the Borrower's preparation estimate was 3,500 people, now has a revised estimate of 11,000 people. Incorrectly assessed displacement sizes

result in project underdesign, inadequate cost estimates, resource shortfalls, institutional inability to prepare adequate solutions, and the impoverishment of resettlers. Special independent studies sponsored by the Bank appear sometimes necessary, and will be done in the future, to clarify perceived discrepancies in survey information received from Borrowers' feasibility assessments.

### *Resettlement planning*

Requirements for Borrowers to prepare and the Bank to appraise resettlement plans have been at the heart of World Bank policy since 1980. Appraisal missions should not proceed to the field unless the Borrower has submitted a resettlement plan to the Bank that will allow the Bank to appraise resettlement feasibility and cost in the context of the full project. Substantial progress has been made since the 1986 resettlement review, which found that only 14 percent of the then-active projects had prepared resettlement plans that included the minimum requirements of a baseline survey, timetable, budget, and a set of rehabilitation proposals. For the 1986 to 1993 period, an average of about 55 percent of Bank-assisted projects could claim to have appraised full resettlement plans.

A progressive improvement trend is clearly visible *within the period under review*, with momentum rapidly building up over the last couple of years. For the FY93-FY94 all the key indicators for the basic project processing and portfolio management activities are considerably higher than for the first years of the period under review. Resettlement operations are now better prepared and fully appraised. As with the increase in baseline surveys, the proportion of project resettlement plans at appraisal stage has increased as well: in FY93 and the first ten months of FY94 all but one of the 18 projects approved had a resettlement plan at appraisal.

While an improvement over the 1986 review findings has been made, the level achieved still means, nonetheless, that many Bank-financed projects currently under implementation got off

to a poor start due to difficulties in planning. Projects with significant displacements, such as Indonesia's Jabotabek Urban project (FY88), China's Sichuan Highways project (FY88) and Jiangsu Provincial Transport project (FY91), India's Talcher Thermal project (FY87) and Punjab Irrigation project (FY90), Guinea's Second Urban project (FY90), Nigeria's Multi-State Water project (FY92), and others, did not have a prepared, feasible resettlement plan at appraisal. The absence of such a plan means the absence of a fully funded package to assist resettlers. Remedial actions have been taken or are underway for these projects to improve planning and resources.

The quality and adequacy of resettlement planning has varied widely. Despite an overall objective of restoring incomes and living standards for displaced families, less than 30 percent of the resettlement plans have made income restoration a primary goal. This has affected performance. While superior to resettlement cases in the same country that were not funded by the Bank, the technical quality of resettlement planning by Borrowers for projects financed by the Bank has often remained below the high standards required by the Bank.

A side-by-side comparative study of involuntary and voluntary settlement programs highlighted the significant contrast between the resources and approaches used to prepare settlement programs where development is the main objective, and programs where involuntary resettlement is a subordinated component. The institutional and development packages of projects assisting *voluntary* settlements offer valuable models that can be adapted and emulated in *involuntary* resettlement projects. Furthermore, the large size of some involuntary resettlement operations, treated as project components ancillary to civil works, typically exceeds the capacity and expertise of the engineering entities that manage infrastructural projects. The experience of stand-alone voluntary settlement projects suggests the suitability of such full projects as vehicles for involuntary resettlement, particularly in large-scale operations. An

innovative solution was introduced in FY94, wherein China's Xiaolangdi dam and the resettlement it causes are treated as two interrelated but distinct projects: one for the dam and the other for resettlement as a full-scale development project. This allows the resettlement project fully to plan and design, in well-specified steps, its redevelopment approach, based on differential packages tailored to the incomes and potential of the affected populations, category by category.

Many of the projects lacking resettlement plans at appraisal developed such plans afterward. However, until 1992 overall compliance with Bank requirements for resettlement plans was incomplete, both in preparation work and in staff appraisal reports (SARs). Largely because of the resistance or weak capacity of borrowing agencies, or insufficient staff resources, divisional managers did not always insist on full compliance with operational directives. In turn, instances of noncompliance were not systematically identified by in-house reviews of preappraisal project documentation and of SARs. Clearance was given to projects that did not fully meet Bank safeguards, and such noncompliance was not flagged to regional managers and the Loan Committee *before* loan approval. These departures from internal project processing norms weakened project quality at entry. In particular, lack of resettlement plans has undercut the chances of satisfactory recovery. While involuntary resettlement is feasible when sound approaches are applied, doing it adequately is hardly possible when long-set procedures, germane to policy goals, are not rigorously applied. Rather than accelerating execution, bypassing procedures merely postpones problems. Such gaps in the Bank's own work become particularly significant in cases where the Borrower does not share the same perspective on resettlement and has no national policy framework to address the issue. In practice, Bank staff often have had a hard uphill struggle to obtain compliance with agreed project guidelines, especially when the work of technical agencies executing the project is not systematically monitored by the borrowing

governments. Actions to improve work processes and strengthen accountability have been initiated during the resettlement review, and additional measures to increase staff and managers' awareness have been adopted.

In some cases, the divisions in charge agreed that Borrowers could submit resettlement plans considerably after project inception. This proved to be of little help and tended to condone underestimation of resettlement by borrowing agencies, while holding the Bank hostage to practices it has long rejected. Experience has shown that postponing consideration of resettlement plans until after appraisal is costly to the borrowing agencies as well. For the ongoing Andhra Pradesh Irrigation II project (FY86), estimated initially to displace about 63,000 people, the division in charge agreed to appraise without a resettlement plan and then made submission of a satisfactory plan a condition of project effectiveness. However, the Borrower did not submit a satisfactory plan, thus missing three successive deadlines for project effectiveness; as a result the project was delayed and started only 14 months later. Commitment fees incurred by the Borrower for the delay exceeded the cost of preparing the resettlement plan. Lack of correct project preparation resurfaced again in mid-term when it became apparent that the actual number of affected people in this project was more than double the appraisal estimate, totaling about 150,000 people. For over 85,000 people — additional to what the Borrower indicated during preparation, appraisal and negotiations — no resettlement resources had been earmarked at appraisal.

### *Timetables*

Good practice prudently spreads massive relocations over the entire duration of the project, carrying out resettlement a step in advance of civil works to avoid bunching at the end of a project. Poor practice leaves the bulk of the population transfer for the last one or two years of a project's 8-to-10-year lifetime, subjecting resettlers to increased risks. Explicit resettlement timetables, synchronized with civil

works, were found to be missing from more than half of the ongoing projects. During this review, Country Departments have initiated measures to work with Borrowers to devise explicit timetables for resettlement in all ongoing projects.

### *Financing for resettlement*

Inadequate financial planning has been a major problem in resettlement, explaining much of the uneven performance. Many borrowing agencies do not recognize and calculate all the costs of displacement incurred by the people affected and do not incorporate full resettlement and rehabilitation costs in overall project expenditures. This leaves resettlement underfinanced. The review also found methodological weaknesses in the way SARs treat the economic and financial dimensions of resettlement. Bank technical guidelines for standardizing the economic and financial analysis of resettlement components, issued in 1988, were seldom used either by Borrowers or by Bank economists. The distinction between compensation costs for lost assets and the costs of new investments needed for reestablishing resettlers on a productive basis, with adequate shelter and services, has been seldom made, and such investment costs have not been budgeted. When the costs of relocating public sector infrastructure and of relocating resettlers are consolidated, lack of distinction tends to mask low per capita allocations to displaced families. The overall result: resources earmarked for resettlement fall short of what is needed.

The Bank's overall financing of resettlement costs in FY86-FY93 projects has not been commensurate with the importance the Bank attaches to this project component. Less than 15 percent of project resettlement components are cofinanced by the Bank — and when they are, the share of Bank financing is usually small. Substantially increasing the Bank's financing for productive development at relocation sites could improve resource flows to resettlers, enhance resettlement quality and project capacity to restore incomes, and stimulate local development in relocation host areas. Direct lending for resettlement should support Bank policy more consistently.

## Implementation and Supervision of Resettlement

Gradual but uneven progress has been made between 1986 to 1993 in supervising resettlement. The supervision of resettlement components improved immediately after the 1986 review, but afterward the frequency of supervision missions settled at a new plateau (higher than the pre-1986 level) until the beginning of this review, during which it again went up sharply. Resettlement components in all large irrigation and hydroelectric projects received regular supervision, but in transport, water, and urban development projects and in projects with smaller resettlement operations, supervision was sporadic. Where resettlement in some projects with large displacements, particularly in the urban sector was left unsupervised for several years — such as in the Indonesia Jabotabek urban project — it was difficult for the Bank to get a good grasp on how people were resettled.

The recent improvements in the quality and continuity of resettlement supervision must be sustained. Resettlement specialists are regularly used for the group of projects involving large resettlements, but social staff scarcity kept specialist supervision of medium-sized and smaller resettlement components below desirable levels, a situation partly corrected through more frequent employment of consultants. Technical Departments are thinly staffed with social specialists, and must split their efforts among many Country Departments. Resettlement involves not only social but also many technical dimensions in both agricultural and urban settings. Technical staff of Country Departments, with some important exceptions, are only sporadically used to cover resettlement during normal supervision. The results are often tardy identification of implementation difficulties — with late signals about problems to management and delayed Bank reaction to borrowing agencies responsible for implementation. The Bank's store of multidisciplinary *technical* talent is an important resource that regularly must be brought to bear on resettlement.

Borrowers' compliance with legal agreements has been monitored primarily for specific dated covenants for physical targets and seldom for the quality of resettlement work. Many problems were found by supervision missions, including departures by Borrowers from resettlement plans and provisions of legal agreements. Better monitoring and enforcement of legal agreements regarding resettlement hold great potential for increasing consistency between operations and policy. In the last 18 months disbursements on three projects were suspended for resettlement-related reasons.

One outcome of the 1993 review is to increase considerably the resources devoted to resettlement supervision across the Bank. Two-thirds of all resettlement supervision missions during 1993 included resettlement specialists, often through the temporarily intensified use of resettlement consultants needed for quick capacity build-up. The 1:2 ratio of staff to resettlement consultants employed during the 1993 review helped, but it is neither sustainable nor healthy for the institution in the long term, as it does not build in-house capacity and expertise (the same ratio of staff to consultants in overall portfolio management is 1:0.5). As consultants respond to other demands, continuity in resettlement portfolio management suffers.

## Improvements in Portfolio Management During 1993

The management and the performance of the Bank's resettlement portfolio were improved in important ways in 1993. As the review identified problems, relevant Bank units, jointly with Borrowers, initiated measures to address them. Throughout this process, the Bank: (i) strongly intensified supervision of resettlement; (ii) increased technical assistance to Borrowers for corrective actions; and (iii) improved the immediate work on new projects in the FY94-FY97 pipeline.

During the 1993 review, the Bank tripled its resources for resettlement supervision. Most

projects involving the resettlement of more than 1,000 people were supervised at least once, and over 40 projects, including the largest, were supervised twice. The regions sent more supervision missions for resettlement during the past 12 months than in the previous three years taken together.

Remedial actions begun during the review include: (i) reassessing the magnitude of resettlement; (ii) adjusting timetables for resettlement; (iii) increasing the participation of affected people; (iv) finding better relocation solutions or ways to reduce displacement; (v) providing additional financial resources; and (vi) supporting Borrowers' efforts to expand organizational capacity. These remedial actions have considerably improved the Bank's overall portfolio, as a number of "problem resettlement projects" — such as Turkey's Izmir Water and Sewerage project, Madagascar's Tana Plain project, and several projects in India — have been put on a sound path to improvement. In India, for instance, following intensive support by Bank staff and management, significant remedial actions have been agreed upon in the Maharashtra Irrigation III Project, with 168,000 affected people, in the context of project restructuring; and in the Upper Krishna Irrigation II Project, with over 220,000 affected people, where improved resettlement work has recently made possible the lifting of disbursement suspension. More corrective actions are envisaged.

In-house analytical work, and training offered to country officials, have also contributed during 1993 to improving portfolio management. All regions have prepared reports analyzing the status of resettlement operations not only on a project-by-project basis but also as a subset of the region's portfolio. Central departments have prepared sector-focused and issue-focused resettlement reports on agriculture, hydropower, and urban and transportation; they will continue to monitor specific aspects of the resettlement portfolio. The legal aspects of resettlement have been analyzed by the Legal Vice Presidency. In 1993, EDI orga-

nized resettlement training seminars in India, China, and Turkey, and agreed with various Borrowers to continue such training.

The entire review process has been an exceptional opportunity for learning how to do resettlement better, for identifying good practices, adjusting general approaches to particular sectors and circumstances, building institutional capacity for resettlement, and refining analytical and evaluation methodologies. While a considerable part of these lessons are presented in this report, a number of other economic, sociological, legal, and technical studies have been completed or are underway. The findings of these studies will be widely disseminated to help expand available knowledge and best practices. Contributions from the Legal Department include pioneering studies by the Bank's General Counsel on the legal issues involved in population displacement by public sector development interventions, which help both the Bank and Borrower in protecting resettlers' rights and entitlements. The Environment Department also prepared a set of new instruments for improving future resettlement work, including: revised guidelines for the economic and financial analysis of resettlement; a computer-based project-level monitoring system for resettlement execution; guidelines for developing reservoir fisheries for resettlers; and studies on experiences with urban resettlement. Support was given for the preparation of a technical manual for planning urban resettlement by the Rotterdam Institute for Housing Studies. The Africa Region (AFTES), which has synthesized and published its bi-annual reviews of resettlement carried out since 1988, also organized an international conference and published a volume on resettlement in Africa.

The activities throughout 1993 in the Bank and in the field demonstrate the Bank's and the Borrowers' abilities to learn from experience, to respond effectively to resettlement problems, and to set clear institutional priorities. Both are now better equipped to carry out resettlement work in forthcoming projects. Nonetheless,

since considerable additional resources were needed and allocated to achieve these results, it will be a challenge for all to maintain the recent level of effort.

## **Actions to Improve Bank Resettlement Work**

The general conclusion of the resettlement review is that the quality of the Bank's resettlement project portfolio has improved, particularly after 1991. The review also revealed important weaknesses, and actions have been, or will be, taken to achieve further improvements.

### ***Strategic priorities***

Within the Bank's existing policy for resettlement centered on income restoration, work will be guided by the following strategic priorities, which match the key lessons described in this report.

### ***Ensure the Borrower's commitment***

The Bank will not finance projects involving large resettlement operations unless the government concerned adopts policies and legal frameworks apt to lead to resettlement with income restoration. Agreement on policy should be explicit from the outset, with due consideration given to circumstances in countries with a federal system, where the policies/legal frameworks may fall within the jurisdiction of the state/provincial governments. Loans in sectors with high resettlement needs should provide for gradual extension of improved resettlement standards from the project level to impact more broadly the whole sector.

### ***Enhance the Borrower's institutional capacity***

The Bank will help Borrowers build their institutional capacity to implement resettlement before displacement starts, including the clarification of legal frameworks, with a view to protect people's rights. For Borrowers with several Bank-assisted resettlement operations, the Bank will be prepared to support special

institutional development projects to assist the government in improving organizational capacities for addressing resettlement needs throughout project design and implementation (e.g., capacities for site preparation, land resource studies, monitoring and evaluation, training). Such Bank institutional support will focus primarily on national and state agencies — such as central irrigation and water departments, electricity boards, corporations — aiming to develop their overall capacity on technical, social, and environmental matters, and specifically to develop design standards, rules and regulations that could help translate resettlement policy and legal provisions into project practice. NGOs can play a big role in increasing local institutional capacity, and the Bank will encourage their involvement.

### ***Improve project design***

Bank-assisted projects should avoid or reduce displacement as much as possible through technical and social studies for project design and execution. Every effort will be made before project start to search for technical and social options to reduce resettlement. The Bank will make special efforts to identify and disseminate best practices, particularly as regards resettlement in urban and semi-urban contexts for which operational approaches must be further refined. Project design and explicit timetables should create internal mechanisms that link progress in civil works with gradual advance in resettlement. These will be described in project SARs.

### ***Promote people's participation***

The Bank requires the active participation of would-be resettlers in the preparation, planning, and implementation of resettlement. As part of regular environmental assessments (EA), resettlement plans are made available to the public. Reliable information must be available to the project-affected people regarding resettlement and rehabilitation policy, entitlements, eligibility, options, due process, and appeals mechanisms. Public consultation on resettlement plans will stimulate participation of resettler and host populations in preparing such plans, and later in executing them.

### ***Provide adequate Bank financing***

To prevent impoverishment, all future projects will internalize the full cost of resettlement and of the investments required for income restoration within total project costs. In the context of the overall project financing plan, the Bank will be prepared to increase its share in financing resettlement operations, as needed from case to case. As adequate financing still remains a problem in some recently approved projects, the Bank will consider supplementary financing whenever appropriate. Increased financing from domestic — and, when appropriate, from bilateral sources — for resettlement activities should be also sought.

### ***Diversify project vehicles***

The Bank will consider twin-project approaches for large-scale civil works causing resettlement. Future infrastructural operations that displace a large number of people will normally be processed as twin projects, with the actual threshold for the stand-alone project to be determined on the basis of country and local capacity. Processing of large-scale resettlement operations as components of larger projects will require justification in the Staff Appraisal Report. Treatment of major resettlement operations as full fledged projects will better mobilize the appropriate administrative frameworks and skills needed to carry out resettlement successfully. An additional option is to use two-project sequences, with a rural or urban development project immediately following up in the resettlement zone on the heels of the infrastructure operation involving displacement; this option should be considered based on needs in each project area situation.

### ***Strengthen the Bank's institutional capacity***

The Bank is increasing its capacity to address the social and technical dimensions of resettlement projects, in order to sustain and build on the recent improvements. Particularly important are better use of existing staff skills, additional staff capacity in critical fields such as social areas, enhanced project review, and ongoing

performance monitoring and evaluation. Managers will allocate sufficient resources from within their budgets to achieve these improvements. To support overall strengthening of work on the social dimensions of projects, the Bank will allocate financial resources to a central fund designed to provide support for innovative projects addressing priority social dimensions, such as participatory poverty assessments, methodologies for social analysis, the organization of natural resource users, NGO involvement in project design and implementation, and others.

### ***Remedial and retrofitting actions***

Near-term remedial actions will be continued or initiated for active projects that fall short of policy and legal provisions. For the ongoing projects identified by each region as having serious resettlement problems, remedial action plans are being prepared by the Borrowers with Bank assistance, and the preparation of all such plans will be completed by mid-1995. Some projects may require restructuring, additional financing, or the creation of resettlement agencies.

For the projects assessed by the regions as having moderate or minor problems, Bank assistance will continue to be provided through regular or intensified supervision by each Country Department. Borrowers would be expected to reallocate financial resources within project budgets to complete resettlement successfully, and, when requested, the Bank will consider additional financing.

The review identified cases where resettlement plans agreed with the Bank were not implemented by the Borrower and completed projects have left a number of resettlers worse off. The Bank stands ready to provide assistance to Borrowers in the remedial actions they propose to take. Such "retrofitting" actions by the Borrower, to the extent possible, should identify the people affected and seek to reverse their impoverishment. The retrofitting actions agreed upon between the Bank and India's National Thermal Power Corporation (NTPC) for several

completed thermal projects is a recent example that represents progress.

### *Improving project processing*

Full compliance with procedures and established safeguards for ensuring project quality — such as baseline income surveys, resettlement plans and packages, timetables, and budgets — is essential. The fact that nearly all FY93-FY94 projects submitted to the Regional Loan Committees comply with established procedures indicates that Regional Vice Presidencies are focusing on these requirements. While full implementation responsibility rests with borrowing governments, Bank staff have their own responsibility to follow up carefully on performance, impacts, and outcomes. Because of the high risks involved in sensitive projects that dismantle and reconstruct peoples' livelihoods, particular prudence and care are warranted by Bank and Borrower staff. It is essential that the Bank address — and be clearly seen to address — its own responsibilities more effectively, in addition to the Bank's call on borrowing governments to do the same.

Improvements have been and are being made in (i) the analysis of resettlement at appraisal and in the design of development packages for resettlers, (ii) the in-house review of resettlement components before project submission to the Regional Loan Committee, and (iii) the staffing and organization of operational units to enable them to address resettlement professionally and consistently. Much of the knowledge needed for doing sound, successful resettlement resides in the Bank, and the present review has enriched it. With well-deployed staff resources, this knowledge must now be more fully used.

At project identification and during the preparation of large resettlement operations, the Bank will encourage Borrowers to carry out pilot schemes to test the adequacy of proposed solutions and arrangements. Systematic use of Project Preparation Facility resources and of the Institutional Development Fund (IDF) will open additional financial windows for technical support and capacity building to Borrowers in

the decisive preparatory phases. In major operations — particularly for dams — consideration is increasingly given in the early identification stages to using a resettlement advisory panel, along the lines pursued in establishing dam safety panels.

Bank provisions for resettlement appraisal, as defined in OMS 2.20 and OD 4.30, are adequate and will be implemented. Appraisal will explicitly assess and report on the social and economic risks involved in the proposed resettlement operation, distinct from other project risks, and ensure that the socio-economic reconstruction package addresses these risks. Consistent with the Bank management decision on preparing an Implementation Plan for each project at appraisal, the resettlement plan will be incorporated in the overall implementation plan.

The content of SARs for projects involving resettlement is being improved to ensure that essential information about resettlement is provided to management and the Board. A distinct SAR subsection for the resettlement component will include the basic indicators on affected populations, development packages, risk mitigation, timetable, and budget. The overall cost of resettlement will be specified as an identifiable part of project costs and will distinguish compensation costs from the costs of investments needed to reconstruct a viable socio-economic basis for resettlers.

### *Supervision*

Considerable scope exists for further improving the content and frequency of resettlement supervision. Regular and adequately staffed supervision missions will take place at least every 12 months, including on-the-ground visits to the places where displacement and relocation actually occur. Intensively using local specialist consultants will significantly increase the reach of Bank supervision work. The good practice introduced by the East Asia and Africa regions to support monitoring panels appointed by the Borrower improves implementation and will be extended.

Bank divisions responsible for projects with complex resettlement need to allocate increased staff time to supervise these operations. However, no amount of increased Bank supervision can substitute for Borrowers' defaults or weak commitment to carry out agreed actions. When compliance with legal agreements is found lacking, decisions to continue disbursements require approval at the same regional management levels that clear proposals to suspend disbursement (this applies to all non-compliance and not only to non-compliance with resettlement agreements). Because of the sensitivity and risks of resettlement, current mechanisms for reporting field findings to divisional and regional managers (through Form 590) will be improved.

To sustain the progress achieved during the review and to monitor continued compliance with Bank guidelines and procedures, regional units will prepare annual reports on projects with resettlement in their portfolio, as part of the Annual Review of Portfolio Performance (ARPP). These reports will cover the management of the resettlement project portfolio along measurable indicators — specifically the frequency of supervision missions, and assessments of livelihood recovery as displaced people resettle, and major implementation problems, if any. As regards the processing of new projects with resettlement, the reporting will cover the presence of resettlement plans, income surveys, timetables and budgets, and consultation with local people.

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Strengthening its assistance to Borrowers on resettlement work and improving resettlement performance is of high priority for the Bank, and part and parcel of the Bank's central mission to alleviate poverty and promote sustainable development. The important learning process that has taken place over the last few years has increased awareness of the complex issues and risks involved, and the Bank and its Borrowers are much better equipped than in the past to work in this area. Much of the necessary technical talent for this work exists in

the Bank, and the limited in-house capacity for social analysis is being strengthened. Diversified project vehicles and more financial resources will be used by the Bank to assist Borrowers with large scale resettlement operations.

By setting more exacting norms for the operations it assists, and promoting resettlers' reestablishment at comparable or improved income levels, the Bank is working to narrow the gap between resettlement goals and past entrenched practice in many countries. Closing this gap requires time, resources and steady effort by both the Bank and its Borrowers. Unfortunately, bad standards continue to prevail in much of the displacement taking place today outside Bank-assisted programs; as Bank-financed projects do not occur in isolation, such standards slow progress under Bank-financed projects as well. For this reason all governments and multilateral and bilateral development agencies must pursue similar policies and approaches, to maximize the prospects for improving the livelihood of resettlers.

By supporting resettlement centered on preventing impoverishment, the Bank promotes policies and approaches that are relevant far beyond the Bank-assisted projects. Improving Borrower's capacity will benefit not only Bank-assisted operations, but also the much broader resettlement activities of entire sectors, affecting larger numbers of people. This is the road that must be travelled in future resettlement work, even though it is not an easy one. There will be many difficulties, because resettlement remains a formidable challenge for Borrowers as well as for the Bank. The Bank recognizes its important responsibility to help its Borrowers move progressively along this road, to improve resettlement whenever displacement cannot be avoided, and to extend improved approaches to sector and national contexts.

### Notes

- <sup>1</sup> See *World Development Report, 1994* for a detailed discussion.
- <sup>2</sup> See Operations Evaluation Department, *Early Experiences with Involuntary Resettlement*, Report No. 12142, June 30, 1993.

# Resumen Ejecutivo

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## Un Reto en Todo el Mundo

El reasentamiento involuntario ha acompañado los procesos de desarrollo a través de la historia y ha marcado de manera indeleble la evolución tanto de los países industrializados como de los países en desarrollo. La construcción de importantes represas para la generación de energía, irrigación y sistemas de agua potable o la extensión de las redes de carreteras han ocasionado desplazamientos cargados de infortunio y privación. El drama del desplazamiento forzoso en el sector West End de la ciudad de Boston ha sido divulgado en toda la literatura sociológica. El hermoso plan maestro de la actual ciudad de París fue posible gracias a la dolorosa reubicación de parte de sus habitantes en los días del Barón Haussmann. La construcción de la impresionante autopista denominada Cross Bronx Expressway en la ciudad de Nueva York cercenó muchos barrios algunos de los cual algunos podrían haber sido preservados. Los gigantescos complejos hidroeléctricos en Canadá requirieron la movilización de muchos grupos indígenas. Los desplazamientos involuntarios ocurren hasta el presente en todos los países por razones relacionadas con la mejora en las condiciones de vida, la infraestructura ambiental y la expansión de los servicios públicos. La experiencia con varios tipos de desplazamientos involuntarios y el reasentamiento ha generado un creciente cuerpo de conocimientos para la planificación y para proteger los derechos y los medios de subsistencia de la población afectada.

En los países en desarrollo la escala de los desplazamiento de población relacionada con

proyectos de desarrollo ha crecido rápidamente en las últimas décadas, debido al aumento del número de obras de infraestructura y la densidad poblacional. Se estima que de un promedio de 300 represas de gran tamaño que inician construcción cada año, ocasionan el desplazamiento de más de 4 millones de personas. Los programas de desarrollo urbano y de transporte que se inician cada año en los países en desarrollo provocan adicionalmente el desplazamiento de alrededor de 6 millones de personas. En la última década, se estima que entre 80 y 90 millones de personas han sido reasentadas como resultado de programas de infraestructura para construir represas y para proyectos de desarrollo urbano y transporte. Las inversiones en otros sectores hacen que se incremente aún más este número de desplazados.

Los programas financiados por el Banco Mundial son responsables de un porcentaje pequeño pero significativo de este número de personas afectadas. Los proyectos que en la actualidad están activos en el portafolio del Banco involucran el reasentamiento de 2 millones de personas en un período de ocho años. Calculando en forma conservadora, los proyectos financiados por el Banco provocan un 3 por ciento de los reasentamientos causados por la construcción de represas en todo el mundo y un 1 por ciento de los desplazamientos causados por proyectos de desarrollo urbano y transporte en los países en desarrollo.

Aunque en términos relativos la participación del Banco en reasentamiento es limitada, no deja de ser de gran importancia. En los casos

de los proyectos que ha financiado, el Banco tiene la responsabilidad de ayudar a los Prestatarios para asegurar que cada esfuerzo es dirigido a restablecer y si es posible mejorar los medios de subsistencia de la población afectada. Pero la participación del Banco tiene un significado más amplio que va más allá del tamaño del reasentamiento realizado en los proyectos financiados por él. De hecho, durante los últimos catorce años desde que el Banco estableció sus innovadores lineamientos para el reasentamiento, ha trabajado cada vez más con los gobiernos para promover mejores políticas y marcos legales para el reasentamiento, tanto a nivel del proyecto como en su entorno, así como con las agencias que ejecutan los proyectos, con el fin de promover mejores procedimientos para la gestión.

Es difícil para los gobiernos de países en desarrollo mejorar los reasentamientos, particularmente en aquellos de bajos ingresos donde la tierra es escasa y en los cuales diferentes necesidades de la población compiten entre sí y donde existen limitaciones de recursos y capacidad institucional. En los últimos años se ha registrado un progreso sustancial y en algunos países los avances han sido admirables. Sin embargo, continúan los problemas y las dificultades asociadas con el reasentamiento involuntario y a menudo la calidad de la gestión es menor que la esperada.

Los costos de reasentamientos inadecuados pueden ser muy altos, provocando el aumento de los niveles de pobreza en un gran número de personas. Esto es especialmente serio ya que muchos de los afectados son muy pobres. Estas poblaciones habitan normalmente en las áreas menos favorecidas donde no existe infraestructura y donde los servicios sociales son muy limitados. Los lugares remotos donde se ubican muchas represas a menudo están habitados por pueblos indígenas, minorías étnicas o religiosas. Esto agrava el imperativo moral de exigir políticas racionales y su aplicación efectiva.

Los programas de reasentamiento bien ejecutados pueden ser un elemento en la estrategia de un país para reducir la pobreza. Esto requiere no sólo políticas racionales y recursos adecuados sino también un cambio de mentalidad para reconocer los derechos que tienen las comunidades afectadas de participar en los beneficios del proyecto que causa su desplazamiento.

El mejoramiento de los reasentamientos es pues una prioridad urgente. Para lograr reasentamientos racionales se requiere mejorar nuestro entendimiento de la complejidad social, cultural, económica y ecológica involucrada así como afrontar con franqueza las lecciones de éxito y fracaso. Esta revisión que llevamos a cabo es parte de ese proceso.

### **Revisión de los Proyectos del Banco que Implican Reasentamiento**

La Revisión de los Proyectos del Banco que implican reasentamiento se inició en 1992 para cubrir todos los proyectos del portafolio del Banco entre 1986 y 1993 y determinar la consistencia con que se aplican las políticas en las operaciones. La Revisión fue asignada al Departamento de Medio Ambiente en la Vicepresidencia para el Desarrollo Ambientalmente Sostenible. El Departamento del Medio Ambiente estableció un Grupo de Trabajo para coordinar la Revisión y para llevarla a cabo conjuntamente con los departamentos regionales. Cada una de las regiones operativas del Banco y el Departamento Legal, formaron subgrupos de trabajo para la revisión de los reasentamientos. Todos los departamentos regionales prepararon reportes analíticos comprensivos sobre su portafolio de proyectos que implicaron reasentamiento, los cuales sirvieron de base para este reporte. Se recibieron además contribuciones de otras Vicepresidencias centrales del Banco.

Los tres objetivos de la revisión del reasentamiento fueron:

- Establecer la magnitud del reasentamiento involuntario en el portafolio de proyectos del Banco así como su composición y tendencias regionales y sectoriales.
- Analizar los programas de reasentamiento existentes en cuanto a su calidad y consistencia con las políticas y resultados.
- Identificar los problemas recurrentes que afectan la ejecución; iniciar acciones correctivas y preparar una estrategia de seguimiento para dirigir los reasentamientos mas efectivamente.

Esta Revisión fue deliberadamente diseñada como un proceso amplio de análisis de los reasentamientos *en el campo* y no como un ejercicio de gabinete y fue llevado a cabo con la participación de las unidades regionales y centrales del Banco relevantes al proceso, conjuntamente con los Prestatarios. *El principal producto de esta Revisión comprehensiva no es simplemente el reporte final, sino el proceso que se desencadenó en 1993 en todo el Banco y en el terreno.* El proceso de revisión consistió en una intensa supervisión de campo, un análisis de la preparación, evaluación, supervisión e implementación de los proyectos, así como consultas sobre el terreno con Organizaciones No Gubernamentales (ONGs), estudios sectoriales sobre reasentamiento, desarrollo de nuevos instrumentos técnicos para la planificación del reasentamiento y un número considerable de acciones correctivas conjuntamente iniciadas por el Banco y los Prestatarios para aquellos proyectos que no cumplían los objetivos fijados.

## Temas Conceptuales

### *Necesidad de inversiones en infraestructura*

Los países en desarrollo invierten alrededor de \$200 mil millones por año en nueva infraestructura. El rendimiento económico y social de estas inversiones ha sido alto.<sup>4</sup> En los

últimos quince años, el porcentaje de familias con acceso a agua potable ha aumentado en un 50 por ciento, lo cual ha hecho posible una mejora dramática en la salud y la calidad de vida. El número de personas con acceso a servicios de energía eléctrica y teléfono se ha duplicado en el mismo período, lo cual ha permitido un incremento en la productividad y el bienestar social. La producción de alimentos se ha elevado significativamente llegando a duplicarse durante el último cuarto de siglo. La mitad de este aumento se ha producido como resultado de inversiones en proyectos de irrigación. Las inversiones en programas de transporte han reducido los costos y mejorado los precios de los insumos y productos agrícolas.

Estos logros implican a menudo cambios en los patrones de uso de la tierra y del agua y en algunos casos obligan al desplazamiento de la población. El número de personas que requieren reasentamientos se puede reducir y tal como demuestra este reporte, se ha alcanzado un progreso sustancial en tal sentido. Pero la necesidad de los reasentamientos no se puede eliminar. Tampoco se debe asumir que el volumen de los reasentamientos será mucho menor en el futuro. Más de 2 mil millones de personas continuarán careciendo de electricidad y serán forzadas a utilizar leña y desperdicios para cubrir sus necesidades energéticas; 1.7 mil millones de personas viven sin sistemas de alcantarillado y mil millones no tienen acceso a agua potable en tubería, lo cual provoca la muerte innecesaria de 2 a 3 millones de niños e infantes cada año. La producción de alimentos necesitará duplicarse en los próximos 40 años lo cual es inalcanzable sin realizar nuevas inversiones en sistemas de irrigación. La población del mundo aumentará en mil millones cada década durante el mismo período. Una inversión sustancial en nueva infraestructura será absolutamente esencial si se desea reducir la pobreza y disminuir las tasas de crecimiento de la población.

### ***La naturaleza del problema en reasentamientos***

Los reasentamientos involuntarios consisten en dos procesos íntimamente relacionados y al mismo tiempo distintos: el desplazamiento de las personas y la recuperación de sus medios de subsistencia. Estos son los procesos más difíciles en el trabajo de desarrollo. La complejidad del reasentamiento involuntario y la enorme diversidad de situaciones de los proyectos hacen que la labor de llevar a cabo un reasentamiento exitoso sea una tarea formidable. El primer paso para dirigirnos hacia la solución de estos problemas debe ser reconocer su dificultad intrínseca.

Cuando las personas son desplazadas, se desmantelan los sistemas productivos, se dispersan los grupos de afinidad, y se desorganizan los asentamientos residenciales con larga tradición.<sup>5</sup> La vida de las personas se afecta de forma muy dolorosa. Se pierden los empleos y el patrimonio. Se produce una tendencia al deterioro de los servicios de salud. Se cortan los vínculos entre los productores y sus clientes y se disloca el mercado de trabajo local. Se disuelven redes sociales que son parte del sistema diario de supervivencia como la ayuda mutua en el cuidado de los niños, la seguridad alimentaria, las transferencias de ingresos, los préstamos a corto plazo, el intercambio de trabajo manual y otras fuentes básicas de apoyo socio-económico. Como resultado de la dispersión de sus miembros, las organizaciones locales y las asociaciones formales e informales desaparecen. El sistema tradicional de comunidad y de autoridad puede perder sus líderes. Se abandonan los lugares simbólicos tales como santuarios y cementerios y se cortan los vínculos con el pasado y con la identidad cultural de la comunidad.

El efecto acumulativo puede destruir la entretela social y la economía local y es profundamente devastador para un gran número de personas. El riesgo principal es el empobrecimiento a través de la pérdida de la tierra, falta de empleo, inseguridad alimentaria, deterioro de

la salud y la pérdida del acceso a los activos de la comunidad. Es por eso que la ejecución del reasentamiento de forma adecuada es una tarea de prevención del empobrecimiento y de reducción de la pobreza, ambos objetivos son centrales dentro de la misión del Banco. Al trabajar para reducir la pobreza, el Banco y sus países miembros deben adoptar medidas de mitigación que aseguren que los desplazamientos y reasentamientos producidos por el proyecto no aumenten el número de familias que viven en estas condiciones.

La movilización involuntaria de la población también implica consecuencias legales. La facilidad de violar los derechos individuales y colectivos hacen que el desplazamiento compulsivo sea distinto a cualquier otra actividad de un proyecto. El hecho de que los proyectos a menudo son demorados por las cortes, y de que los niveles de compensación a menudo se elevan significativamente en las cortes de apelación, refleja el reconocimiento en los sistemas legales de que las personas no pueden ser desplazadas arbitrariamente sin una compensación justa, aún cuando exista una necesidad de interés público. Cuando los procesos de reasentamiento se llevan a cabo en concordancia con la ley y respetando en su totalidad los derechos de las personas, se reduce (aunque no se elimina) la oposición al proyecto por parte de las personas afectadas y la implementación general del proyecto probablemente se desenvolverá más efectivamente. Un reasentamiento que toma en cuenta las necesidades y los derechos de las personas afectadas además de cumplir con la ley constituye un ejercicio eficaz de desarrollo.

### ***El debate internacional sobre reasentamiento***

Atendiendo a su complejidad y efectos negativos, los reasentamientos involuntarios han sido el foco de un amplio debate internacional que involucra y polariza a los gobiernos y a las ONGs, a los grupos de opinión pública, a los congresistas y parlamentarios, a las agencias de desarrollo y a los medios de comunicación. La crítica al

reasantamiento involuntario a menudo se convierte en un rechazo de las metas y la legitimidad del proyecto que ocasiona el reasantamiento y a veces del desarrollo en sí mismo. Se manejan dos argumentos. El primero niega en principio la aceptabilidad de cualquier reasantamiento involuntario. El segundo critica la calidad de una operación específica de reasantamiento. Los proyectos apoyados por el Banco reciben profusamente ambas críticas.

El rechazo de todo reasantamiento es poco realista. En muchas situaciones el reasantamiento involuntario es inevitable. El asunto es cómo minimizar su magnitud y responder efectivamente a las necesidades de las personas que serán desplazadas. El Banco comparte la posición de aquellos críticos que deploran las malas operaciones de reasantamiento. Su preocupación por el bienestar de las poblaciones desplazadas es totalmente justificada y ajustada a los mandatos y políticas del propio Banco. Es frecuente que las críticas hechas por las ONGs y otros grupos sobre las fallas de los reasentamientos ayuden a mejorar las políticas y las operaciones del Banco. Precisamente a través de su decisión de adoptar una política formal basada en principios de equidad y enfoques racionales, el Banco ha lanzado la más aguda crítica contra las malas prácticas de desplazamiento que ocasionan el empobrecimiento de los desplazados.

### ***La política de reasantamiento del Banco***

El Banco fue la primera agencia internacional de desarrollo que respondió a la complejidad y dificultad de los desplazamientos adoptando en 1980 una política formal y procedimientos institucionales para atender a los procesos de desplazamiento y las necesidades de las personas que son objeto de reasentamientos (*ver cuadro 1*). Esta política está basada en experiencias concretas con reasentamientos tanto en países desarrollados como en aquellos en desarrollo, así como en investigaciones de científicos sociales. Al adoptar esta política el

Banco rechazó el argumento de que el empobrecimiento de los desplazados era una faceta lamentable pero inevitable del desarrollo. La meta fundamental de la política del Banco es restablecer las condiciones de vida y la capacidad de ingreso de las personas desplazadas y mejorarlas cuando sea posible. Sus lineamientos protegen y amplían los derechos de las personas desplazadas y promueven el despliegue de redes de seguridad para restablecer sus medios de subsistencia. La política del Banco propone que siempre que sea posible el reasantamiento involuntario se convierta en una oportunidad para el desarrollo, mejorando las condiciones de vida y permitiendo que las personas desplazadas se beneficien del proyecto de desarrollo que originó su desplazamiento.

El restablecimiento de las anteriores condiciones de vida es, en la práctica, una tarea formidable. Al buscar un resultado orientado al desarrollo, la política de reasantamiento del Banco presenta un gran reto tanto al Prestatario como al Banco, el cual es totalmente consistente con la política de alivio de la pobreza de los gobiernos prestatarios. Sin embargo, es necesario entender la naturaleza y la dimensión de las tareas que se enfrentan al implementar esta política. Existen tres razones centrales por las cuales la simple compensación en efectivo de las pérdidas de propiedad bajo las bien conocidas leyes de dominio no pueden proveer en la práctica resultados satisfactorios para los desplazados: la ausencia en muchos países en desarrollo de mercados de trabajo y de tierras que funcionen efectivamente, la incapacidad sustantiva y de procedimiento de los sistemas de compensación para las propiedades expropiadas por el estado y la ausencia de mallas de seguridad social adecuadas. Esto aumenta la necesidad de aplicar la política de reasantamiento del Banco para evitar que los proyectos financiados provoquen el empobrecimiento. Para alcanzar esta meta a menudo se requieren cambios en las políticas, marco legal, capacidad institucional y prácticas vigentes de muchos Prestatarios. Este reto se enfrenta de nuevo en cada proyecto de

### Cuadro 1. La política de reasentamiento del Banco

La política del Banco sobre reasentamiento ha evolucionado constantemente desde 1980 a través de varias etapas claves en 1986, 1988 y 1990.

Los elementos fundamentales de la política del Banco sobre los reasentamientos son:

- El desplazamiento involuntario debe ser evitado o minimizado siempre que sea factible debido a sus efectos de empobrecimiento y desordenamiento de las comunidades.
- Cuando el desplazamiento sea inevitable, el *objetivo* de la política del Banco es asistir a las personas desplazadas en sus esfuerzos por mejorar o por lo menos restaurar sus anteriores condiciones de vida y capacidad de ingreso. Los *medios* para alcanzar este objetivo consisten en el diseño y ejecución por parte del Prestatario de planes de reasentamiento que operen como programas de desarrollo. Estos planes de reasentamiento serán parte integral del diseño del proyecto.
- Las personas desplazadas deben recibir: (i) compensación por sus pérdidas al costo de reposición, (ii) oportunidades de participar en los beneficios del proyecto, y (iii) asistencia en la transferencia y en el período de transición en el lugar de la reubicación.
- La movilización de las personas en grupo puede disminuir el desordenamiento. La reducción de la distancia entre el lugar original y la nueva ubicación puede facilitar la adaptación a las nuevas condiciones socio-culturales y ambientales. Se deben ponderar adecuadamente los costos y beneficios entre la distancia del lugar original y las oportunidades económicas.
- Se debe promover la participación de las personas reasentadas y de aquellas que los reciben en su comunidad, en la planificación de todo lo relacionado con el reasentamiento. Las instituciones sociales y culturales existentes en ambas comunidades deben jugar un papel importante en la conducción del proceso de traslado y reasentamiento.
- Las nuevas comunidades de las personas reasentadas se deben diseñar como sistemas viables de asentamiento, equipados con infraestructura y servicios y con capacidad para integrarse al contexto socio-económico regional.
- Las comunidades que reciban a personas desplazadas deben ser ayudadas para evitar cualquier efecto social o ambiental adverso que resulte del incremento poblacional.
- Las poblaciones indígenas, minorías étnicas, religiosas y otros grupos que disfruten derechos informales sobre el uso de la tierra u otros recursos requeridos por el proyecto deben recibir tierras, infraestructura y compensación adecuada. La carencia de títulos de propiedad sobre la tierra no debe ser motivo para negar a estos grupos la compensación y rehabilitación.

desarrollo individual que involucra desplazamiento. Para enfrentarlo con éxito, se requiere en cada ocasión un esfuerzo sistemático que incluya mejores políticas, asignación de recursos adecuados y promoción de la participación de las personas reasentadas y de aquellos que los reciben en su comunidad.

Tanto para los países como para el Banco, las metas de las políticas se deben traducir a una implementación sistemática. A pesar de que la implementación de los proyectos financiados por el Banco no ha sido consistente con el nivel exigido por la política, la misma ha ido mejorando. Es también innegable que el

tratamiento de las poblaciones afectadas por los proyectos que han aplicado las políticas del Banco es, en general, considerablemente mejor en comparación con aquellos proyectos no financiados por el Banco los cuales originan hasta un 97 o 98 por ciento del total de los reasentamientos involuntarios en los países en desarrollo. Sin embargo, los proyectos apoyados por el Banco no se deben aislar del amplio contexto y del marco de las políticas nacionales. Uno de los hallazgos más importantes de esta revisión es que la atención a las dificultades de estos millones de personas a través de la adopción por parte de los gobiernos de mejores políticas sobre reasentamientos (que aplicarían tanto a proyectos financiados por el Banco como a los demás) es también la clave para mejorar la ejecución en esa parte del portafolio de proyectos del Banco donde los asuntos de reasentamientos continúan presentando problemas. De aquí que en países donde el Banco está financiado o está considerando financiar proyectos que involucren reasentamientos, el Banco también asiste a los gobiernos en el establecimiento o mejoramiento de las políticas nacionales basándose en experiencias a nivel de proyectos.

## Principales Hallazgos de la Revisión

El mensaje más importante de la revisión es que los buenos reasentamientos pueden evitar el empobrecimiento o mejor aún reducir la pobreza, recuperando los medios de subsistencia sostenibles. Si el reasentamiento no se hace adecuadamente, las personas reasentadas terminan en peores condiciones que antes. Los reasentamientos que se ejecutan con responsabilidad social son además beneficiosos económicamente si se toma en cuenta que los altos costos de un desplazamiento mal manejado se extienden más allá de la población afectada directamente impactando la economía regional y la población que ya habitaba en la zona de reubicación. Los reasentamientos inadecuados inducen la resistencia local, aumentan las tensiones políticas, atrasan los proyectos y posponen los beneficios que estos

deben de generar. Las pérdidas ocasionadas por estos atrasos que podrían evitarse muchas veces exceden el costo marginal de un buen paquete de reasentamiento. Los esfuerzos que se hagan para asegurar que el reasentamiento involuntario sea minimizado y cuando sea inevitable se lleve a cabo sin empobrecer a las personas desplazadas, se justifican totalmente tanto desde el punto de vista económico como por razones éticas.

La revisión ha mostrado, una vez más, que el reasentamiento es casi siempre más difícil, costoso y prolongado de lo que se pensó. Las operaciones de reasentamiento de mayor envergadura mueven a decenas de miles de personas, —a menudo muy pobres— a través de largas distancias en un tiempo muy corto y el restablecimiento de sus condiciones de vida es una tarea muy dura. La dificultad inherente en el restablecimiento de las condiciones de vida y los servicios comunitarios se aumenta por la limitada capacidad técnica e institucional en asuntos de reasentamientos de la mayoría de los Prestatarios y por el débil compromiso que existe de parte de algunas agencias ejecutoras.

La investigación de campo, las evaluaciones de los proyectos y los estudios sectoriales y legales confirman que:

- (a) La política del Banco sobre reasentamientos involuntarios, descrita en el Cuadro 1, a la vez que ambiciosa, es sólida y sus metas son razonables.
- (b) Los proyectos que siguen las políticas del Banco han generado resultados ostensiblemente mejores que los proyectos que dejan de lado dichos requisitos. Las operaciones de reasentamiento guiadas efectivamente por las políticas del Banco se ejecutan usualmente con estándares superiores a aquellos proyectos que no son apoyados por el Banco.
- (c) La ejecución del reasentamiento está directamente asociada con la existencia o

ausencia de una política doméstica y del marco organizativo para el reasentamiento. Los países, estados, o sectores con una política adecuada sobre reasentamientos generalmente alcanzan mejores resultados en la prevención del empobrecimiento y el restablecimiento de los medios de subsistencia el portafolio que aquellos que no cuentan con dichas políticas.

- (d) El portafolio de proyectos del Banco que implican operaciones de reasentamiento está mucho más sano ahora que en 1986, año en que se llevó a cabo la última revisión sobre reasentamiento y es radicalmente diferente a la situación encontrada cuando se estableció la política sobre reasentamiento. Sin embargo, en algunos proyectos las operaciones de reasentamiento y sus resultados no son consistentes con los estándares definidos y exigidos por la política del Banco.
- (e) El proceso de planificación y los criterios establecidos en la política del Banco han mejorado significativamente las prácticas de algunos gobiernos prestatarios, otros donantes internacionales, agencias técnicas que implementan grandes proyectos y el mismo Banco. Sin embargo, el progreso en este campo ha sido insuficiente y disparado. Se necesita hacer mucho más para asegurar la consistencia de la planificación, los resultados y el monitoreo del impacto con las metas establecidas en la política.

La revisión a fondo de las experiencias de reasentamiento ha generado aprendizajes importantes para el Banco y los Prestatarios sobre las formas de realizar los reasentamientos más efectivamente y ha identificado buenas prácticas y maneras de corregir las ejecuciones no satisfactorias que se describen en este reporte. Las dimensiones sociales de los proyectos de construcción de obras civiles requieren mucho mayor atención por parte de los gobiernos de los países miembros así como por parte del Banco, tal y como ha concluido una reciente revisión del Departamento de

Evaluación de Operaciones<sup>6</sup>. A menos que se dominen estos aspectos, el desarrollo en sí mismo continuará siendo objeto de algunas críticas públicas en vez de obtener el apoyo decidido y creciente que necesita y merece. Es por eso que se necesita promover el desarrollo institucional más allá de las actividades proyecto por proyecto, para atender los asuntos del reasentamiento como un objetivo de desarrollo valioso en sí mismo.

Durante los últimos 10 a 14 años hemos logrado un aprendizaje importante que permite avanzar en el camino de los cambios positivos que están sucediendo. A pesar de las grandes diferencias entre los países y poblaciones involucradas, es mucho más lo que entendemos sobre *los principales factores comunes* que por su presencia o ausencia explican por qué el reasentamiento funcionó en algunos casos y falló en otros. Estos son:

- (a) Compromiso político por parte del Prestatario, expresado en leyes, políticas oficiales y asignación de recursos.
- (b) Implementación sistemática de los lineamientos y procedimientos establecidos, por parte del Prestatario y del Banco.
- (c) Análisis social sólido, evaluaciones demográficas confiables y experiencia técnica en la planificación de reasentamientos orientados al desarrollo.
- (d) Evaluación cuidadosa de los costos y suficiente financiamiento así como un calendario de reasentamiento amarrado a la construcción de la obra civil.
- (e) Organizaciones ejecutoras capaces que respondan a las necesidades locales de desarrollo, a las oportunidades y a las dificultades.
- (f) Participación de la población en la fijación de los objetivos del reasentamiento, en la identificación las soluciones de reubicación y en su implementación.

## Portafolio de Proyectos del Banco que Implican Reasentamientos

Durante 1986 al 1993 se produjeron reasentamientos involuntarios en 192 proyectos que desplazaron a 2.5 millones de personas durante la vida de dichos proyectos. Cuarenta y seis proyectos habían concluido en 1993 reasentando a más de medio millón de personas. En el portafolio actual, con 146 proyectos activos en 1993, hay cerca de dos millones de personas en diversas etapas de reasentamiento. Estos proyectos representan el ocho por ciento de los 1,900 proyectos que el Banco lleva a cabo en la actualidad y ascienden a un valor de US\$23 mil millones de dólares que corresponde al 15 por ciento de los préstamos del Banco. La gran mayoría de los proyectos financiados por el Banco (60 por ciento) se ubican en el Oriente y en el Sur de Asia como resultado del rápido desarrollo de éstos países y su alta densidad poblacional. Cerca de 100 proyectos que incluyen un estimado de 600,000 personas que deberán ser relocalizadas, han sido propuestos por los prestatarios para el portafolio correspondiente a 1994-1997.

Dentro de los 146 proyectos activos en la cartera que incluyen un componente de reasentamiento, la escala del reasentamiento por proyecto varía desde menos de 500 hasta más de 200,000 personas. Sin embargo, el grueso de los reasentamientos se concentra en un grupo reducido de proyectos en India, China, Indonesia y Brasil: once grandes proyectos en estos países incluyen 1.1 millones de personas o sea más de la mitad de todas las personas que están siendo reasentadas. Los Proyectos en las regiones del Sur y del Este Asiático incluyen al 80 por ciento de la población que está siendo objeto de reubicación. La participación de Latinoamérica en la cartera de proyectos con reasentamientos es de 9 por ciento y la de Africa de un 23 por ciento. El número de países con más de una operación de reasentamiento está aumentando: las crecientes economías de Pakistan, Bangladesh, Vietnam e Indonesia esperan un incremento significativo en el número de proyectos apoyados por el Banco los cuales conllevarán reasentamientos.

El cambio sectorial más significativo en la cartera de proyectos del Banco que implican reasentamiento es el rápido crecimiento de los proyectos de transporte, agua e infraestructura urbana. Este es ahora el sector más grande en términos del número de proyectos y corresponde a 75 de los 146 proyectos que implican reasentamientos. Sin embargo estas operaciones de reasentamiento son más pequeñas que el promedio en los proyectos hidroeléctricos o agrícolas. Las represas para irrigación, generación eléctrica y agua potable son la causa más importante de los desplazamientos (63 por ciento) y los corredores para vías de transporte son la segunda causa (23 por ciento). En términos sectoriales los proyectos agrícolas continúan representando el segmento más grande de las personas reasentadas (52 por ciento).

## Desempeño en Reasentamiento

El Banco alcanzó un progreso significativo del 1986 al 1993 en tres áreas principales:

- Influyó en las políticas de los países prestatarios sobre reasentamiento.
- Asistió a los Prestatarios en el proceso de evitar las operaciones de reasentamiento o de reducir su escala en caso de que fuesen inevitables.
- Asistió a los Prestatarios en el proceso de mejoría del entorno de las familias reasentadas y de su capacidad para recuperar su nivel de ingreso.

Sin embargo, cuando los proyectos no se llevaron a cabo de acuerdo con la política y los lineamientos de procedimientos establecidos, se presentaron casos en los cuales la situación de las familias reasentadas terminó siendo peor.

## *Influyendo sobre las políticas*

El Banco fue la primera agencia internacional de desarrollo que adoptó una política de

reasantamiento, la cual ésta ha sido promovida para los proyectos de los Prestatarios que incluyen desplazamientos involuntarios. Uno de los principales resultados de este impacto catalítico del Banco durante 1986 al 1993 es que varios Prestatarios establecieron o mejoraron sus políticas domésticas y marco legal para los reasentamientos.

El reasentamiento funciona cuando los gobiernos así lo desean. La creación de una capacidad institucional adecuada definida como la sinergia entre las políticas, las organizaciones y los recursos, es la mejor manera que tienen los gobiernos de expresar su compromiso de ejecutar buenos proyectos de reasentamiento. Cuando la aceptación de los objetivos de la política de reasentamiento del Banco por parte de los Prestatarios no es genuina, generalmente el reasentamiento no se lleva a cabo bien, sin importar el número de compromisos, misiones de supervisión y seguimiento o la frecuencia de las amenazas del Banco de suspender los desembolsos. Por otro lado, la implementación del proyecto se debilita cuando el propio Banco no es consistente en la aplicación de sus principios de política y procedimientos.

El período de 1986 a 1993 se caracteriza por algunos éxitos notables en el área de las políticas. La empresa Electrobras de Brasil, estimulada por un proyecto sectorial del Banco en 1990 estableció, basándose en la política del Banco, lineamientos muy satisfactorios para los reasentamientos en los proyectos del sector energético en dicho país. Lo mismo hizo Colombia en 1992. China mejoró sus lineamientos de política en el sector de recursos hidráulicos con la asistencia del Banco. En 1993 la Coporación Nacional de la India para la Energía Térmica adoptó una política de rehabilitación sectorial para todas sus operaciones luego de negociaciones minuciosas con el Banco como parte del diseño de un préstamo sectorial. En general el Banco ha sido más efectivo y las operaciones inmediatas han resultado más beneficiadas, cuando se logró llegar a un acuerdo con los gobiernos

prestatarios sobre un amplio marco de política doméstica o sectorial, aplicable a las operaciones financiadas por el Banco en comparación con otros casos cuando sus esfuerzos se limitaron a acuerdos legales para proyectos individuales. A su vez, las obligaciones detalladas en acuerdos legales para préstamos específicos y las «política de proyecto» acordadas han formado en ocasiones la base para discutir y mejorar la política nacional a nivel más amplio así como el marco legal.

Los principales donantes multilaterales y bilaterales han emitido recientemente lineamientos sobre reasentamientos similares a los del Banco. Así lo hizo el Banco Interamericano de Desarrollo en 1990 y el Banco Asiático de Desarrollo está considerando en la actualidad la adopción de lineamientos similares. A solicitud de la OECD, el Banco ayudó en la preparación de lineamientos sobre reasentamientos congruentes con los del Banco y en 1991 los ministros de desarrollo de todos los países miembros de la OECD aprobaron lineamientos unificados y similares para las agencias de desarrollo de sus respectivos países.

### *Evitando o reduciendo el desplazamiento*

El Banco ha sido más efectivo en cuanto a su capacidad de asistir a los Prestatarios para implementar el primer principio de la política sobre reasentamientos: evitar los reasentamientos o minimizarlos siempre que sea factible desde el punto de vista técnico y económico. Muchos proyectos sometidos a la consideración del Banco cuentan con el potencial para reducir o eliminar los reasentamientos. Por ejemplo, rediseñando la represa de Saguling en Indonesia se disminuyó la altura de la misma cinco metros evitando el desplazamiento de 35,000 personas. En un proyecto forestal en Costa de Marfil las propuestas de revisión del Banco redujeron en un 80 por ciento el estimado del Prestatario llevando el número de 200,000 a 40,000 a la vez que elevó los estándares para las condiciones de aquellos que serían relocalizados. En Tailandia

la reubicación de la presa Pak Mun y la reducción de su elevación hizo posible disminuir el número de personas desplazadas de 20,000 a 5,000. En el proyecto de control de inundaciones del Guayas en Ecuador el rediseño del canal eliminó totalmente la necesidad de recurrir a los reasentamientos.

### *Recuperando los niveles de ingreso*

La prueba definitiva de la consistencia entre las operaciones de reasentamiento y la política vigente es la recuperación o mejoría de los niveles de ingreso. Los proyectos financiados por el Banco que logran reasentar en forma productiva a las poblaciones sobre terrenos agrícolas y en actividades que generan empleos, tienden a restablecer los niveles de ingreso con mayor efectividad que los proyectos que simplemente compensan a los afectados sin ningún tipo de asistencia institucional. En aquellos proyectos en los que las personas reasentadas pudieron participar de los beneficios inmediatos creados por el mismo proyecto que los desplazó los niveles de ingreso se restablecieron de forma particularmente exitosa. Se pueden mencionar ejemplos en que las personas reasentadas desarrollaron proyectos de acuicultura y crianza de peces aprovechando las nuevas reservas de agua (Indonesia), otros casos en que fueron reubicados en las nuevas zonas bajo irrigación (China y algunos proyectos en la India) o favoreciéndolos para que pudieran posicionarse ventajosamente en las nuevas oportunidades comerciales creadas alrededor de la infraestructura a ser construida (Argentina, China, Turquía). En muchos proyectos las condiciones de vida de los reubicados en zonas urbanas mejoraron gracias a viviendas más durables y espaciosas y mejor acceso a los servicios sanitarios aún cuando esto pudiera significar un costo mayor de transporte hasta la nueva ubicación.

Aunque la política del Banco define una meta medible para todas las operaciones de reasentamiento y la cual consiste en restablecer los anteriores niveles de ingreso, muy pocos

proyectos han incluido suficientes mediciones o métodos para estimar si se alcanzó a restablecer dichos niveles de ingreso. Los reportes regionales sobre reasentamientos y la mayoría de las auditorías del Departamento de Evaluación de Operaciones no pudieron recopilar información que permitiera medir si los niveles de ingreso fueron mejorados o restablecidos. La evidencia disponible documenta numerosos casos de empobrecimiento de las personas desplazadas a través de programas de reasentamientos insatisfactorios. Recientemente se han establecido mejores sistemas de seguimiento los cuales serán objeto de ampliación.

En comparación con los hallazgos del Departamento de Evaluación de Operaciones (DEO) en su análisis de las «primeras experiencias con reasentamientos» (1993), los cuales se refieren a proyectos aprobados al inicio y a mediados de la década de los ochenta, la Revisión encontró una mejor ejecución en los proyectos vigentes y en aquellos terminados recientemente, particularmente en aquellos países con políticas de reasentamiento adecuadas y con capacidad de implementación como es el caso de China. Sin embargo la Revisión llega a la misma conclusión a que llega el estudio del DEO en cuanto a que a pesar de que los datos son escasos, los proyectos aparentan no haber tenido éxito en el restablecimiento de los niveles de vida de las personas reasentadas en condiciones similares o mejores y este problema todavía persiste en gran escala. Aunque en forma fragmentaria el peso de la evidencia disponible sugiere que los proyectos a menudo no ha tenido éxito en la recuperación de los niveles de ingreso. La gestión para restauración de ingreso es preocupante en la cartera de proyectos de ciertos países tales como India e Indonesia en los cuales muchos proyectos involucran desplazamiento pero no tienen una política nacional o un marco legal para el reasentamiento que incluya el restablecimiento de los niveles de ingreso. La variable clave para explicar el éxito en la restauración de los medios de subsistencia a

través de bases productivas, es la existencia de un compromiso nacional de ayudar a las personas reasentadas que se refleje en posiciones sectoriales o regionales sobre este tema.

La reducción del ingreso luego del reasentamiento es a veces muy significativa llegando en muchos casos al 40 por ciento para personas que ya eran pobres antes de su desplazamiento. Las pérdidas incluyen a menudo importantes activos que generaban ingresos que no son reemplazados, así como la pérdida de su morada. Los datos obtenidos en el terreno muestran que para las familias campesinas la pérdida de su tierra tiene consecuencias mucho más severas que la pérdida de sus hogares. Esto aplica también cuando la pérdida parcial del terreno les deja una unidad que no es viable desde el punto de vista económico. Para las familias en la zona urbana lo más difícil de reemplazar es la pérdida de pequeños negocios y talleres o el acceso a fuentes de trabajo. Durante la ejecución de la Revisión se introdujeron medidas correctivas en algunos casos que se identificaron y en el futuro se emprenderán otras acciones similares como parte del seguimiento a esta Revisión.

El riesgo en la disminución de los niveles de vida ocurre en varios frentes: económico, social, salud, nutrición y alienación cultural. El modelo de riesgo identificado por la Revisión provee un sistema de alarmas que ayuda a los planificadores y a los que dictan las políticas a prevenir el empobrecimiento. No todos los riesgos afectan a todos los grupos en igual forma y algunos grupos y personas vulnerables (tales como tribus y grupos indígenas y hogares cuyo jefe de familia es la mujer) están más expuestos a los riesgos del desplazamiento económico y la pérdida de su hábitat. Para explicar cómo ocurre el empobrecimiento y determinar qué debe de hacerse para evitarlo eficazmente en futuras operaciones, es necesario entender los riesgos específicos a cada diferente grupo social.

La fórmula más efectiva para eliminar estos riesgos en el caso de reasentamientos campe-

sinos es otorgar a los miembros de las comunidades desplazadas tierras adecuadas con un título de propiedad debidamente saneado. En la mayoría de los casos la permuta de un terreno por otro es mucho mejor que la compensación mediante el pago en dinero. Las dificultades ocurren principalmente en aquellos lugares donde la tierra es escasa y su mercado muy limitado. La compensación a través de una permuta de tierra implica que la nueva parcela sea de aproximadamente la misma capacidad y que cuando este tipo de solución no sea posible se ofrezcan incentivos adicionales para permitir nuevas fuentes de ingresos que no estén vinculadas a la actividad agrícola. En las áreas urbanas las dificultades de los reasentamientos tienen que ver principalmente con los títulos de propiedad, el inquilinato, grupos transeúntes, acceso a puestos de empleo alternativos, oportunidades de negocios y vivienda al alcance del presupuesto familiar. Los enfoques participativos y la colaboración de las ONGs locales han sido ser muy efectivos para encontrar localizaciones alternativas y movilizar las energías de las familias reasentadas para la reconstrucción y mejora de su hábitat, obteniendo mejores servicios para su entorno.

Esta revisión se ha cuestionado si es posible identificar las causas que originan la brecha entre los objetivos de las políticas del Banco, en lo que se refiere a recuperar los niveles de ingreso, y los resultados reales de los proyectos que han dejado a muchos en peores condiciones de vida. Aunque existen casos de evidente negligencia y violaciones a las normas institucionales, hay otras causas más fundamentales que explican el por qué de los problemas en la ejecución del reasentamiento. Otras lecciones aprendidas e esta Revisión tienen que ver con la capacidad institucional de los Prestatarios y del Banco, los costos de los reasentamientos exitosos y la necesidad de estrategias de desarrollo a largo plazo.

A pesar de las enormes diferencias entre proyectos y países, un número relativamente

pequeño de factores explican la disparidad en la ejecución de las operaciones de reasentamiento:

- Falta de recursos suficientes para compensaciones y prácticas de expropiación que no permiten que los afectados repongan su tierra u otros activos. Aunque no hay ninguna ley que prohíba a los gobiernos el proveer una compensación adecuada, en la práctica los procedimientos de compensación a menudo excluyen a muchos afectados o se les paga de menos. Los prestatarios usan mecanismos institucionales para desplazar a las personas pero no usan adecuadamente sus capacidades institucionales para facilitar las permutas de los terrenos.
- Los recursos financieros presupuestados para el reasentamiento a menudo son altamente insuficientes. Los excesos en la ejecución presupuestal de las operaciones de reasentamiento son en promedio 50 por ciento más comunes que los excesos en los proyectos de obras civiles, debido casi siempre a cálculos iniciales mal hechos. Las restricciones presupuestales y la inflexibilidad en los procedimientos para modificar los presupuestos, limitan aún más los recursos.
- Las personas afectadas y las comunidades que los reciben no participan adecuadamente en el proceso de reasentamiento. Rara vez se utilizan los conocimientos locales para diseñar programas de reasentamiento o para encontrar soluciones viables y a menudo no existen mecanismos legales efectivos para resolver las quejas. La planificación de arriba hacia abajo y la débil presencia institucional en el terreno de los hechos no moviliza a los beneficiarios del proyecto en las áreas de influencia para que actúen como parte interesada en el éxito del reasentamiento a través del acomodamiento en su comunidad de las personas a reasentar.

Existen ciertas condiciones previas para crear el entorno adecuado para ayudar a las familias desplazadas a reconstruir sus sistemas productivos y medios de subsistencia perdidos. Aunque existe enorme variación en cada situación de reasentamiento, se cuenta con los conocimientos necesarios para crear ese entorno adecuado. Los cimientos de un reasentamiento exitoso son: una política y un marco legal favorables, financiamiento adecuado, instituciones capaces y participación local en el diseño y la administración del proyecto.

### *La capacidad del prestatario*

Para mejorar la práctica de los reasentamientos en las operaciones del Banco se requiere incorporar estos temas a las discusiones que se llevan a cabo entre el Banco y sus Prestatarios y a la agenda sobre las estrategias y políticas para el alivio de la pobreza. Algunas de las experiencias de reasentamiento más exitosas del Banco han surgido como resultado de los diálogos sectoriales en los cuales los Prestatarios y el Banco se concentran en los objetivos generales del reasentamiento y en los principios de planificación que orientarán a los proyectos específicos de reasentamiento.

Existen diferencias importantes de un país a otro en cuanto a su capacidad para implementar los reasentamientos y dentro de cada país entre las capacidades de diversos sectores. Aquellas agencias sectoriales fuertes y rentables como lo son los servicios públicos y las corporaciones autónomas pueden disponer de recursos para llevar a cabo el reasentamiento con éxito siempre que sea su responsabilidad legal y que los estándares para las reubicaciones se conviertan en práctica común en sus negocios. Los departamentos administrativos carecen típicamente de los recursos, flexibilidad presupuestaria y capacidad gerencial para llevar a cabo programas de reasentamientos, a menos que mejoren su estructura interna. Todos los programas de reasentamiento, incluyendo las

operaciones en menor escala como las que se necesitan en muchos programas urbanos o de protección ambiental, pueden manejarse con mayor eficacia si se involucra la participación de las ONGs locales o de las organizaciones comunitarias de la población desplazada y de la población receptora.

## Preparación y Evaluación del Reasentamiento

Entre 1986 y 1993 se efectuaron mejoras considerables en la preparación y la evaluación de los proyectos que implican reasentamiento, lo cual mejoró sustancialmente la calidad por encima de los niveles encontrados cuando se llevó a cabo la Revisión de 1986. Pero algunos procesos y procedimientos no se llevaron a cabo en su totalidad ni por parte de los Prestatarios ni por parte del Banco. Los asuntos relacionados con el procesamiento de proyectos y el manejo del portafolio de proyectos identificados en esta Revisión son en parte similar a los que se encontraron en un grupo de trabajo sobre el manejo del portafolio que recientemente hizo una revisión general del Banco, aunque a menudo fueron más agudo en el caso del reasentamiento; ellos explican algunas de las disparidades de implementación en el terreno. Los problemas específicos que aparecen en forma recurrente, particularmente en la parte inicial del período de la Revisión son: (i) falla por parte de muchas agencias prestatarias en cuanto a la preparación de planes de reasentamientos satisfactorios (calidad inicial); (ii) laxitud en el cumplimiento de las responsabilidades de gabinete en cuanto al estudio y aprobación en las primeras etapas del proyecto; (iii) supervisión irregular o insuficiente del proyecto; y (iv) acciones de seguimiento insuficientes por parte de los Prestatarios y del Banco cuando se identificaron problemas de implementación.

Cuatro elementos son indispensables para la preparación y ejecución adecuadas de los proyectos financiados por el Banco que implican reasentamientos: encuestas sobre población e ingresos, planes de reasentamiento

y paquetes de medidas para estimular el desarrollo, cronogramas para los planes de reasentamiento, sincronizados con los trabajos de la obra civil y presupuestos específicos para el reasentamiento, que cubran la compensación financiera y las inversiones relacionadas con el reasentamiento. Las fallas en la implementación y en el restablecimiento de los niveles de ingreso se pueden atribuir regularmente a procedimientos de trabajo equivocados particularmente en las etapas iniciales del proyecto durante su identificación, preparación y evaluación.

## Base de datos

La información sobre la población afectada y sobre su base de recursos es esencial para evaluar y planificar el reasentamiento. El uso de encuestas con información de base ha aumentado sustancialmente de un 21 por ciento en los años fiscales 80 al 85 a un 43 por ciento en los años fiscales 96 al 93 y a un 72 por ciento en los proyectos aprobados en los años fiscales 92 y 93 y a un 100 por ciento en los primeros diez meses del año fiscal 94. La mayoría de estas encuestas socio-económicas llevadas a cabo por los Prestatarios todavía no incluyen información sobre los niveles de ingreso. No es fácil determinar el ingreso antes del reasentamiento pero es posible y necesario ya que la falta de datos iniciales sobre los ingresos hacen imposible diseñar y ejecutar proyectos con metas de implementación definidas y con indicadores que permitan hacer una monitoria de la recuperación de los niveles de ingreso.

La dificultad inicial más importante es que, en muchos casos, las agencias prestatarias en la fase de diseño del proyecto subestiman el número de personas afectadas y proveen información inexacta a las misiones de evaluación. El proyecto Izmir para Agua potable y Alcantarillado en Turquía (año fiscal 87) se inició con un cálculo de 3,700 personas afectadas y ahora tiene un estimativo revisado que llega a 13,000 personas. El proyecto del Valle del Tana en Madagascar (AF90) para el cual la estimación del Prestatario en el diseño del proyecto era de 3,500 personas, ahora tiene

un nuevo estimativo de 11,000 personas. Una estimación incorrecta del número de personas desplazadas ocasiona un proyecto mal diseñado, con estimación de costos inadecuada, escasez de recursos e incapacidad institucional para diseñar las soluciones requeridas así como el empobrecimiento de las personas que sufren el reasentamiento. En ocasiones se hace necesario hacer estudios independientes especializados patrocinados por el Banco y éstos se llevarán a cabo en el futuro para clarificar las discrepancias que se perciben en la información contenida en las encuestas recibidas como parte de los estudios de factibilidad preparados por los Prestatarios.

### *Planificación del reasentamiento*

Desde 1980 ha sido una política central del Banco Mundial que los Prestatarios preparen y que el Banco evalúe los planes de reasentamiento. Las misiones de evaluación no deben ir al terreno a menos que el Prestatario haya sometido al Banco un plan de reasentamiento que permita que el Banco evalúe su factibilidad y su costo en el contexto del proyecto completo. La Revisión de 1986 sobre reasentamiento determinó que un 14 por ciento de los proyectos activos en esa época contaban con planes de reasentamiento que incluyeran los requisitos mínimos de una encuesta de datos iniciales, calendario, presupuesto y un paquete de medidas de rehabilitación. Para el período 1986 ¾ 1993 el 55 por ciento de los proyectos financiados por el Banco incluyeron planes de reasentamiento completos y evaluados.

Se puede observar una clara tendencia a la mejora *dentro del período de esta Revisión*, con un impulso creciente en los dos últimos años. Para el AF93-AF94 todos los indicadores claves para las actividades del procesamiento básico de proyectos y el manejo del portafolio eran mucho más altos que para los primeros años del período bajo revisión. Las operaciones de reasentamiento se diseñan ahora mejor y se evalúan en su totalidad. Así como ocurrió en el aumento de las encuestas de datos base la

proporción de planes de reasentamientos para proyectos en la etapa de evaluación inicial ha aumentado también: en AF93 y durante los primeros diez meses del AF94 todos excepto uno de los 18 proyectos aprobados contaba con su plan de reasentamiento y correspondiente evaluación.

Aunque se han logrado mejorías con relación a la Revisión de 1986 el nivel alcanzado significa que todavía muchos proyectos financiados por el Banco y que están siendo ejecutados en la actualidad se inician pobremente debido a dificultades en su planificación. Existen proyectos con desplazamientos importantes los cuales no contaban con un plan de reasentamiento factible al momento de su evaluación tales como el proyecto urbano de Jabotabek en Indonesia (AF88), el proyecto de Carreteras de Sichuan (AF88) y el proyecto Provincial de Transporte en Jiangsu (AF91) en China, el proyecto Termal de Talcher (AF87) y el proyecto de Irrigación de Punjab (AF90) en la India, el Segundo Proyecto Urbano de Guinea (AF90) y el proyecto de Agua Potable Multi-Estado de Nigeria (AF92) y otros más. La inexistencia de estos planes implica que no se cuenta con un programa bien financiado para asistir a las personas reasentadas. En los casos de estos proyectos se han ejecutado o se contemplan acciones correctivas para mejorar la planificación y los recursos.

La calidad y adecuación de los planes de reasentamiento ha variado ampliamente. A pesar del objetivo general de restaurar los niveles de ingreso y las condiciones de vida de las familias desplazadas, menos de un 30 por ciento de los planes de reasentamiento han establecido como meta principal la recuperación de dichos niveles de ingreso. Esto ha afectado la implementación. La planificación del reasentamiento para los proyectos financiados por el Banco por parte de los Prestatarios con frecuencia se ha mantenido por debajo de los elevados estándares requeridos por el Banco aunque en el mismo país éstos hayan sido superiores a otros reasentamientos que no fueron financiados por el Banco.

Un estudio comparativo paralelo de programas de reasentamiento voluntario e involuntario subrayó el contraste existente entre los recursos y enfoques utilizados para diseñar los programas de asentamiento en los cuales el principal objetivo es el desarrollo y aquellos programas en los cuales el reasentamiento involuntario es un componente subordinado. Los paquetes institucionales y de desarrollo que apoyan al asentamiento *voluntario* ofrecen valiosos modelos que pueden adaptarse y aplicarse en los proyectos de reasentamientos *involuntarios*. Además, la magnitud de algunas operaciones de reasentamiento involuntario y que se tratan como componentes de una obra civil, típicamente excede la capacidad y experiencia de las firmas de ingeniería que administran los proyectos de infraestructura. La experiencia de proyectos voluntarios de asentamiento que se diseñan separadamente sugiere la conveniencia de tales proyectos como vehículos para el reasentamiento involuntario particularmente en las operaciones de gran envergadura. Una solución innovadora fue introducida en AF94 en donde la represa Xiaolangdi en China y el reasentamiento que ésta ocasionó fueron tratados como dos proyectos interrelacionados pero distintos: uno para la represa y el otro para el reasentamiento como un proyecto de desarrollo completo. Esto permite que el proyecto de reasentamiento diseñe y planifique de forma específica su enfoque para el desarrollo basado en paquetes diferenciados preparados a la medida de los niveles de ingresos y el potencial de las poblaciones afectadas en cada categoría.

Muchos proyectos que no contaban con planes de reasentamiento al ser evaluados, los desarrollaron después. Hasta 1992 el cumplimiento general con los requisitos del Banco sobre planes de reasentamiento era incompleto tanto en los trabajos de diseño como en los reportes de evaluación inicial del staff (REIS). Debido a la resistencia o la poca capacidad de las agencias prestatarias, o a la escasez de recursos humanos, los gerentes de división no insistieron siempre en que se cumplieran a cabalidad las directrices operacionales.

Además los casos de incumplimiento no se identificaron sistemáticamente al efectuar las revisiones internas de la documentación de pre-evaluación de los proyectos y de los REIS. Se autorizaron proyectos que no cumplieran en su totalidad con las garantías requeridas por él. Tales incumplimientos no fueron señalados a los gerentes regionales y al Comité de Préstamos *antes* de la aprobación del préstamo. Estas disparidades con las normas internas para el procesamiento de proyectos deterioraron la calidad del proyecto desde su inicio. En particular la falta de planes de reasentamiento disminuyó la posibilidad de una recuperación satisfactoria. El reasentamiento involuntario es factible cuando se aplican enfoques sólidos pero es casi imposible lograrlo con éxito cuando no se aplican con rigurosidad los procedimientos ya probados y que son relevantes a las metas de la política. En vez de acelerar la ejecución de los proyectos, el incumplimiento de los procedimientos simplemente pospone los problemas. Estas inconsistencias en el propio trabajo del Banco se tornan muy significativas en casos en que el Prestatario no comparte las mismas perspectivas sobre el reasentamiento y no cuenta con un marco de política nacional sobre el tema. A menudo el staff del banco se encuentra en la práctica en una lucha contra la corriente para obtener el cumplimiento de los lineamientos acordados para los proyectos, especialmente cuando el trabajo de las agencias técnicas que ejecutan el proyecto no está siendo objeto de monitoreo sistemático por parte de los gobiernos prestatarios. Durante esta Revisión sobre Reasentamiento se han iniciado acciones para mejorar los procedimientos de trabajo y fortalecer los sistemas de responsabilidades y supervisión a la vez que se han adoptado medidas adicionales para aumentar la atención del staff y de los gerentes.

En algunos casos las divisiones encargadas aceptaron que los Prestatarios enviaran los planes de reasentamiento mucho después de concebirse el proyecto. Esto ayudó poco y condonó la subestimación del reasentamiento

por parte de las agencias prestatarias a la vez que obligó al Banco a aceptar prácticas que desde hace tiempo había rechazado. La experiencia demuestra que posponer la consideración de los planes de reasentamiento hasta después de su evaluación inicial es costoso también para las agencias prestatarias. En el proyecto de Irrigación Andhra Pradesh II (AF86) se estimó inicialmente un desplazamiento de 63,000 personas y la división a cargo aceptó llevar a cabo la evaluación sin el plan de reasentamiento exigiendo luego la presentación de un plan satisfactorio como condición para que el proyecto fuese efectivo. El prestatario dejó pasar tres plazos sin presentar el plan lo cual produjo una dilación de 14 meses. La comisión por compromiso pagados por el Prestatario por culpa del retraso excedieron el costo de la preparación del plan de reasentamiento. La falta de un diseño correcto del proyecto surgió de nuevo al ejecutarse cuando se hizo aparente que el número de personas afectadas era más del doble del estimado inicial o sea 150,000 personas. Más de 85,000 personas en adición a las identificadas por el Prestatario en la fase de diseño, evaluación y negociación no contaban en la evaluación inicial con recursos para su reasentamiento.

### *Cronogramas*

La experiencia demuestra que es mejor distribuir las reubicaciones masivas a lo largo de la vida del proyecto, llevando a cabo el reasentamiento con un paso por delante de los trabajos de la obra civil para evitar el acumulo al final de la ejecución del proyecto. En aquellos casos en que se deja al grueso de la población para ser reubicada durante el último año o los últimos dos años de un proyecto que se ejecuta en 8 o 10 años la experiencia ha resultado negativa ya que se aumentan los riesgos de las personas reasentadas. Más de la mitad de los proyectos en ejecución no contaron con un cronograma de reasentamiento explícito y sincronizado con la obra civil. Durante esta Revisión los Departamentos de Países habían tomado medidas para trabajar con los Prestatarios y desarrollar cronogramas

explícitos para el reasentamiento en todos los proyectos en ejecución.

### *Financiación para el reasentamiento*

La planificación financiera inadecuada ha sido un gran problema de los reasentamientos y la causa de los desniveles en su ejecución. Muchas agencias prestatarias no identifican ni calculan todos los costos del desplazamiento en los cuales incurren las personas afectadas y no incorporan la totalidad de los costos de reasentamiento y recuperación en los gastos generales del proyecto. Esto deja al reasentamiento sin financiamiento adecuado. La Revisión también encontró debilidades metodológicas en la forma en que los REIS tratan las dimensiones financieras y económicas del reasentamiento. Muy rara vez los Prestatarios o los Economistas del Banco utilizaron de los lineamientos técnicos para standarizar el análisis económico y financiero de los componentes de reasentamiento. En pocos casos se hizo la distinción entre los costos de la compensación por los activos perdidos y la nueva inversión requerida para restablecer a las personas reasentadas sobre bases productivas con alojamiento y servicios adecuados y los costos de esta inversión no han sido presupuestados. Cuando se consolidan los costos de reubicar la infraestructura pública con los de reubicar a las personas desplazadas, la falta de detalle tiende a esconder presupuestos per cápita muy bajos para las familias desplazadas. Como resultado, los recursos presupuestados para el reasentamiento no son suficientes.

El financiamiento por parte del Banco de los costos del reasentamiento en los proyectos ejecutados durante AF86-AF93 no se corresponde con la importancia que el Banco le asigna a este componente de los proyectos. Menos del 15 por ciento del componente de reasentamiento del proyecto es co-financiado por el Banco y cuando esto ocurre, su participación en el financiamiento es usualmente pequeña. Un aumento sustancial del financiamiento del Banco para el desarrollo productivo en los lugares del reasentamiento

podría mejorar el flujo de recursos para las personas reasentadas, mejorar la calidad del reasentamiento y la capacidad del proyecto para restablecer los niveles de ingreso así como estimular el desarrollo local en las áreas donde se efectúa el reasentamiento. Los préstamos directos para el reasentamiento serían un apoyo más consistente a la política del Banco.

## Implementación y Supervisión del Reasentamiento

Entre 1986 y 1993 se ha logrado un progreso gradual aunque desigual en lo que se refiere a la supervisión de los reasentamientos. La supervisión de los componentes del reasentamiento mejoró inmediatamente después de la revisión de 1986 pero después la frecuencia de las misiones de supervisión se estancaron en un nivel plateau (más alto que el de los niveles anteriores a 1986) hasta el comienzo de esta revisión durante la cual aumentó de nuevo significativamente. Los componentes de reasentamiento en todos los grandes proyectos de irrigación e hidroelectricidad recibieron supervisión con regularidad, pero la supervisión fue esporádica en las áreas de transporte, agua potable y desarrollo urbano así como en los proyectos con operaciones de reasentamiento pequeñas. En aquellos reasentamientos de proyectos con grandes desplazamientos, particularmente en el sector urbano y en los cuales no se efectuó supervisión durante varios años, como es el caso del proyecto urbano Jabotabek en Indonesia, fue muy difícil para el Banco entender cómo fueron reubicadas las poblaciones afectadas.

Las recientes mejorías en la calidad y continuidad de la supervisión de los reasentamientos deben ser mantenidas. Con regularidad se utilizan especialistas en reasentamiento para aquellos proyectos que involucran grandes reasentamientos, pero una escasez de científicos sociales mantuvo los niveles de supervisión especializada por debajo de lo deseable en aquellos proyectos con

componentes de reasentamientos de tamaño mediano y pequeño. Esta situación está siendo corregida parcialmente por medio de una más frecuente contratación de consultores. Los departamentos técnicos cuentan con un staff mínimo en lo que se refiere a especialistas en ciencias sociales y deben dividir sus recursos entre los múltiples Departamentos de Países. Los reasentamientos contienen no solamente dimensiones sociales sino también técnicas tanto en agricultura como en asuntos urbanos. Salvo algunas excepciones importantes, el staff técnico de los Departamentos de Países se utiliza solamente esporádicamente para atender al reasentamiento durante la supervisión normal de los proyectos. Como resultado, las dificultades en la implementación se identifican con tardanza, la gerencia recibe información sobre los problemas con atraso y se dilata la reacción del Banco ante las agencias prestatarias responsables de la implementación. La capacidad existente de talento *técnico* en el banco, es un recurso importante que debe utilizarse en los temas de reasentamiento.

El monitoreo del cumplimiento de los acuerdos legales por parte de los Prestatarios se ha llevado a cabo principalmente para el caso de convenios específicos ya concluidos y para metas físicas; rara vez para medir la calidad del trabajo de reasentamiento. Las misiones de supervisión encontraron muchos problemas que incluyen un abandono de los planes de reasentamiento y un desconocimiento de los acuerdos legales por parte de los Prestatarios. Si se mejora el monitoreo y se exige el cumplimiento de los acuerdos contractuales y legales relacionados con el reasentamiento, aumenta el potencial para mejorar la consistencia entre las operaciones y la política. En los últimos 18 meses se suspendieron los desembolsos a tres proyectos por razones vinculadas con reasentamiento.

Un resultado de la Revisión de 1993 es el considerable aumento de los recursos dedicados a la supervisión de los reasentamientos en todo el Banco. Dos tercios de las misiones de supervisión de reasentamientos durante 1993 incluyeron especialistas en reasentamientos

utilizándose a menudo consultores especializados en asuntos de reasentamiento lo cual fue necesario para fortalecer a corto plazo la capacidad en esta área. La proporción de 1:2 entre el staff y los consultores en reasentamiento que operó durante la Revisión de 1993, ayudó pero no es sostenible ni saludable para la institución a largo plazo ya que no mejora la capacidad propia y la experiencia (la misma proporción entre el staff y los consultores utilizados en el manejo de la cartera general es de 1:0.5). La continuidad en el manejo del portafolio sufre en la medida en que los consultores atienden otros asuntos.

### Progresos en el Manejo del Portafolio Durante 1993

La administración y la ejecutoria del portafolio de reasentamiento del Banco mejoró en forma significativa en 1993. A medida que la Revisión identificaba los problemas, las unidades involucradas del Banco conjuntamente con los Prestatarios iniciaban medidas para corregirlos. A través de este proceso, el Banco:

(i) intensificó fuertemente la supervisión de los reasentamientos, (ii) aumentó la asistencia técnica a los Prestatarios para emprender acciones correctivas y (iii) mejoró el trabajo inmediato de los nuevos proyectos que están bajo consideración en el portafolio durante AF94-AF97.

Durante la Revisión de 1993 el Banco triplicó los recursos para supervisión de los reasentamientos. La mayoría de los proyectos que implicaban el reasentamiento de más de 1,000 personas fueron supervisados por lo menos una vez y más de 40 proyectos incluyendo el más grande recibieron dos visitas de supervisión. Las regiones enviaron más misiones de supervisión al reasentamiento durante los últimos doce meses que en la totalidad de los tres años anteriores.

Las acciones correctivas que se iniciaron durante la Revisión incluyeron: (i) re-evaluación de la magnitud del desplazamiento,

(ii) ajustes a los cronogramas de reasentamiento, (iii) mayor participación de las personas afectadas, (iv) búsqueda de mejores soluciones de reubicación o medios para reducir el desplazamiento, (v) asignación de recursos financieros adicionales, y (vi) apoyo a los esfuerzos de los Prestatarios para expandir la capacidad organizacional. Estas acciones correctivas mejoraron considerablemente el portafolio de proyectos de todo el Banco y un número de «proyectos con problemas de reasentamiento» se encaminaron por la ruta de la mejoría como son los casos del proyecto de Agua y Alcantarillado de Izmir en Turquía, el proyecto del Valle de Tana en Madagascar y varios proyectos en la India. En este último país, por ejemplo, luego de un apoyo intensivo de parte del staff y la gerencia del Banco se acordó emprender importantes acciones correctivas en el Proyecto de Irrigación Maharashtra III con 168,000 personas afectadas, dentro del contexto de la reestructuración del proyecto. En el Proyecto de Irrigación del Alto Krishna II con más de 220,000 personas afectadas, las mejorías en el trabajo de reasentamiento hicieron posible que se diera fin a la suspensión de los desembolsos. Se visualizan aún más acciones correctivas.

El trabajo analítico de gabinete y el entrenamiento ofrecido a los profesionales del país, también contribuyó a mejorar el manejo de la cartera durante 1993. Todas las regiones han preparado reportes que analizan la situación de las operaciones de reasentamiento no sólo para cada proyecto individual sino también para el subconjunto dentro del portafolio de la región. Los departamentos centrales prepararon reportes sobre reasentamiento enfocados por sector y por tema sobre agricultura, generación hidráulica, y transporte y asuntos urbanos a la vez que continuarán haciendo un monitoreo de aspectos específicos de la cartera de proyectos que implican reasentamientos. Los aspectos legales del reasentamiento han sido analizados por la Vicepresidencia Legal. En 1993 el Instituto de Desarrollo Educativo (IDE) organizó seminarios de capacitación sobre

reasantamiento en India, China y Turquía y acordó con varios Prestatarios continuar dicho entrenamiento.

El proceso completo de la Revisión ha sido una oportunidad excepcional para aprender cómo implementar mejores asentamientos, para identificar las prácticas correctas y ajustar los enfoques generales según las circunstancias particulares y los sectores, para fortalecer la capacidad institucional para los reasentamientos y para refinar las metodologías analíticas y de evaluación. Mientras una parte considerable de estos aprendizajes se presentan en este reporte en la actualidad se han completado o están en ejecución otros estudios económicos, sociológicos, legales y técnicos. Los hallazgos de estos estudios serán diseminados ampliamente para ayudar a expandir los conocimientos disponibles y las experiencias positivas. Las contribuciones del Departamento Legal incluyen estudios pioneros por parte del Consejero General del Banco sobre los asuntos legales involucrados en el desplazamiento de las poblaciones como resultado de las acciones de desarrollo de parte del sector público y las cuales ayudarán tanto al Banco como a los prestatarios a proteger los derechos y el patrimonio de las personas reasentadas. El Departamento del Medio Ambiente también preparó un conjunto de nuevos instrumentos para mejorar los trabajos futuros de reasentamiento incluyendo: guías revisadas para el análisis económico y financiero del reasentamiento; un sistema computarizado para llevar a cabo el monitoreo de la ejecución del reasentamiento a nivel del proyecto; lineamientos para desarrollar proyectos para las personas reasentadas mediante el aprovechamiento de peces en los embalses, y estudios sobre las experiencias de reasentamiento urbano. Se le dio apoyo al Instituto Rotterdam de Estudios de Vivienda para la preparación de un manual técnico para la planificación urbana. La Región Africana resumió y publicó sus revisiones bi- anuales sobre reasentamientos llevadas a cabo desde 1988 y organizó una conferencia internacional y publicó un volumen sobre reasentamiento en Africa.

Las actividades a través de 1993 en el Banco y en el terreno demuestran la capacidad del Banco y de los Prestatarios para aprender de las experiencias y responder más eficazmente a los problemas de reasentamiento así como para fijar prioridades institucionales. Ambos están ahora mejor equipados para llevar a cabo trabajos de reasentamiento en los proyectos futuros. Sin embargo, será un reto para todos mantener este nivel de esfuerzo, si se toma en cuenta la considerable cantidad de recursos adicionales que se requirieron y utilizaron.

### **Acciones Para Mejorar el Trabajo de Reasentamiento por Parte del Banco**

La conclusión general de la Revisión sobre reasentamiento es que la calidad de la cartera de proyectos que implican reasentamiento que ejecuta el Banco ha mejorado particularmente después de 1991. La Revisión también reveló debilidades importantes que dieron origen a acciones que se ejecutaron o se han iniciado para alcanzar mejorías adicionales.

### ***Prioridades estratégicas***

En relación a las políticas de reasentamiento vigentes en el Banco, centradas en el restablecimiento de los niveles de ingreso, el trabajo se orientará de acuerdo a las siguientes prioridades estratégicas, las cuales concuerdan con las lecciones claves descritas en este reporte.

### ***Asegurar el compromiso del prestatario***

El banco no financiará proyectos que involucren operaciones de reasentamiento a menos que los gobiernos involucrados adopten las políticas y establezcan el marco legal necesario para hacer posible reasentamiento con restablecimiento del nivel de ingreso. El acuerdo sobre dichas políticas debe ser claro desde el inicio, dándosele la debida consideración a las circunstancias de aquellos países dentro de un sistema federal donde las políticas y los marcos legales puedan caer

dentro de la jurisdicción de los gobiernos provinciales o estatales. Los préstamos a sectores con grandes necesidades de reasentamientos deberán proveer una extensión gradual de los estándares mejorados de reasentamientos, desde el nivel del proyecto individual hasta tener un impacto más amplio en la totalidad del sector.

### ***Fortalecer la capacidad institucional del prestatario***

El Banco ayudará a los Prestatarios a mejorar su capacidad institucional para implementar los reasentamientos antes de que se inicie el desplazamiento y a clarificar los marcos legales de forma que se protejan los derechos de las personas. En el caso de aquellos Prestatarios que ejecuten varios proyectos de reasentamientos financiados por el Banco, éste estará preparado para apoyar proyectos especiales de desarrollo institucional que ayuden al gobierno a mejorar su capacidad institucional para atender las necesidades de reasentamiento en las fases de diseño y de implementación de los proyectos (por ejemplo la capacidad de preparación del terreno, estudios sobre recursos de tierra, capacidad de monitoreo y evaluación, y entrenamiento). Este apoyo institucional del Banco se enfocará principalmente en las agencias nacionales y estatales tales como los departamentos centrales de irrigación y agua potable y corporaciones de electricidad de forma que se desarrolle su capacidad general en asuntos técnicos, sociales y ambientales y más específicamente para desarrollar estándares de diseño, reglas y reglamentos que puedan ayudar a llevar a la práctica las políticas y disposiciones legales relacionadas con los reasentamientos. Las ONGs pueden jugar un papel importante para fortalecer la capacidad institucional local y el Banco promoverá su participación.

### ***Mejorar el diseño de los proyectos***

Los proyectos apoyados por el Banco deben evitar o disminuir el desplazamiento tanto como sea posible mediante estudios técnicos y

sociales para el diseño y la ejecución de los proyectos. Antes de que el proyecto se inicie se harán todos los esfuerzos para buscar opciones técnicas y sociales que disminuyan el reasentamiento. El Banco hará un esfuerzo especial para identificar y diseminar las experiencias positivas particularmente en lo que se refiere a reasentamientos en contextos urbanos y semi-urbanos para los cuales los enfoques operacionales debe aún afinarse. El diseño del proyecto y los cronogramas explícitos deben crear mecanismos internos que vinculen el progreso de los trabajos de la obra civil con el avance gradual del reasentamiento. Estos serán descritos en los REIS de los proyectos.

### ***Promover la participación de la gente***

El Banco requiere la participación activa de aquellos que serán afectados por el reasentamiento en la preparación, planificación e implementación del mismo. Como parte de las Evaluaciones Ambientales (EA) los planes de reasentamiento se ponen a la disposición del público. Las personas afectadas por el proyecto deben recibir información confiable sobre la política para el reasentamiento y para la rehabilitación y sobre los derechos, la elegibilidad, las alternativas, los procesos de reclamo y mecanismos de apelación. La discusión pública sobre los planes de reasentamiento estimulará la participación de las personas a ser reasentadas y de las que los recibirán en su comunidad, en la preparación de dichos planes y luego en su ejecución.

### ***Proveer financiamiento adecuado por parte del Banco***

En adelante para prevenir el empobrecimiento, todos los proyectos deberán incorporar dentro de los costos totales del proyecto el costo total del reasentamiento y de las inversiones requeridas para recuperar los niveles de ingreso. Dentro del contexto del plan de financiamiento del proyecto el Banco estará preparado para aumentar su participación en el financiamiento de la operación de

reasentamiento en la medida en que cada caso lo requiera. Como el financiamiento adecuado sigue siendo un problema en algunos proyectos aprobados recientemente, el Banco considerará financiamiento suplementario siempre que sea apropiado. También se buscará un aumento en el financiamiento de las actividades del reasentamiento por parte de fuentes domésticas y cuando sea apropiado por parte de fuentes bilaterales.

### ***Separar los proyectos***

El Banco estudiará el enfoque de proyectos gemelos para obras civiles grandes que ocasionen reasentamientos. Las futuras operaciones de infraestructura que desplacen un gran número de personas normalmente serán procesadas como proyectos gemelos. El umbral que definirá si un proyecto se divide en dos será determinado en base a la capacidad local y la del país. El procesamiento de grandes operaciones de reasentamiento como componentes de proyectos más grandes requerirá una justificación en el Reporte de Evaluación Inicial del Staff (REIS). El tratamiento de las operaciones de reasentamiento mayores, como proyectos en sí, pondrá en funcionamiento estructuras administrativas más apropiadas y las habilidades necesarias para llevar a cabo el reasentamiento con éxito. Una opción adicional es usar una secuencia de dos proyectos donde el proyecto de desarrollo rural o urbano sigue inmediatamente después en la zona del reasentamiento tan pronto se concluye la operación de infraestructura que implicó el desplazamiento. Esta opción deberá ser considerada según las necesidades y la situación de cada proyecto.

### ***Fortalecer la capacidad institucional del Banco***

El Banco está aumentando su capacidad de atender las dimensiones sociales y técnicas de los proyectos de reasentamiento para poder mantener y expandir las mejoras. Es particularmente importante utilizar mejor la capacidad de los profesionales existentes y

ampliar la capacidad en áreas críticas tales como la social, intensificar las evaluaciones de los proyectos y el actual proceso de monitoreo y evaluación. Los gerentes dedicarán recursos suficientes dentro de sus presupuestos para alcanzar estas mejoras. Para apoyar el fortalecimiento del trabajo sobre las dimensiones sociales de los proyectos el Banco asignará recursos financieros a un fondo central diseñado para proveer apoyo a proyectos innovadores que enfoquen las dimensiones sociales prioritarias tales como evaluaciones participativas sobre la pobreza, metodologías de análisis social, la organización de usuarios de recursos naturales, participación de las ONGs en el diseño e implementación de proyectos y otras.

### ***Acciones correctivas y de restauración***

Se continuarán o emprenderán acciones correctivas inmediatas para aquellos proyectos en ejecución que no cumplen los requisitos establecidos por la política o los acuerdos legales. Para aquellos proyectos en ejecución que fueron identificados por cada departamento regional con problemas serios de reasentamiento, se están preparando planes de acción correctivas por parte de los Prestatarios con la asistencia del Banco. Estos planes se terminarán a mediados de 1995. Es posible que algunos proyectos requieran reestructuración, financiamiento adicional o la creación de agencias para el reasentamiento.

Para aquellos proyectos evaluados por los departamentos regionales, los cuales tienen solamente problemas menores o intermedios, la asistencia del Banco se continuará suministrando a través de una supervisión regular o intensificada por parte de cada departamento de país. Los Prestatarios deberán reasignar recursos financieros dentro del presupuesto del proyecto para completar exitosamente el reasentamiento y cuando sea requerido, el Banco considerará un financiamiento adicional.

La Revisión identificó casos en los cuales los planes de reasentamiento acordados con el

Banco no fueron implementados por el Prestatario y algunos proyectos ya concluidos han dejando a un número de personas reasentadas en peores condiciones. El Banco está listo para ayudar a los Prestatarios a tomar acciones correctivas que ellos propongan emprender. Estas acciones de restauración por parte del Prestatario deben identificar a las personas que fueron perjudicadas y revertir su empobrecimiento siempre que sea posible. Las acciones de restauración sobre las cuales se llegó a un acuerdo entre el Banco y la Corporación de Energía Térmica de la India son un ejemplo reciente que refleja progreso en esta área.

### *Mejorar el procesamiento de proyectos*

Es esencial el cumplimiento a cabalidad de los procedimientos y de las medidas establecidas para salvaguardar y asegurar la calidad de los proyectos tales como encuestas sobre datos base de ingreso, planes y paquetes de reasentamiento, cronogramas y presupuestos. El hecho de que casi todos los proyectos de los AF93-AF94 sometidos al Comité Regional de Préstamos cumplieran con los procedimientos establecidos indica que las Vicepresidencias Regionales están prestando atención a estos requisitos. Aunque la responsabilidad total de la implementación recae sobre los gobiernos prestatarios, el equipo del Banco tiene su propia responsabilidad de darle un seguimiento cuidadoso a la ejecución, el impacto y los resultados. En vista del alto riesgo envuelto en proyectos sensitivos que desmantelan y reconstruyen los medios de vida de las personas se requiere un cuidado y una prudencia especiales por parte del staff del Banco y del Prestatario. Es esencial además que el Banco asuma su propia responsabilidad con mayor efectividad y que este esfuerzo sea percibido claramente. El Banco debe además solicitar a los gobiernos prestatarios que hagan lo mismo.

Se han logrado mejorías en (i) los recursos humanos y organización de las unidades

operacionales lo cual les permite atender los asuntos de reasentamiento de manera más profesional y consistente así como en (ii) el análisis del reasentamiento en la evaluación inicial y en el diseño de los paquetes de desarrollo para las personas a ser reasentadas y en (iii) la revisión interna de los componentes del reasentamiento antes de someter el proyecto al Comité Regional de Préstamos. Muchos de los conocimientos necesarios para llevar a cabo reasentamientos exitosos se encuentran dentro del Banco y esta Revisión los ha enriquecido. Mediante una buena distribución de los recursos humanos se deben aprovechar cabalmente estos conocimientos.

En la fase de identificación de los proyectos y durante el diseño de grandes operaciones de reasentamientos el Banco estimulará al Prestatario para que lleve a cabo proyectos piloto que pongan a prueba la conveniencia de los arreglos propuestos. El uso sistemático de los recursos de la Facilidad para Diseño de Proyectos y del Fondo para Desarrollo Institucional abrirá nuevas ventanillas financieras para el apoyo técnico y para ampliar la capacidad de los Prestatarios en las fases preparatorias decisivas. En los casos de operaciones mayores, especialmente en casos de represas, se está dando cada vez más importancia a la utilización de un panel consultivo sobre reasentamiento en las primeras etapas de identificación, siguiendo la experiencia del establecimiento de paneles sobre seguridad en las represas.

Los requisitos del Banco para la evaluación de los reasentamientos tal como se definen en la sección 2.20 del Manual de Operaciones (OMS) y la Directiva Operacional (OD) 4.30 son adecuados y serán aplicados. La evaluación analizará explícitamente y reportará sobre los riesgos sociales y económicos involucrados en la operación de reasentamiento propuesta, separándolos de otros riesgos del proyecto y asegurándose de que el paquete de recuperación socio-económica tome en cuenta dichos riesgos. En consistencia la decisión de la administración del Banco que requiere un

Plan de Implementación para cada proyecto al momento de evaluarlo, el plan de reasentamiento será incorporado en el plan de ejecución general.

El contenido de los REIS para proyectos que involucran reasentamiento está siendo mejorado para asegurar que la información esencial sobre los reasentamientos se provea a la administración y a la Junta de Directores. Una sub-sección específica de los REIS para el componente de reasentamiento incluirá los indicadores básicos sobre las poblaciones afectadas, los paquetes de desarrollo, la disminución del riesgo, el cronograma y el presupuesto. El costo total del reasentamiento se especificará como parte de los costos del proyecto y se separarán los costos de compensación de los costos de la inversión necesaria para reconstruir una base socio-económica viable para las personas reasentadas.

### *Supervisión*

Existe un amplio margen para mejorar el contenido y la frecuencia de la supervisión de los reasentamientos. Por lo menos cada 12 meses se llevarán a cabo misiones regulares de supervisión con un staff adecuado incluyendo visitas de campo a los lugares donde el desplazamiento y la reubicación realmente ocurren. La utilización intensiva de consultores locales especializados aumentará significativamente el alcance del trabajo de supervisión por parte del Banco. La exitosa práctica introducida por los departamentos regionales del Este de Asia y Africa de apoyar a los paneles de monitoreo nombrados por el Prestatario mejora la implementación y será extendida a otras regiones.

Las divisiones del Banco responsables de proyectos con reasentamientos complejos deben asignar mayor tiempo del staff para supervisar estas operaciones. Sin embargo, ningún aumento en la supervisión por parte del Banco puede substituir las fallas de los Prestatarios y su bajo nivel de compromiso para llevar a cabo las acciones acordadas.

Cuando no hay cumplimiento de los acuerdos legales, las decisiones de continuar los desembolsos requieren la aprobación al mismo nivel de la gerencia regional que aprueba las propuestas de suspender los desembolsos (esto aplica para todos los incumplimientos y no sólo a los que violan los acuerdos relacionados con el reasentamiento). Debido a la sensibilidad y los riesgos del reasentamiento, se mejorarán los mecanismos existentes para reportar el progreso y los problemas detectados en el terreno a los gerentes de división y de las regiones (usando el Formulario 590).

Para mantener el progreso alcanzado durante la Revisión y para el continuo monitoreo del cumplimiento de los lineamientos y procedimientos del Banco, las unidades regionales prepararán reportes anuales sobre los proyectos con reasentamiento en su portafolio, como parte de la Revisión Anual de la Ejecución de la cartera. Estos reportes cubrirán la administración del portafolio de proyectos de reasentamiento con sus indicadores cuantificables, específicamente la frecuencia de las misiones de supervisión, la evaluación de la recuperación de los medios de subsistencia en la medida en que las personas desplazadas son reasentadas y los principales problemas de implementación, si es que existen. En lo relativo al procesamiento de nuevos proyectos con reasentamiento, el reporte cubrirá la existencia de planes de reasentamiento, encuestas sobre niveles de ingreso, cronogramas presupuestos y consultas efectuadas con las comunidades locales.

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El fortalecimiento de su asistencia a los Prestatarios para el reasentamiento y la mejora de su gestión, constituye una prioridad muy importante para el Banco y es parte integral de su misión central de aliviar la pobreza y promover el desarrollo sostenible. El importante proceso de aprendizaje que tuvo lugar durante los últimos años ha aumentado los niveles de consciencia sobre la complejidad y los riesgos involucrados; el Banco y sus

Prestatarios están mucho mejor equipados que en el pasado para trabajar en esta área. El Banco cuenta ampliamente con el talento técnico necesario para esta y tarea y la limitada capacidad interna para el análisis social está siendo superada. El Banco asistirá a los Prestatarios que ejecutan grandes operaciones de reasentamientos con más recursos económicos y promoverá esquemas de dos proyectos separados cuando el caso lo amerite.

El Banco está trabajando para reducir la brecha entre las metas del reasentamiento y las viejas prácticas realizadas en muchos países. Para lograrlo está fijando normas más estrictas para las operaciones que apoyan y promueven el restablecimiento de los niveles de ingreso de las personas reasentadas a un nivel similar o mejor al que tenían con anterioridad a su desplazamiento. Esta labor requiere tiempo, recursos y un esfuerzo sostenido por parte del Banco y de los Prestatarios.

Desafortunadamente bajos estándares prevalecen en muchos de los desplazamientos que ocurren hoy en día por fuera de los programas apoyados por el Banco; los proyectos financiados por él, no ocurren de forma aislada por lo que dichos estándares también retrasan el progreso de sus proyectos.

Por esta razón, todos los gobiernos y las agencias de desarrollo multilaterales y bilaterales deben establecer políticas y enfoques similares para hacer posible una mejora en los medios de vida de las personas reasentadas.

Al apoyar un enfoque sobre el reasentamiento centrado en la prevención del empobrecimiento, el Banco promueve políticas y enfoques que tienen relevancia más allá de los proyectos por él apoyados. La mejora en la capacidad de los Prestatarios beneficiará no sólo a las operaciones apoyadas por el Banco sino también toda la gama de actividades de reasentamiento en amplios sectores, los cuales afectan un mayor número de persona. Esta es la ruta que debe recorrerse en el futuro trabajo de reasentamiento, aunque la misma no sea fácil. Existirán muchas dificultades porque el reasentamiento sigue siendo un reto formidable para los Prestatarios y para el Banco. El Banco reconoce su gran responsabilidad de ayudar a los Prestatarios a avanzar más rápidamente para mejorar el reasentamiento donde quiera que no puedan evitarse los desplazamientos y para extender este enfoque mejorado al contexto sectorial y nacional.



# Résumé Analytique

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## Un Défi À L'échelle Mondiale

Le déplacement forcé de populations a toujours été inséparable du processus de développement; sa marque indélébile est inscrite dans l'évolution des pays industrialisés comme des pays en développement. La construction de grands barrages hydro-électriques, les projets d'irrigation, la pose de réseaux d'approvisionnement en eau potable ou l'extension des réseaux routiers entraînent des déplacements de populations extrêmement douloureux et dramatiques. Le drame d'un déplacement forcé en milieu urbain, dans le «West End» de Boston, a suscité une abondante littérature sociologique. Le magnifique plan directeur du Paris moderne n'a pu se réaliser qu'au prix de douloureux transferts forcés de populations au temps du baron Haussmann. La percée de l'impressionnante transversale du Bronx (Cross Bronx Expressway), à New York, a éventré bien des quartiers dont certains — du moins à en juger rétrospectivement -auraient pu être épargnés. Les immenses complexes hydro-électriques du Canada ont déraciné de nombreux groupes autochtones. Dans tous les pays, des déplacements forcés de population continuent de se produire pour des raisons liées à l'amélioration générale des conditions de vie, à la mise en place d'infrastructures de protection de l'environnement ou à l'extension des services publics. Grâce à l'expérience dégagée des précédentes réalisations de divers types de réinstallations forcées, les connaissances se sont accrues pour mieux planifier les réinstallations de populations et mieux protéger les droits et les moyens d'existence des individus concernés.

Dans les pays en développement, l'ampleur des déplacements de population liés aux projets de développement a rapidement augmenté au cours des dernières décennies, en raison d'une part, d'une multiplication de plus en plus rapide des infrastructures et d'autre part, de densités démographiques de plus en plus élevées. On estime que plus de 4 millions de personnes sont victimes, chaque année, de déplacements forcés dus à la mise en construction de 300 grands barrages en moyenne. Les programmes de développement urbain et de transports lancés chaque année dans les pays en développement entraîneraient le déplacement de 6 autres millions de personnes environ. Durant la décennie écoulée, 80 à 90 millions de personnes ont été réinstallées du fait de programmes d'équipements comme la construction de barrages, ainsi que des programmes de développement urbain et de transports. Ce chiffre s'accroît encore en raison des déplacements liés à des investissements faits dans d'autres secteurs.

Les programmes financés par la Banque mondiale représentent une part assez faible, mais non insignifiante, de ce total. On estime que les projets dont la Banque poursuit activement l'exécution entraîneront la réinstallation de 2 millions de personnes sur une période de huit ans. Les projets financés par la Banque sont responsables au moins de quelque 3 % des réinstallations consécutives à la construction de barrages dans le monde entier, et à 1 % environ des déplacements forcés dus aux programmes de développement urbain et de transports dans les pays en développement.

Bien que comparativement limitée, la participation de la Banque aux opérations de réinstallation revêt cependant une grande importance. Dans le cadre des projets qu'elle finance, la Banque se doit d'intervenir auprès des Emprunteurs afin que tous les efforts soient faits pour rétablir, et si possible améliorer, les moyens d'existence des populations transférées. Toutefois, l'intervention de la Banque a une portée qui dépasse de loin la dimension des réinstallations opérées dans le cadre des projets qu'elle finance. Depuis que la Banque a adopté, il y a 14 ans, ses directives novatrices en matière de réinstallation, celle-ci a cherché de plus en plus à améliorer, non seulement les politiques d'intervention et les cadres juridiques relatifs à l'ensemble des opérations de réinstallation de populations, de concert avec les gouvernements, mais aussi les procédures d'exécution de ces opérations en liaison avec les agents d'exécution des projets.

Améliorer les politiques de réinstallation de populations est une tâche difficile pour les gouvernements des pays en développement, surtout pour ceux à faible revenu qui connaissent un manque de terres arables, une compétition des besoins à satisfaire, des ressources limitées et une insuffisance de leur capacité institutionnelle. Toutefois, ces dernières années ont vu des progrès sensibles dans ce domaine; dans certains pays, ces progrès ont même été remarquables. Mais d'importants problèmes et difficultés liés aux réinstallations de personnes déplacées continuent de surgir et ces opérations se déroulent souvent moins bien que prévu.

Les coûts d'une réinstallation inappropriée peuvent être très élevés, entraînant l'appauvrissement d'un nombre considérable d'invidus, un sujet de préoccupation d'autant plus sérieux que les personnes concernées sont souvent déjà très pauvres. Elles vivent généralement dans des zones défavorisées où infrastructures et services sociaux sont très limités. Bien des barrages sont construits dans des régions reculées où vivent souvent des populations autochtones, des minorités

ethniques ou des groupes pastoraux. Arrêter des politiques de réinstallation appropriées et les appliquer efficacement est donc un impératif moral d'autant plus fort.

S'ils sont correctement exécutés, les programmes de réinstallation peuvent constituer un élément de la stratégie nationale de lutte contre la pauvreté. Cela exige non seulement des politiques judicieuses et des ressources adéquates, mais aussi un changement de mentalité, dans le sens d'une reconnaissance du droit des populations réinstallées à tirer bénéfice des projets qui ont causé leur déplacement.

Offrir de meilleurs programmes de réinstallation est donc une priorité urgente. Pour cela, il faut s'attacher à mieux comprendre la complexité et l'imbrication des facteurs sociaux, culturels, économiques et écologiques qui entrent en jeu dans un tel processus et admettre avec franchise les leçons des succès et des échecs précédents. La présente étude s'inscrit dans cette recherche.

## **Bilan des Opérations de Réinstallation à L'échelle de la Banque**

L'initiative d'un bilan des opérations de réinstallation à l'échelle de la Banque date de 1992. Ce bilan couvre tous les projets assortis d'une réinstallation dont la Banque s'est activement occupée entre 1986 et 1993 et évalue dans quelle mesure la mise en pratique de ces opérations est conforme aux directives de la Banque. La tâche de ce bilan a été assignée au département de l'environnement (vice-présidence de l'éco-développement durable); le département de l'environnement a créé une équipe spéciale chargée de la coordination et de la réalisation de ce bilan conjointement avec les départements régionaux. Chacune des régions opérationnelles et le département juridique de la Banque ont constitué des groupes de travail chargés de l'évaluation des réinstallations. Toutes les régions ont établi des rapports analytiques détaillés sur les opérations de

réinstallation dont elles s'occupent, et c'est à partir de ces rapports que le présent bilan a été établi. Les autres Vice-Présidences centrales ont également apporté leur propre contribution.

L'examen des réinstallations avait les trois objectifs suivants :

- Déterminer l'étendue, la composition et l'orientation des opérations de réinstallation encadrées par la Banque, par grandes régions et par secteurs.
- Analyser les programmes de réinstallation en cours au plan de leur qualité, leur fidélité aux grandes directives, et leurs résultats.
- Identifier les problèmes les plus fréquents qui compromettent le déroulement des opérations, prendre des mesures correctives en cours d'exécution et élaborer une stratégie de suivi pour répondre plus efficacement aux besoins d'une réinstallation réussie.

Délibérément conçu comme un large outil d'analyse des opérations de réinstallations, le présent bilan a été effectué *sur le terrain*, par les délégations régionales et centrales de la Banque, conjointement avec les Emprunteurs et non pas dans le cadre sédentaire d'un bureau sous la forme d'un inventaire statique. *Le principal résultat de cet examen approfondi n'est pas uniquement le rapport final, mais aussi les changements qu'il a déclenchés durant toute l'année 1993 tant à la Banque que sur le terrain.* Ces changements comportent un renforcement de la supervision sur le terrain, une participation au niveau de la préparation des projets, leur évaluation, et leur exécution, des consultations sur place avec des organisations non gouvernementales (ONG), des études sectorielles d'opérations de réinstallation, la mise au point de nouveaux outils techniques de planification des réinstallations, et un nombre considérable de mesures correctives prises conjointement par la Banque et les Emprunteurs concernant les projets qui n'atteignent pas les objectifs fixés.

## Problèmes Théoriques

### *La nécessité d'investir dans les infrastructures*

Les pays en développement investissent environ 200 milliards de dollars par an dans des infrastructures nouvelles. Ces investissements leur ont assuré d'importants bénéfices sur les plans économique et social.<sup>2</sup> Au cours des 15 dernières années, le nombre de ménages ayant accès à l'eau salubre a augmenté de 50 %, ce qui a permis une amélioration spectaculaire de l'état de santé et de la qualité de vie. L'accès à l'énergie électrique et au téléphone a doublé durant la même période, ce qui a entraîné un accroissement de la productivité et du bien-être. La production vivrière a enregistré une hausse vertigineuse — doublant durant le dernier quart de siècle — et ce progrès est dû pour plus de moitié aux investissements faits dans le secteur de l'irrigation. Quant aux investissements dans les transports, ils ont permis de réduire les coûts de production et d'augmenter les prix agricoles au producteur.

Cette évolution suppose souvent des changements dans les modes d'utilisation des terres et de l'eau et, dans certains cas, exige des déplacements de population. Il est possible de limiter l'importance numérique des populations à réinstaller et, comme on le verra dans le présent rapport, des progrès sensibles ont été réalisés sur ce point. Mais il est impossible d'éliminer en totalité les déplacements forcés. On ne saurait non plus prévoir si les réinstallations toucheront dans l'avenir des populations moins nombreuses. Plus de deux milliards de personnes n'ont pas accès à l'électricité et ne disposent que de fagots et du fumier animal comme source d'énergie; 1,7 milliard ne disposent pas de réseaux d'égout et un milliard n'a pas accès à l'eau salubre canalisée, ce qui cause chaque année le décès — qui serait évitable — de 2 à 3 millions de nourrissons et d'enfants. La production alimentaire devra de nouveau doubler au cours des 40 prochaines années — ce qui n'est

possible qu'au prix de nouveaux investissements dans l'irrigation. Et la population mondiale augmentera d'au moins un milliard chaque décennie durant la même période. Il est donc absolument essentiel de faire de nouveaux et considérables investissements dans les infrastructures si l'on entend réduire la pauvreté et faire baisser les taux de croissance démographique.

### *La nature du problème des réinstallations de populations*

Transfert et réinstallation d'une population comprennent deux processus étroitement liés et néanmoins distincts : déplacer un groupe humain et reconstituer ses moyens d'existence — processus parmi les plus difficiles d'une opération de développement. La complexité des facteurs qui interviennent dans les réinstallations de populations et la grande diversité des projets sont autant d'obstacles pour réinstaller un groupe d'individus dans de bonnes conditions. Reconnaître la difficulté intrinsèque de toute réinstallation, tel est le premier pas vers une approche sérieuse de cette tâche.

Un déplacement forcé peut entraîner le démantèlement des systèmes de production, la dispersion de groupes apparentés et la désagrégation d'établissements humains créés de longue date. La vie des individus peut être affectée de façon fort douloureuse. Nombre d'emplois et de possessions sont perdus. Souvent, la qualité des soins de santé diminue. Les liens entre les producteurs et leurs clients sont souvent détruits et le marché du travail à l'échelle locale est désorganisé. Les réseaux sociaux non structurés qui sont le support quotidien de stratégies de survie — assurant une entraide à la fois à l'échelle de la garde des enfants, la sécurité alimentaire, les transferts de revenu, le crédit à court terme, les échanges de main-d'œuvre, et d'autres sources fondamentales de soutien socio-économique — sont détruits. Les organisations locales, les associations formelles ou informelles disparaissent parce que leurs membres sont dispersés. Les communautés traditionnelles et

les systèmes hiérarchiques coutumiers risquent de perdre leurs chefs. Les symboles culturels et religieux visibles, comme les autels et les tombes des ancêtres, sont abandonnés, ce qui a pour conséquence de rompre les liens avec le passé et d'effacer l'identité culturelle du groupe.

L'effet cumulatif de ces bouleversements peut détruire les fondements d'une société locale, ruiner son économie et perturber la vie de nombreux individus. Le risque le plus immédiat est un appauvrissement collectif dû — à la disparition de terres, au chômage, à l'insécurité alimentaire, à la dégradation de l'état sanitaire ou à la perte d'accès aux biens communautaires. C'est pourquoi, réaliser une réinstallation de population réussie est une mesure préventive contre l'appauvrissement et fait partie de la lutte contre la pauvreté — un thème essentiel de la mission de la Banque. Dans leur lutte pour réduire la pauvreté, la Banque et les pays membres doivent adopter des mesures préventives afin que le transfert d'une population imposé par un projet ne soit pas source d'aggravation des conditions de vie de cette population.

Transplanter des personnes soulève aussi des questions juridiques. Une réinstallation imposée, par le risque qu'elle entraîne de violer les droits fondamentaux, au niveau tant individuel que collectif, est une opération qui se différencie de toutes les autres. Souvent, l'exécution des projets est différée par les tribunaux et le montant des indemnités, considérablement augmenté en appel; ces faits démontrent que, selon un principe reconnu dans la législation de nombreux pays, l'on ne saurait déplacer arbitrairement des individus sans leur verser une juste indemnité, quelles que soient les raisons qui, à l'échelle nationale, imposent ce déplacement. On observe que lorsqu'un transfert de population se déroule dans la légalité et que les droits de l'homme sont intégralement respectés, les groupes affectés par le projet s'y opposent moins violemment (sans aller jusqu'à l'accepter de plein gré) et l'exécution d'ensemble du projet a une chance de s'accomplir avec plus de succès.

Réinstaller les groupes lésés en tenant compte de leurs besoins et de leurs droits, c'est non seulement respecter la loi, mais aussi avoir une conception appropriée du développement.

### *Le débat international sur les réinstallations*

En raison de leur complexité et de leurs effets négatifs, les réinstallations de populations se placent au centre d'un large débat international, où interviennent et s'opposent vivement les gouvernements, les organisations non gouvernementales, les groupes d'opinion publique, les parlementaires, les institutions de développement et les médias. La critique des réinstallations se transforme souvent en une réfutation des objectifs et de la légitimité du projet qui les imposent, et parfois de l'idée même de développement. Deux polémiques sont soulevées: l'une consiste à déclarer inacceptable, par principe, toute réinstallation involontaire. La deuxième est une critique de la qualité de certains exemples de réinstallation. L'une et l'autre polémiques sont très souvent dirigées contre les projets soutenus par la Banque.

Le refus de toute réinstallation est une attitude dépourvue de réalisme. Bien des projets entraînent un inévitable déplacement forcé de populations; la question est de savoir comment limiter au maximum l'ampleur de ce déplacement et répondre efficacement aux besoins des groupes réinstallés. La Banque partage le point de vue des critiques qui déplorent les réinstallations mal conduites. Leur souci du bien-être des populations déplacées est entièrement justifié — et peu éloigné du mandat et des politiques propres de la Banque. La critique des réinstallations manquées, faite par des ONG ou d'autres groupes concernés, a d'ailleurs aidé la Banque à améliorer ses politiques et ses interventions. Par sa décision même d'adopter officiellement une politique basée sur des principes équitables et des directives judicieuses, la Banque a été elle-même la critique la plus énergique des opérations de déplacement mal conçues qui entraînent l'appauvrissement des populations déplacées.

### *La politique de réinstallation de la Banque*

La Banque a été la première institution internationale de développement à réagir face à la complexité et à la difficulté des déplacements forcés de populations; c'est en 1980 qu'elle adopta une politique officielle et des procédures institutionnelles pour réaliser un transfert et pour répondre aux besoins des populations réinstallées (Encadré 1). Cette politique est fondée sur une expérience effective de la réinstallation, dans les pays développés comme dans les pays en développement, et sur des recherches en sciences sociales. En adoptant cette politique, la Banque a rejeté l'argument selon lequel l'appauvrissement des populations réinstallées constituait un aspect inévitable, bien que déplorable, du développement. La politique de la Banque a pour objectif fondamental de rétablir le niveau de vie et les capacités productives des personnes déplacées et si possible de les améliorer. Les grandes dispositions de cette politique protègent et élargissent les droits des personnes déplacées et encouragent la mise en place d'une sorte de filet de sécurité, visant à leur restituer leurs moyens d'existence. Dans tous les cas possibles, la politique de la Banque invite à transformer toute réinstallation involontaire en une occasion d'améliorer le niveau de vie antérieur, ceci en mettant les groupes de population réinstallés en mesure d'avoir part aux bénéfices du projet de développement qui a entraîné leur réinstallation.

Rétablir le niveau de vie antérieur constitue dans la pratique une tâche très difficile. En cherchant à obtenir un résultat orienté dans la voie du développement, la politique de réinstallation de la Banque lance un défi redoutable, tant à elle-même qu'aux Emprunteurs, mais un défi en parfaite harmonie avec les politiques de lutte contre la pauvreté que suivent les pays emprunteurs. Il importe toutefois de bien comprendre la nature et les dimensions des actions que suppose l'application de cette politique. Dans les pays

### Encadré 1. Politique de la Banque en matière de réinstallations

Inspirée des résultats d'expériences de terrain et des conclusions de recherches en sciences sociales, la politique de la Banque concernant les réinstallations n'a cessé d'évoluer depuis 1980, passant par plusieurs étapes décisives en 1986, 1988 et 1990.

Les éléments fondamentaux de cette politique sont les suivants :

- Les déplacements forcés doivent être évités ou limités chaque fois que cela est possible, en raison de leurs effets d'appauvrissement et de perturbation.
- Lorsque le déplacement est inévitable, l'objectif de la politique de la Banque est d'assister les personnes déplacées afin qu'elles améliorent ou au moins retrouvent leur niveau de vie antérieur et leurs moyens d'existence. Les moyens d'atteindre cet objectif sont les suivants: l'Emprunteur doit préparer et exécuter des programmes de réinstallation conçus comme des opérations de développement. Ces programmes de réinstallation font partie intégrante des plans d'intervention d'un projet.
- Les personnes déplacées doivent: (i) recevoir un dédommagement d'une valeur égale à celle des pertes subies, (ii) pouvoir bénéficier des avantages créés par le projet, et (iii) être assistées pendant le transfert et la période de transition sur le nouveau site.
- Transférer les individus en respectant leurs regroupements originels peut atténuer les traumatismes. Réduire la distance entre la zone de départ et les sites de réinstallation peut favoriser l'adaptation des personnes déplacées à leur nouvel environnement socio-culturel et physique. Compenser les effets négatifs de la distance par les effets positifs des opportunités économiques doivent être soigneusement pesés.
- La participation des personnes évacuées et de leurs hôtes à la planification de l'opération de réinstallation doit être encouragée. Il faut s'appuyer sur les institutions sociales et culturelles présentes de la population évacuée pour effectuer le transfert et le processus de réinstallation.
- Les nouvelles communautés réinstallées doivent être conçues comme des établissements humains viables, équipés d'infrastructures et de services et capables de s'intégrer dans le contexte socio-économique régional.
- Les communautés locales qui accueillent les personnes réinstallées doivent être assistées pour surmonter les possibles effets négatifs sociaux et environnementaux dus aux densités croissantes de populations.
- Les populations locales, minorités ethniques, tribus pastorales et autres groupes qui peuvent avoir des droits coutumiers informels sur la terre ou sur d'autres ressources confisquées par le projet, doivent être dédommées avec de nouvelles terres adéquates, des infrastructures et autres indemnités. L'absence de titres légaux sur la terre ne doit pas servir de motifs pour refuser à ces populations des dédommements et une aide à la réintégration.

en développement, l'indemnisation en espèces en vertu de la législation de l'Etat pour les terres et possessions perdues ne peut offrir une solution satisfaisante aux personnes lésées par des projets pour trois raisons fondamentales: l'absence dans de nombreux pays en

développement de marchés officiels du travail ou de la terre, les insuffisances des systèmes d'indemnisation des terres réquisitionnées par l'Etat, l'absence enfin d'une protection sociale adéquate. C'est pourquoi, il est indispensable que la Banque approche les problèmes de la

réinstallation sous l'angle qui est le sien, afin de prévenir l'appauvrissement qui résulterait des projets qu'elle finance. Cet objectif ne peut souvent être atteint que si bien des Emprunteurs modifient leurs politiques, cadres juridiques, capacités institutionnelles et, de manière générale, leurs pratiques actuellement en vigueur. Chaque projet de développement qui comporte un déplacement est un nouveau défi. Pour le relever avec succès, il faut faire chaque fois un effort méthodique pour améliorer les politiques et l'affectation de ressources appropriées et encourager la participation des groupes de population réinstallés et de leurs hôtes.

Pour les pays concernés comme pour la Banque, il importe de tout mettre en oeuvre pour atteindre les objectifs définis. Si l'exécution des opérations de réinstallation liées à des projets financés par la Banque n'a pas été toujours conforme aux normes requises par la politique, on note cependant des améliorations. Il est par ailleurs indéniable que les groupes de population affectés par les projets qui suivent la politique de la Banque bénéficient de meilleures conditions de réinstallation que ceux qui subissent les effets de projets non financés par la Banque; ces projets représentent 97 à 98 % du total des réinstallations involontaires dans le monde en développement. Il ne faut cependant pas considérer les projets soutenus par la Banque hors des contextes et des cadres généraux de la politique nationale du pays où ils se situent. L'une des conclusions les plus importantes du présent bilan peut se formuler ainsi : Encourager les gouvernements à améliorer leurs politiques en matière de réinstallation pour secourir la détresse de millions de personnes (ce qui vaudrait pour tous les projets, qu'ils soient ou non financés par la Banque) est un moyen clé d'obtenir de meilleurs résultats dans les projets soutenus par la Banque où les problèmes de réinstallation n'ont pas encore été résolus. C'est pourquoi dans les pays où la Banque finance, ou envisage de financer, des projets qui comportent une réinstallation, celle-ci aide les gouvernements concernés à instituer

ou améliorer une politique nationale en s'inspirant de l'expérience tirée des projets précédents.

### Conclusins Essentielles Tirées de ce Bilan

Le message le plus important qui se dégage de ce bilan est le suivant: une réinstallation bien conduite peut prévenir l'appauvrissement, voire réduire la pauvreté de la population concernée en lui reconstituant des moyens d'existence durables. Lorsqu'une opération de réinstallation n'est pas bien conduite, la population affectée se retrouve dans une situation pire qu'auparavant. Une réinstallation conduite avec succès au niveau social entraîne aussi des effets économiques positifs car les coûts élevés d'une réinstallation manquée ne se limitent pas seulement au groupe directement concerné — ils affectent aussi l'économie régionale et la population hôte de la zone de réinstallation. Une réinstallation inadéquate suscite des résistances locales, aggrave les tensions politiques, entraîne de longs retards dans l'exécution du projet et diffère le moment où tous les individus concernés pourront tirer profit de ce projet; les bénéfices perdus à cause de ces retards évitables dépassent parfois de beaucoup le coût supplémentaire d'une réinstallation bien conduite. S'assurer que la dimension humaine d'un transfert est limitée au minimum et que, lorsqu'il est inévitable, ce transfert est réalisé sans appauvrir les personnes déplacées, est un objectif pleinement justifié pour des raisons tant économiques qu'éthiques.

Le bilan a montré une fois de plus qu'une opération de réinstallation est presque toujours plus difficile, plus coûteuse et plus longue qu'on ne le pense généralement. Rétablir le niveau de vie antérieur des populations transférées est une lourde tâche lorsque les opérations de réinstallation les plus importantes déplacent des dizaines de milliers de personnes, le plus souvent très pauvres, sur de longues distances et une courte période. Les

problèmes propres au rétablissement du niveau de vie antérieur et des services communautaires sont accrus du fait que la plupart des Emprunteurs ne disposent que de moyens insuffisants, tant techniques qu'institutionnels, pour mener à bien une opération de réinstallation, et que certains agents d'exécution sont peu préoccupés par ces questions.

Les recherches sur le terrain, les évaluations de projets et les études sectorielles et juridiques confirment les points suivants :

- a) La politique de la Banque en matière de transfert et réinstallation de populations est ambitieuse, mais elle est aussi bien conçue et poursuit des objectifs rationnels (Encadré 1).
- b) Les projets dont l'exécution est conforme à la politique de la Banque ont des résultats nettement meilleurs, en matière de réinstallation, que ceux qui en ignorent les exigences. Les opérations de réinstallation menées dans le cadre des projets qui s'inspirent de la politique de la Banque sont généralement de meilleure qualité que celles relevant de projets non assistés par la Banque.
- c) La qualité d'une opération de réinstallation est directement liée à l'existence, ou à l'absence, d'une politique nationale en la matière et de cadres administratifs chargés d'en organiser le déroulement. Les Etats ou les ministères qui se sont dotés d'une politique de réinstallation adéquate réussissent généralement mieux à prévenir l'appauvrissement et à rétablir le niveau de vie antérieur que ceux qui en sont dépourvus.
- d) L'ensemble des opérations de réinstallation de la Banque se déroulent aujourd'hui - dans de bien meilleures conditions qu'en 1986, année où fut achevé le bilan précédent, et de manière radicalement différente par rapport au moment où la politique de réinstallation a été arrêtée. Cependant, dans un certain nombre de

projets actuels, les résultats des opérations de réinstallation n'ont pas atteint les objectifs définis et imposés par la politique de la Banque.

- e) Les procédures et critères de planification institués par la Banque ont sensiblement amélioré les pratiques de certains gouvernements emprunteurs, d'autres donateurs internationaux, d'organismes à vocation technique qui exécutent de vastes projets et de la Banque elle-même. Néanmoins, les progrès réalisés sur ce plan ont été inégaux et insuffisants. Il faut continuer les efforts pour garantir que la planification, les résultats et le suivi des opérations de réinstallation soient en accord avec les objectifs définis.

L'examen approfondi des expériences faites en matière de réinstallation a permis à la Banque et aux Emprunteurs d'enrichir considérablement leurs connaissances quant aux moyens d'opérer plus efficacement une réinstallation; il leur a permis aussi d'identifier des pratiques appropriées et divers moyens de corriger les défauts d'exécution, qui sont décrits dans le présent rapport. La dimension sociale des projets de travaux de génie civil exige une plus grande attention aussi bien de la part des gouvernements des pays membres, comme l'a montré aussi l'examen récemment mené par le Département d'Evaluation des Opérations, que de la part de la Banque.<sup>3</sup> A moins que ces insuffisances ne soient palliées, c'est l'oeuvre de développement elle-même qui continuera de faire l'objet de critiques persistantes au lieu d'obtenir le soutien sans réserve dont elle a besoin et qu'elle mérite amplement. C'est pourquoi, au-delà des évaluations menées projet par projet, il faut poursuivre le projet institutionnel d'une politique de réinstallation, qui en elle-même est un objectif de développement de grand prix.

Les 10 à 14 dernières années ont apporté d'importantes leçons, dont l'ensemble a frayé la voie aux changements positifs aujourd'hui en cours. Malgré les immenses différences entre les pays et les groupes de population

concernés, on comprend bien mieux désormais les *principaux facteurs communs* qui expliquent — qu'ils soient présents ou au contraire fassent défaut — pourquoi les opérations de réinstallation ont réussi dans certains cas et échoué dans d'autres. Ces facteurs sont les suivants:

- a) Engagement de l'Emprunteur, qui se traduit par des textes législatifs, des politiques officielles et des affectations de ressources;
- b) Application intégrale par l'Emprunteur et par la Banque des directives et procédures établies;
- c) Analyse sociale en profondeur, évaluations démographiques fiables et compétence technique pour toute planification d'une réinstallation orientée vers le développement;
- d) Evaluation adéquate et précise des coûts et du financement à la mesure des besoins, le calendrier de la réinstallation étant établi en fonction de l'état d'avancement des travaux de génie civil;
- e) Efficacité des agents d'exécution, qui tiennent compte des besoins en matière de développement, de ses possibilités et contraintes au niveau local;
- f) Participation des populations concernées pour définir les objectifs de la réinstallation, identifier des solutions pour rétablir le niveau de vie et le cadre de vie et mettre en oeuvre ces solutions.

### Les Opérations de Réinstallation Supervisées par la Banque

Entre 1986 et 1993, les opérations de réinstallation ont été liées à 192 projets, déplaçant au total 2,5 millions de personnes pendant la durée de vie utile de ces projets. Quarante-six projets avaient pris fin en 1993, après avoir conduit à la réinstallation de 500 000

personnes. Pour l'ensemble des 146 projets en cours d'exécution en 1993, près de 2 millions de personnes sont en voie de réinstallation, quelle que soit la phase de l'opération. Ces projets représentent 8 % des 1.900 projets de la Banque en cours; leur budget total s'élève à 23 milliards de dollars, soit 15 % du montant des prêts de la Banque. La grande majorité des projets financés par la Banque (60 %) sont situés dans l'Asie de l'Est ou du Sud, en raison du développement rapide de ces pays et de leurs fortes densités démographiques. Près de 100 projets qui entraîneraient la réinstallation d'environ 600.000 personnes, selon les évaluations préliminaires, ont été proposés par les Emprunteurs pour la filière de projets des années 1994 à 1997.

Dans les 146 projets en cours comportant des opérations de réinstallation, l'échelle des déplacements varie selon les projets de moins de 500 à plus de 200.000 personnes. Mais les opérations de réinstallation les plus importantes se concentrent dans une poignée de projets situés en Inde, en Chine, en Indonésie et au Brésil : onze grands projets concernant ces pays représentent plus de la moitié — 1,1 million — de toutes les personnes en voie de réinstallation. Les projets situés dans l'Asie de l'Est et du Sud groupent 80 % de la population à réinstaller. La part de l'Amérique latine est de 9 %, celle de l'Afrique de 23 % du nombre de projets comportant une réinstallation. De plus en plus de pays comptent de multiples opérations de réinstallation : le Pakistan, le Bangladesh, le Viet Nam et l'Indonésie, pays dont l'économie se développe, prévoient une augmentation sensible du nombre de projets soutenus par la Banque qui sont assortis d'une opération de réinstallation.

Du point de vue de la répartition sectorielle, les projets relatifs aux transports, à l'eau et à l'infrastructure urbaine sont de plus en plus souvent assortis d'une opération de réinstallation. Ils constituent maintenant sur ce point le secteur le plus important numériquement, avec 75 des 146 projets en cours. Mais les opérations de réinstallation

qu'ils entraînent sont d'ampleur moindre que la moyenne des opérations nécessitées par les projets des secteurs de l'hydro-électricité et de l'agriculture. Les barrages construits dans le cadre de projets d'irrigation, de production hydro-électrique et d'approvisionnement en eau potable sont à l'origine de la majorité des déplacements forcés (63 % des personnes déplacées), l'aménagement de corridors réservés aux transports venant au deuxième rang (23 %). Sur le plan sectoriel, c'est toujours aux projets agricoles qu'il faut imputer le plus grand nombre de personnes déplacées (52 % des personnes touchées).

### **Bilan des Opérations de Réinstallation**

La Banque a réalisé d'importants progrès entre 1986 et 1993 dans trois domaines essentiels :

- Influence sur les politiques de réinstallation des pays emprunteurs.
- Assistance aux Emprunteurs pour qu'ils évitent les opérations de réinstallation non nécessaires ou qu'ils limitent l'ampleur de déplacements forcés inévitables.
- Assistance aux Emprunteurs pour qu'ils améliorent les conditions de vie des populations réinstallées et qu'ils les aident à reconstituer leur niveau de revenu antérieur au déplacement.

Dans le même temps, néanmoins, lorsque l'exécution des opérations ne s'est pas déroulée conformément aux directives fixées, la réinstallation s'est souvent soldée par une détérioration des conditions de vie.

### ***Influence sur les politiques des pays emprunteurs en matière de réinstallation***

Ayant été la première institution internationale de développement à adopter une politique en matière de réinstallation, la Banque a conseillé aux Emprunteurs dont les projets comportent

des déplacements forcés de population de suivre cette politique. L'un des principaux résultats du rôle de catalyseur de la Banque entre 1986 et 1993 est que plusieurs Emprunteurs ont promulgué ou amélioré leurs politiques nationales et cadres juridiques en matière de réinstallation.

Une opération de réinstallation ne peut réussir que lorsque les gouvernements veulent qu'il en soit ainsi. La meilleure preuve de leur engagement dans cette voie se confirme lorsqu'ils créent un appareil institutionnel adéquate, qui se définit comme la synergie entre une politique, des interventions et des ressources. Quand les Emprunteurs ne partagent pas véritablement dès l'origine les objectifs de la politique de réinstallation de la Banque, les opérations de réinstallation ne sont généralement pas bien menées, en dépit du nombre de conventions, de missions de supervision du suivi ou des fréquentes menaces de la Banque de suspendre ses déboursments. De même, quand la Banque elle-même n'observe pas de manière cohérente ses propres principes ou procédures, le déroulement du projet est compromis.

Les années 1986-1993 ont été marquées par plusieurs succès notables sur le plan de la politique. Encouragée par un projet sectoriel de la Banque de 1990, conforme à sa politique, la société brésilienne Electrobras a élaboré des directives de réinstallation satisfaisantes concernant le secteur énergétique national. En 1992, la Colombie a adopté des directives sectorielles similaires. La Chine, avec l'assistance de la Banque, a amélioré les grandes lignes de sa politique de réinstallation dans le domaine des projets hydrauliques. En 1993, la Société nationale d'énergie thermique (National Thermal Power Corporation) (Inde) a adopté une politique sectorielle de réaménagement applicable à toutes ses opérations, à la suite de négociations approfondies avec la Banque dans le cadre des préparatifs d'un prêt sectoriel. L'intervention de la Banque a été dans l'ensemble bien plus efficace — et plus bénéfique pour ses activités immédiates — quand elle a pu parvenir à un

accord avec les pays emprunteurs sur un document-cadre de politique nationale ou sectorielle relatif aux activités qu'elle assiste, que si elle se limitait à conclure des accords juridiques valables pour un seul projet. En revanche, les obligations énoncées dans les accords relatifs à un prêt déterminé et une «politique de projet» convenue d'un commun accord ont parfois servi de base à un débat sur une politique nationale et des cadres juridiques de portée plus générale, ou permis de les améliorer.

D'importants donateurs multilatéraux et bilatéraux ont aussi récemment promulgué des directives de réinstallation similaires à celles de la Banque — par exemple, en 1990, la Banque interaméricaine de développement — et la Banque asiatique de développement envisagent officiellement de faire de même. A la demande de l'OCDE, la Banque a prêté son appui à la préparation de directives de réinstallation qui soient en harmonie avec ses propres directives et, en 1991, les ministres du développement de tous les pays membres de l'OCDE ont sanctionné l'adoption de directives similaires, identiques pour chacun, par les organismes d'aide de leurs pays respectifs.

### *Assistance visant à éviter les opérations de réinstallation ou à en limiter l'ampleur*

L'assistance de la Banque auprès des Emprunteurs est devenue plus efficace dans l'application du premier principe de la politique de réinstallation: éviter ou réduire l'ampleur des opérations de réinstallation chaque fois que cela est techniquement et économiquement possible. La possibilité de limiter ou d'éliminer un déplacement forcé de populations existe dans bien des propositions de projets soumises à la Banque pour financement. Par exemple, en modifiant les plans du grand barrage de Saguling, en Indonésie, dont la hauteur fût réduite de cinq mètres, on évita le déplacement de 35 000 personnes. En Côte d'Ivoire, la Banque a proposé de remanier le projet de foresterie de manière à ramener de 200.000 à 40.000, soit une réduction de 80 %, le nombre

de personnes que l'Emprunteur envisageait de déplacer, et a établi de meilleures conditions pour la réinstallation de la population affectée. En Thaïlande, le choix d'un nouveau site pour le barrage de Pak Mun et la décision d'en réduire la hauteur ont permis de ramener de 20.000 à 5.000 le nombre de personnes déplacées. En Equateur, le projet de régularisation des crues dans le Guayas et un nouveau plan des réseaux de canaux ont rendu tout déplacement de population inutile.

### *Rétablissement des niveaux de revenu*

Le dernier test de conformité des opérations de réinstallation à la politique arrêtée réside dans le rétablissement et l'amélioration des niveaux de revenu. Dans le cadre des projets financés par la Banque, les réinstallations assorties d'activités productrices fondées sur l'exploitation de terres ou l'exercice d'emplois rémunérés réussissent en général à mieux rétablir le niveau de revenu que celles qui comportent le versement d'une indemnité sans assistance institutionnelle. Les niveaux de revenu ont été rétablis notamment dans les cas où les populations réinstallées ont pu bénéficier des retombées immédiates dérivant du projet même qui était à l'origine de leur déplacement. Par exemple, des personnes déplacées ont été aidées pour développer une aquaculture et des pêcheries dans les nouveaux réservoirs (Indonésie), d'autres ont été réinstallées dans les périmètres récemment irrigués (Chine, certains projets en Inde), d'autres enfin ont reçu un droit prioritaire d'exploiter les possibilités commerciales créées par l'infrastructure nouvelle (Argentine, Chine, Turquie). Dans de nombreux projets, les groupes réinstallés en zone urbaine ont vu leur niveau de vie s'améliorer parce qu'ils bénéficiaient de logements moins précaires, d'une plus grande surface par habitant et d'un meilleur accès aux services sanitaires — même s'ils devaient payer ces avantages d'un éloignement accru entre le domicile et le lieu de travail.

Bien que la politique de la Banque définisse un objectif quantifiable pour toutes les opérations

de réinstallation — à savoir le rétablissement du niveau antérieur de revenu -, très rares sont les projets qui ont intégré des mesures ou des méthodes d'évaluation de ce niveau de revenu suffisamment précises pour déterminer si cet objectif avait été atteint. Les rapports régionaux sur les opérations de réinstallation et la plupart des audits du Département de l'Évaluation des Opérations n'ont pu indiquer si le niveau des revenus avait été amélioré ou du moins rétabli. Les données disponibles attestent de nombreux cas de réinstallations mal conduites qui ont eu pour conséquence un appauvrissement des groupes de populations déplacées. Des systèmes de suivi plus efficaces ont été récemment mis en place et seront multipliés.

Si on le compare aux conclusions tirées par le Département de l'Évaluation des Opérations au sujet des « premières expériences de réinstallation » (1993), qui se rapportent surtout aux projets commencés au début ou au milieu des années 80, l'actuel bilan a permis d'établir que les projets récemment achevés ou en cours, notamment dans les pays qui, comme la Chine, ont arrêté des politiques fermes en matière de réinstallation et disposent de solides capacités d'exécution, se déroulaient avec de meilleurs résultats. Quoi qu'il en soit, l'actuel bilan aboutit à la même conclusion que les études du Département de l'Évaluation des Opérations — à savoir que, malgré l'insuffisance des données, il semble que les projets n'aient souvent pas réussi à rétablir ou améliorer le niveau de vie des groupes réinstallés et qu'en de nombreux cas le bilan demeure peu satisfaisant. Ainsi, pour fragmentaires qu'elles soient, les informations disponibles suggèrent massivement que le plus souvent le revenu des groupes réinstallés est moins élevé qu'avant leur déplacement. C'est là un point particulièrement préoccupant dans le cas de certains pays, comme l'Inde et l'Indonésie, qui ont de nombreux projets assortis d'un déplacement, mais n'ont pas mis en place une politique nationale ou un cadre juridique en matière de réinstallation prévoyant le rétablissement du niveau de revenu des groupes déplacés. Le facteur clef du succès en la matière réside dans l'existence d'une volonté nationale d'aider les groupes de population

réinstallés, qui se traduit par une prise de position en ce sens au niveau sectoriel ou national.

La baisse de revenu après réinstallation est parfois sensible, allant dans certains cas jusqu'à 40 % pour des personnes qui étaient déjà pauvres avant le déplacement forcé. Les pertes englobent souvent des biens producteurs de revenu qui n'ont pas été remplacés, ainsi que celle du logement. Les enquêtes sur le terrain montrent que pour les familles d'exploitants agricoles, la perte des terres a généralement des conséquences bien plus dommageables que celle du domicile; cette observation reste vraie même si une perte seulement partielle de terres arables ne laisse à la famille qu'une exploitation non viable. Pour les familles urbaines, les pertes les plus difficiles à compenser sont celles de petits commerces ou ateliers, ou la possibilité d'accéder à un emploi rétribué. Dans certains cas récemment identifiés au cours du bilan, des mesures correctives ont été prises et d'autres suivront.

Les risques de baisse du niveau de vie se manifestent sur plusieurs plans — économique, social, sanitaire, nutritionnel, sans parler de l'aliénation culturelle — et le modèle multi-risque identifié grâce au bilan permet de formuler une mise en garde type qui aide planificateurs et décideurs à prévenir l'appauvrissement. Tous les risques n'affectent pas de manière égale les divers groupes réinstallés : certains groupes et individus vulnérables (comme les groupes autochtones et tribaux, ou les familles dont le chef est une femme) sont plus exposés aux risques du déplacement et du changement économique. En observant à quels risques spécifiques sont particulièrement exposés tels groupes sociaux, on comprend mieux le processus d'appauvrissement et les mesures à prendre pour éviter que ces risques ne se répètent dans les opérations futures.

En cas de réinstallation en milieu rural, le moyen le plus efficace de parer les risques d'appauvrissement consiste à mettre à la disposition des membres des groupes déplacés des terres de dimension adéquate dont la

propriété leur soit clairement reconnue. Dans la plupart des situations, la stratégie de remplacement «terre pour terre» donne des résultats de loin supérieurs à toute indemnisation en espèces. Les difficultés surgissent surtout si les terres sont rares et le marché foncier quasi inexistant. Cette stratégie de remplacement suppose aussi que les terres soient de qualité très comparable et quand de telles conditions ne sont pas réunies, il faut offrir des compensations et créer des sources de revenu en marge de l'agriculture. Dans les zones urbaines, les difficultés inhérentes à la réinstallation tournent autour des droits des propriétaires, des locataires ou des groupes de passage, ou bien concernent l'accès à des emplois de remplacement ou à la création d'entreprises, ou encore le prix des logements. Les approches participatives et l'intervention des ONG locales ont beaucoup aidé les groupes réinstallés en milieu urbain à trouver des sites de remplacement et à mobiliser leurs énergies pour qu'ils se reconstruisent des logements de meilleure qualité et pourvus de services plus respectueux de l'environnement.

La question proposée à l'analyse dans le cadre du présent bilan est de savoir s'il est possible d'identifier les causes de l'écart entre les objectifs de la Banque — en premier lieu, le rétablissement du niveau de revenu — et les résultats effectifs des projets, qui portent préjudice à un grand nombre d'individus. Si on relève des cas d'incurie manifeste et de méconnaissance des normes institutionnelles, ce sont des raisons plus fondamentales qui expliquent les problèmes rencontrés dans les opérations de réinstallation. Les autres leçons à tirer du présent bilan portent sur les capacités institutionnelles tant des Emprunteurs que de la Banque, sur les coûts d'une réinstallation réussie et sur la nécessité d'élaborer des stratégies de développement à long terme.

Malgré l'extrême diversité des projets et des situations nationales, un nombre relativement faible de facteurs communs rend compte de la qualité inégale des opérations de réinstallation :

- Les indemnités versées et les pratiques de rachat de biens immobiliers ne fournissent pas aux personnes déplacées des ressources suffisantes pour qu'elles puissent acheter des terres de remplacement et d'autres avoirs. Si aucune loi n'interdit aux gouvernements de prêter une aide adéquate aux personnes déplacées, les procédures d'indemnisation excluent fréquemment dans la pratique un nombre appréciable de ces personnes ou bien ne leur versent que des indemnités très faibles. Si les Emprunteurs utilisent largement les cadres institutionnels à leur disposition pour déplacer des groupes de population, ils ne se servent pas suffisamment de ces mêmes instruments institutionnels pour faciliter sur le terrain les stratégies d'acquisition foncière «terre pour terre».
- L'ensemble des ressources financières affectées aux opérations de réinstallation sont souvent inférieures aux besoins, et de beaucoup. Les dépassements de coûts dans les opérations de réinstallation sont souvent supérieurs de 50 % en moyenne à ceux constatés pour les travaux de génie civil, ce qui tient en premier lieu à l'insuffisance des estimations initiales. Les contraintes budgétaires et les procédures rigides d'affectation de fonds aggravent encore l'insuffisance des ressources.
- Les organisations chargées de gérer les opérations de réinstallation ne disposent souvent ni du cadre juridique, du mandat et des compétences nécessaires pour aider les groupes réinstallés et leurs hôtes. La rigidité de leurs procédures d'intervention et leur manque d'expérience en matière de réinstallation s'ajoutent à leur absence d'intérêt pour leur tâche et à la médiocrité de leur action.
- Les groupes réinstallés et les communautés hôtes ne participent pas suffisamment au processus de réinstallation. Les savoirs et

opinions des populations sont rarement utilisés pour élaborer les programmes de réinstallation ou pour trouver des solutions viables et les mécanismes juridiques efficaces susceptibles de résoudre les doléances font souvent défaut. Une planification conçue aux échelons supérieurs et imposée à la base, ainsi que la faiblesse de la représentation de l'agent d'exécution sur le terrain, ne permettent pas de mobiliser les bénéficiaires du projet pour qu'agissant en tant que parties concernées, ils assurent le succès de la réinstallation en faisant place parmi eux aux groupes de population réinstallés.

Certaines conditions préalables existent pour créer l'environnement capable d'aider les familles déplacées à reconstituer leurs moyens d'existence et systèmes de production. Les moyens de créer cet environnement sont connus, malgré l'immense diversité des situations. Pour réussir, une opération de réinstallation suppose au départ un cadre juridique favorable, des financements suffisants, des organismes d'intervention à la hauteur de leur tâche et une participation au niveau local à la conception comme à la gestion du programme.

### *Les capacités des Emprunteurs*

On ne peut améliorer les pratiques de réinstallation, dans le cadre des opérations de la Banque comme en dehors, sans les intégrer dans un débat plus général sur le développement entre la Banque et les Emprunteurs, ainsi que dans l'ordre du jour des politiques et stratégies de lutte contre la pauvreté. Certaines des expériences les plus réussies de la Banque en matière de réinstallation sont issues de dialogues entre secteurs, au cours desquels les Emprunteurs et la Banque se concentrent sur un ensemble d'objectifs de réinstallation et sur des principes de planification qui orientent l'exécution de chaque projet particulier.

Il existe d'importantes différences entre les pays, dans leur potentiel de réaliser une

opération de réinstallation et, à l'intérieur des pays, dans leur potentiel par branche d'intervention. Des organismes sectoriels robustes et rentables, comme les entreprises de services publics et certaines sociétés semi-publiques, ont les moyens d'affecter les ressources nécessaires au succès d'opérations de réinstallation entraînées par leurs interventions, à condition que ces opérations relèvent de leur responsabilité juridique; ainsi, des directives appropriées en matière de réinstallation deviennent des règles normales d'intervention des entreprises. Par contre, les services administratifs n'ont généralement pas les ressources, la souplesse budgétaire et les compétences de gestion nécessaires pour mener à bien des programmes de réinstallation, à moins d'améliorer considérablement au préalable leur structure interne. Tous les programmes de réinstallation, y compris ceux de petite dimension comme en comportent beaucoup de projets urbains ou de projets de protection de l'environnement, peuvent être conduits plus efficacement en obtenant la participation des ONG locales ou des organisations communautaires tant des populations réinstallées que des communautés hôtes.

### *Préparation et Evaluation des Opérations de Réinstallation*

La préparation et l'évaluation des projets comportant une opération de réinstallation se sont considérablement améliorées entre 1986 et 1993, de sorte que la qualité de ces opérations est maintenant très supérieure à celle qui était apparue dans le bilan de 1986. Mais on s'est aperçu que ni la Banque ni les Emprunteurs n'avaient pleinement appliqué certaines directives ou procédures. Les problèmes relatifs à l'étude du dossier des projets et à la gestion d'ensemble de ceux-ci ressemblent par certains côtés à ceux qu'a relevés l'équipe spéciale de gestion dans l'enquête menée sur tous les services de la Banque, mais ils se manifestent souvent avec plus d'acuité en matière de réinstallation; et ils expliquent l'inégalité de l'exécution sur le terrain. Les problèmes spécifiques qui se répètent et que

l'on retrouve surtout dans la première partie de la période couverte par le bilan sont les suivants:

i) manquement de nombreux organismes emprunteurs à l'élaboration de programmes de réinstallation satisfaisants; ii) manque de rigueur dans l'exécution des responsabilités internes lorsqu'il s'agit d'examiner et d'approuver les stades initiaux du projet; iii) supervision irrégulière ou insuffisante du projet; iv) actions de suivi insuffisantes de la part des Emprunteurs comme de la Banque quand des problèmes d'exécution sont identifiés.

Pour assurer dans de bonnes conditions la préparation et l'exécution des opérations de réinstallation, la Banque ne doit accorder son financement aux projets comportant un déplacement forcé que si les quatre conditions suivantes sont réunies : enquêtes d'ensemble sur la population et ses revenus; plans de réinstallation et programmes de développement; calendriers de réinstallation synchronisés avec les travaux de génie civil; et budgets distincts pour le financement des indemnités et pour les investissements liés à la réinstallation. Avec une régularité lourde de sens, les échecs de l'exécution et l'impuissance à rétablir le niveau du revenu antérieur semblent imputables à de mauvaises méthodes de travail, surtout aux stades initiaux du projet (identification, préparation et évaluation).

### *Enquêtes de référence*

Pour évaluer et planifier une opération de réinstallation, il est essentiel de rassembler des informations sur la population affectée et ses moyens d'existence. Les enquêtes de référence sont devenues sensiblement plus fréquentes, passant de 21 % des projets pour les exercices budgétaires 1980-1985 à 43 % pour les exercices budgétaires 1986-1993, puis à 72 % pour les projets approuvés durant les exercices budgétaires 1992 et 1993 et à 100 % pour les 10 premiers mois de l'exercice budgétaire 1994. Toutefois, la majorité des enquêtes socio-économiques menées par les Emprunteurs pour les projets en cours ne comprennent toujours pas de données sur les revenus. S'il n'est pas

facile d'évaluer les niveaux de revenu avant le déplacement, l'opération s'avère pourtant possible; elle est aussi nécessaire, parce que l'absence de données au départ ne permet pas d'inclure dans la conception et l'exécution des projets des objectifs précis et des repères contrôlables en matière de rétablissement du niveau de revenu.

Dans bien des cas, la plus grande difficulté au départ tient au fait que les organismes emprunteurs minimisent le chiffre de la population touchée lors de la préparation du projet et fournissent des informations inexactes aux missions d'évaluation. Le projet d'approvisionnement en eau et d'assainissement d'Izmir (Turquie) (exercice budgétaire 1987) a été engagé avec une évaluation de 3.700 personnes touchées; le chiffre a été aujourd'hui porté à 13.000. Le projet de la plaine de Tana (Madagascar) (exercice budgétaire 1990), pour lequel l'évaluation initiale de l'Emprunteur était de 3.500 personnes, semble devoir en affecter aujourd'hui 11.000. Une évaluation inexacte du groupe de population déplacé a des effets dommageables: le projet est sous-dimensionné, l'estimation des coûts est inadéquate, les ressources sont insuffisantes, il y a incapacité institutionnelle d'élaborer des solutions appropriées et enfin, la population réinstallée souffre d'appauvrissement. La Banque est parfois obligée de commanditer des études spéciales à des experts indépendants et continuera cette procédure dans l'avenir, afin d'élucider les contradictions qu'elle perçoit dans les informations fournies par les études de faisabilité des Emprunteurs.

### *Planification de la réinstallation*

Depuis 1980, la politique de la Banque a été d'exiger des Emprunteurs qu'ils préparent des programmes de réinstallation, ces programmes devant être évalués ensuite par la Banque. Les missions d'évaluation ne doivent pas aller sur le terrain avant que l'Emprunteur n'ait présenté à la Banque un plan de réinstallation, qui permettra à la Banque d'apprécier la

faisabilité et le coût de l'opération dans le contexte d'ensemble du projet. Des progrès sensibles ont été réalisés depuis l'examen de 1986, lequel avait établi que 14 % seulement des projets alors en cours disposaient de programmes de réinstallation comportant le minimum d'éléments requis, à savoir une enquête de référence, un calendrier de réinstallation, un budget et une série de propositions en matière de réinsertion. Durant la période 1986-1993, environ 55 % en moyenne des projets assistés par la Banque étaient assortis de programmes complets de réinstallation.

Une amélioration progressive se fait clairement jour *dans les limites de la période considérée*, cette tendance s'affirmant rapidement durant les deux dernières années. Pour les exercices budgétaires 1993 et 1994, tous les indicateurs clefs de l'instruction des dossiers de projet et des activités de gestion des projets sont nettement plus favorables que durant les premières années de la période considérée. Les opérations de réinstallation, désormais, sont mieux préparées et sont évaluées dans leur intégralité. La proportion des programmes de réinstallation en cours d'évaluation a augmenté parallèlement au développement des enquêtes de référence: pour l'exercice budgétaire 1993 et les 10 premiers mois de l'exercice budgétaire 1994, les 18 projets approuvés comportaient tous, à l'exception d'un seul, un programme de réinstallation en cours d'évaluation.

Si l'on enregistre une amélioration par rapport aux conclusions de l'examen de 1986, on constate cependant que beaucoup de projets financés par la Banque et actuellement en cours d'exécution ont connu des débuts décevants en raison des difficultés rencontrées au stade de la planification. Des projets qui comportent d'importants déplacements de population, comme le projet urbain de Jabotabek (Indonésie) (ex. budg. 1988), le projet routier du Sichuan (Chine) (ex. budg. 1988), le projet des transports provinciaux du Jiangsu (Chine) (ex.

budg. 1991), le projet thermique de Talcher (Inde) (ex. budg. 1987), le projet d'irrigation du Panjab (Inde) (ex. budg. 1990), le deuxième projet urbain de la Guinée (ex. budg. 1990), le projet d'approvisionnement en eau relatif à plusieurs États du Nigéria (ex. budg. 1992), etc., ne disposaient pas d'un plan de réinstallation élaboré et réalisable qui pouvait être soumis à évaluation. L'absence de ce plan signifie l'absence d'un programme d'assistance convenablement financé pour le groupe réinstallé. Des mesures correctives ont déjà été prises ou sont en cours pour améliorer la planification et les ressources allouées à la réinstallation dans tous ces projets.

La planification de la réinstallation est de qualité et de pertinence très inégales selon les cas. Bien que l'objectif général soit de rétablir les niveaux de vie et de revenu des familles déplacées, moins de 30 % des plans de réinstallation ont fait du rétablissement du niveau de revenu leur objectif primordial. Les résultats des opérations s'en sont ressentis. Tout en étant supérieure à celle des réinstallations en cours non financées par la Banque ayant lieu dans le même pays, la qualité technique de la planification demandée aux Emprunteurs pour les projets financés par la Banque n'est souvent pas à la hauteur des normes élevées qu'impose la Banque.

Une étude comparée des programmes de création — volontaire et involontaire — d'établissements humains a mis en lumière le contraste saisissant entre d'une part les ressources ou approches utilisées pour préparer une installation quand le développement est l'objectif premier, et d'autre part, quand une réinstallation involontaire constitue une composante auxiliaire du programme. Les programmes (mise en place d'institutions, développement) de projets facilitant la création *volontaire* d'un établissement humain offrent de précieux modèles qu'il est possible d'adapter et d'imiter dans les projets de réinstallation *involontaire*. Par ailleurs, l'ampleur de certaines opérations de réinstallation involontaire, considérées comme des composantes de projet

secondaires par rapport aux travaux de génie civil, excède généralement la capacité et la compétence des services techniques chargés de gérer les projets d'infrastructure. L'expérience des projets de création délibérée d'établissements humains autonomes donne à penser qu'ils peuvent servir de véhicule aux réinstallations involontaires, surtout dans le cas des opérations à grande échelle. Une solution novatrice a été introduite dans l'exercice budgétaire 1994, où la construction du barrage de Xiaolangdi (Chine) et la réinstallation qui en découle sont traitées comme deux projets connexes, mais distincts : l'un porte sur la construction du barrage, l'autre, sur l'opération de réinstallation, conçue comme un projet de développement complet. Cela permet de planifier et de concevoir intégralement, en une série de phases distinctes, une méthode d'exécution basée sur des apports distincts, calibrés en fonction du revenu et du potentiel des groupes de population touchés, catégorie par catégorie.

Beaucoup de projets qui ne comportaient pas de plans de réinstallation au stade de l'évaluation en ont été assortis plus tard. Cependant, jusqu'en 1992, les règles imposées par la Banque en matière de plans de réinstallation n'ont pas été entièrement respectées, tant au stade de la préparation que dans les rapports d'évaluation. En raison surtout de la résistance ou de la faible capacité des organismes emprunteurs, ou encore de l'insuffisance des effectifs, les directeurs de division n'ont pas toujours insisté sur la stricte observation des directives opérationnelles. Et les cas de non-observation n'ont pas été systématiquement identifiés au cours des examens internes de la documentation de préévaluation et des rapports d'évaluation. On a autorisé des projets qui ne répondaient pas entièrement aux normes de sécurité fixées par la Banque et leur non-observation n'était pas signalée aux chefs régionaux et au Comité des prêts *avant* approbation du prêt correspondant. Ces manquements aux normes internes de l'étude de dossiers ont appauvri dès le départ la qualité des projets. En particulier, l'absence de plans de réinstallation a amoindri les

chances de redressement. Si une réinstallation involontaire peut réussir quand on utilise des méthodes judicieuses, les risques d'échec sont immenses si l'on n'applique pas rigoureusement les procédures établies de longue date. Loin d'accélérer l'exécution, on ne fait que repousser les problèmes en ignorant les procédures. De telles lacunes dans les activités de la Banque deviennent particulièrement dangereuses quand l'Emprunteur ne partage pas les mêmes vues sur la réinstallation et n'a pas arrêté en la matière de principes d'action au niveau national. Dans la pratique, le personnel de la Banque a souvent dû se battre durement pour faire respecter les directives convenues, surtout quand le gouvernement du pays emprunteur ne contrôle pas systématiquement l'activité des services techniques chargés de l'exécution du projet. Des initiatives visant à améliorer le déroulement des travaux et à mieux marquer les responsabilités individuelles ont été prises durant l'examen, et de nouvelles mesures propres à intensifier la prise de conscience du personnel et des administrateurs ont été adoptées.

Dans quelques cas, les divisions responsables ont accepté que les Emprunteurs présentent des plans de réinstallation longtemps après le début du projet. Cela s'est révélé peu utile et propre à fournir des excuses aux organismes emprunteurs qui sous-estiment les besoins d'une réinstallation, tout en contraignant la Banque à se soumettre à des pratiques qu'elle a rejetées de longue date. L'expérience a montré qu'il est également coûteux pour les organismes emprunteurs de repousser au-delà de l'évaluation l'examen des plans de réinstallation. Pour le projet Irrigation II de l'Andhra Pradesh (ex. budg. 1986), en cours d'exécution, dont on avait initialement pensé qu'il entraînerait le déplacement de 63.000 personnes environ, la division responsable a accepté de procéder à l'évaluation sans disposer d'un plan de réinstallation, pour faire ensuite de la présentation d'un plan satisfaisant une condition de la mise en oeuvre du projet. Mais l'Emprunteur ne présenta pas de plan

satisfaisant, manquant ainsi trois dates limites successives; le projet fut donc retardé et son exécution ne commença que 14 mois plus tard. Le montant de la commission d'engagement versée par l'Emprunteur pour le retard a dépassé le coût d'établissement du plan de réinstallation. On s'est de nouveau aperçu à mi-parcours que le projet n'avait pas été correctement préparé, quand il est apparu que le nombre réel de personnes lésées par le projet était plus de deux fois supérieur à celui figurant dans l'évaluation, atteignant au total environ 150.000. Pour les 85.000 et davantage qui s'ajoutaient au chiffre indiqué par l'Emprunteur durant la préparation, l'évaluation et les négociations, on n'avait pas prévu lors de l'évaluation les ressources nécessaires à leur réinstallation.

### *Calendriers de réinstallation*

La bonne pratique est d'étaler les phases d'une importante réinstallation sur toute la durée du projet, avec un temps d'avance sur les travaux de génie civil pour éviter une période d'engorgement vers la fin. La mauvaise pratique est d'attendre la dernière ou les deux dernières années d'un projet qui occupe huit à dix ans pour opérer un transfert de population massif, ce qui expose les groupes de population déplacés à de sérieux risques d'appauvrissement. On a constaté que plus de la moitié des projets en cours ne comportaient pas de calendriers de réinstallation explicites, établis en synchronisation avec les travaux de génie civil. Durant le présent bilan, les départements géographiques de la Banque ont pris des mesures pour mettre au point, de concert avec les Emprunteurs, des calendriers précis de réinstallation dans tous les projets en cours.

### *Financement des opérations de réinstallation*

Les opérations de réinstallation ont gravement souffert de l'insuffisance de la planification financière, ce qui explique en grande partie leur qualité inégale. De nombreux organismes emprunteurs ne reconnaissent ni ne calculent

tous les frais du déplacement forcé des personnes affectées et n'incorporent pas les coûts intégraux de la réinstallation et de la réinsertion dans les dépenses globales du projet. Il en résulte que la réinstallation est sous-financée. Le bilan a aussi permis de relever des faiblesses méthodologiques dans la manière dont les rapports d'évaluation traitent des dimensions économiques et financières de la réinstallation. Aussi bien les Emprunteurs que les économistes de la Banque n'ont que rarement appliqué les directives techniques de la Banque relatives à la normalisation de l'analyse économique et financière des composantes de la réinstallation, directives promulguées en 1988. On a rarement fait la distinction entre les coûts de l'indemnisation des actifs perdus et les coûts des nouveaux investissements nécessaires pour rendre les groupes de population réinstallés de nouveau productifs, en les dotant des logements et services appropriés, et ces dépenses d'équipement n'ont pas été budgétisées. Quand on amalgame les coûts de rétablissement des infrastructures du secteur public, d'une part, et ceux de réinstallation des populations, de l'autre, le manque de distinction entre ces deux catégories de coûts tend à masquer la faiblesse des allocations individuelles versées aux familles déplacées. Le résultat final est que les ressources affectées à la réinstallation sont très inférieures aux besoins.

Le financement global, par la Banque, des coûts des opérations de réinstallation au titre des projets exécutés durant les exercices budgétaires 1986-1993 n'a pas été à la mesure de l'importance que la Banque attache à cette composante des projets. Moins de 15 % des composantes «réinstallation» de projet sont financés par la Banque; et elle n'en finance ordinairement qu'une faible part, même dans cette minorité de cas. En augmentant sensiblement le financement par la Banque d'un développement productif sur les sites de réinstallation, il serait possible de gonfler les flux de ressources au bénéfice des groupes réinstallés, d'améliorer la qualité de l'opération, d'espérer davantage du projet en

matière de rétablissement du niveau de revenu, enfin de stimuler le développement local dans les zones d'accueil. En accordant des prêts directs au bénéfice de la réinstallation, la Banque introduirait plus de cohérence dans sa politique.

## Exécution et Supervision des Opérations de Réinstallation

De 1986 à 1993, la supervision des opérations de réinstallation s'est progressivement améliorée, quoique de façon inégale. La supervision des composantes «réinstallation» s'est améliorée immédiatement après le bilan de 1986, mais ensuite la fréquence des missions de supervision a plafonné (à un niveau plus élevé qu'avant 1986) jusqu'au début du présent bilan qui a marqué un nouveau et très net progrès. La composante «réinstallation» de tous les grands projets d'irrigation et d'hydroélectricité a fait l'objet d'une supervision régulière, mais la supervision n'a été que sporadique pour les projets relatifs aux transports, à l'eau et au développement urbain, ainsi que pour ceux comportant des opérations de réinstallation de faible ampleur. Dans le cadre des projets entraînant un vaste déplacement de population, surtout dans les zones urbaines, lorsque la réinstallation n'a pas été supervisée plusieurs années de suite — comme c'est le cas du projet urbain de Jabotabek, en Indonésie —, il a été difficile à la Banque de savoir avec précision comment cette réinstallation s'était effectuée.

Il faut maintenir les améliorations récemment apportées à la qualité et à la continuité de la supervision. On utilise régulièrement les services des spécialistes de la réinstallation pour le groupe de projets comportant de vastes déplacements de population, mais la pénurie de personnel d'action sociale a obligé à ne faire superviser les composantes «réinstallation» des projets de moyenne ou faible ampleur que par un nombre insuffisant de spécialistes, situation palliée dans une certaine mesure par le recrutement plus fréquent de consultants. Les

départements techniques ne disposent que d'un petit nombre de spécialistes de l'action sociale et doivent éparpiller leurs activités entre un grand nombre de départements géographiques. La réinstallation comporte des dimensions non seulement sociales, mais aussi techniques, en milieu rural comme en milieu urbain. Durant les activités normales de supervision, le personnel technique des départements géographiques, à quelques importantes exceptions près, n'est affecté qu'assez rarement à suivre les opérations de réinstallation. Il en résulte que les difficultés d'exécution ne sont souvent identifiées que tardivement — les services de gestion ne sont avisés d'un problème qu'avec retard, qui se transmet aux instructions données par la Banque aux organismes emprunteurs chargés de l'exécution. Le réservoir de *techniciens* multidisciplinaires dont dispose la Banque constitue une précieuse ressource qu'il faut faire intervenir régulièrement au bénéfice des opérations de réinstallation.

On s'est assuré que les Emprunteurs respectaient les accords juridiques essentiellement au sujet d'arrangements spécifiques datés portant sur des objectifs matériels, rarement pour contrôler la qualité des activités de réinstallation. Les missions de supervision ont constaté maints problèmes, y compris les manquements des Emprunteurs aux plans de réinstallation et aux dispositions des accords juridiques. Un suivi plus attentif et une application plus stricte des accords juridiques relatifs à la réinstallation permettraient de mieux harmoniser les activités et les principes. Au cours des 18 derniers mois, la Banque a suspendu les décaissements sur trois projets pour des raisons liées au déroulement de la réinstallation.

L'un des résultats du bilan de 1993 est d'augmenter considérablement les ressources affectées à la supervision des opérations de réinstallation par tous les services de la Banque. Les deux tiers de toutes les missions de supervision conduites en 1993 ont intégré des spécialistes de la réinstallation, souvent au

prix d'un recours momentanément accru aux services de consultants, indispensables pour des évaluations rapides. Le fait que, durant l'examen de 1993, les consultants recrutés à titre temporaire aient été deux fois plus nombreux que les membres du personnel de la Banque a permis de mener à bien cet examen, mais ce ratio n'est ni viable ni sain à long terme pour l'organisation, car il n'aide pas à constituer un réservoir interne de capacités et de compétences (dans les services de gestion de ces mêmes projets, les membres du personnel sont au contraire deux fois plus nombreux que les consultants). Les consultants répondent aussi à d'autres sollicitations, ce qui a pour effet de compromettre la continuité de la gestion des opérations de réinstallation.

### **Améliorations Apportées en 1993 à la Gestion des Projets Comportant une Opération de Réinstallation**

En 1993, la gestion et le déroulement des opérations de réinstallation de la Banque se sont sensiblement améliorés. A mesure que l'examen permettait d'identifier les problèmes, les services compétents de la Banque, agissant de concert avec les Emprunteurs, prenaient des mesures propres à les résoudre. Au cours de ce processus, la Banque a: i) fortement intensifié la supervision des opérations de réinstallation; ii) accru l'assistance technique prêtée aux Emprunteurs pour des mesures correctives; iii) amélioré le travail déjà en cours sur de nouveaux projets introduits dans la filière (ex. budg. 1994-1997).

Durant l'examen de 1993, la Banque a triplé le montant des ressources affectées à la supervision des opérations de réinstallation. La plupart des projets comportant la réinstallation de plus de 1.000 personnes ont été supervisés au moins une fois, et plus de 40 projets, dont le plus important en matière de réinstallation, l'ont été deux fois. Les diverses régions ont envoyé sur le terrain plus de missions de supervision d'opérations de réinstallation durant les 12 derniers mois que pendant l'ensemble des trois années précédentes.

Les mesures correctives engagées durant la période du bilan portent sur les points suivants: i) réévaluation de l'ampleur de la réinstallation; ii) aménagement des calendriers de la réinstallation; iii) participation accrue des groupes affectés; iv) recherche de meilleures solutions au problème de la réinstallation, ou de moyens de limiter les déplacements; v) apport d'un complément de ressources financières; vi) appui aux efforts faits par les Emprunteurs pour élargir leur pouvoir administratif. Ces mesures correctives ont considérablement amélioré la situation d'ensemble: un certain nombre de «projets assortis de réinstallations problématiques» — comme le projet d'approvisionnement en eau et d'assainissement d'Izmir (Turquie), le projet de la plaine de Tana (Madagascar) et plusieurs projets en Inde — se sont acheminés vers une amélioration certaine. En Inde, par exemple, grâce au soutien intensif du personnel et des services de gestion de la Banque, d'importantes mesures correctives ont été décidées pour le Projet d'irrigation III du Maharashtra, qui touche 168.000 personnes, dans le contexte d'une restructuration du projet; et dans le Projet d'irrigation II du Haut Krishna, qui touche plus de 220.000 personnes, l'amélioration des composantes de la réinstallation a récemment permis de lever la suspension des décaissements. D'autres mesures correctives sont envisagées.

Le travail d'analyse mené à la Banque même et la formation offerte à des fonctionnaires nationaux ont aussi contribué, en 1993, à améliorer la gestion des projets comportant une opération de réinstallation. Toutes les régions ont établi des rapports analysant le degré d'avancement des opérations de réinstallation non seulement projet par projet, mais aussi en tant que sous-catégorie de l'ensemble des projets de la région. Les départements centraux ont établi des rapports sur les opérations de réinstallation, par secteur et par problème, qui concernent l'agriculture, l'énergie hydro-électrique, les zones urbaines et

les transports; ils continueront à suivre des aspects spécifiques des projets assortis d'une réinstallation. Le Bureau du Vice-Président du Département juridique a analysé les aspects juridiques de la réinstallation. En 1993, l'IDE a organisé des séminaires de formation aux problèmes de la réinstallation en Inde, en Chine et en Turquie, et convenu avec divers Emprunteurs de poursuivre cette formation.

Considéré dans son ensemble, le processus d'élaboration de ce bilan a offert une occasion exceptionnelle d'apprendre comment mieux conduire une réinstallation, d'identifier les méthodes saines, d'ajuster les approches générales à des secteurs et circonstances déterminés, d'édifier une capacité institutionnelle au service de la réinstallation et de perfectionner les méthodes d'analyse et d'évaluation. Une part considérable de ces leçons ont été présentées dans ce rapport, mais bon nombre d'autres études d'ordre économique, sociologique, juridique et technique ont été menées à bien ou sont en cours. Les conclusions de ces études seront largement diffusées pour aider à faire connaître les connaissances acquises et les meilleures méthodes pratiques. Parmi les contributions du Département juridique, il faut citer les études novatrices dues au Conseiller juridique de la Banque sur les problèmes que soulève à cet égard tout déplacement de population par le secteur public, études qui aident la Banque et l'Emprunteur à protéger les droits des personnes réinstallées. Le Département de l'environnement a aussi élaboré une série de nouveaux instruments qui permettront d'améliorer les futures opérations de réinstallation, à savoir : directives révisées régissant l'analyse économique et financière des réinstallations; système de suivi informatisé, au niveau des projets, du déroulement des opérations de réinstallation; directives concernant la création de pêcheries dans les réservoirs, au bénéfice des groupes réinstallés; et études sur les données d'expérience en matière de réinstallation en zone urbaine. La Banque a prêté son appui à la préparation d'un manuel technique concernant la planification de la réinstallation en zone

urbaine, par l'Institut des études sur le logement de Rotterdam. Le Bureau régional Afrique, qui a synthétisé et publié ses examens semestriels des opérations de réinstallation menées depuis 1988, a aussi organisé une conférence internationale et publié un volume sur les réinstallations en Afrique.

Les activités conduites tout au long de l'année 1993, tant à la Banque que sur le terrain, prouvent que la Banque et les Emprunteurs savent tirer les leçons de l'expérience, réagir efficacement aux problèmes de réinstallation et fixer de claires priorités institutionnelles. Ils sont maintenant mieux équipés pour conduire des activités de réinstallation dans les projets à venir. Toutefois, puisque d'importantes ressources additionnelles ont été nécessaires pour obtenir ces résultats, ce sera pour tous une difficile tâche que de maintenir le rythme des efforts actuellement déployés.

### **Mesures Destinées à Améliorer les Activités de Réinstallation de la Banque**

L'examen aboutit à la conclusion générale que la qualité d'exécution des projets comportant une composante «réinstallation» s'est améliorée, surtout après 1991. L'examen a aussi révélé de graves faiblesses et des mesures ont été prises, ou le seront, pour introduire de nouvelles améliorations.

#### ***Priorités stratégiques***

Dans le cadre de la politique actuelle de la Banque en matière de réinstallation, qui est axée sur le rétablissement du niveau de revenu, les activités seront orientées par les priorités stratégiques ci-après, qui sont en harmonie avec les leçons énoncées dans le présent rapport.

#### ***Veiller à obtenir l'engagement de l'Emprunteur***

La Banque ne financera pas de projets comportant de vastes opérations de

réinstallation à moins que le gouvernement concerné n'adopte des politiques et ne mette en place des cadres juridiques propres à garantir le rétablissement du niveau de revenu des personnes déplacées. L'accord sur les principes doit être explicite dès le départ, compte dûment tenu de la situation particulière des pays dotés d'un système fédéral, où les politiques/cadres juridiques peuvent relever de la compétence des gouvernements d'Etats/ de provinces. Les prêts consentis dans les secteurs où les besoins liés à la réinstallation sont le plus importants doivent subvenir aux frais d'une application progressivement étendus des normes de réinstallation, à partir du cadre du projet, de manière à avoir plus d'impact sur l'ensemble du secteur.

### ***Renforcer la capacité institutionnelle de l'Emprunteur***

La Banque aidera les Emprunteurs à édifier leur capacité institutionnelle afin de mettre en oeuvre la réinstallation avant même que le déplacement ne soit effectif, ce qui comporte notamment une clarification des cadres juridiques, inspirée par le souci de protéger les droits individuels. A l'intention des Emprunteurs qui ont plusieurs opérations de réinstallation assistées par la Banque, celle-ci sera prête à soutenir des projets spéciaux de développement institutionnel pour aider le pays concerné à améliorer ses capacités administratives, ceci dans le but de répondre aux besoins des opérations de réinstallation en concevant et en appliquant les projets voulus (par ex., capacités de mise en état des sites, études sur les ressources en terres, suivi et évaluation, formation). Ce soutien institutionnel de la Banque ira principalement aux organismes nationaux ou à ceux des Etats — par exemple, services centraux d'irrigation et d'approvisionnement en eau, commissions de l'énergie électrique, sociétés — qui cherchent à développer leur capacité de prise en charge des problèmes techniques, sociaux ou écologiques, et plus particulièrement à élaborer des normes et règlements leur permettant de transposer plus facilement au niveau de l'exécution des projets les politiques de réinstallation et les

dispositions juridiques. Les ONG peuvent contribuer dans une large mesure à augmenter la capacité institutionnelle locale et la Banque encouragera leur participation.

### ***Améliorer la conception des projets***

Il faut éviter ou réduire au minimum les opérations de réinstallation dans le cadre des projets assistés par la Banque en menant des études techniques et sociales de nature à faciliter la conception et l'exécution des projets. On n'épargnera aucun effort, avant la mise en route d'un projet, pour identifier les options techniques et sociales permettant de limiter l'ampleur de la réinstallation. La Banque s'efforcera tout spécialement d'identifier et de faire largement connaître les meilleures méthodes pratiques, surtout en ce qui concerne la réinstallation dans un contexte urbain ou semi-urbain, cas dans lequel il faut perfectionner encore les approches opérationnelles. La conception et les calendriers précis du projet doivent assurer la mise en place de mécanismes internes qui feront progresser de pair les travaux de génie civil et la réinstallation progressive. Ces mécanismes seront décrits dans les rapports d'évaluation de projet.

### ***Promouvoir la participation de la population***

La Banque exige une participation active des groupes à réinstaller à la préparation, à la planification et à la conduite de la réinstallation. Les plans de réinstallation qui font partie d'évaluations environnementales régulières, sont à la disposition du public. Il faut communiquer des informations fiables aux personnes touchées par le projet concernant la politique de réinstallation et de réaménagement, leurs droits, les conditions à réunir pour les faire valoir, les options ouvertes, les procédures à suivre et les mécanismes d'appel. En consultant le public sur les plans de réinstallation, on stimulera la participation des groupes réinstallés et des populations hôtes à la préparation, puis à l'exécution de ces plans.

### ***Assurer la fourniture par la Banque de moyens de financement suffisants***

Afin de prévenir le risque d'appauvrissement, tous les projets incluront à l'avenir, dans leurs coûts totaux, le coût intégral de la réinstallation et des investissements requis pour rétablir le niveau de revenu. Dans le contexte du plan général de financement du projet, la Banque sera prête à accroître sa participation au financement des opérations de réinstallation, selon les besoins propres à chaque cas. Comme il reste difficile de trouver des moyens de financement suffisants pour certains projets récemment approuvés, la Banque envisagera de fournir des fonds d'appoint dans tous les cas nécessaires. Il faut aussi chercher à obtenir plus de ressources dans le pays même — et, s'il y a lieu, auprès de donateurs bilatéraux.

### ***Diversifier les approches du projet***

La Banque envisagera de recourir à des projets jumeaux pour les travaux de génie civil de grande ampleur qui nécessitent une opération de réinstallation. Les poses d'infrastructure qui entraînent des déplacements de population importants seront normalement, dans l'avenir, articulées en deux projets, le seuil au-dessous duquel un seul serait préférable étant déterminé en fonction des capacités nationales et locales. Il conviendra de justifier dans le rapport d'évaluation la décision d'intégrer des opérations de réinstallation de grande ampleur à des projets plus importants. Considérer les opérations de réinstallation de grande ampleur comme des projets à part entière permettra de mieux mobiliser les cadres administratifs appropriés et les compétences nécessaires pour conduire la réinstallation avec succès. Une autre option consiste à exécuter deux projets consécutifs, un projet de développement rural ou urbain dans la zone de réinstallation, faisant immédiatement suite au projet de pose d'infrastructure qui a entraîné le déplacement; l'intérêt de cette option doit être apprécié en fonction des besoins dans chaque situation particulière.

### ***Consolider la capacité institutionnelles de la Banque***

La Banque est entrain d'étendre ses compétences pour mesurer les dimensions sociale et technique des projets comportant une réinstallation, afin de maintenir les améliorations. Il importe particulièrement de mieux utiliser les compétences du personnel existant et la capacité du personnel d'appoint dans des domaines critiques tels que les secteurs sociaux, l'examen des projets renforcés, enfin le suivi et l'évaluation permanents du déroulement des projets. Les administrateurs dégageront des ressources suffisantes, imputées sur leurs budgets, pour réaliser ces améliorations. Pour soutenir le renforcement des activités portant sur les dimensions sociales des projets, la Banque assignera des ressources financières à un fonds central ayant pour rôle d'appuyer les projets novateurs qui abordent les dimensions sociales prioritaires (par exemple, évaluations de la pauvreté par enquêtes participatives, méthodes d'investigation pour l'analyse sociale, enquête sur l'organisation des utilisateurs de ressources naturelles, participation des ONG à la conception et à l'exécution des projets, etc.).

### ***Mesures correctives et de rattrapage***

Des mesures correctives seront poursuivies ou introduites dans tous les projets, même ceux presque terminés, dont l'exécution n'a pas respecté les normes instituées et légales. Pour les projets en cours dont il est reconnu, dans chaque région, qu'ils se heurtent à de graves problèmes en matière de réinstallation, les Emprunteurs sont entrain de mettre au point avec l'aide de la Banque des mesures correctives, et la préparation de ces actions devra être achevée au milieu de 1995. Certains projets peuvent exiger une restructuration, un financement d'appoint ou la création d'un organisme de réinstallation.

Lorsque les départements régionaux estiment que des projets connaissent des problèmes de faible ou moyenne gravité, la Banque continuera de prêter son assistance à ces projets par le biais d'une supervision régulière ou intensifiée du département géographique compétent. On attend des Emprunteurs qu'ils affectent de nouvelles ressources aux budgets de projet pour réaliser avec succès l'opération de réinstallation et la Banque envisagera sur demande de fournir un financement d'appoint.

Le bilan a permis d'identifier des cas où l'Emprunteur n'a pas suivi les plans de réinstallation arrêtés en accord avec la Banque et où le projet, une fois achevé, a laissé un certain nombre de personnes dans une situation pire qu'avant leur déplacement. La Banque se tient à la disposition des Emprunteurs pour leur prêter assistance dans le cadre des mesures correctives qu'ils envisagent de prendre. Ces mesures «de rattrapage» de l'Emprunteur doivent, dans la mesure du possible, viser à identifier les personnes lésées et à effacer les effets de l'appauvrissement constaté. Les mesures de rattrapage convenues entre la Banque et la Société nationale d'énergie thermique (Inde) pour plusieurs projets thermiques constituent un exemple récent qui marque un progrès.

### *Améliorer les modalités d'étude des projets*

Il est essentiel de respecter intégralement les procédures et les mesures de sécurité destinées à garantir la qualité des projets — par exemple, enquêtes initiales sur le revenu, plans et programmes de réinstallation, calendriers et budgets. Le fait que presque tous les projets inscrits dans les exercices budgétaires 1993 et 1994 qui aient été présentés aux comités régionaux des prêts tiennent compte des procédures établies constitue la preuve que les Bureaux des Vice-Présidents régionaux sont attachés au respect des procédures. Si les gouvernements des pays emprunteurs sont responsables en dernière analyse de l'exécution, le personnel

de la Banque a ses propres responsabilités, qui sont de suivre attentivement le déroulement, l'impact et les résultats des projets. En raison des risques élevés que comportent des projets qui détruisent, puis recréent les moyens d'existence de groupes de population, le personnel tant de la Banque que de l'Emprunteur est tenu de faire preuve d'une extrême prudence. Il est capital que la Banque s'acquitte de ses propres responsabilités avec plus d'efficacité — et que cela soit clair aux yeux de tous —, et que la Banque elle-même invite l'Emprunteur à faire de même.

Les améliorations ont porté, et continuent de porter, sur les points suivants : i) l'analyse d'une opération de réinstallation en cours d'évaluation et sa conformité aux programmes de développement destinés aux groupes de population réinstallés; ii) examen interne des composantes «réinstallation» d'un projet avant présentation au comité régional des prêts, iii) composition et organisation des unités opérationnelles qui doivent être en mesure de faire face aux problèmes de la réinstallation avec compétence et cohérence. La Banque est dépositaire de l'essentiel des connaissances qui garantissent le succès des opérations de réinstallation, connaissances enrichies par le présent bilan. Il faut maintenant tirer pleinement parti de ces connaissances grâce à un déploiement avisé du personnel.

Au stade de l'identification des projets et durant la préparation d'opérations de réinstallation de grande ampleur, la Banque encouragera les Emprunteurs à conduire des programmes expérimentaux pour déterminer si les solutions et arrangements proposés sont adéquats. L'utilisation systématique des ressources du Mécanisme de financement de la préparation des projets (PPF) et du Fonds de développement des institutions ouvrira de nouveaux guichets financiers accessibles aux Emprunteurs, pour le soutien technique et la mise en place de capacités, durant les importantes phases préparatoires. Pour les opérations d'importance majeure — en particulier la construction de barrages —, on

envisage de plus en plus d'instituer, durant les étapes d'identification préliminaire, un comité consultatif de la réinstallation, sur le modèle des comités de sécurité des barrages.

Les dispositions arrêtées par la Banque concernant l'évaluation des opérations de réinstallation (voir Directive du manuel opérationnel 2.20 et Directive opérationnelle 4.30) apparaissent satisfaisantes et seront appliquées. L'évaluation portera explicitement sur les risques sociaux et économiques impliqués par l'opération de réinstallation proposée, à distinguer des autres risques inhérents au projet, et garantira que le programme de reconstruction socio-économique aborde ces risques. Conformément à la décision prise par le personnel de direction de la Banque de préparer un Plan d'exécution pour chaque projet au stade de l'évaluation, le plan de réinstallation sera intégré au plan d'exécution d'ensemble.

Le contenu des rapports d'évaluation des projets comportant une opération de réinstallation est en voie d'amélioration, dans le but de garantir que le personnel de direction et le Conseil reçoivent les informations essentielles concernant la réinstallation. Une sous-section distincte du rapport d'évaluation, consacrée à la composante «réinstallation», fournira les indicateurs de base sur les populations touchées, les programmes de développement, l'atténuation des risques, le calendrier et le budget. Le coût global de la réinstallation sera identifiable parmi les autres coûts du projet et une distinction sera faite entre les coûts d'indemnisation et les coûts des investissements nécessaires pour reconstituer une base socio-économique viable au bénéfice des groupes de population réinstallés.

### *Supervision*

Il est encore possible d'améliorer la supervision des opérations de réinstallation, tant sur le plan de la qualité que de la fréquence du contrôle. Des missions de supervision périodiques et dotées d'un personnel suffisant et compétent auront lieu au moins tous les 12 mois; elles

devront comporter des visites sur le terrain, sur les sites mêmes du déplacement et de la réinstallation. Le recours aux services de spécialistes recrutés localement permettra d'atteindre plus aisément la portée de supervision de la Banque. La judicieuse pratique introduite par les régions d'Asie de l'Est et d'Afrique, qui est de soutenir les comités de suivi créés par l'Emprunteur, a pour effet d'améliorer l'exécution et sera appliquée dans d'autres régions.

Les divisions de la Banque responsables de projets comportant de complexes opérations de réinstallation doivent affecter davantage de temps de travail à leur supervision. Néanmoins, si stricte que soit la supervision de la Banque, elle ne saurait pallier les manquements des Emprunteurs à leurs obligations ni compenser leur trop faible détermination d'exécuter les mesures convenues. Quand les accords juridiques ne sont pas respectés, la décision de poursuivre les décaissements devra être approuvée par les mêmes instances régionales qui cautionnent les propositions tendant à les suspendre (cette règle s'applique à tous les cas de manquement, et non pas seulement à ceux concernant les accords relatifs aux opérations de réinstallation). En raison du caractère délicat de ces opérations et des risques qu'elles impliquent, les mécanismes actuels de communication aux chefs de division et aux chefs régionaux des constatations faites sur le terrain (Imprimé 590) seront améliorés.

Pour maintenir les progrès réalisés durant l'examen et pour vérifier si les directives et procédures de la Banque sont respectées en permanence, les services régionaux établiront des rapports annuels sur les projets comportant une composante «réinstallation» dans le cadre du Rapport annuel sur la performance du portefeuille. Ces rapports apprécieront la gestion des projets comportant une composante «réinstallation» en fonction d'indicateurs mesurables — à savoir la fréquence des missions de supervision, l'évaluation du degré de recouvrement des moyens d'existence et, le cas échéant, les principaux problèmes d'exécution.

En ce qui concerne l'étude du dossier de nouveaux projets assortis d'une opération de réinstallation, les rapports feront état des plans de réinstallation, des enquêtes sur le revenu, des calendriers et des budgets, ainsi que des consultations menées avec la population locale.

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C'est une priorité absolue pour la Banque que de renforcer son assistance aux Emprunteurs pour réaliser et améliorer les opérations de réinstallation ; lutter contre la pauvreté et promouvoir un développement durable fait aussi partie intégrante de la mission fondamentale de la Banque. L'important processus d'apprentissage qui a pris place ces dernières années a mieux fait prendre conscience des problèmes complexes et des risques de toute réinstallation; la Banque et les Emprunteurs sont beaucoup mieux équipés que dans le passé pour oeuvrer dans ce domaine. Les compétences techniques nécessaires sont concentrées surtout parmi le personnel de la Banque, qui se préoccupe actuellement de renforcer sa capacité interne d'analyse sociale encore limitée. La Banque fera usage de modèles de réalisation de projets plus diversifiés et de ressources financières plus abondantes pour assister les Emprunteurs dans la conduite des opérations de réinstallation de grande ampleur.

En imposant des normes plus rigoureuses pour les opérations où elle intervient et en favorisant le rétablissement d'un niveau de revenu égal ou supérieur pour les groupes réinstallés, la Banque s'efforce d'amoinir l'écart entre les objectifs de la réinstallation et la pratique obstinément suivie en de nombreux pays. Cela exige du temps, des ressources et un effort constant de la part tant de la Banque que des Emprunteurs. Malheureusement, des normes déplorablement continuent de prévaloir dans bon nombre de déplacements forcés qui se déroulent aujourd'hui en dehors des programmes assistés par la Banque; comme les projets financés par la Banque ne se déroulent

pas en vase clos, de pareilles normes ralentissent aussi les progrès que ceux-ci pourraient marquer. C'est pourquoi tous les gouvernements et tous les organismes de développement bilatéraux et multilatéraux doivent suivre des politiques et des approches similaires, afin de donner aux groupes de population réinstallés d'aussi bonnes perspectives que possible d'amélioration de leurs moyens d'existence.

En soutenant une politique de réinstallation axée sur la prévention de l'appauvrissement, la Banque encourage des politiques et des approches dont la portée dépasse de loin les projets assistés par ses soins. Améliorer les modalités d'intervention de l'Emprunteur, c'est servir non seulement les opérations assistées par la Banque, mais aussi l'ensemble des opérations de réinstallation liées à des secteurs entiers et qui touchent d'importants groupes de population. Telle est la voie qu'il faut suivre dans les futures activités de réinstallation, même si elle n'est pas aisée. On se heurtera à de nombreuses difficultés, parce que toute réinstallation constitue un redoutable défi tant pour les Emprunteurs que pour la Banque. La Banque reconnaît la lourde responsabilité qui lui incombe d'aider les Emprunteurs à progresser le long de cette voie, d'améliorer les résultats de la réinstallation quand il est impossible d'éviter le déplacement et d'étendre le bénéfice de ces meilleures approches à l'échelle de l'ensemble des secteurs et même des nations.

- <sup>1</sup> Voir le comité spécial d'exécution et le comité de direction chargés du bilan des opérations de réinstallation de populations.
- <sup>2</sup> Voir le *Rapport sur le développement dans le monde* de 1994 (à paraître) pour une étude détaillée.
- <sup>3</sup> Voir Département d'Évaluation des Opérations, *Early Experiences with Involuntary Resettlement*, rapport n° 12142, 30 juin 1993.

# **Resettlement and Development**

**The Bankwide Review  
of Projects Involving  
Involuntary Resettlement  
1986-1993**

# 1. The Nature of Involuntary Resettlement and the Bank's Policy

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An old adage says that a drop of water may reflect an ocean. Similarly, involuntary resettlement reflects the complexity of social development. One can hardly find a greater paradox than dismantling the socio-economic system of large groups of people for the sake of future development. And one can hardly find a greater challenge than rapidly reconstructing dismantled microsocieties and rebuilding the livelihoods of uprooted people. It is therefore no wonder that resettlement, which affects only 15 percent of the Bank's lending, has gained such central visibility in the Bank's activities. And it is no wonder that the intrinsic complexity, pain, loss, and hardship of involuntary displacement make such projects controversial.

Complex as it inevitably is, however, involuntary resettlement is neither technically nor socially intractable, and can be successful. If addressed with political commitment, adequate financial and institutional resources, and participatory execution, the formidable task of population relocation may result in beneficial development.

The present review is rooted in the understanding of involuntary resettlement as an integral part of some major development programs. The starting point of the Bank's resettlement policy, adopted in 1980, was to give its staff and Borrowers a simple message: it is essential to handle the difficult process of resettlement equitably and efficiently; if involuntary resettlement is mismanaged, the displaced people will suffer unjustifiably and will be impoverished.<sup>1</sup>

The current review is one more step in the continuous efforts of the World Bank to high-

light the social, cultural, and economic complexities of resettlement, and to address them better in practice. It comes after three rounds of improvements in the Bank's 1980 policy and operational procedures which were introduced in 1986, 1988, and 1990.

## The Nature and Feasibility of Resettlement

### *Defining resettlement: two processes*

It is appropriate to begin this report by asking: "What is the *social nature* of involuntary resettlement? Why is resettlement such a difficult part of development?" The answer defines the unusual kinds of processes that Borrowers and Bank staff have to grapple with in projects involving forced resettlement.

What is usually described as "involuntary resettlement" consists of *two* distinct, yet closely related social processes: *displacement* of people and *reconstruction* of their livelihood; this reconstruction is also often called *rehabilitation*. Each has its own demands, risks, costs, logistics, and socio-cultural and economic effects.

*Displacement* concerns how land and other assets are expropriated to allow a project for the overall social good to proceed. *Rehabilitation* concerns the fate of the displaced people. In theory, the two processes are segments of a single continuum; in practice, the first does not always bring about the second. When people are displaced by projects for "right of way", they lose either their land — in full or in part —

or their dwelling, or both. As a consequence, resettlement outcomes may vary considerably from people's initial standards of living. Indeed, whether or not involuntary resettlement results in re-establishing people's incomes and livelihood depends largely on how displacement is planned and carried out. It also depends on whether resettlers *are assisted* to rebuild their livelihood. In India — a country tested by much resettlement and distinguished by a vast social science literature about it — this understanding has been refined and two distinct concepts are used for the two processes: resettlement and rehabilitation (R&R). Thus, the Indian social science and legal literatures emphasize the fact that "rehabilitation" does not occur automatically, just because people are resettled. Indeed, resettlement may occur *without* rehabilitation, and unfortunately, it often does.

Involuntary resettlement is also distinct from voluntary population movements. Voluntary mobility, including rural-urban migration, stimulates economic growth, reflecting people's willing pursuit of new opportunities. In contrast, involuntary resettlement does not include the choice to remain in place, and resettlers often face more risks than opportunities.

### *Are involuntary displacements inevitable?*

Clean drinking water, energy for expanding industries, and irrigation water for thirsty fields are needed for improving human livelihoods in developing countries. So are wider roads in clogged downtowns, hospital buildings and schools in residential areas, or sewage treatment plants in polluted cities. Such developments make dramatic rearrangements in human settlements inevitable, and they are not new: historically, involuntary resettlements go back to ancient times and become ubiquitous in modern times.

The inevitability of involuntary resettlement is written into the history of industrial countries. Installing major hydropower dams, irrigation

and drinking water systems, or extending highway networks has entailed displacements fraught with hardships and deprivation for many. The drama of forced urban displacement in Boston's West End has spawned an entire sociological literature.<sup>2</sup> The beautiful master-plan of today's Paris was made possible by painful relocation in the days of Baron Haussmann. New York's impressive Cross Bronx Expressway slashed through many neighborhoods, of which some — at least in hindsight — could have been saved.<sup>3</sup> Huge hydroelectric complexes in Canada have required the uprooting of many indigenous groups.<sup>4</sup> The experience with various types of involuntary resettlement has generated increased knowledge for planning resettlement and a robust set of policies and legal frameworks that effectively guarantee the rights and entitlements of resettlers.

### *The need for investment in infrastructure*

Each year developing countries invest around US \$200 billion in new infrastructure. The social and economic returns from these investments have been high.<sup>5</sup> In the past 15 years, the share of households with access to clean water has risen by 50 percent, bringing significant improvements in health and the quality of life. Per capita access to electric power and telephones has doubled in the same period, enabling increased productivity and human welfare. Food production has risen sharply — doubling in the past quarter century — with over half this gain coming from investments in irrigation. And investments in transportation have reduced costs and improved farm gate and producer prices.

The infrastructure projects underpin growth and development, but they typically involve changes in land and water use patterns: often this requires that people be displaced. The numbers of people requiring resettlement can often be reduced, in specific situations, but the need for resettlement cannot be eliminated. Nor should it be assumed that the volume of

resettlement will be much lower in the future. More than two billion people still lack access to electricity and are forced to use sticks and dung for their energy needs; 1.7 billion lack sewerage systems and 1 billion lack access to clean piped water, resulting in the unnecessary death of 2-3 million infants and children each year. Food production will need to double again in the next 40 years — an impossibility without additional investment in irrigation. And the world's population will grow by almost 1 billion each decade over the same period. Substantial further investment in infrastructure will thus be absolutely essential if poverty is to be reduced.

### *A problem of worldwide proportions*

Due to accelerated provisions of infrastructure and growing demographic pressures, population displacement caused by development programs is a growing problem. The displacement toll of the 300 large dams that, on average, enter into construction every year is estimated to be above 4 million people. The urban development and transportation programs being started each year in developing countries are estimated to displace an additional 6 million people. It is estimated that about 80 to 90 million people have been involuntarily resettled over the past decade, as a result of infrastructure programs for dam construction, and urban and transportation development. Investments in other sectors have increased this number further.

World Bank-financed programs account for a small, but significant share of this total. Projects currently in the Bank's active portfolio are expected to involve the resettlement of 2 million people over a 10-year period. Bank-funded projects account, conservatively, for some 3 percent of the resettlement caused by dam construction worldwide and for about one percent of the displacements caused by urban and transportation projects in the developing world.

The Bank's involvement in resettlement, while limited in relative terms, is nonetheless of great

importance. For those people resettled under Bank-financed projects, the Bank has a responsibility to help Borrowers ensure that every effort is made to restore, and if possible improve, their livelihoods. But the Bank's involvement also has a broader significance, that far exceeds the size of resettlement under the projects it assists directly. Indeed, over the past fourteen years since the Bank established its path-breaking resettlement guidelines, it has increasingly sought to work with governments to promote better policies and legal frameworks for resettlement, at and beyond the project level, and with project executing agencies to promote better procedures for implementation.

Although development makes displacements inevitable as a class of social processes, in practice, *not every individual case* of proposed displacement is unavoidable or justified. History — including recent World Bank experiences — confirms that the magnitude and outcomes of individual displacements can be influenced. As this report will show, there are realistic ways to avoid, reduce, or mitigate specific instances of involuntary population displacement. Finding and using these possibilities is the cornerstone of the Bank's resettlement policy.

### *Economic and social disruption*

The reasons for avoiding or reducing forced displacements are social, economic, ethical, and cultural. While most projects causing displacement may be necessary and beneficial for the larger society, for those directly affected compulsory displacement represents the imposed unravelling of their micro-society. When people are forcibly moved, production systems may be dismantled, long-established residential settlements are disorganized, and kinship groups are scattered. Many jobs and assets are lost. Informal social networks that are part of daily sustenance systems — providing mutual help in child care, food security, revenue transfers, short-term credit, labor exchange, and other basic sources of socio-economic support — collapse because of

community breakdown. Health care tends to deteriorate. Links between producers and their customers are often severed, and local labor markets are disrupted. Local organizations and formal or informal associations disappear because of the sudden dispersion of their members. Traditional authority and management systems can lose their leaders. Symbolic markers, such as ancestral shrines and graves, are abandoned, breaking links with the past and with peoples' cultural identity. Not always visible or quantifiable, these processes are nonetheless real. The cumulative effect is that the social fabric and economy are torn apart.

### *The risk of impoverishment*

The main risk arising from forced displacement is the impoverishment of the affected people. This risk is not abstract. Criticism of involuntary resettlement has mounted, and a vast body of research — especially research by developing and developed country scholars over the last 10 to 15 years,<sup>6</sup> including pioneering work by the World Bank<sup>7</sup> — has documented that poorly managed resettlement can cause increased poverty. Well managed resettlement, on the other hand, can be an integral part of a nation's poverty reduction strategy. While working to reduce poverty, the Bank and its member countries cannot overlook project factors that make some population segments worse off. The impoverishment risks involved in forced displacement (see risk model, Chapter 4) heightens the moral imperative of ensuring adequate resettlement.

Moving people involuntarily also raises legal issues. The potential for violating individual and group rights under domestic and international law makes compulsory resettlement unlike any other project activity. The fact that projects are frequently delayed by courts, and that compensation levels are raised significantly on appeal, reflects the recognition in legal systems that people cannot be arbitrarily displaced without just compensation, regardless of national need. Affected parties frequently have access to legal remedies to enforce

those rights. When resettlement processes are carried out in a lawful manner that fully respects the rights of resettlers and hosts, opposition to projects by adversely affected people is reduced (although not eliminated) and overall project implementation is likely to unfold more effectively. Carrying out resettlement in a manner that respects the rights of affected persons is not just an issue of compliance with the law, but also constitutes sound development practice. This requires not only adequate legal frameworks, but also a change in mind-set — towards recognizing resettlers' entitlements, rights, needs, and cultural identities.

### *The international debate around resettlement*

Because of its adverse effects, in recent years population displacement by development projects has become the focus of a wide international debate, engaging and polarizing governments and non-governmental organizations, public opinion groups, parliamentarians, development agencies, and the media. The critique of involuntary resettlement often evolves into a rejection of the goals and legitimacy of development itself. By and large, the Bank has not engaged directly in this controversy and perhaps has not contributed enough to clarifying either the development issues at stake, or the historical record.

Two major streams of arguments are advanced by critics of resettlement. The first denies in principle the acceptability of any involuntary resettlement and argues that no development program that entails resettlement should be undertaken. The second criticizes the quality of specific resettlement operations. Considerable criticism of both kinds is directed at Bank-assisted projects — primarily in hydropower, irrigation, and flood control.

It is clearly unrealistic to reject all resettlement. Developing nations cannot forego the benefits of major infrastructural investments that also entail unavoidable population relocation. The question is how to minimize the size of dis-

placement and how to respond effectively to the needs of the people being resettled. Thus, the World Bank fully shares the concerns of the critics who deplore bad resettlement operations. The Bank has become increasingly receptive to their specific signals and constructive contributions. It regards their concern for the welfare and livelihood of the displaced populations as justified and germane to the Bank's own mandate and policies. Criticism by NGOs and other groups of poor resettlement operations, including failures under Bank-assisted projects, has helped the Bank improve its policies and operations. The Bank itself has delivered perhaps the strongest, most consequential criticism of bad displacement practices by its very decision to adopt an institutional policy based on equitable principles and sound approaches. The Bank also states unambiguously that progress in policy needs to be followed by systematic progress in effective implementation, a process that is not always smooth, as this report will show. But by setting a policy and promoting its implementation the Bank helps improve performance in a manner relevant to the worldwide resettlement problem.

### *The challenge of income restoration*

The basic thrust of resettlement — to restore comparable standards of living to those displaced, leaving people no worse-off is a sound objective, but not an easy or simple one. To dismantle a functioning production system is "easy" and fast; to reconstruct a new one is slow, risky, and difficult. Closing a small workshop or business may be done overnight; setting up a thriving new one that must gain new customers in a strange new location is a difficult challenge, fraught with uncertainty. When this task concerns not one producer, or one hundred, but many thousands or tens of thousands of people, the inherent complexities of the task are compounded exponentially. The restoration process is also compounded and lengthened because its actors, the displaced people, are traumatized by the material and spiritual losses imposed on them, often affect-

ing their social and cultural identity as well as their incomes. This is why *recognizing the intrinsic difficulty of resettlement* is the prime step for addressing this task seriously, with all the means that can be mobilized. This is the only realistic lens through which the requirements of resettlement work can be viewed without self deception.

If the disorganization induced by displacement is so profound and traumatic, can it be overcome? Can this challenge be realistically met? What does it take for a development project to make adequate resettlement feasible?

### *Meeting the challenge: an example from China*

The Min River flows majestically through some of the most fertile lands of Fujian province in southeastern China. It irrigates lush paddy fields and orchards, crosses pine and fir forests, and flows around the commercial center and lowland suburbs of Nanping City. Years ago a major hydropower dam was envisaged at Shuikou: the intended dam would provide a dependable capacity of 1,000 MW and generate energy vital for the entire industrial development of East China, that would otherwise come from coal-fired thermal plants. To build the dam, however, 88 villages belonging to 15 townships in three counties, and large parts of Nanping City would be inundated, displacing more than 20,000 households with about 68,000 rural and urban people.

In 1986 the Bank appraised the project for building the Shuikou Hydropower Dam on the Min River. This was the first Bank-assisted project in China to which the Bank's resettlement policy and the recommendations of the just-completed 1986 resettlement review were fully applied; it was based on a substantive policy dialogue with the Borrower, whose national resettlement policy and legal provisions provide for resettlement with development. The project became a set model for the many subsequent projects involving resettlement that the Bank is assisting in the country.

The resettlement component in Shuikou was carefully prepared — 600 local staff years went into resettlement preparation alone. The project and the Bank have assisted independent sociological research, throughout implementation, on resettlement progress and impacts. Bank missions have evaluated income restoration for the first groups resettled around the dam and ascertained that now they are gaining average incomes per family from on-farm and off-farm activities that are higher than they had before resettlement.

Project planning emphasized restoring people's productive capacity, bringing new land into cultivation, creating jobs or new commercial opportunities, and providing new housing with more floor space per capita and new social amenities. Detailed resettlement provisions were included in the project SAR and legal agreement. The project started in 1987, and by end 1988 the first 1,400 resettlers moved from the dam site to new houses. The borrowing agency was strongly committed to successful resettlement. Relocation advanced at a well-synchronized pace with dam civil works and regular supervision by Bank specialist staff provided technical assistance.

The project terraced land and removed stones on formerly uncultivated steep hills. On the new terraces, fruit trees were planted at project expense four to five years in advance of resettlers' arrival. By the time displaced families moved in, the new orchards were close to fruition and produced cash crops. Project budgets for resettlement have been supplemented when necessary; food rations were distributed to resettlers for short intervals; and village and township leaders have been involved in planning the relocation jointly with project authorities. By 1993, six years into project implementation, about 67,200 people (99 percent) had moved. Families comprising 27,700 people had obtained jobs at a rate of one per family; families comprising another several thousand people still need jobs, a remaining

strong concern of the project's management. The balance — about half the population — has been resettled through a land-based strategy on a newly created productive basis. New village sites have been constructed by the project. With the housing compensation and materials received — timber, cement and iron — villagers were able to hire their own contractors and build new housing with more floor space than before and modern equipment.

The old landscape around the Min River has now virtually disappeared, and even old roads, graves, shrines, and landmarks have been moved. But the cultural shock of displacement has been gradually absorbed and overcome: new and better-built schools receive their children in the regrouped villages; new residential and public buildings have replaced the lowland areas of Nanping City. Moving people in groups, and only to short distances, has preserved much, even if not all, social ties. Family networks have helped cushion the difficulties, and project staff continue to monitor adaptation and respond to unresolved problems. Altogether, a considerable amount of well-managed change has been compressed into a short period. In Shuikou, *resettlement has proven to be not only feasible but successful*. Resettlers describe their new life as a considerable improvement over life in the pre-displacement period. The vast amount of energy to flow from the Shuikou Dam's turbines will feed new industries, create more employment and better lives for many throughout Fujian province and beyond, and also supply electricity to all resettlement sites. The Shuikou project experience demonstrates that involuntary resettlement can be done well, relocated people can share in project benefits, and can improve their livelihood.

The broader question that looms beyond this and similar cases is how to move from good *case practice* to good *general practice*. The answer lies in the power of political commitment and the role of policy. It is therefore appropriate to examine the basic elements of

the Bank's resettlement policy, not just as embodied in Shuikou, but as the main tool adopted by the Bank more than a decade ago for generalizing an effective treatment of resettlement issues.

### Resettlement Policy as Codified Good Practice

The Bank's policy on involuntary resettlement was prepared in 1979 and issued early in 1980. In the 1960s and 1970s, before the policy was adopted, involuntary resettlement in many projects had been dealt with on a case-by-case basis, as a low-priority side-effect of major infrastructural works that was entirely left to borrowing agencies, with little, if any Bank assistance. The lack of explicit norms, procedures, and adequate resources for handling resettlement resulted in serious negative effects on the people displaced, on the host populations at relocation sites, and on the environment. Allowing such effects to occur with little mitigation was generally an unwritten yet accepted rule in developing countries, tolerated by governments and overlooked by sponsors of major projects.

By issuing resettlement policy guidelines, and procedures the Bank became the first multilateral institution to enact a policy framework for displacement and to provide landmark thinking about resettlement. As the Bank's first major environmental policy, it defined the sociological, economic, and institutional content of Bank work regarding resettlement. The Bank's share in actual resettlement worldwide is very limited, between 1 and 3 percent depending on the given sector, but the importance of the Bank's policy *far exceeds the scope of resettlement under its direct operations*. By moving away from a focus on compensation and removal, the policy regarded resettlement as a development issue, providing guidance on how development-oriented planning could address the difficult, costly, and painful problems that arise whenever people are involuntarily removed from their land and homes.

The fundamental goal of the Bank's policy is to improve the former living standards and earning capacities of displaced persons — or at least to restore them.<sup>8</sup> Its provisions protect and enlarge the entitlements of displaced people and promote a safety net approach for restoring their livelihoods. Whenever possible, the Bank's policy calls for transforming people's involuntary resettlement into an opportunity for development and for enhancing their prior living standards by enabling resettlers *to share in the benefits of the development project that causes their displacement*.

Restoring previous standards of living is a formidable task in practice. By pursuing a development-oriented outcome, the Bank's resettlement policy *raises a major challenge for both Borrowers and the Bank, but a challenge fully consistent with the poverty alleviation policies of borrowing governments*. However, the nature and the dimensions of the tasks at hand in implementing this policy must be well understood. The absence in many developing countries of effectively functioning land and labor markets, the substantive and procedural inadequacies of compensation systems for property appropriated by the state, and the absence of adequate social safety nets, are three central reasons why the simple cash compensation of property losses under eminent domain laws cannot realistically be expected at this time to provide satisfactory outcomes for project-affected people in developing countries. This makes compelling the need for the approach to resettlement that the Bank has adopted as its policy, in order to *prevent the impoverishment of people displaced by Bank-financed development projects*.

Attaining this objective often requires changes in the policies, legal frameworks, institutional capacities, and current practices of many Borrowers. This challenge is faced anew in every single development project that entails displacement. Meeting it successfully demands that a systematic effort is made each time, including improving policy, allocating appropriate resources, and fostering the participation of resettlers and hosts.

### Box 1.1. Key steps in the evolution of the Bank's resettlement policy

Based on feedback and lessons from field experience, the formulation of the Bank's resettlement policy has evolved steadily through several rounds of improvements.

1980: The World Bank issues its initial resettlement policy, prepared in 1979, entitled *Social Issues Associated with Involuntary Resettlement in Bank-Financed Projects* (OMS 2.33).

1986: An in-house policy and operational review of how the resettlement guidelines were applied makes new recommendations, adopted by management and issued formally as an Operations Policy Note (OPN 10.08). This second policy statement strengthened the 1980 guidelines by emphasizing that every project with resettlement must develop a new productive base for resettlers.

1988: Both policy documents are integrated into one detailed policy-cum-technical Bank paper. For the first time, the Bank went public with its resettlement policy (World Bank Technical Paper No. 80).

1990: The resettlement policy was revised and reissued as Operational Directive 4.30: *Involuntary Resettlement* (World Bank, 1990).

Bank-supported projects, however, are not isolated from national policy contexts and frameworks. Hence, in countries where the Bank is financing, or is considering financing projects which involve resettlement, the Bank also assists governments in establishing or improving national resettlement policies and legal frameworks, building on project-level experiences (see further, Chapter 3).

Over the years, the Bank's policy has been confirmed and strengthened (see Box 1.1). Current policy is formulated in Operational Directive 4.30 *Involuntary Resettlement*, issued in 1990; the basic Bank approach to the social issues in resettlement, and in general in projects appraised for Bank support, is also formulated in the Operational Manual Statement 2.20 regarding project appraisal, particularly in the *definition of sociological elements of project appraisal*.<sup>9</sup> Through its institutional guidelines, the Bank provides leadership in addressing one of the thorniest issues in development.

By formulating a policy framework for resettlement operations, the Bank made at the end of the 1970s one major step on a new road, recognizing the social dimensions of induced development and starting to include such dimensions in the Bank's lending. Several

other steps gradually followed. The Bank rejected the argument that impoverishing resettlers was an unavoidable, if lamentable, facet of development, and predicated its approach on the argument that appropriate development strategies could produce better outcomes. By that step, the Bank set new standards for itself, for the development community at large, and for borrowing and executing agencies — *standards that would inevitably take time to be absorbed by all concerned*, but that in the long run would place resettlement operations in the developing countries on a new path. The Bank's policy is also considered by independent evaluators to be sound and advanced. The Morse Independent Review, which criticized the design and implementation of the Bank-assisted Narmada Sardar Sarovar projects in India, also assessed the Bank's resettlement policy and concluded that the Bank has "*set the highest standards of any aid or lending organization in the world for mitigating adverse consequences to human well-being caused by involuntary resettlement.*"<sup>10</sup>

Between the time the Bank's policy was first issued in 1980 (OMS 2.33) and the publication of its latest resettlement directives (O.D. 4.30), the policy's provisions were strengthened, refined, and adapted better to

**Box 1.2. The Bank's resettlement policy**

Based on feedback from field experiences and findings from social science research, the development of the Bank's resettlement policy has evolved steadily since 1980 through several key steps in 1986, 1988, and 1990.

The basic elements of the Bank's resettlement policy are:

- Involuntary displacement should be avoided or minimized whenever feasible, because of its disruptive and impoverishing effects.
- Where displacement is unavoidable, the *objective* of Bank policy is to assist displaced persons in their efforts to improve, or at least restore, former living standards and earning capacity. The *means* to achieve this objective consist of the preparation and execution by the Borrower of resettlement plans as development programs. These resettlement plans are integral parts of project designs.
- Displaced persons should be: (i) compensated for their losses at replacement cost, (ii) given opportunities to share in project benefits, and (iii) assisted in the transfer and in the transition period at the relocation site.
- Moving people in groups can cushion disruptions. Minimizing the distance between departure and relocation sites can facilitate the resettlers' adaptation to the new socio-cultural and natural environments. The tradeoffs between distance and economic opportunities must be balanced carefully.
- Resettlers' and hosts' participation in planning resettlement should be promoted. The existing social and cultural institutions of resettlers and their hosts should be relied upon in conducting the transfer and reestablishment process.
- New communities of resettlers should be designed as viable settlement systems equipped with infrastructure and services, able to integrate in the regional socio-economic context.
- Host communities that receive resettlers should be assisted to overcome possible adverse social and environmental effects from increased population density.
- Indigenous people, ethnic minorities, pastoralists, and other groups that may have informal customary rights to the land or other resources taken for the project, must be provided with adequate land, infrastructure, and other compensation. The absence of legal title to land should not be grounds for denying such groups compensation and rehabilitation.

(Based on *Operational Directive 4.30: Involuntary Resettlement*).

project needs on the ground (see Box 1.2). The essential message of the Bank's resettlement policy is that the affected people should be protected from impoverishment. Many people adversely affected by relocation are already poor or marginal; further deprivation of income and economic marginalization is contrary to the very purpose of development. Many more people who reside either in the project area or at vast distances benefit substantially from the projects' outcome.

Therefore, *displaced people must also share in the benefits which they make possible.*

***Means and institutional procedures***

Together with its policy guidelines, the Bank also defined the *means* to achieve its objectives. By codifying the lessons of best practice, the Bank has established institutional procedures, in particular four requirements: that Bank-assisted projects that involve resettlement start

with population and income surveys; that they formulate resettlement action plans containing development packages; define a timetable; and are based on adequate budgets. These procedures describe not only what Bank staff must do to assist governments, but also the conditions that borrowing agencies are expected to meet in Bank-assisted operations involving involuntary resettlement.

### *Responsibility*

The responsibility for resettlement rests with the Borrower. The ownership by Borrowers of the projects and all their components, including resettlement, is the foundation of that responsibility, and is reaffirmed in the legal agreements between Borrowers and the Bank. The resettlement policy defines clearly the Bank's role as well: the Bank "supports Borrowers' efforts through: (i) assistance in designing and assessing resettlement policy, strategies, laws, regulations, and specific plans; (ii) financing technical assistance to strengthen the capacity of agencies responsible for resettlement; and (iii) direct financing of the investment costs of resettlement."<sup>11</sup> Bank staff are accountable for pursuing the goals defined by the institution's policy and for carrying out the basic work procedures instituted to make the policy effective.

Pursuing adequate resettlement is not easy for developing country governments, who face competing needs, resource limitations, and many institutional constraints. The Bank works with governments to promote better policies for resettlement, and with borrowing agencies to promote better methods in resettlement operations. The Bank recognizes its responsibility to help its Borrowers on a wide front, primarily through the model set by its policy as well as through its financial and operational assistance, so that improved resettlement approaches under Bank-assisted projects can gradually extend to full sectors and national contexts. Helping developing countries address resettlement is part of the Bank's broader strategy to address the social consequences of economic growth and to improve the treatment of social issues in development.

### *Resettlement plans*

Essential to the Bank's policy is to require the Borrower in Bank-financed projects entailing displacement to prepare and carry out a population and income survey, a detailed resettlement plan, a timetable, and the budget for resettlement. These must be prepared before appraisal and must be linked closely to the timetable for the main civil works causing the displacement. Resettlement plans should be built around a development strategy and package of provisions able to improve or restore the economic base of those relocated. Just as general Bank procedures require professional appraisal of project investments, preparing and appraising a resettlement plan equally well as the main investment assures the Bank that its policy objectives are incorporated into the project.

### *The 1985 resettlement review*

When the first Bank experiences with the new resettlement policy were accumulated, a portfolio review was carried out in 1985 for all Bank-financed agriculture and hydropower projects approved between 1979-1985. That first review found that Bank policy led to substantial improvements in resettlement components. The "consistency curve" between projects and policy oscillated, however, running higher in projects appraised in 1980 to 1982, shortly after the policy was issued, than in projects appraised during 1983-1984, when attention lapsed and the curve declined. In February 1986, Bank management discussed and adopted the review's recommendations on operational policy and staffing. By management decision, joint remedial work with Borrowers was initiated on a number of projects, and the review generated improvements in the Bank's technical and policy provisions.

The present comprehensive portfolio review, covering the period from 1986 to 1993, goes farther in both breadth and depth, and is more exacting in its methodology than the 1985 review. It encompasses eight years, has shifted the analysis from headquarters to the field, and

goes beyond projects in hydropower and agriculture to cover the Bank's entire portfolio, including lending for urban, mining, transportation, thermal power, and water supply projects.

## Notes

- <sup>1</sup> World Bank Operational Manual Statement (OMS) 2.33, *Social Issues of Involuntary Resettlement in Bank-Financed Projects*, February 1980.
- <sup>2</sup> Herbert J. Gans, *People and Plans: Essays on Urban Problems & Solutions*, New York: Basic Books, 1968.
- <sup>3</sup> Robert A. Caro, *The Power Broker — Robert Moses and the Fall of New York*, New York: Random House, 1975.
- <sup>4</sup> Janet Mancini Billson, "Opportunity or Tragedy: The Impact of Canadian Resettlement Policy on Inuit Families", *American Review of Canadian Studies*, 1990.
- <sup>5</sup> See *World Development Report 1994*, (forthcoming) for a detailed discussion.
- <sup>6</sup> See for example, Hussein Fahim, *Egyptian Nubians: Resettlement and Years of Coping*, Salt Lake City: University of Utah Press, 1988; Walter Fernandes and E. Ganguly-Thukral, *Development, Displacement and Rehabilitation*, New Delhi: Indian Social Institute, 1989; Thayer Scudder, "What it Means to be Dammed: The Anthropology of Large Scale Development Projects", *Engineering and Science*, Vol. 54, 4, 1981; T. Scudder, "Development-Induced Relocation and Refugee Studies: 37 Years of Change and Continuity Among Zambia's Gwembe Tonga", *Journal of Refugee Studies*, Vol. 6, 1993, p. 1; Anthony Oliver-Smith and Art Hansen, eds., *Involuntary Migration and Resettlement*, Boulder, Colorado: Westview Press, 1982; F.R. Franco Suarez and E. Cohen, *Efectos Sociales de las Grandes Represas en America Latina*, Buenos Aires, 1985; Yao Fei Huang, *On the Reform of Resettlement Policies in China*,

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- <sup>7</sup> Ibrahim F.I. Shihata, "Involuntary Resettlement in World Bank Financed Projects" and "The World Bank and Human Rights," in vol. Ibrahim F.I. Shihata, *The World Bank in a Changing World*, The Netherlands: Martinus Nijhoff Publishers, 1991, pp. 181, 97; Michael M. Cernea, *Involuntary Resettlement in Development Projects. Policy Guidelines in World Bank Financed Projects*, Washington, DC: World Bank, 1988; M. Cernea, *Anthropological and Sociological Research for Policy Development on Population Resettlement*, in *Anthropological Approaches to Resettlement*, eds. M.M. Cernea and S. Guggenheim, Boulder: Westview Press, 1993; M.M. Cernea, *Bridging the Research Divide: Studying Refugees and Development Oustees*, Environment Department, Washington, DC: World Bank, 1993; Scott E. Guggenheim, "Development and the Dynamics of Displacement", in vol. *Rehabilitation of Persons Displaced by Development Projects*, ed. Aloysius P. Fernandez, Bangalore: Institute for Social and Economic Change, 1989, p. 9; William L. Partridge, "Involuntary Resettlement in Development Projects", *Journal of Refugee Studies*, Vol. 2, No. 3, 1990, p. 373; David Butcher, *Review of the Treatment of Environmental Aspects of Bank Energy Projects*, PRE Working Paper, Washington, DC, March 1990.
- <sup>8</sup> Operational Directive 4.30, *Involuntary Resettlement*, June 29, 1990.
- <sup>9</sup> World Bank Operational Manual Statement 2.20, *Project Appraisal*, 1984.
- <sup>10</sup> Sardar Sarovar: "The Report of the Independent Review", Ottawa, Canada: Resource Futures International Inc., 1992, p. 37.
- <sup>11</sup> Operational Directive 4.30, *Involuntary Resettlement*, para. 23.



## 2. Resettlement in Bank Operations: 1986-1993

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This chapter provides an overall picture of the portfolio of projects involving displacement and resettlement. The Task Force reviewed the entire Bank project portfolio for FY 1986-1993 with regional resettlement teams, identifying projects relevant for the present analysis. A Master Data Bank was constructed in ENV for all projects involving resettlement up to FY97<sup>1</sup>. This chapter analyzes the portfolio of projects involving resettlement along several dimensions: distribution by regions and breakdown by sectors; weight in the Bank's total lending; trends and evolution by fiscal year; concentration in key countries and Country Departments (CDs); composition by size of resettlement operation; and impacts in terms of affected people. The chapter also examines the current Bank pipeline of projects for FY94-FY97. Portfolio analysis helps define the magnitude of resettlement on the Bank's current agenda, identify recent and future trends for which the Bank needs to prepare, and assess the staff workload demanded by resettlement. The Task Force is confident that the Bank now has a good grip on its resettlement portfolio, by sectors, size and composition. Finally, in order to put displacements caused by Bank-assisted projects in a broader context, comparisons are made with non-Bank assisted displacements occurring world-wide.

### Magnitude of Resettlement

#### *Portfolio size*

The FY86-FY93 portfolio had 192 projects involving displacement and resettlement, 59 approved before FY86, and 133 after. Of these, forty-six closed before FY93, and 146 projects were still active in FY93, almost 50 percent

more than estimated before the review. Over the last 10 years, the number of projects with resettlement approved per year has increased slightly, while the number of people affected by new projects per year has decreased since the mid-1980s (see Table 2.1).

#### *Number of projects*

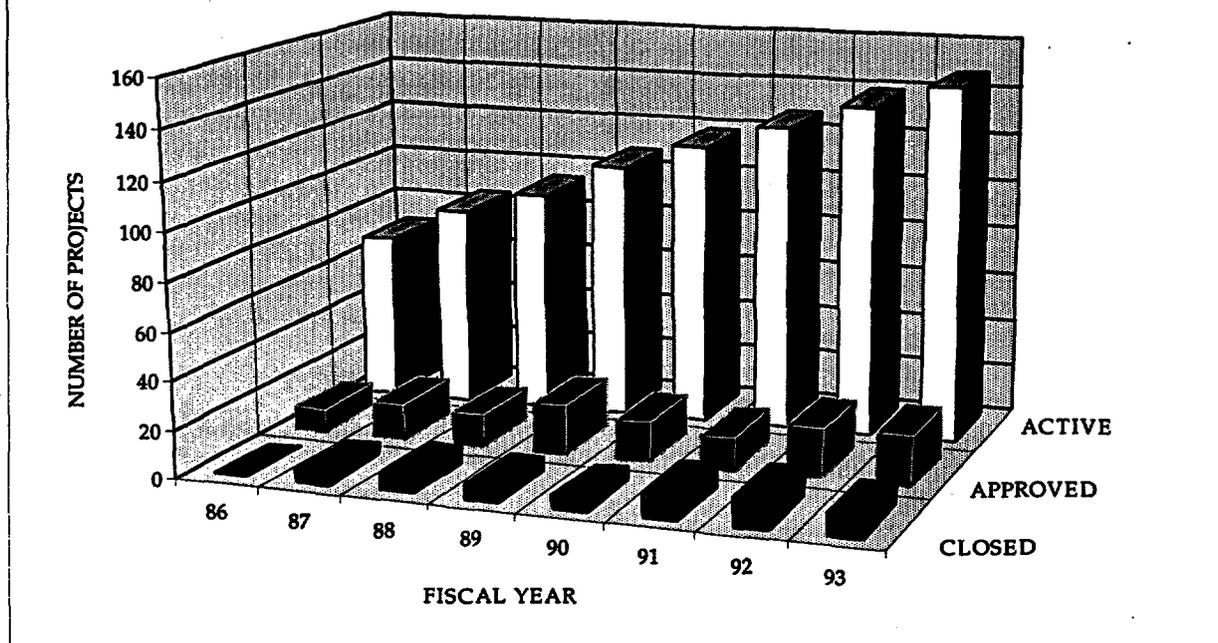
Projects involving resettlement have remained a very small minority of active Bank projects, 146 out of approximately 1900 in FY93, or about 8 percent of the Bank's lending operations. Each year more projects entailing resettlement entered the portfolio than closed, accounting for the gradual but steady increase in the number of projects in the Bank's total active portfolio (see Figure 2.1). During the review period active projects with resettlement increased in number by 125 percent. This large increase is partially due to better identification of projects with resettlement, especially in

Table 2.1. Entry of projects into the resettlement portfolio

<i>Fiscal Year</i>	<i>Projects Approved</i>	<i>People Affected</i>
1984	13	275,000
1985	10	187,000
1986	10	422,000
1987	15	143,000
1988	14	187,000
1989	21	308,000
1990	17	126,000
1991	14	55,000
1992	21	160,000
1993	21	155,000

Figure 2.1

**A YEAR BY YEAR IMAGE OF THE RESETTLEMENT PORTFOLIO**  
 Number of Projects Closed, Approved, and Active During each Fiscal Year



TWU. By comparison, the total number of active Bank projects increased 32 percent, from 1438 at end-FY85 to 1897 at end-FY93.

### *Number of affected people*

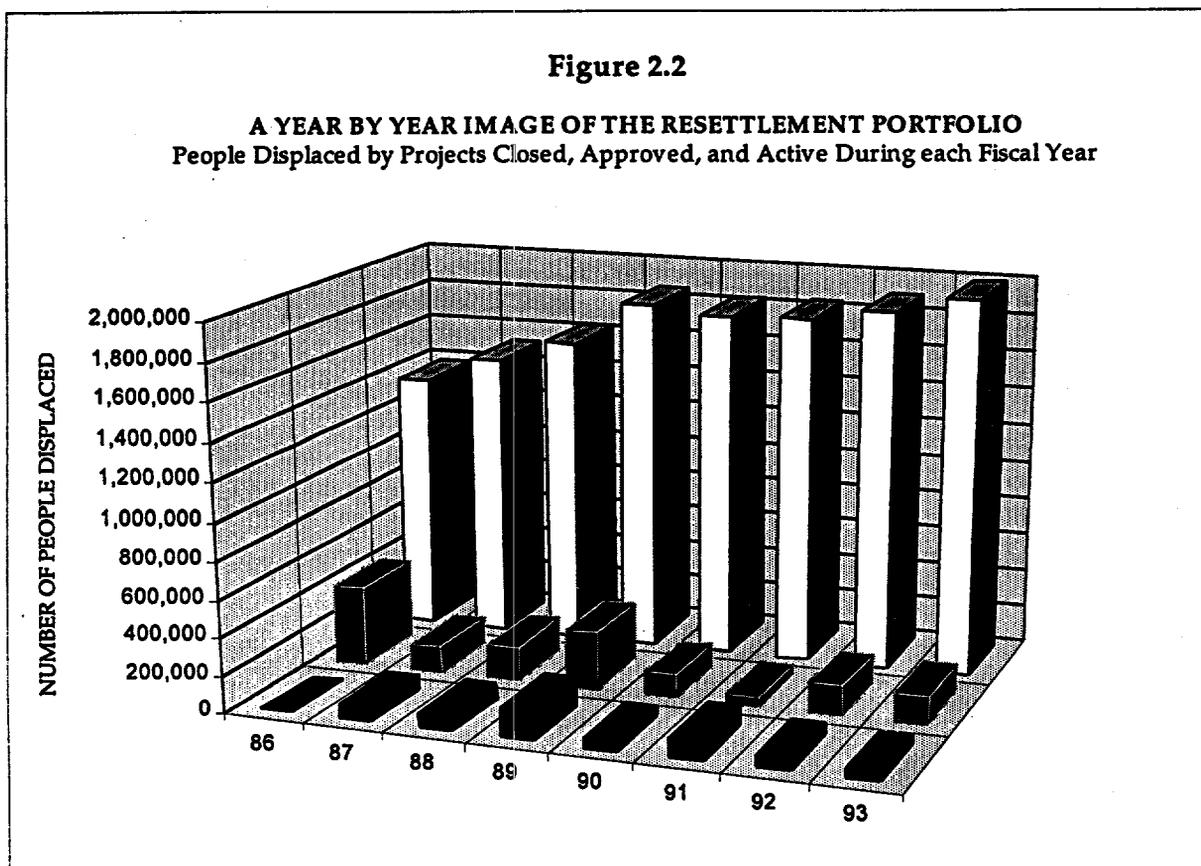
About 2.5 million people have been scheduled to be moved from their homes, their lands, or both, under the 192 projects of the FY 1986-93 review period: 543,000 people have already been relocated under the 46 projects that had closed by the end of FY93, and almost 2 million more are in various stages of resettlement under the current active portfolio. Like the number of projects, the number of people to be resettled by new projects has generally exceeded the number resettled under projects closed that year (see Figure 2.2). The total number of people to be resettled is 47 percent higher, or an additional 625,000 people, than the estimate made at the time of appraisal, which totaled 1.34 million. Data supplied by

many Borrowers at preparation and appraisal have commonly understated the number of people affected. The real number became apparent only part way through the project.

### **Composition by Regions and Sectors**

#### *Regional distribution*

The 146 active projects with resettlement are spread among 39 countries. Because of their high population density and land scarcity, the East Asia and South Asia regions have a much larger share of the Bank's resettlement projects (60 percent) and people displaced (82 percent) than their share in the Bank's overall project portfolio (32 percent) (see Figure 2.3). India<sup>2</sup> (974,000 people) and China (483,000 people) together account for 74 percent of the people to be displaced under the current active portfolio. The reverse is true for Latin America, whose share in the total Bank project portfolio is 18 percent,



while its share for both the number of projects and the number of people in the resettlement portfolio is only 9 percent (see Table 2.2). Africa, Europe/Central Asia, and Middle East/North Africa together account for less than 10 percent of

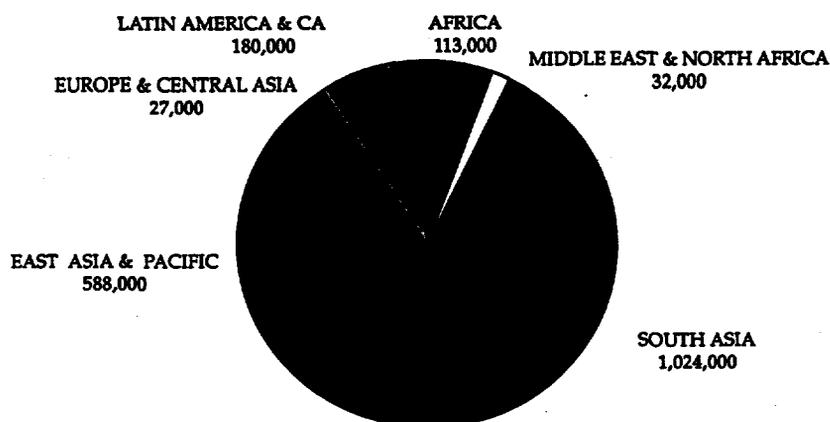
the people in the resettlement portfolio, and each of their shares of the resettlement project portfolio is smaller than their share in the Bank overall project portfolio.

**Table 2.2. Regional distribution of projects active in FY93**

Region	Total Bank Projects		Projects with Resettlement			
	Number	Pct.	Number	Pct.	People	Pct.
Africa	656	34.6	34	23.3	113,000	5.8
South Asia	277	14.6	29	19.9	1,024,000	52.1
East Asia	326	17.2	58	39.7	588,000	30.0
Europe/Central Asia	120	6.3	5	3.4	27,000	1.4
Middle East/N. Africa	178	9.4	7	4.8	32,000	1.6
Latin America	340	17.9	13	8.9	180,000	9.1
Total Bank	1897	100	146	100	1,963,000	100

Figure 2.3

**PEOPLE DISPLACED BY REGION**  
Projects Active During FY '93



### *Sectoral distribution*

The most significant shift in the Bank's resettlement portfolio since 1986 has been the increase in the number of transportation, water supply and urban projects (TWU) involving resettlement. Roads, railways, sanitary infrastructure, and facility upgrading have joined the traditional urban housing projects as important causes of displacement. Indeed, because of the emphasis by Borrowers and the Bank on lending for improved urban infrastructure and services, TWU, which represents 23 percent of total active Bank projects, is now the sector with the most projects involving resettlement (51 percent) — more than agriculture (AGR) (14 percent) and energy (IEN) (29 percent) combined (see Table 2.3). However, while TWU accounts for more projects, AGR affects more people (52 percent of the total displaced) than TWU (28 percent) and IEN (18 percent) combined (see Figure 2.4).

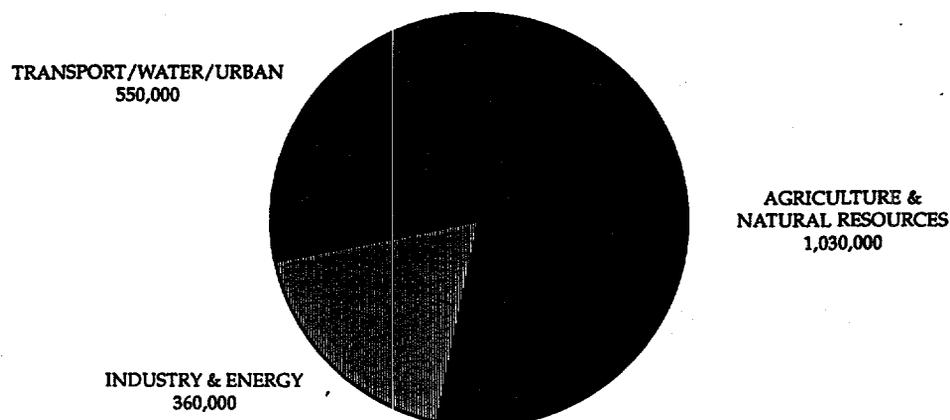
### *The causes of displacement*

Categorizing projects according to sector does not necessarily describe the physical infrastructure components that *caused* resettlement. Hydropower, irrigation, and drinking water projects, which fall into three different Bank sectors, displace existing occupants for the same reason: dam and reservoir construction. Similarly, a project may contain components which cause displacement that are not readily imagined as belonging in the sector to which the project has been assigned. Thus, for example, AGR operations examined include two phosphate industry projects, and IEN operations include open pit coal mining and land-banking for an expected expansion of thermal projects, all of which lead to resettlement.

Dams and reservoirs are the most frequent cause of displacement, and account for 63 per-

Figure 2.4

**PEOPLE DISPLACED BY SECTOR**  
Projects Active During FY '93



cent of the people displaced. Transportation ranks second, both in numbers of projects and people displaced (see Table 2.4). However, there are several other causes of displacement besides dams and highways. Extensive rights of

way along canals, drains, and transmission, water, and sewerage lines are now more evident as causes of displacement. Projects in the forestry sector have also grown in importance as causes of resettlement. The project with the largest resettlement

Table 2.3. Sectoral distribution of projects active in FY93

Region	Total Bank Projects		Projects with Resettlement			
	Number	Pct.	Number	Pct.	People	Pct.
Agriculture	482	25.4	21	14.4	1,030,000	52.5
Industry and Energy	437	23.0	43	29.4	360,000	18.3
Transport/Water/Urban	436	23.0	75	51.4	550,000	28.0
Other	542	28.6	7*	4.8	23,000	1.2
Total Bank	1897	100	146	100	1,963,000	100

\* Five population and human resource projects; two environment projects.

Table 2.4. Distribution of projects by cause of displacement

Cause of Displacement*	Projects with Resettlement		People Displaced	
	Number	% of Total	Number	% of Total
Dams (including access)	39	26.6	1,233,000	62.8
Transportation	36	24.7	311,000	15.8
Water supply, sewerage	18	12.3	59,000	3.0
Thermal (including mining)	15	10.3	94,000	4.8
Urban infrastructure	12	8.2	73,000	3.7
Irrigation, canals	7	4.8	71,000	3.6
Environmental protection	5	3.4	74,000	3.8
Industry	4	2.7	2,000	0.1
Forestry	2	1.4	45,000	2.3
Other	8	5.5	1,000	0.0
TOTAL	146	100	1,963,000	100

\* Projects with more than one cause of displacement are categorized by the component that displaces the most people.

ment in Africa, for example, is the Cote d'Ivoire Forestry project. The Borrower proposed to displace as many as 200,000 people, but this number was reduced to 40,000 after the Bank's intervention. Environmental protection, particularly flood control infrastructure, is also emerging as a cause of resettlement.

Thermal power projects are also a significant cause of resettlement. These projects usually do not displace many people, but two India projects — Farakka II and Singrauli II — displaced about 50,000 people each. At the time of appraisal, neither the Borrower nor the appraisal mission addressed the issue of resettlement in either project. Singrauli is still resettling people nearly five years after the project closed. In thermal projects people are usually displaced not by the physical works per se, but mainly by land banking for waste disposal (ash), open pit mining, subsequent expansion, and other related land uses.

### *Size of resettlement components*

Resettlement varies from a few families to more than 200,000 people in the largest projects. Five large agriculture projects in India account for 41 percent of the people displaced in the total Bank portfolio. Eight other projects, more broadly distributed regionally and sectorally, account for another 20 percent of the people displaced (see Table 2.5). The other 133 projects displace the remaining 39 percent, or 770,000 people, of which 85 displace more than 1000 people each (see Table 2.6). The importance of projects with resettlement components in the "below 1000" category or "below 500" category at appraisal should not be underestimated. Often projects that start with low numbers multiply by orders of magnitude during execution. The severity of the problems individually incurred by the people affected is the same, and large aggregate sizes at project level tend to compound these problems.

Table 2.5. Large Bank-assisted resettlement projects

Country	Project Title	Sector	FY	People Displaced	Percent
India	Upper Krishna II	AGR	89	220,000	11.2
India	MCIP III Irrigation	AGR	86	168,000	8.6
India	Andhra Pradesh Irr. II	AGR	86	150,000	7.6
India	Gujarat Medium Irr. II	AGR	84	140,000	7.1
India	Sardar Sarovar	AGR	85	127,000	6.5
China	Shuikou I & II Hydro	IEN	87/91	67,000	3.4
India	Farakka II Thermal	IEN	84	53,000	2.7
Argentina	Yacyreta I & II	IEN	80/92	50,000	2.5
Brazil	Itaparica	AGR	88	50,000	2.5
Indonesia	Jabotabek Urban I	TWU	88	28,000*	2.3
India	Hyderabad Water/San.	TWU	90	42,000	2.1
Côte d'Ivoire	Forestry Sector	AGR	90	40,000	2.0
China	Yantan Hydro	IEN	86	40,000	2.0

\* Data on this project are currently under verification. An additional 56,000 people are reported to be adversely affected in various ways.

Focussing on resettlement size per project highlights a paradox in typical Bank and Borrower practice. When the Bank finances *voluntary* settlement operations, much smaller population sizes are sufficient to justify a *stand-alone* Bank-assisted project. The Bank has financed *stand-alone* voluntary settlement projects for as few as 5,000-6,000 people. Even the largest voluntary settlement operations were smaller in terms of the number of relocated people than the largest involuntary resettlement operations. However, in the case of *involuntary* resettlement, despite the enormous size of the population to be resettled in some projects, these operations are treated as *components* which are subsidiary to the main infrastructural content of the project.

## Socio-Economic Characteristics

### *The people displaced*

Comprehensive information on the socio-economic composition of displaced populations and their sustenance strategies is lacking. The majority of the displaced are rural and poor because new projects are brought to the most under-developed, poorest areas, where infrastructure is largely lacking and where land and political costs are lowest. For example, in Thailand's Third Power project area, per capita incomes of the resettlers are less than one-third the national average. The remote locations of many dam sites are often inhabited by indigenous people, ethnic

Table 2.6. Distribution of the resettlement portfolio by size of displacement

<i>Range of people displaced</i>	<i>Projects with Resettlement</i>		<i>People Displaced</i>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>
100,001-200,000	5	3.4	806,000	41.1
40,001-100,000	6	4.1	307,000	15.6
10,001-40,000	27	18.5	591,000	30.1
1,001-10,000	58	39.7	243,000	12.4
501-1,000	12	8.2	10,000	0.5
0-500	38	26.0	6,000	0.3
TOTAL	146	100	1,963,000	100

minorities, or pastoral groups, which explains why issues pertaining to tribal and cultural differences are so prominent in resettlement. Half of the 16,000 persons displaced by India's Upper Indravati project, for instance, are tribal people, as are more than half of the people affected by the Narmada dam and canal projects. The Miao and Li ethnic minorities represent the majority of the 24,000 people the Daguangba reservoir in China will displace.

In urban areas the demographic and occupational composition of affected people is different. People to be relocated are employed in industry and services. Small business people such as shopkeepers, artisans, food-stall owners and vendors are a much larger proportion than in rural areas. But projects considered "urban" also displace farmers and other rural inhabitants whenever drinking water reservoirs or peri-urban infrastructure is financed. Since the people in urban projects are socially and culturally different from those in rural projects, and depend on different income sources, the trend toward more urban displacement is placing new and different demands on those responsible for resettlement programs. In general, landless laborers, tenants, urban squatters (some of whom may have been residents for a generation or more), and culti-

vators with only customary tenure, suffer more from displacement because domestic policies rarely provide them with adequate compensation and rehabilitation.

Women may experience the adverse consequences of resettlement more strongly than men. First and foremost, this is because compensation payments are usually paid only to the heads of households, converting the collective assets of the family to cash in male hands, and leaving women and children at higher risk of deprivation. Female-headed households, which in some cases range from 20-40 percent of the affected households, suffer most from such exclusionary policies, as in the Guatemala Chixoy project. In urban areas being upgraded there is evidence that displaced women are harder hit by resettlement than men since they are more likely to earn their living from small businesses located at or near their residences. Women may also be affected disproportionately in rural areas since they are often more dependent on common property resources. For example, gardens may more frequently be on unregistered land than fields owned by men. In semi-arid regions of India, 91-100 percent of firewood, 66-84 percent of domestic fuel, and 69-80 percent of grazing needs of the poor come from common properties.<sup>3</sup> We return to these points in Chapter 4

during the discussion of income restoration and impoverishment risks.

### *Project beneficiaries*

Projects causing displacement have many times more beneficiaries than victims. Urban commuters, slum dwellers, farmers with non-irrigated lands, industries and their employees, and cities as a whole may all gain significant advantages from projects that entail resettling people. In the large Bank-assisted irrigation projects in India, 15 families benefit for each family displaced (India Irrigation Sector Review, 1991), while the ratio is even higher in TWU projects.

### **Future Trends**

#### *Lending trends*

Investment in major infrastructure remains essential in promoting equitable development (see World Development Report, forthcoming, 1994). So too, rearranging human settlement patterns — voluntarily and involuntarily — will remain a constant companion of development in the context of urban population growth and competing demands for land, water, and forests. In light of this, the number of operations involving resettlement is likely to be approximately the same or to increase in the coming years despite deliberate efforts made by the Bank to *reduce* the size of proposed displacements. Preliminary estimates of displacement from all projects to be approved in FY94 were about 437,000 people; in FY95-FY96 the preliminary, and still incomplete,

estimate is about 135,000 people (see Table 2.7). This early assessment allows better advance preparation and allocation of staff resources.

A significant amount of the estimated displacement announced by Borrowers in their project proposals may still be reduced or avoided, however. The earlier the recognition of potential involuntary resettlement, the more possible it is to consider alternatives that reduce or eliminate the need to displace people. For example, Pakistan Sindh Special Development project was able to reduce the number of people to be displaced in the first phase of the project from 40,000 to less than 1000 (see Chapter 3, para. 24).

### *Distribution*

Regional and sectoral distributions predicted for the coming years are similar to those for the active portfolio, although energy and agricultural projects may register some decline relative to urban projects.

### **The Bank's Program in Context**

There are no official statistics on how many people are displaced world-wide outside Bank-assisted projects. In the world as in Bank-assisted projects, the two principal causes of resettlement are dams and urban development. World-wide construction of high dams (above 15 meters) has averaged about 300 new dams per year during the early 1990s. By comparison, the construction of Bank-financed new dams averaged 18 per year during 1980-1985 but has decreased to 6 new dams per year during 1986-1993, and is thus only 2 percent of the global total. Similarly the Bank's share of people displaced in dam projects accounts for only 3 percent of world-wide resettlement caused by dams: that is approximately 100,000 people per year out of a global total estimated at over 4 million. Preliminary estimates for the next three years remain at 6 new Bank-assisted dams per year.

Urban displacement in developing countries is estimated to be approximately 6 million people

**Table 2.7. Projected entry of projects into the resettlement portfolio**

<i>Fiscal Year</i>	<i>No. of Projects</i>	<i>People Affected</i>
1994	31	437,000
1995	45	115,000
1996	18	20,000

per year. By comparison, since 1988 the Bank has approved projects each year that are expected to displace a total of approximately 85,000 people over the lifetime of the projects. The Bank's share is about 1.4 percent of the developing countries' total.

Even in regions and countries where resettlement under Bank-financed projects is particularly high, such as in India and China, the Bank's share of people displaced is dwarfed by involuntary resettlement under projects without Bank intervention and, typically, with much less mitigation. In China, transportation, urban, and water resource projects displaced an estimated 31.5 million people between 1950 and 1989.<sup>4</sup> China built 523 dams a year from 1951-1982, and was still starting construction on 150 dams a year in the early 1990s.<sup>5</sup> By comparison, since 1980 the Bank has financed the construction of 7 dams in China displacing a total of 167,000 people. Furthermore, the Bank has not financed the Chinese dams with the largest displacements: Sanmenxia (319,000), Danjiangkou (383,000), and now Three Gorges (1.1 million).

The Bank has played a relatively larger role in India. Bank-assisted active projects will displace over 900,000 people, but this is still a

small number compared to various estimates ranging from 16-21 million people relocated in India from 1951 to 1990. Outside India and China the Bank's role diminishes sharply. In Turkey, ranking second in the world with over 150 dams under construction<sup>6</sup>, the Bank is involved in only 4 dams, none of them displacing more than 20,000 people. The Bank is currently financing only one or two dams in each of fourteen other countries. No more than 50,000 people are being displaced by Bank-financed dams in any of these fourteen other countries.

### Notes:

- <sup>1</sup> The Data Bank created for this review, if maintained, could ensure full recording and monitoring in the future.
- <sup>2</sup> A special, in-depth study on involuntary resettlement in all the Bank-assisted projects in India is currently being prepared by the India Country Department.
- <sup>3</sup> Debra Sequeira, *Gender and Resettlement: Impacts and Implications*, draft, December 1993.
- <sup>4</sup> China and Mongolia Country Department, *China Involuntary Resettlement*, June 8, 1993, p. 2.
- <sup>5</sup> International Commission on Large Dams, *World Register of Dams*, 1988, p.11; and "International Commission on Large Dams Survey of Dams Under Construction in 1991", *Water Power and Dam Construction*, January 1993, p.12.
- <sup>6</sup> *Ibid.*

# 3. Performance: Influencing Policy and Reducing Displacement

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Having identified the composition of the Bank's resettlement portfolio, the review now answers the key questions on performance. Three questions are asked:

- First, what has been the impact of the Bank resettlement policy on the resettlement policies of Borrower countries?
- Second, what has been the Bank's performance in implementing the first principle of its policy - to avoid or reduce displacement magnitude whenever feasible?
- Third, to what extent has the Bank accomplished its policy goal of restoring resettlers' incomes?

The first two questions are addressed in this chapter. The following chapter is dedicated to the third question.

## *Narrowing the "development gap"*

As the Bank's policy sets new standards — standards that are above routine practice in resettlement — a "development gap" is created, between the new standard and the old. Such "gaps" *appear always when new policies are formulated in any domain*, policies that set challenging objectives intended to improve prior practice and to induce change and development. For the Bank, setting more exacting norms for the operations it assists, including resettlement operations, is intrinsic to its role and responsibilities as a development institution. However, the norms and objectives the Bank has set for resettlement operations are not arbitrary or subjective: they codify good practice, are based on social research, embody lessons learned the hard way from past experi-

ence, and are aimed at overcoming perceived problems.

Closing this kind of "development gap" is precisely the challenge at hand in resettlement. Examining performance in this review means examining how, step by step, this gap becomes narrower in Bank-assisted operations. Like any other development gap, it cannot be closed overnight, by fiat. *Lifting up averages on a wide front, in many countries, is a very complex process, and changing entrenched bad practices takes time.* Every step on this difficult road is one more step away from the unacceptable displacement practices of the past. Such practices, unfortunately, continue to prevail in much of the displacement taking place currently in many developing countries - and not only in the small share of infrastructure projects financed by the World Bank. This is why the Bank's effort to promote an improved policy for resettlement in borrowing countries is ultimately even more consequential than the assistance provided by the Bank to individual resettlement components. The overall resettlement record in many developing countries, as documented by an expanding volume of social science research, provides a sobering context for discussing the progress and problems identified by the present review.

## Main Findings

The Task Force has found that, during 1986-1993, the Bank's resettlement policy has made considerable progress among Borrowers, and that it has provided increased protection to the interests and entitlements of resettlers. The main findings are:

- **Changing policy environments.** The explicit adoption by a number of Borrowers of new domestic policies and legal frameworks for resettlement, or the improvement of existing frameworks, has been *one of the principal results* of the Bank's capacity building work and policy dialogues with Borrowers during 1986-1993. By enacting guidelines at the national or sectoral level, the Borrower assumes political and institutional responsibility for sound resettlement, and not only for compensating the losses caused by expropriation.
- **Policy modifies performance.** There is a clear association between resettlement performance and the presence or absence of a *domestic* policy and organizational frameworks on resettlement. Performance is strongly country-dependent, rather than strictly project-dependent. The Task Force has concluded that the Bank has been far more effective, has reached a broader sectoral-scale impact, and actual operations *have gained more when the Bank succeeded in this policy-adoption effort* than when the Bank's efforts were confined to legal agreements for individual projects only. In turn, the obligations laid down in individual loan legal agreements, and the agreed upon "project policy", have sometimes formed the basis for discussing and improving broader domestic policy and legal frameworks.
- **Displacement can be reduced.** In a number of projects the scale of displacement was considerably reduced, and sometimes displacement was avoided altogether, through policy-driven technical redesign of civil works.
- **Unused potential.** There is considerable room to expand and elevate vigorously the Bank's efforts for policy reform, particularly with countries with large resettlement portfolios. As the number of growing economies with both high demographic pressure and multiple resettlement operations is expand-

ing, policy dialogues and agreements should precede Bank financial support to projects that entail population displacements.

## The Bank's Impact on Resettlement Policies

### National Policies

Enacting policy frameworks for resettlement is pivotal for expanding Borrowers' institutional capacity. The review ascertained that the Bank intensified its catalytic efforts, particularly after 1986, in working with both Borrowers and donors for *expanding the adoption of policy principles* regarding resettlement. Sustained changes in Borrowers' planning approaches to resettlement can hardly be promoted by the Bank through projects alone, if the proposed standards and entitlements for affected people are not based in domestic policy and law. As the Bank's general counsel has concluded, "lessons derived from Bank-assisted projects involving resettlement [show] that in many countries the national legal framework of resettlement operations is incomplete.... Resettlement legal issues [are treated] as a subset of property and expropriation law. For various reasons, these national laws do not provide a fully adequate framework for development-oriented resettlement.... New legislation often must be introduced, or existing laws must be modified, in order to plan and carry out involuntary resettlement adequately."<sup>1</sup> Therefore, the Bank has recommended *policy reform in this area to all Borrowers whose projects entail involuntary resettlement*. In turn, the Bank has studied country policies and approaches and has learned from national experiences with effective provisions for resettlement.

Encouraging policy reform is part of a broader Bank effort to foster local *institutional capacity, defined as synergy between policies, organizations, and resources*. To achieve such reform, the Bank has initiated: policy dialogues on resettlement with some Borrowers; negotiations on resettlement strategies and legal issues as part of

sector lending and studies; as well as technical discussions and legal work in the context of project preparation and appraisal. During the period under review, the Bank also published its internal resettlement guidelines for the first time.<sup>2</sup> In a collective letter to the Bank's President, the largest international NGOs saluted the publication of the Bank's policy and its content.

The policy environments surrounding development-caused resettlement have changed considerably over the last six years. Unprecedented progress has been achieved in the policies of several developing countries and international agencies. These changes were, in part, a result of the Bank's policy influence, as well as a *consequence of public opinion demands, of resistance to displacement by affected people, and of strong advocacy by many NGOs*. Several developing countries have recently adopted explicit policy or legal frameworks defining their own commitment to income restoration, resettlers' eligibility for compensation and other entitlements, and to the consultation of affected people:

- **Brazil.** Resettlement guidelines very similar to the Bank's guidelines were developed in 1990 for Brazil's power sector by Electrobras, jointly with major power sector companies. Bank-Borrower work to prepare Brazil's power sector loan resulted, *inter alia*, in guidelines aimed at fully internalizing the costs of resettlement and reducing its magnitude; these were introduced in the sector's second Environmental Master Plan (1990) and in subsequent expansion plans. The advantage of the sectoral rather than the piecemeal project approach appears obvious: Brazil's new guidelines are valid for all the new hydroelectric plants (about 36 in a ten-year period), much more than the two or three which might have been cofinanced by the Bank. Brazil's central power planning group excluded from the ten-year expansion plan four dam construction projects (Santa Isabel, Belem, Pedra Branca and Ilha Grande) because of their displacement effects. That would have required forcibly removing between 154,000 — 188,000 people; these projects are to be restudied.
- **China.** Initial policy guidelines and legal provisions for resettlement were developed in China independent of the Bank's guidelines. Since the mid-1980s, however, there were several rounds of policy dialogues with the Bank, particularly over China's water resources sector. In the case of reservoir resettlement, Bank involvement appears to have significantly helped in the improvement of Chinese policy guidelines, legal provisions, planning practices, and resettlement performance. In turn, the Bank has learned from the effective policy approaches used in China in the last decade and their implementation.
- **India — Gujarat State.** In the context of the major problems affecting the implementation of the Narmada Sardar Sarovar projects, extensive negotiations between the Bank and the Government of Gujarat, India, have resulted in significant improvements in the state's legal regulations for resettlement, formally granting certain important entitlements to displaced people. These entitlements exceed the provisions of the Narmada Tribunal for Gujarat oustees. However, the improved regulations are project specific and should be extended to similar on-going projects in Gujarat state, but this has not yet happened.
- **Colombia.** Country-wide policy guidelines for resettlement in the power sector were adopted in 1990. The dialogue between the Bank and the Borrower during a sector loan preparation, and the process which was followed by Colombia's power utilities, led to the generation of resettlement guidelines with clear Borrower ownership (see box 3.1).
- **The Philippines.** One of the very few in the world policies on urban resettlement was

**Box 3.1. Creating and affirming policy ownership: Colombia**

The Bank has worked with Colombia's energy sector to revise the country's resettlement norms to focus on restoring the economic and social basis of those displaced. The context for this sectoral policy dialogue was the preparation of the 1988 electric power sector loan. At the Bank's suggestion, an interagency working group was created to prepare an environmental and social policy framework for the sector. The working group (CASEC) consisted of representatives of power utilities, company managers, social scientists, and planners, as well as the Ministry of Mines and Energy and the National Environment and Natural Resources Department. The working group had three tasks:

To develop a set of resettlement guidelines, explaining the policy objectives for all projects that entail displacement and other adverse impacts.

To prepare terms of reference keyed to the sector's project cycle, outlining what kind of resettlement planning information had to be available at each stage of project development.

To make a sector-wide assessment of the needs of professional social staff for resettlement work, and of training needs in each utility.

The policy draft developed by CASEC went beyond analyzing the impacts of resettlement within individual projects, include methodologies for resettlement issues across the entire power sector. The legal agreement with the Bank required formalizing the sector's policy, and this policy was issued in 1990. For the first time the energy sector had spelled out explicit criteria, procedures and objectives for projects involving displacement and resettlement. The 1988 World Bank loan also included funding to strengthen the sector's environmental and social planning capabilities. Based on an internal diagnosis of likely resettlement needs, each utility created a social and environmental wing, with professionally trained staff.

issued in the Philippines as the Urban Development and Housing Act of 1992, which puts restrictions on displacement and mandates participation and consultation.

- *Turkey.* One of the few developing countries having a clear law for regulating resettlement, Turkey has welcomed policy discussions with the Bank and has improved its legal provisions. Because of this legal framework and recent improvements in its application, the government can allocate substantial financial resources to resettlement, including supplemental allocations for corrective actions initiated under this review (see Chapter 7).
- *India.* Following negotiations with the Bank, in May 1993 India's National Thermal Power Corporation (NTPC) adopted a Resettlement and Rehabilitation Policy for all its operations, an important sectoral precedent.<sup>3</sup> The policy clearly defines all

categories of project affected people, emphasizes the principle of income improvement or at least restoration, and guarantees specific entitlements to each category of displaced individuals as well as to communities, entitlements that were not provided for in displacements caused by earlier NTPC projects.

***Fighting policy vacuums***

The Bank's concern for countries adopting their own guidelines results from learning the hard way that the *absence* of policy is a policy by default. The fact that a number of borrowing countries have not adopted strict guidelines for displacement reflects the assumption that there is no need for such a policy or that resettlement projects should not be done differently from the past. Some borrowing agencies prefer to maintain a policy vacuum rather than issue binding norms and legal strictures. In effect, some agencies are aggressively reluctant to formulate or accept public sector guidelines for

activities that they know are going to be problematic, difficult, or controversial; the net result of such an anachronistic posture and mindset is that the interests of the displaced people, and of development in a broader sense, are negatively affected. Avoiding formal policy commitments may leave more operational flexibility in the short term, but at the expense of higher long term costs, externalized to others. Low level policy responses to such issues are an enduring cause of poor performance.

Legal vacuums and absence of policy for resettlement result sometimes in the use of violent displacement procedures, without due recognition and protection of the basic rights and entitlements of those uprooted. The Bank has steadily and effectively opposed such practices as unacceptable, and prevented them from occurring in Bank-assisted projects. A comparison of two projects in the same sector but in two different countries, one not assisted by the Bank and another financed by the Bank, reveals the perverse consequences of policy

vacuums and the beneficial impact of policy driven restrictions (see next chapter, *box 4.4*)

The adoption of sound *national or sectoral* resettlement guidelines in a gradually increasing number of borrowing countries extends the impact of the Bank's policy beyond the projects the Bank is financing directly, helping to contain unnecessary impoverishment on a wider scale (see *box 3.2*). For example, over 97 percent of the high dams constructed worldwide in the last decade have been built without World Bank financing. Because dam reservoirs are — and are likely to remain — the single largest cause of displacement, the enactment of domestic sectoral resettlement policies can have positive effects for a population far larger than under Bank financed projects.

The Bank can decline altogether project proposals that entail displacement, particularly where country policies do not yet exist. However, this approach will leave important projects in crucial sectors without support. If those

### Box 3.2. Bank impact on non-Bank financed works: flood control in a river basin

The impact of Bank resettlement policy on programs that are not financed by the Bank is illustrated by China's Taihu Basin Flood Control project (FY93).

Major floods caused extensive damage in the Taihu basin, and the high risk of reoccurrence prompted a basin-wide plan consisting of ten work components along several rivers in the basin. The program requires permanent land acquisition of some 46,000 mu (equal to 3,068 hectares), temporary land acquisition of some 74,000 mu (4,936 hectares), affecting more than 46,000 persons whose lands or houses will be lost.

The basin-wide civil works program consists of ten independent but related components. Four of these, the costliest and most important ones, are financed by the Bank and have resettlement and rehabilitation plans consistent with Bank policy. At project appraisal and negotiation the Bank asked for, and the Borrower agreed to, a *linkage arrangement*: namely, that the six domestically funded components apply the same approach for land compensation and population resettlement as the four components financed by the Bank.

The basic principle agreed for all ten components is that:

No decrease in income shall be incurred by the local inhabitants after land acquisition and relocation existing standard of income shall be maintained with opportunities for future enhancements" (SAR, Taihu Basin Flood Control Project: 83).

Altogether, the ten project components in the Taihu Basin will provide flood protection for more than 20 million people and 1.6 million hectares of farmland, an area that includes 25 counties and five cities.

projects are indeed justified on solid development grounds, they would eventually be undertaken anyway, without Bank assistance, without a country resettlement policy in place, and without an agreed project framework for resettlement. The ultimate purpose of large infrastructure projects for power generation, irrigation, or urbanization is to overcome under-development and improve the quality of life of large numbers of people. Ensuring that such projects protect as well the interests of those to be resettled is more beneficial than bypassing such projects altogether. Government officials of several developing countries, as well as some NGOs otherwise critical of the Bank, have emphasized that the Bank's policy has positively influenced, and can further influence, the development of improved domestic policy frameworks and practices. But for nations, as for the Bank, *progress in adopting policy needs to be followed by systematic implementation.*

### *Consequences of policy reform*

The case of China demonstrates that its improved on-the-ground performance achieved in the last decade is directly associated with the major changes introduced in its national policies and legal environment surrounding resettlement. The Bank's lending to China has been greatly facilitated by China's reform of its policy framework.<sup>4</sup> Before the late 1970s, vast displacements caused by high dams in China resulted in the disastrous impoverishment of many people and in serious social and political instability. At that time, China lacked a legal or policy framework for resettlement: the results were tragic displacement operations, such as those from the Sanmenxia and Danjiangkou dams reservoirs in the 1960s and 1970s. To correct this, a series of laws and regulations were adopted and refined in steady succession — in 1978, 1982, 1985, 1988, 1991, and 1992 — either with national applicability or tailored to specific investment sectors such as water, transport, industry, and urban. These regulations apply to all types of resettlement projects and, taken together, protect the living standards of those affected and *affirm the principle of "resettlement with development"*. This principle

requires making resettlement a development opportunity and improving resettlers' livelihood after relocation.

The benefits of enacting policy are also obvious in that it avoids marginalization of resettlement to the weakest agencies, defining instead clear institutional responsibilities for both the central government and the entities at regional or local levels. In the case of China, for instance, national resettlement law typically establishes general principles; it leaves more detailed regulation to the sector, and makes provincial and local administration accountable for adjustments and execution. With some limited differences, Chinese law and regulations now generally converge with the Bank's policy directives on resettlement. The tangible benefits to China from enacting an encompassing domestic policy and legal framework are major improvements in resettlement performance compared to the past.

### *Impact on Other International Policies*

In addition to recent changes in *domestic* policies on resettlement, the Bank has been instrumental in promoting important policy changes at the *international* level. A large number of multilateral and bilateral donors have very recently prepared or adopted resettlement guidelines similar to the Bank's for the projects they support:

- The Inter-American Development Bank adopted an internal set of resettlement guidelines in 1990.
- The Asian Development Bank prepared and published detailed guidelines for resettlement congruent with the World Bank's guidelines in 1992, and is considering adopting them formally for the projects it finances.<sup>5</sup>
- The Overseas Development Administration (UK) has adopted guidelines that essen-

tially are the same as the Bank's. ODA also proposed that within the OECD all bilateral donors formally institute similar guidelines for their aid agencies.

- Japan's International Cooperation Agency (JICA) is currently preparing its own technical guidelines for resettlement, to which the Bank has contributed advisory assistance.
- During 1989-1990, the World Bank was invited to provide support to the OECD in preparing resettlement guidelines for bilateral aid agencies congruent with the Bank's guidelines. In 1991 the development ministers of all 23 OECD countries have sanctioned and enacted uniform resettlement guidelines for their countries' aid agencies.<sup>6</sup>

The concerted effort of many international agencies for promoting better resettlement approaches will help narrow the gap between new sound standards and entrenched practices in many countries in the past. Where bad standards are tolerated in displacements taking place outside Bank-assisted programs, including some projects that receive international aid financing, they slow down progress under Bank-financed projects as well. This is why all Governments and multilateral and bilateral development assistance institutions must pursue similar policies and approaches, if there is to be hope of improving the livelihood of resettlers.

### Difficulties in Policy Reform

Notwithstanding such significant progress, the Bank has also encountered serious difficulties in dialogues with some Borrowers about adopting domestic resettlement regulations. Advances in instituting policy are always subject to various domestic factors — including financial, institutional, and land-scarcity difficulties that Borrowers themselves are facing — and many commitments made by Borrowers are still to be met.

For example, Indonesia issued a new decree on land acquisition in 1993, emphasizing consultations with affected people, but restoration of living standards is not one of the goals of the new decree.<sup>7</sup> While regulations for land acquisition have been improved in Korea, restoration of living standards for displaced people is not an explicit policy objective; the review has found that there remain "some significant differences between Bank and Korean policies"<sup>8</sup>. The degree of receptivity or opposition to Bank proposed policy guidelines varies among different executing agencies in the same sector, because the sector itself does not have a unified approach. One example in Indonesia (*box 3.3*) shows that the rejection or acceptance of Bank guidelines by local agencies results in widely different consequences for the affected population.

Similarly, the resettlement report of the South Asia region emphasized that "...the absence of national resettlement policies in countries like Pakistan, Nepal, and India has been a key factor in preventing a coordinated approach to planning resettlement."<sup>9</sup> In India, where many resettlement operations in both non-Bank and Bank-assisted projects have failed to rehabilitate a proportion of the displaced people, no federal legislation or policy statement defines the country's general resettlement norms; resettlement is being regarded as a state, not a federal matter. In turn, however, most Indian states still lack state-level resettlement policies; they use expropriation laws, which provide for compensation only but do not provide for socio-economic rehabilitation. This has often strongly hampered performance. Dialogue between the Bank and borrowing state governments, with some notable exceptions, has still to yield significant results. In several Bank-assisted irrigation projects causing displacements in Orissa, the state government committed to issue a resettlement policy, yet during a four to five year period the Bank supervision missions were told that a "draft is still under preparation." In Karnataka, a state resettlement policy regarded by the Bank as crucial for

**Box 3.3. Does Bank involvement make a difference to displaced people?**

The protection of a Bank-assisted project consistent with Bank policy makes a major difference. One case is described below: two projects, the same country, the same sector, yet two approaches and two totally different outcomes.

In 1990, the appraisal mission for the Indonesia-Jabotabek II project learned that about 2800 people in 500 "squatter" families living by a river channel scheduled for widening were to be displaced. Compensation would have provided Rps. 60,000 (about U.S. \$35) per household. Since the agency (DKI) was reluctant to offer more by way of a resettlement package, and Bank staff argued that the Borrower's solution was clearly not in keeping with Bank policy and with improving livelihoods, the DKI took out the specific components entailing forced displacement from the Bank-financed project, in order to execute these components on its own, without Bank participation. This outcome did nothing to help the affected people resettle adequately.

In contrast, under the same type of project in the same country (Semarang Drainage Improvement Program ¾ Ln 2408), a component to widen river channels to improve water flow was part of the Bank-assisted project. It entailed the displacement of 13,000 people (2,230 families) of whom only 113 families had land certification. About 1,900 families were eventually compelled to relocate.

However, the Bank's appraisal mission had successfully negotiated the application of Bank policy to the Semarang project. As a result, in addition to cash compensation, the municipal government released three areas of "official land" for resettlement, and provided the resettlers with serviced plots and infrastructure on the outskirts of Semarang. Regardless of their prior tenurial status, the former "squatters" were given title to the new houseplots ¾ a direct increase in their resources compared to

large scale projects was agreed upon at project inception, but nevertheless it has not been finally signed and enacted six years after project start. Recently, India informed the Bank that some federal ministries are drafting guidelines for resettlement and rehabilitation, but no such guidelines have yet been issued.<sup>10</sup> In the meantime, a group of Indian NGOs proposed and circulated a draft national policy for resettlement. There is growing positive recognition in India that a shift toward a full-fledged socio-economic approach to resettlement issues, rather than an "eminent-domain" approach, is necessary and must be formally instituted.

An independent legal survey of country policies and legislation across Africa has found that in sub-Saharan Africa no country has a resettlement policy or legal framework;<sup>11</sup> this finding is confirmed by the Africa region's report on resettlement.<sup>12</sup> The issue is complicated by the fact that in Africa most countries

operate within a dual system of modern and customary law for lands. Under the Cote d'Ivoire Forestry project, for example, the government committed to issuing a formal policy during the project's first year, 1989, but five successive deadlines and commitments were not met by the Borrower. The draft policy is still awaiting government ratification.

Many engineering consulting firms, responsible for the technical design of major infrastructure projects worldwide, routinely display obliviousness to the adverse social implications of the designs they propose, sheltered by the absence of policy or legal demands in the client countries. Too often their feasibility studies display an "engineering bias" and underestimation of social-cultural variables, an approach that backfires later during project execution. The studies prepared by such firms tend to end up with misleading budgets whenever the real, full costs of displacement and resettlement are omitted. Insufficient attention in many such

studies is given to integrating resettlement into a river basin planning perspective.

*The lesson from progress to date in creating policy environments conducive to improved resettlement is to persevere.* The Bank should carry out this effort primarily through *policy and legal dialogue with its Borrowers*, not just through imposing project conditionality. The approach to policy dialogue with Borrowers has not been the same in all the relevant Country Departments of the Bank. In some cases, and depending on country-specific contexts, more staff time and effort was invested in squeezing out incremental piecemeal improvements from project executing agencies rather than in negotiating agreements on basic issues of vision and policy reform at political decision-making levels. This lesson of the present review is particularly important not only for the current country portfolios with many resettlement operations. It is also strongly relevant to future Bank lending to countries with growing economies, high infrastructural needs, and high demographic pressures — such as Pakistan, Bangladesh, Vietnam and Indonesia — which will experience resettlement increases in their industrialization and urbanization programs.

One of the most important findings of this review is that addressing the plight of the many millions of people being displaced by public or private sector programs through better policies on resettlement (which would apply to both Bank-funded and non-Bank funded projects) constitutes a key premise for improving the performance of the Bank's resettlement portfolio. Better resettlement legislation is part of better governance. While each project is an opportunity to develop a "project policy" jointly with the Borrower and confirmed in legal loan and credit agreements,<sup>13</sup> the Bank should also systematically provide assistance to Borrowers interested in tailoring their broader policy environments to the demands of development and in strengthening their institutional capacity for dealing with displacements and other socially adverse effects.

## Reducing Displacements in Projects

### *Project-level technical alternatives*

During 1986-1993, the Bank has significantly improved its performance in implementing the first principle of the resettlement policy: to *avoid* resettlement or *reduce* its magnitude whenever feasible. To achieve this, Bank work paid more attention to the technical parameters of proposed displacements.

The 1986 review found that technical optimization studies for alternative designs that would avoid resettlement were seldom undertaken. By comparison, in the last several years the concern for avoiding or reducing resettlement is increasing in the Bank's work culture, when the likelihood of displacement is identified early. Important lessons about creative, innovative ways of reducing displacement have been learned (box 3.4). However, project proposals and feasibility studies, many prepared by respected consulting firms, are too often too permissive about displacements. The Bank has declined financing for some civil works and has worked with Borrowers to find economically viable trade-offs or engineering alternatives that cause less displacement.

- *Indonesia.* Redesign of the Saguling Dam engineering proposal lowered the dam height by five meters, reducing displacement from 90,000 to 55,000 people, with only a small loss in generating capacity.
- *Thailand.* Resiting the Pak Mun Dam to a less populated location and lowering its height has reduced displacement from about 20,000 people to about 5,000.
- *Ecuador.* Redesign of canal layouts in the Guayas Flood Control project has eliminated the need to displace any people under this project.
- *China.* Resiting the main pipeline in the Shanghai Sewerage project and using

### Box 3.4. Avoiding displacement

In Brazil's arid northeast states of Ceara, Bahia, and Piaui, the Bank is assisting the Irrigation I Project that will provide irrigation of 51,700 hectares and the settlement of about 5,376 farmers with medium and small holdings. The project provides sprinkler irrigation, electricity, and extension services, in addition to land title for small farmers. The borrower's original design called for acquiring land for project works currently belonging to cattle ranchers, smallholders, squatters, and share croppers. This land was to be reallocated to new settlers, thereby displacing about 1,170 families (some 6,500 people) from land and current employment. In exchange for expropriation of their land, the displaced families were to be provided new irrigated lands in distant new agricultural communities (Agrovillas).

After the project started, the Bank's Task Manager for the project convinced his country counterparts that it was possible to replace forced displacement with *voluntary* land exchange by redesigning the approach and reallocating lands to the people slated for relocation close to their present homes. The project agency agreed to the new approach, even though the project was already underway. Detailed redesign work resulted in making six-to-eight hectare irrigated plots available to 190 affected small farmers who were entitled to get larger plots, and two-to-four-hectare irrigated plots to the other 982 affected families, in areas adjacent to their homes. This obviated the need for *displacement*.

tunnels rather than surface channels for pipes reduced anticipated resettlement of more than 8,000 people by half. In other ongoing projects, such changes have been made even after project appraisal: in the Beiliugang Thermal project transmission line corridors were altered, reducing displacement from 1,500 to 300 people; in Zouxian Thermal, resettlement was reduced from 200 families to only 5; in the Taihu Basin project, redesign of flood dikes reduced displacement by 1,800 people below the initial estimate.

- *Pakistan*. Bank dialogue with the government led to the redesign of the Left Bank Outfall project, one of the world's largest drainage operations, that reduced displacement by half (about 5,000 people).

Reducing the scale of resettlement depends on having accurate information and analysis of the implications of displacement early in project design. When such information is not accurate the opposite occurs: the number of would-be resettlers "increases" after project start, as a result of massive initial underestimation. For

instance, when phase one of the Karnataka Irrigation project<sup>14</sup> was approved in 1978, before the Bank's policy was adopted, the Borrower indicated a displacement of 20,000 people. At the start of phase two, in 1987, it appeared that more than 220,000 people faced displacement, at an enormously increased project cost. By that time, however, dam construction was well under way. A much better resettlement plan was prepared with the support of an experienced non-governmental organization, MYRADA, this time at the Bank's steady insistence. But whether or not the Bank would have financed this investment had the true size of displacement been reflected correctly in the initial cost-benefit studies, is not clear. In most cases projects with resettlement can tolerate the increases in cost estimates needed to reflect true resettlement scale and investment costs. However, it is likely that in some particular cases projects would not have been least-cost investments had full population data and resettlement costs been factored into the economic and financial analysis. Costing resettlement accurately in the future will encourage more strenuous searches for technical alternatives that require less displacement.

### *Macro-policy deterrents for reducing displacements*

Beyond engineering redesign, the potential for avoiding or reducing displacement resides in *improving the macro policies that guide investments in energy and water*. Displacement occurs mainly with dams for irrigation, energy or potable water. Many developing countries subsidize energy and water. The World Development Report 1992 on *Development and the Environment* found that prevailing electricity prices represent, on average, only about 30 percent of the costs of supply. If consumers paid the long run marginal cost of supply, they would likely use some 20 percent less electricity; if less energy is demanded, fewer communities would be dislocated. To some extent, the problem of displacement is thus a problem of distorted pricing of energy and water in the developing world. Although pricing issues may seem removed from the social dynamics of population relocation, changes in broad pricing policies can exercise some beneficial deterrent effect on displacements. The Bank's policy for the electric power sector pursues such changes by promoting realistic pricing for energy: this policy supports both the development of new energy sources *and* increased investments by developing countries in strategies for demand management.<sup>15</sup> By following strategies for demand management for the outputs from projects that would cause resettlement, developing countries can reduce displacements as well.

Summing up the answers to the two key questions asked at the start of this chapter, it appears that:

- First, throughout the period under review, the adequacy and effectiveness of the Bank's orientation to promoting policy reform in resettlement has been fully confirmed by the positive results achieved. The impact on domestic and international policies relevant to involuntary resettlement has been strong, wide, and consequential for practical purposes. There is considerable room and *need to continue this effort* in the following years.
- Second, the orientation toward downsizing displacement has also yielded tangible results in a number of projects, and the Bank has been able, in these cases, to finance alternatives with less harmful effects. Experience shows also that the *potential for minimizing population displacement through improved engineering and better design alternatives is much larger than previously realized*, particularly in urban development and transportation projects. This type of *social optimization of infrastructural investments must be firmly pursued* by the Bank and its Borrowers in the future.

### Notes:

- <sup>1</sup> Ibrahim F.I. Shihata, "Involuntary Resettlement in World Bank Financed Projects", in *The World Bank in a Changing World*, The Netherlands: Martinus Nijhoff Publishers, 1991, p. 181.
- <sup>2</sup> *Involuntary Resettlement in Development Projects. Policy Guidelines for World Bank Financed Projects*, World Bank Technical Paper No. 80, Washington, DC, 1988. (In addition to the Bank's publication in English, French and Spanish, the paper was independently translated and published in China, Indonesia, and recently in Turkey).
- <sup>3</sup> *National Thermal Power Corporation (NTPC). Rehabilitation and Resettlement Policy*, June 4, 1993. (See World Bank Staff Appraisal Report, *India — NTPC Power Generation Project*, Annex 2.4, Appendix 3, June 1993).
- <sup>4</sup> East Asia Region, *Report on Resettlement for the Bankwide Resettlement Review*, December 1993.
- <sup>5</sup> Asian Development Bank, *Guidelines for Social Analysis of Development Projects*, March 1991, p. 47.
- <sup>6</sup> Development Assistance Committee, *Guidelines for Aid Agencies on Involuntary Displacements and Resettlement in Development Projects*, Paris: OECD, 1992.
- <sup>7</sup> Another Indonesian law, issued in 1961, provides more explicit criteria for "fair" compensation. It specifies that compensation must allow former owner/tenants to continue their productive activities at the same "economic level" as prior to expropriation.
- <sup>8</sup> East Asia Region, *Report on Resettlement for the Bankwide Resettlement Review*.
- <sup>9</sup> Asia Technical Department, *South Asia Region Report on Resettlement for the Bankwide Resettlement Review*.
- <sup>10</sup> South Asia Region, *Report on Resettlement for the Bankwide Resettlement Review*, November 1993.
- <sup>11</sup> C. Okidi-Okidi, *Policy and Legal Framework in Development-Driven Involuntary Resettlement in African Countries*, Kenya: Moi University, School of Environmental Studies. The study was sponsored under a grant from the government of the Netherlands. See also, H.W.O. Okoth-Ogendo, *Tenants of the Crown: Evolution of Agrarian Law and Institutions in Kenya*, Nairobi, 1991.

- <sup>12</sup> Africa Technical Department, *Report on Resettlement for the Bankwide Resettlement Review*.
- <sup>13</sup> Legal Department, *Legal Issues in Involuntary Resettlement*, draft, November 1993.
- <sup>14</sup> This case is carefully reviewed in the OED study, *Early Experiences with Involuntary Resettlement*.

- <sup>15</sup> *The World Bank's Role in the Electric Power Sector — Policies for Effective Institutional, Regulatory, and Financial Reform*, a World Bank Policy paper; and *Energy Efficiency and Conservation in Development Countries — the World Bank's Role*, a World Bank Policy paper, Washington, DC, 1993.

## 4. Performance: Restoring Incomes and Livelihoods

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*Poverty reduction is the benchmark against which our performance as a development institution must be judged.*

Lewis T. Preston

The ultimate test of consistency between resettlement operations and policy is the degree to which the Bank's basic goal reestablishing resettlers at an improved or at least the same level of living is achieved. Continuing the analysis of resettlement performance, the present chapter addresses the question: to what extent has the Bank accomplished its goal of restoring resettlers' income?

### Main Findings

The Task Force has found considerable progress in Bank-assisted projects in providing displaced families with access to sufficient productive resources to help recreate, and sometimes improve, lost productive systems and livelihoods. The analysis of on-the-ground performance — based on Borrowers reports, Bank assessments, OED analyses, and the resettlement anthropological literature — shows what works for good resettlement and where unsatisfactory performance results in impoverishment:

- *Effective income restoration.* Projects that resettle people productively on land and in jobs restore income more effectively, after a transition period, than projects which hand out compensation only, without institutional assistance for resettlement. Successful income restoration was achieved primarily when projects enabled resettlers to share in the immediate benefits created by the

very project that caused displacement, by: moving resettlers into the newly irrigated command areas; helping them develop reservoir aquaculture; favoring resettlers to exploit commercial opportunities around newly constructed infrastructure; or assisting them in building more durable housing. Overall, ongoing Bank assisted projects create better conditions for resettlers than similar Bank-assisted projects did in the past.

- *Policy yields results.* Where policy agreements reached at the project level between the Bank and its Borrowers are applied consistently, resettlement performance on-the-ground is usually better than in comparable operations without Bank-assistance. When guidelines and agreed procedures for protecting resettlers' entitlements are incompletely applied or ignored the results drop to unsatisfactory levels.
- *Poverty impacts.* Inadequate resettlement design or implementation in a number of completed projects has left many resettlers worse off. While systematic documentation is not available for all projects completed during 1986-1993, existing evidence points to unsatisfactory income restoration more frequently than to satisfactory outcomes, particularly in projects completed in the earlier years of the period analyzed. Declining income among affected populations is significant, reaching in some cases as much as 40 percent among populations that were poor even before displacement. Contraction or non-replacement of income-

generating assets reduces the resettlers' ability to recover in a sustainable manner. Unsatisfactory performance in reestablishing resettlers at an equal or better level of living still persists on a wide and unacceptable scale. Retrofitting actions have been started in some recently identified cases and other corrective actions will follow up after this review.

- **Mitigating risks.** The risks intrinsic in displacement occur along several lines — landlessness, joblessness, homelessness, food insecurity, decrease in health levels, or cultural alienation. Not all risks affect various resettler groups equally, and some vulnerable groups have higher degrees of exposure to the risks of economic and habitat displacement and to the loss of their social support networks. Increased population density at relocation sites often increases the risk of environmental degradation and of adverse effects on hosts' access to natural resources. Understanding these specific risks, as identified by the review, informs policy makers and planners how impoverishment occurs and how to target projects to mitigate and eliminate such risks in future operations. Better monitoring systems have been initiated through this review and will be expanded to provide the Bank with operationally usable information about income restoration.
- **Strategy effectiveness: land versus cash.** The single most important strategy variable in rural resettlement is whether people are relocated on land of adequate capability and with clear title. In most situations, the "land for land" strategy leads to results far superior than payment of cash compensation. Four technical land-related issues are of paramount importance for effective resettlement: land valuation; land compensation; land capability; and the institutional ability to identify and facilitate "land for land" resettlement programs.
- **Continuing remedial work.** Remedial action by Borrowers and the Bank is

required now, without which a significant number of people now to be resettled will not recover their previous income and livelihood levels. Such remedial work has been initiated under this review, is currently ongoing, and must continue systematically after the review's completion.

- **Methods for improvement.** The causes of income deterioration and the review's findings about both the strengths and weaknesses in recovery strategies demand substantial changes in: the way policy objectives are translated into operational strategy and project provisions for resettlers by Borrowers and the Bank; the way resettlement is co-financed by the Bank; the way each resettlement project component and its effects on people's welfare, are monitored.<sup>1</sup>

### Assessing Income Restoration

Regional reports analyzed resettlement performance in terms of income restoration levels. The paucity of baseline information, however, in most of the projects for which OED reports are available, and insufficient data even in recent PCR and OED audit reports, have limited the ability of the resettlement reports by all Bank regions to develop comparative aggregate data on the achievements or failures of various countries to meet income restoration objectives (box 4.1). The lack of adequate data is itself a finding that points to the need to sharpen the design of rehabilitation provisions as well as to improve monitoring systems. The current resettlement review called attention to this information problem and triggered the establishment of baseline population income surveys in all projects scheduled for appraisal during FY94 and beyond. All new projects with resettlement components approved during the first eight months of FY94 instituted income surveys.

The review concluded that the shortage of data reflects something deeper than a mere lack of *ex-ante* or *ex-post* information or

#### Box 4.1. Learning about income restoration

Regional resettlement working groups tried to learn whether displaced families were recovering their incomes and productive capacities. To do so they reviewed performance in active and recently completed projects. Lack of systematic monitoring data appeared to be a serious constraint.

Africa concluded that "Given the inadequacy of the baseline data and the uncertainty of the numbers, it would be meaningless to speculate as to the number of resettled people who will have their incomes restored immediately upon resettlement or sometime thereafter".

The Middle East and North Africa, noted that "the primary measure of project success on the resettlement issue refers to income restoration for the affected populations", and concluded that "the portfolio did not take this critical factor into consideration and failed, in all but one case, to systematically build into the design of the project the provisions needed to determine specific income levels of affected households following resettlement".

East Asia and Pacific reports a mixed record. "There is one demonstrated example of successfully restoring the standard of living of people and strong indirect evidence that the affected people in China, Korea, and Thailand might be benefitting from the rapid pace of development of these countries. The detailed information required to demonstrate that people in specific projects are able to improve or restore their standard of living are not available. However, the available evidence suggests that most of the affected people in Indonesia have not been able to regain their former standard of living. Vulnerability of certain groups in other countries of the region may have also increased. Insufficient baseline information is, therefore, a major factor in preventing an objective analysis of the achievements and failure of the countries of the region to meet Bank policy objectives."

South Asia found that "Bank procedures for processing and documenting resettlement issues at early stages of most SAS projects have generally not been followed...Inadequate baseline information has made it difficult to determine how the projects have affected the standard of living of project-affected people".

Latin America and the Caribbean, noting recent improvements in project design, stated that "few of the resettled people in the earlier period can be said to have improved their living standards and incomes as a result of the resettlement process. Baseline data, as mentioned above, are often non-existent".

The Operations Evaluation Department (OED) recently analyzed resettlement outcomes, and reported that "A striking finding is how few of the projects for which OED reports (49 reports) are available have information on incomes of the displaced populations, even though over forty percent were approved after the 1980 guidelines and about one quarter at least a year after the guidelines were published."

Improving the quality of baseline and monitoring data is fully feasible with local resources in all borrowing countries. Farming system studies for assessing on- and off-farm income sources, and other types of income surveys, are tools well known to all Borrowers and consulting firms. All Bank regions have taken action to ensure that income data will be available for every new project, and that evaluation of income restoration performance will be included in every future PCR. OED's evaluation of all completed projects will incorporate post resettlement income assessments.

simple neglect in data gathering: it reflects the persistence of a conceptually different stand on the part of many borrowing agencies, mirrored in their design of resettlement without full focus on rehabilitation. When such agencies still see their task to be the

payment of compensation rather than the restoration of incomes, they do not design resettlement with a clearly defined economic recovery target and benchmarks to measure it, but provide only for compensation vaguely worded as "rehabilitation."

The Bank has done much tenacious ground-work to change this conceptually inadequate stand. It has succeeded with a good number of country agencies, as shown in the previous chapter, and still needs to persevere with many other agencies. The message the Bank is giving its Borrowers is that reestablishment strategies must be guided from the outset by the discipline of a *comparative stance between two points in time — pre-displacement time and target-time — for income restoration*. Income data should also be gathered by the Borrowers' monitoring and evaluation mechanism *after* relocation, to measure project impact, and be reported in PCRs and PPARs.

### *Successful income restoration*

Despite the fragmentary character of the available information, partial data enabled the review to discern certain trends about success and failure. The impact assessment for the

Thailand Khao Laem Hydroelectric project reports that incomes for all households rose after resettlement. This is a project in which the basic policy goal was achieved. The same was true for about half the families in the Maharashtra Irrigation II project — significantly, these are the resettlers who were able to share in the project's immediate benefits by moving into the irrigated command area.

Resettlers succeeded in restoring their incomes most often where the productive potential created by the project was used to reestablish the displaced families. The clearest case, well documented through both Bank and independent sociological studies, is the way several projects harnessed the new reservoirs' potential to involve resettlers in aquaculture and other fishery-related employment. Indonesian resettlers who converted from rice farming to aquaculture generated 2.6 times more revenue per acre (see box 4.2).

#### **Box 4.2. Reservoir fisheries as new income sources**

Using reservoir fisheries for resettlement provides an enlightening example of how development planning can be harnessed for resettlement. Indonesia's Saguling (completed in 1984) and Cirata dams (completed in 1987) displaced more than 115,000 people living in the Citarum River basin in Western Java. Resettlement planning made incorrect assumptions about resettlers' willingness to join the transmigration program and the suitability of cash compensation for achieving rehabilitation goals. Studies carried out shortly after displacement found that incomes for farmers resettled on land had declined an average of 40 percent to 50 percent.

A significant segment of the displaced families, however, with support from a program launched by the Government of Indonesia, the Bank, and ICLARM took advantage of the newly created reservoirs to develop an innovative reservoir fisheries enterprise using fish culture technologies designed especially for small farmers. By 1992, cage aquaculture systems in the two reservoirs employed an estimated 7,500 families, produced 10,000 tons of fish  $\frac{3}{4}$  up from 10 tons produced in the original river fishery  $\frac{3}{4}$  and provided 25 percent of the total fish supply entering the Bandung district, an area of approximately 3 million people.

Indonesia's Institute of Ecology reports that landless resettlers hired for cage aquaculture earn Rps. 56,000 per person per month  $\frac{3}{4}$  more than rice field workers in nearby areas. Fisheries revenues from the two reservoirs exceeded \$10 million a year, more than the revenue lost by the regional economy from submerged ricelands. Cage aquaculture created an additional 21,000 jobs for resettlers in secondary small enterprises such as fish feed farms, cage maintenance, and marketing. Current estimates suggest that final production revenues will level off at approximately \$34.5 million a year, nearly seven times the value of the lost rice production from the submerged farms. A recent re-study of Cirata found that 59 percent of the resettlers considered themselves to be better off than they were before displacement. Both reservoirs have become sources of economic growth for their surrounding communities.

Preliminary findings in more recent projects suggest somewhat better average performance regarding economic reestablishment. Clear evidence of the value of government commitment for resettlement performance is provided by projects with resettlement in China (box 4.3). Projects in China receive no more attention from the Bank than those in other countries. However, China overhauled its policies after internal evaluation studies showed the extent of disastrous impoverishment and political

discontent caused by earlier development-related resettlement during the 1960s and early 1970s (see previous chapter). Since 1980, comprehensive national regulations express the government's commitment to reconstructing resettlers' essential production systems. The Bank's sectoral analysis of resettlement impacts in China reached the following conclusions:

- *Urban Resettlement:* In urban projects, urban housing standards, floor space per

#### Box 4.3. Evidence of successful urban resettlement

Resettlement in Chinese cities usually provides net benefits to the affected people. The table below provides estimates of the depreciated value of old dwelling units, the actual construction costs of the replacement units (excluding land or infrastructure costs) and net differences between the two costs, taking into consideration changes in the size of the new unit provided to the tenant. In some cases, the value of the new unit is nearly four times greater than the value of the unit replaced.

##### Comparison of the Economic Value of Old Dwelling Units and New In-Kind Replacement Units

Project	Households	Housing Size (square meters)		Housing Value (Yuan)		Ratio Old/New
		Original	New	Old Unit	Value Replaced	
An Deng	108	60	85	12,000	26,010	2.17
Jin Hua	7,492	44	42	8,800	12,852	1.46
Xiao Fuqing	120	50	79	10,000	24,174	2.42
Jian Guo	1,394	15	60	3,000	18,360	6.12
Hu Lang	553	14	48	2,800	14,688	5.25
Hui Yi	264	30	49	6,000	14,994	2.50
Ordinary	3,620	28	55	5,600	16,830	3.01
Tian He	204	60	83	12,000	25,398	2.12
Ying Xiang	1,400	22	71	4,400	21,726	4.94
Pingshan	253	35	59	7,000	18,054	2.58
Wujiayao	612	26	57	5,200	17,442	3.35

*Note:* The economic value of the old unit is based on an estimated value of Y 200/m<sup>2</sup> of constructed area. The economic value of the new unit is based on the actual construction cost of the housing and includes costs for land, infrastructure and fees.

*Source:* China — *Urban Land Management in Energy Market Recovery*, Washington, DC: World Bank, 1993.

capita and services tend to be much improved through resettlement, although frequently at the cost of a longer commute. The value of the new housing unit is often two to four times higher than the value of the unit replaced. Enterprise failure as a result of expropriation is rare. People who lost their jobs get some form of economic protection until new jobs are found.

- *Transportation:* County and township government persistence in finding full employment for resettlers results in generally successful job reestablishment.
- *Reservoirs:* Where the standard of income restoration is pursued, as it is for Bank-funded projects, international experts rate Chinese reservoir resettlement performance among the best in a difficult business.

Not all projects in China do well: projects in the poorest regions, particularly those with indigenous minorities, face difficulties and have a less satisfactory record. There also appear to be some differences between Bank-supported and non-Bank supported projects. Because government commitment exists, however, most such differences concern the more limited financing of the latter rather than the legally mandated approach. On the whole, projects with resettlement in China, which represent 25 percent of the Bank's total portfolio of projects with resettlement, appear to meet the Bank's policy objective of improving or restoring lost production capacity and living standards.

### **Impoverishment Risks and Trends**

Compared to the OED studies, "Early Experiences with Involuntary Resettlement," which mostly referred to projects started in the early and mid-1980s, this review found better performance, as detailed above, in a number of recently completed or ongoing projects, particularly in countries with robust resettlement policies such as China. However, the review comes to the same conclusion as the OED

studies that projects have too often not succeeded in reestablishing resettlers at a better or equal living standard and that unsatisfactory performance still persists on a wide scale. Results from many investment projects are consistent neither with the anticipated project benefits, nor with the Bank's policy goals.

Performance regarding income restoration is of particular concern in India and Indonesia, which lack country-wide resettlement policies and which together account for 54 percent of the number of people being resettled under current Bank-financed projects. The South Asia and the East Asia regions' resettlement reports, the India Country Department's sectoral report on resettlement (June 1993), various PCRs, and OED audits found and analyzed failures in several major projects in rehabilitation and income restoration.

### ***Issues in the India portfolio***

Conclusions on projects in India are available from the South Asia regional report, and the SA2 sectoral resettlement report. In the Gujarat Medium Irrigation project, which totals a displacement of over 140,000 people, "...above all, the poorest and tribal people, representing more than 50 percent of all affected families, have not recovered their living standards."<sup>2</sup> The Farakka II thermal project affected some 53,500 people: "in total, 353 families have been employed by National Thermal Power Corporation (NTPC) and about 3,000 families obtained temporary jobs with the contractors. The condition of the remaining 7,000 families is not known to the Borrower." In the Upper Indravati Hydroelectric project, which displaced some 16,000 people, most of them tribal farmers, affected families have been able to purchase only 1.2 acres of non-irrigated land on average, whereas the state-recognized viable minimum is 3 acres.<sup>3</sup> In the Maharashtra Composite Irrigation III project, which totals a displacement of nearly 168,000 people, "landed families have regained a reasonable standard of living but the landless families, representing more than 50 percent, have been severely affected." Based on the projects it evaluated

after completion, OED's recent report concludes that "as far as projects in India are concerned, available evidence indicates that until 1992 most affected families may have not been able to regain their previous standard of living."<sup>4</sup> Recent projects in India approved during the last three to four years have started on a much better footing and are expected to yield better resettlement and rehabilitation results.

### *Issues in the Indonesia portfolio*

The performance in Indonesia combines successful income restoration and land titling in some projects, as detailed earlier in this chapter, with serious failures in other projects, particularly in the urban and transportation projects. Such performance variation is accounted for by the lack of unified country frameworks and slow transfer of experiences and approaches between agencies.

Indonesia has nine active projects with resettlement and will require more resettlement if the country's rapidly growing needs for urban and sanitation infrastructure are to be met. In most cases, cash compensation has not been adequate — neither in amount, nor as an approach — and the resettlers have not been able to restore their former living standards.<sup>5</sup> The Regional Cities Urban Transport project affected 13,000 people in 2,530 families. However, out of the 840 displaced families, project authorities helped to relocate about 60. At least half the 1,690 partially affected households received no compensation for their land. Interviews with people from the Jabotabek I project — which displaced about 28,000 people and negatively affected in various ways another 56,000 — indicate that the compensation rate offered to those with legal ownership was only about 40 percent of the estimated value of their land at the time of acquisition. Those with any of the several weaker forms of tenure on their houseplots were eligible for only 25 to 90 percent of the market value — making their real compensation somewhere between 13 and 40 percent of the market value and clearly insufficient to repurchase a houseplot.

How does such serious failure in resettlement performance occur? What has this review learned about resettlers becoming worse off? And how can borrowing agencies leverage their knowledge about risks for preventing impoverishment in the future? To better understand the salient trends, and to augment the body of empirical data for analysis, the review examined information from both Bank-assisted and non Bank-assisted projects, including projects financed either from domestic sources alone or with assistance from aid donor agencies with or without policy guidelines.

### *How impoverishment happens: a risk model*

When displacement and relocation leave people worse off, the empirical evidence reveals a set of eight recurrent characteristics that need to be monitored closely. While each is irreducible to the others, they have a common denominator: they contribute to a process of impoverishment. These characteristics make up a risk model.<sup>6</sup> The model points to the "risks to be avoided" in displacement. These major risks capture social and economic processes that occur with higher frequency than others, despite the enormous variability of individuals situations. These are:

- (a) Landlessness;
- (b) Joblessness;
- (c) Homelessness;
- (d) Marginalization;
- (e) Morbidity;
- (f) Food insecurity;
- (g) Loss of access to common property assets; and
- (h) Social disorganization.

Taken together, these characteristics of impoverishment provide a risk model that synthesizes the lessons of many complex real processes; it is, at the same time, a warning model. Abstracting the particular (local) details beyond the tale of case-by-case anthropological studies, government accounts, OED audit reports, or media stories, and recognizing

patterns beyond the accidental, is necessary for acting to contain such processes. These adverse processes must be brought under control with a strategy, rather than just through case by case responses.

However, these processes are not unavoidable. They must be seen as a set of risks that either become real, or can be avoided if known and counteracted. Like every risk forecast derived from past experience, this risk-predictive model is apt to serve as a "self-destroying prophecy."<sup>7</sup> It alerts policy makers and planners to the kind of targeted actions that are needed.

The evidence that substantiates these trends is abundant; to explain them, several examples will be cited for each:

- **Landlessness.** Land expropriation takes away the foundation upon which social and economic production systems are constructed. Unless that foundation is reconstructed elsewhere, or replaced with steady income-generating employment, landlessness sets in, social and economic productivity cannot be re-established, and the affected families are impoverished. In the Kiambere Hydropower project in Kenya, a Borrower-sponsored study found that farmers' average land holdings after resettlement dropped from 13 to 6 hectares; their livestock was reduced by more than a third; yields per hectare decreased by 68 percent for maize and 75 percent for beans. Family income dropped from Ksh. 10,968 to Ksh. 1,976, a loss of 82 percent.<sup>8</sup> In Indonesia, the Institute of Ecology of Padjadjaran University carried out a social survey several years after reservoir families who were given, in early 1980s, cash compensation; it was found that their land ownership was 47 percent lower and their income was halved. Impact studies for the Cirata dam, also in Indonesia, found that while 59 percent of the poor households improved their incomes after relocation, about 21 percent were worse off
- **Joblessness affects both urban and rural resettlers.** For several categories of people whose existence depends on jobs — including landless laborers in reservoir areas; employees of community based services; and shopkeepers, shop-workers, and small businessmen — displacement effects are stronger through the loss of job than the loss of home. The employed landless, rural or urban, lose in three ways: they lose access to land owned by others and leased or share-cropped; job opportunities, primarily in urban areas; and foregone assets under common property regimes. In the Madagascar Tana Plain project, private small enterprises being displaced in 1993 — workshops, food-stalls, artisan units — are entitled to no compensation, and lose their place of trade and their customers. A 1988 study of people resettled in the first phase (early 1980s) of the Argentina-Paraguay Yacyreta project found a 17 percent unemployment rate in the resettled communities, much higher than the rates in the population as a whole.<sup>11</sup> Vocational re-training, offered to some resettlers can provide skills but not necessarily jobs. Creating new jobs as a mitigation measure, particularly in urban settings, is one of the costlier and least certain strategies, and is infrequently used. Similar findings come from developed countries: in the Churchill-Nelson Hydro project in Manitoba, Canada, the economic activities of resettled indigenous people — fisheries, waterfowl capture, fur processing — were curtailed; field studies found a significant increase in non-productive time in the community. Evidence compiled from several non-Bank financed and some Bank-financed dam projects,<sup>12</sup>

shows that the employment boom created by the new construction temporarily absorbs some resettlers but severely drops toward the end of the project, compounding the incidence of permanent or temporary joblessness among the displaced population.

- **Homelessness.** Loss of shelter is temporary for most of those displaced, but for some families it may remain a chronic condition. If resettlement policies do not explicitly provide improvement in housing conditions, or if compensation for demolished shelters is paid at assessed market value rather than replacement value, the risk of homelessness is increased. A 1990 Bank report on the Cameroon-Douala Urban resettlement completed in 1989 found that over 2,000 displaced families were hindered in their efforts to set up new permanent houses; less than 5 percent received loans to help pay for assigned houseplots. From the Danjiangkou reservoir, not Bank-financed, China has reported that about 20 percent of the relocatees became homeless and destitute; this and the disastrous results of Sanmenxia project displacement, although not Bank-financed, led to the adoption of new resettlement policies in China. Violent destruction of houses of people labeled as squatters is a procedure still used in some places to speed up evictions. The "emergency housing center" or "relocation camps" used as fall-back solutions in poorly planned resettlement tend to make homelessness chronic rather than temporary. When resettlers cannot meet the time and labor costs involved in rebuilding a house, they are compelled to move into "temporary" shelters, which then tend to become long-term shelters. At the Foun-Gleita irrigation project, Mauritania, only 200 out of the 881 displaced families reconstructed their housing, the rest living precariously for two years or longer in tents or under tarpaulins.<sup>13</sup> A Bank field review of a large scale resettlement found that prolonged lack of support made the temporary shelters into permanent residences, in which resettlers shared common sleeping spaces with their animals. But homelessness — like joblessness, marginalization, morbidity, or other social risks — are not imminent and unavoidable in involuntary resettlement. The comparison between two very similar projects in the same sector (see box 4.4) convincingly illustrates that homelessness is an avoidable condition, inflicted often by poor resettlement practices.
- **Marginalization.** Marginalization occurs when families cannot fully restore lost economic strength. Middle-income farm households do not become landless, but become smallholders. Families previously in precarious balance above the poverty line may fall below it and never recover, even without becoming landless. For farm families, partial but significant loss of farming land to roads or canals may make some farms economically nonviable. High productivity farmers on fertile valley-bottom land are marginalized when moved uphill to marginal, unfertile soils, even though they may be given the same *area* of land. In the Nepal Kulekhari Hydroelectric project, an independent study found the majority of displaced people worse off socially and economically, due to lower productivity of new land, and less diversified production. Marginalization also occurs through the loss of off-farm income sources; in Sri Lanka's Kotmale project financed by a European donor, a field study assessed that marginalization occurred because opportunities for non-farm income generation were lost or limited through displacement, increasing the economic differentiation between evacuees and hosts.<sup>14</sup> Marginalization of resettlers is implicitly accepted in all cases when local agencies consider it a matter of course that those displaced cannot be provided reestablishment at their prior standard of living.
- **Morbidity.** People forced to relocate have a higher degree of exposure to illness, and to comparatively more severe illness, than

**Box 4.4. From violent expulsion to reduced displacement**

Major differences exist in how social risks are treated and how displacements occur within the same sector. The difference is made primarily by policy. The two project cases described below show how these major risks — homelessness, landlessness, food insecurity, and morbidity — either become full-blown realities or can be prevented through decisive policy restrictions supported by alternative solutions.

Two ongoing projects in the forest sectors of two African countries, both of which seek to eliminate encroachment in gazetted forests, demonstrate this difference dramatically.

A forest management project financed by a multilateral European donor agency in Uganda proposed the massive displacement of communities living in the Kibale game corridor and forest reserve, without offering any viable economic alternative. The population obviously refused to move. The country's Forest Department, which had long threatened the local population with displacement, decided to implement the threat in 1992. The following is an excerpt from a field report written by a social anthropologist about how expulsion took place:

On March 31, 1992 and for some days following, an attack without prior warning was launched by game wardens, foresters, local government officials, and perhaps prison labor. All houses were burned, and personal property and food stores were either destroyed or looted. A handful of people were killed on the spot. Patrols have kept people from returning since.

About 35,000 people were violently displaced and evicted in 1992 from the Kibale forest. After many weeks, plans were made to take the displaced people to new settlements 150 miles away, in the underpopulated county of Bugangaizi. From September 1992 to May 1993, the Ministry of Labor, with the aid of several NGOs, placed about 19,000 people in 22 village blocks. People were given only a few tools from relief agencies and virtually no government services, but were left to fend for themselves. They have struggled to build shelter and produce sufficient food, and have to cope with poor health and sanitary conditions. OXFAM has drawn international attention to this case and has spearheaded an effort to provide relief to those displaced and clustered in camps. Little is known by project authorities about the many thousands of other people evicted from the Kibale forest.

A Bank-assisted forestry sector project in Cote D'Ivoire, West Africa, was handled very differently. The project was intended to prepare and introduce forest management plans for several high priority areas. Before the project, the Forestry Department initiated a crash campaign to recover control of forests by using forestry staff trained as a paramilitary force, with no compensation and little concern for evicted forest communities. Learning at appraisal that the policy of the Forestry Department was to evict up to 200,000 residents in a similar manner, the Bank's mission opposed and rejected this approach. The Bank sought and received agreement on a different approach, congruent with Bank policy, which will: reduce displacement from about 200,000 people to less than 40,000; provide better conditions for resettlers; consolidate existing scattered populations into "agroforestry zones" within the legal limits of classified forests; and integrate resettlers into forest management general plans. This approach is new for Cote d'Ivoire and was never considered before the Bank-assisted project. What could have been a massive and violent uprooting for tens of thousands of people was averted.

The Bank-assisted Cote d'Ivoire project is still very far from having solved all problems: the new government policy has been drafted but is not yet formally issued; the "forest-farmers" commissions are only partly active; and management plans are still in preparation. Because of this, the Bank keeps this project on its problem project list and monitors it closely. Although forest authorities and the project's executing agency have renounced violent, uncompensated displacement, they are still learning how to do constructive relocation, how to provide better conditions for the 20 percent of forest people scheduled to move to agroforestry zones, and how to integrate resettlers effectively into forest management plans. The Bank has increased its assistance to the project to help the country achieve its economic, social, and environmental objectives in the forest sector and to set a precedent for reducing displacement in other sectors.

\* This is not an isolated example: in a neighboring East African country, within a similar forest protection project financed by another bilateral European donor agency, several villages were burned down in order to displace their inhabitants rapidly.

those who are not. Adverse health effects of displacement, particularly when projects do not incorporate preventative epidemiological measures, are well documented, though much more for projects not assisted by the Bank. The direct and secondary effects of involuntary dislocation without preventative health measures range from diseases of poor hygiene, such as diarrhea and dysentery, to outbreaks of parasitic and vector-borne diseases such as malaria and schistosomiasis caused by unsafe, insufficient water supplies and inadequate sanitary waste systems. At Akosombo, an early 1960s reservoir resettlement in Ghana, the prevalence of schistosomiasis around the reservoir rose from 1.8 percent prior to resettlement to 75 percent among adult lake-side dwellers and close to 100 percent among their children, within a few years after impoundment. In the Foun-Gleita irrigation project, Mauritania, the predicted increase of schistosomiasis was exceeded, reaching 70 percent among school children; farmers' health worsened from contaminated drinking water and agrochemical intoxication. An outbreak of gastro-enteritis occurred along the Victoria dam reservoir in Sri Lanka (not Bank-financed).<sup>15</sup> At Nam Pong, a dam in Thailand (not Bank-financed), monitoring confirmed that local rates of morbidity — from liver fluke and hookworm infection — were higher than provincial levels, the result of deteriorated living conditions and poor practices of waste-disposal. Increased mortality rates are also reported, as a result of epidemic outbreaks of malaria in displaced populations around new bodies of water and to accidents associated with new reservoirs. Lack of proper precautionary measures resulted in 106 deaths by drowning at Saguling Lake during the first 14 months of operation; at Cirata reservoir (Indonesia) ten people drowned in the first ten months after impounding.<sup>16</sup>

- *Food insecurity.* Undernourishment is both a symptom and result of inadequate resettlement. Forced uprooting increases

the risk that people will fall into chronic food insecurity, defined by the Bank as calorie-protein intake levels below the minimum necessary for normal growth. Sudden drops in food production and loss of harvests during the transfer from old to new sites are predictable; in addition, rebuilding food production capacity at the relocation site may take years. At the Foun-Gleita irrigation project, Mauritania, when multiple cropping and husbandry was replaced with paddy-rice monocropping, diet and cash-crop income deteriorated. In 1986 at the Victoria dam project, financed by a European donor, some 55 percent of resettled families were still receiving food stamps after a long period, compared to a much lower rate in the country as a whole. Because the area of cultivated land per capita in the Bailiamba reservoir in China (not Bank financed) decreased from 1.3 mu to only 0.4 mu after relocation, local food production became insufficient and 75,000 tons of food relief annually had to be provided for several years.

- *Loss of access to common property.* For poor and marginal people, particularly for the landless and otherwise assetless, loss of common property belonging to communities that are displaced represents a cause of income stream deterioration that is systematically overlooked. Fruit and other edible forest products, firewood and deadwood for use and sale, common grazing areas, and use of public quarries, account for a significant share of poor households' income. The review found that only the Lesotho Highlands Water project includes explicit provisions for compensating this loss, but the project's management unit is lagging behind in the implementation of the rural development program for resettlers. Losing access to common property under traditional or controlled circumstances, displaced people tend to encroach on reserved forests or increase the pressure on common property resources of

the host area population, a source of social tension and increased environmental deterioration. Secondary adverse effects of resettlement on the environment occur also when oustees who do not receive cultivatable land move uphill in the reservoir wasteland, intensify deforestation and cultivation of poor soils, and accelerate reservoir siltation.

- **Social disorganization.** The disintegration of social support networks has far reaching consequences (see box 4.5). It compounds individual losses with a loss of social capital: dismantled patterns of social organization, able to mobilize people for actions of common interests and for meeting pressing immediate needs are hard to rebuild (see box 4.6). Such loss is higher in projects that relocate people in a dispersed manner rather than in groups and social units. Field studies have documented that such "elusive" disarticulation processes undermine livelihoods in ways uncounted and unrecognized by planners, and are part of the complex causes of impoverishment. In the Rengali dam project in India, not Bank-financed, a

sociological study found various manifestations of social disarticulation, such as growing alienation and anomie, the loosening of intimate bonds, the weakening of control on interpersonal behavior, and lower cohesion in family structures. Marriages were deferred because dowry, feasts, and gifts became unaffordable. Resettlers' obligations and relationships towards non-displaced kinsmen were eroded and interaction between individual families was reduced. As a result, participation in group action decreased; leaders became conspicuously absent from settlements; post-harvest communal feasts and pilgrimages were discontinued; daily informal social interaction was severely curtailed; and common burial grounds became shapeless and disordered.<sup>17</sup>

Taken together, these eight characteristics of impoverishment provide a warning model that concentrates the lessons of many real processes and clearly points to what must be avoided. The predictive capacity of such a model informs what are the main social risks to be expected in population dislocation and helps adopt timely counteracting or compensating measures for risk management.

#### Box 4.5. Social integration and political instability

Involuntary displacement causes a certain amount of social disarticulation even when carried out adequately. When executed with disregard for people's basic entitlements, it leads to social protest, demonstrations, sharp political tensions, and instability.

Poorer members of communities affected by expropriation and given unfair compensation often do not have the social and economic resources to appeal to the courts.

A common recourse is public demonstrations in order to draw the attention of politicians and journalists to their situation. A Bank supervision mission reported, for instance, that in the Singrauli Thermal Project, people opposed the bulldozers which were sent to force them out of their houses, and successfully blocked construction of a project building. Another mission to the Subernarekha Irrigation Project reported strong local protests, which have contributed to delaying the impoundment of the Chandil reservoir for two years. In Mexico, protests over the proposed San Juan Tetelcingo project (for which the Bank had previously declined financing) included highway blockades and a large demonstration in Mexico City, contributing ultimately to the cancellation of the project.

#### Box 4.6. Informal social networks and resettler economics

A Bank-sponsored research project, unrelated to resettlement, documented how essential the informal networks among households are in the daily economic life of the poor. During resettlement such networks are dismantled and dispersed, a net loss to their members.

Household networks help cope with poverty through informal loans; exchanges of food, clothing and durable goods; mutual help with farming, building houses, and caring for children. "Household networks pass around large amounts of money, goods, and services, and may substitute for public subsidies.... But recognition of the importance of private transfers for economic policy is relatively recent."<sup>a</sup> Such transfers flow from better-off to poorer households and help equalize the distribution of income.

Bank economists, measuring and quantifying the contribution of such informal social networks, have documented what anthropologists and sociologists have long described in qualitative terms. Research has found that in developing countries 19 to 47 percent of people report recurrent transfers, representing as much as 20 percent of household incomes, compared to only 5 percent in the United States. In the Philippines, for instance, private transfers among household in the lowest quintile boost their income by more than 75 percent. The support can reach high levels: in Peru, the pre-transfer income of households that are net givers of transfers is 60 percent higher than recipient households. Such private transfers also function as informal credit arrangements and as mutual insurance mechanisms. Simulation analysis shows that in Colombia such transfers contribute up to 40 percent to stabilizing incomes in households experiencing unemployment.

The dismantling of such multifunctional, yet virtually "invisible", social networks through displacement acts as one of the "hidden" but real causes of impoverishment through displacement. This is a loss of social capital. It is difficult, and it takes time, to reconstitute similar social structures and networks among resettlers and their hosts, capable of exercising similar support functions at the new relocation sites.

<sup>a</sup> Donald Cox and Emmanuel Jimenez, "Achieving Social Objectives through Private Transfers: A Review," *World Bank Research Observer*, Vol. 5, 1990, p. 205.

It is crucial to emphasize that *impoverishment through displacement is not inevitable* in resettlement. The advantage of identifying and anticipating trends and risks is that it offers the possibility to take policy and project actions that could counter the risks. Conversely, failure to recognize the risks inherent along these lines allows such social risks to unfold unimpeded, causing impoverishment. Improved approaches to planning, financing and implementing resettlement are apt to transform the impoverishment risk model into a self-destroying prophecy.

An extensive review of the anthropological and sociological research literature on resettlement, carried out by the Task Force to assess displacement impacts worldwide, found — and this conclusion bears repeating — that the most

frequent and severe cases of impoverishment have occurred in programs unguided by domestic or international policy norms. That sometimes one or another of these general risks become reality even in some projects where policies do exist, shows how sensitive and vulnerable these operations are. It also shows how imperative it is to implement policy norms *consistently* as the first and most important line of protection.

#### Land and Jobs for Recovering Livelihoods

Resettlement programs aiming to prevent impoverishment, restore income and create new, economically-viable communities normally adopt one of two general strategies. *Land-based* resettlement programs are based on providing resettlers with enough productive

land to rebuild farms and small rural businesses. *Non-land based* resettlement strategies includes activities such as occupational training, directed credit, or industrial and service sector development for job creation.

Both strategies may sometimes be necessary when a particular resettlement operation involves both urban and rural people. Successful experiences document that, whichever strategy is selected, a set of common factors such as incentives for resettlers, involvement of all stakeholders and particularly of host

populations, and strong institutional support are necessary (see box 4.7).

### ***Lessons learned about preventing impoverishment***

Reviews in social science literature, as well as the review of Bank project experiences, showed that the most important strategy variable for preventing impoverishment in rural resettlement is relocation of resettlers *on land* of adequate capability and with clear title. In urban resettlement, it is the restoration of *gainful employment or*

#### **Box 4.7. The reasons for success: why does resettlement in China work?**

Like many developing countries, China faces problems of high population densities, poverty, and lack of available land. China's own assessment of its resettlement performance until the 1980s was not favorable. Resettlement was frequently associated with impoverishment, and resistance to resettlement was common. Yet, resettlement in China is now generally considered to work well and even adds to project benefits, while resettlement elsewhere has been problematic and a source of friction. How can this difference be explained?

***Incentives.*** Resettlers receive strong incentives to move. In urban areas, resettlers receive two to three times their current living space, a powerful motivator in a context where "normal" applications for better housing can take ten years or more to fill. In rural areas, where land is owned by the commune rather than the individual, compensation payments provide a strong incentive to host communities; in some cases, host communities bid to receive resettlers. The reverse side of the coin is that counties that do not ensure that resettlers recover their productive capacity are forced to support them from county revenues.

***Decentralization.*** Responsibility for nearly all aspects of resettlement is devolved to local or city governments. Resettlement solutions are developed locally, and resettlers and their hosts can hold local authorities accountable. Furthermore, by routing resettlement through local governments, resettlement programs can draw upon diverse technical skills and other development projects.

***Institutional policies and procedures.*** China has developed sophisticated, binding policies and procedures for each of the three major sectors involved in resettlement, agriculture, energy, and urban development. Special "preferential policies" assign priority for general government assistance programs to relocated communities. Projects cannot proceed without resettlement plans approved by government regulators; national auditors review project expenditures to ensure accountability.

***Giving resettlers a stake.*** Resettlement in China hinges on providing productive resources to resettled communities. Many use the opportunity to launch new enterprises that they previously could not afford. While resettlers are guaranteed a minimum package, many add their own resources to improve their housing and household economy.

(Based on the sectoral review of resettlement in Bank-assisted projects in China carried out by the China Country Department.)

*self-employment*, access to adequate services and, if possible, improved housing.

The principal resettlement activity in rural areas is providing displaced families with replacement land. In most situations, the "land for land" strategy leads to results far superior than payment of cash compensation. Bank experience with compensation exclusively in money has been largely negative, especially in rural resettlement.<sup>18</sup> Bank findings about the differential performance of cash versus land forms of compensation are similar to those of independent evaluations of the non-Bank-financed Srisaïlam, Lower Manair, and Rengali dams in India and in many other countries.<sup>19</sup>

The need for forms of compensation other than cash is most apparent in the case of tribal or other minority populations whose ancestral lands have been expropriated. Resettlement poses a special challenge to approaches based on cash compensation because the initial displacement is not the result of a voluntary land sale, where people can choose how to invest cash, but a forced "sale" by people with no choice. The economies of many tribal groups is often semi-monetized, and people are not accustomed to managing cash, especially in large amounts. Cash received is not only typically insufficient in a competitive market situation, but also tends to be frequently used for paying off debts, or making ritual expenditures, rather than for productive investments. Cultural reasons converge with economic factors into leaving resettlers impoverished and unable to reconstitute their former economy.

Four land-related issues are of paramount importance for effective resettlement in rural areas: (i) eligibility; (ii) land valuation; (iii) replacement land quality; and (iv) the institutional ability to identify and transfer "land for land" to resettlers.

- **Eligibility.** Land acquisition laws usually provide compensation only to formal owners of land. However, in most project areas, a large number of people without

formal title to land but dependent on it are also affected. These can include tribal groups whose ancestral lands were expropriated or never titled, while in urban areas they often include established squatter neighborhoods and informal urban settlers. The recognition of these affected people's entitlements is weak, most often unlegislated, and prone to subjective interpretations of rights and duration of residence. The Bank has taken the position that customary land rights should be recognized under Bank-assisted projects as valid and eligible for land compensation.

- **Land valuation.** Recognition of land rights, however, is the preliminary step only to assessing land value. Bank policy requires that "displaced persons should be compensated for their costs at full replacement prior to the actual move." In most countries, however, property values are calculated on an assessed, or "book" value that is often significantly less than the replacement value of the lost asset. The absence of efficient land markets makes the calculation of market values a difficult process, and most governments use indirect methods such as tax records or land ceiling laws to assess the market worth of land. The Legal Department's review and other studies found that in several countries the compensation is commonly challenged, where courts routinely enhance the award by 50 to 200 percent for those who are able to bring suit. Such decisions reflect the inadequacy of land valuation mechanisms. In urban areas, where land is scarce and expensive, the question is whether it is possible to pay enough compensation to enable a person to buy a comparable property, or whether cash compensation should be supplemented by provision of replacement assets (i.e., an apartment or shop) to reconcile national needs and individual entitlements.
- **Land quality.** In many projects, the land proposed for resettlement is surplus government land, little suitable for farm-

ing. Few projects covered during the course of this review had included land capability surveys. Soil surveys carried out in the first resettlement sites proposed for the Mexico Hydroelectric project, for example, showed that the resettlement areas could not support viable farming systems. Implementation of the resettlement plan for the Hyderabad Water Supply project similarly found that the farms will not receive the irrigation on which the resettlement farm model depended.

- ***Institutional ability to locate land.*** There are many agencies and procedures involved in both expropriating condemned land and acquiring replacement land for resettlers. The role of institutions and projects is essential, and institutional assistance, rather than simple cash, must be made available to resettlers to enable their relocation on land. There are two apparently similar but analytically very distinct aspects to replacing lands. First, sufficient, good-quality land must be *identified*. In most parts of the world, agricultural land that can be cultivated is already being cultivated. Countries under high demographic pressure such as India, Bangladesh, China, or Indonesia do not have large amounts of uncultivated land that can be used for resettlement, and per capita land ratios are decreasing. The second problem is that, once identified, land must be *transferred*. A recurrent feature of the unsuccessful resettlement schemes reviewed by the Bank is that market mechanisms are rarely used to identify replacement land, nor are market prices paid by project agencies to obtain it for resettlers.

### ***Practical approaches to finding land***

A practical difficulty faced by many projects is finding the land necessary for resettling people productively. Experience has revealed some methods for locating land that may be used to advantage. Three highly contrasting approaches for acquiring adequate land can work successfully, each under appropriate conditions.

The first is to centralize the task in the hands of the organization carrying out the project. The typical method used is to find one or more large resettlement sites, to which rural communities or urban neighborhoods move more or less in their entirety, or as natural social subgroups. The main advantage of this approach has typically been that it takes advantage of land already owned by the government. Land acquisition costs are thus low, and the land is readily available. Nevertheless, experience has shown this method to be of limited effectiveness. Land that is not developed is often not very good quality land, that it is expensive to make productive. However, the resettlement operation does not always require uniformly large plots or high development costs. Projects that *already* plan to invest in improving land quality, such as irrigation commands or urban improvement operations where large housing stocks are being created, can open up resettlement opportunities provided that provisions are made to ensure resettlers' access to the new sites.

A second method is for the project to act as the broker for individual plots of land. In the state of Gujarat, for example, land purchase committees were convened to help individuals negotiate fair prices for land and to help resettlers assess its technical suitability. The land purchase committees, which include local NGO and government representation, have had considerable success in identifying land which oustees alone were unable to find, and in assuring orderly land transactions. Priority for the institution acting on resettlers' behalf in acquiring land through the market is particularly appropriate when farmers who have newly received irrigation sell off surplus land to gain capital and avoid land ceiling laws, which are usually lower for irrigated lands. *Land consolidation* in newly created command areas, in addition to its technical advantages for water management, provides another very promising approach for the reestablishment of those affected (see box 4.8).

A third approach is to allow resettlers or their representatives to find land themselves. This

**Box 4.8. Innovative ways to identify land for resettlers: land consolidation**

Although most resettlement operations concentrate on locating replacement land specifically for displaced families, in a number of situations a more wide-ranging approach is used. It frames resettlement within a broader agricultural technical improvement and reform program of land consolidation. Land consolidation involves reassigning plots to permit a rational network of canals, drains, and roads suitably oriented for surface water applications. Such programs bring resettlers and hosts together in the areas being improved by the project; they provide opportunities for resettlers to share in the irrigation benefits and generally introduce effective irrigation management.

Land exchanges and consolidation reform were used in such projects as China's Shaanxi Provincial Agricultural and the Irrigated Agricultural Intensification projects, Brazil's Irrigation Subsector program, and Thailand's Chao Phraya project. In these cases, people displaced primarily by canals and roads, rather than by reservoirs alone, were included in the pool of farmers provided with consolidated, irrigated farms. Experience shows that although some initial resistance to land consolidation can be expected, farmers have eventually supported the concept strongly because of the dramatically increased production and its fair manner of spreading small losses of land among both categories: farmers displaced by new canals or roads and farmers benefiting from the irrigation that the project offers.

Land consolidation is not an easy solution, neither technically nor socially, but is superior to many other approaches. It requires careful advance planning that includes land tenure surveys, land evaluation, and advance design of the irrigation infrastructure. This process requires continuous participation of the farmers and their representatives by means of mechanisms to resolve grievances and generates the confidence that the claimed benefits will materialize for the greatest number of people.

limits the burden on the agency, and allows the complex personal strategies and knowledge of individuals to come into play. In Orissa state in India, the Resettlement Unit of the Upper Indravati project put compensation and *ex-gratia* funds into blocked accounts for resettlers, to be released at the time of the land transaction negotiated by the resettlers. Where resettlement needs are relatively small, "fill-in" operations, at times with NGO assistance, minimize resettlement distances. A transition period in which people have access to their old sites to sustain their income while the new sites are being made more productive can keep resettlers' incomes at satisfactory levels. Such access is especially important where new land treatments, tree crop plantings, or the synergies needed for intensification will take several years to be profitable. Particularities of different crops demand careful timetables for moving people. Whenever income streams tend to fall, direct food support should be incorporated into project planning to address temporary pauperization and the risks of malnutrition.

***Other income generating packages***

Most resettlement exercises currently focus on replacing assets. While this is a necessary step, it is a limited one. In many cases, replacement is hampered by a shortage of resources (e.g., availability of arable land, particularly in Asian countries) and strict duplication of pre-move conditions is often not possible, nor is it always desirable. Households can and often wish to adapt to new environments by changing their mix of income sources, provided that new alternatives are realistic and sustainable.

The Bank's experiences with land settlement and irrigation projects reinforce the need for a broader approach to income restoration. Rural as well as urban communities almost never engage in single occupations. Furthermore, in large projects that displace entire communities rather than individual households, significant proportions of people affected by the project may not themselves be landowners: the rural landless who lose their employment, for example, may constitute up to 50 percent of displaced commu-

nities. In land settlement and irrigation projects, an important part of project implementation is devoted to furnishing new settlers with technical advice on crops, agricultural practices, loans, marketing opportunities, etc. All these activities are necessary to attain project benefits (measured by the increase in farmers' output). A similar approach should be adopted in resettlement planning, namely to design income-generating packages that foster the productivity of the resettled population (a more detailed discussion follows in the next chapter).

### *Job creation*

The need for generating employment for involuntary resettlers is real and must be addressed; but doing this for a large number of resettlers is not a likely prospect unless substantial numbers of jobs are already being created by an expanding economy. The Bank's experience with employment generation holds few clear signals on how to produce sustained employment for people, especially when many of them have few of the skills needed for off-farm work. China regularly promises employment in new local industries to resettlers, allowing them to "jump the queue" ahead of other job aspirants, but so far there has been little evaluation of the success of this effort. Experience with small-scale credit programs is mixed, and improving, but the real issue is the range of economic possibilities for which credit may be useful. It is unlikely that more than some fraction of resettlers in any particular situation will be able routinely to use credit as a key ingredient of their economic rehabilitation, and it is unrealistic to dispense credit too liberally in the hope that it will be an effective lever for restoring lost incomes. More promising are the strategies described in the first part of this chapter, that make immediate use of project-created new resources (e.g., reservoir fisheries, commercial opportunities, etc.) for the benefit of the resettlers.

The review of the economic performance of resettlement schemes reveals both successes

and disquieting results. It also leads to important lessons about how resettlement can be done better. It shows that with appropriate approaches and resources, livelihoods can be restored sooner rather than later, but that without sound project approaches resettlers will inevitably find themselves worse off. It shows that recovery is intrinsically difficult and complex — difficult for resettlers, difficult for the hosts, difficult for borrowing agencies, difficult for the Bank as well. Some socio-economic risks, real as they are, are not easy to counteract; and there are multiple and surreptitious social risks that need to be counteracted.

The analysis also provides warnings, and most importantly, knowledge about what needs to be done, and can be done, when some displacements become inevitable, particularly about such basic issues as those related to land identification and reallocation. Mobilizing the energies of all the social actors involved in resettlement — resettlers, hosts, governmental agencies and non-governmental organizations — is the only way to overcome the difficulties intrinsic in such processes.

The following chapters of this review will analyze "work processes" that are crucial for project success and that may largely account for the achieved results. Some of the causes for both success or failure can be traced back to the initial preparation and subsequent management of resettlement components.

### *Notes:*

- <sup>1</sup> Some of these aspects refer to work processes during the project cycle and their discussion will be continued in the next two chapters.
- <sup>2</sup> Asia Technical Department, *South Asia Regional Report for the Resettlement Review; Country Department SA2, India: A Review of Resettlement and Rehabilitation*, June 1993.
- <sup>3</sup> Asia Technical Department, *South Asia Regional Report for the Resettlement Review; Country Department SA2, India: A Review of Resettlement and Rehabilitation*.
- <sup>4</sup> OED, *Early Experiences with Involuntary Resettlement*, Report No. 12142.

- <sup>5</sup> Ibid.
- <sup>6</sup> Michael M. Cernea, *Poverty Risks from Population Displacement in Water Resources Development*, Cambridge: Harvard University, HIID/DDP 355, 1990.
- <sup>7</sup> Robert K. Merton, *The Sociology of Science, Theoretical and Empirical Investigations*, Chicago/London: University of Chicago Press.
- <sup>8</sup> Edward K. Mburugu, *A Resettlement Survey in the Kiambere Hydroelectric Power Project — Preliminary Report*, March 1988.
- <sup>9</sup> *Environmental Impact Analysis of the Cirata Dam*, Padjadjaran University: Institute of Ecology, March 1989.
- <sup>10</sup> Mougeot, Luc J.A., *Hydroelectric Development and Involuntary Resettlement in Brazilian Amazonia: Planning and Evaluation*, Edinburgh: Cobham Resource Consultants.
- <sup>11</sup> Susan Hamilton, *Yacyreta Evaluation Study*, Syracuse University, 1992.
- <sup>12</sup> E.g., the China-Gezhouba dam, Brazil-Tucuruí dam, and Turkey-Ataturk dam, which were all not Bank-financed; or Togo-Benin Nangbeto Hydropower dams, and Korea-Chungju dam as Bank-financed projects.
- <sup>13</sup> Ngaide, Tidiane (1986) *Socio-Economic Implications of Irrigation Systems in Mauritania: The Boghe and Fom-Gleita Irrigation projects*. Thesis submitted for Master of Science (Land Resources), University of Wisconsin-Madison.
- <sup>14</sup> Lars T. Soeftestad, "On Evacuation of People in the Kotmale Hydro Power Project: Experience from a Socio-Economic Impact Study", *Bistaandsantropologen*, June 1990.
- <sup>15</sup> Rew, Alan W. and P.A. Driver (1986) *Evaluation of the Victoria Dam project in Sri Lanka*. Volume III. Initial Evaluation of the Social and Environmental Impact of the Victoria Dam project. Annex J Social Analysis. Annex K Environmental Analysis. (Mimeo).
- <sup>16</sup> *Environmental Impact Analysis of the Cirata Dam*, Padjadjaran University.
- <sup>17</sup> P.K. Nayak, *Resettlement at Rengali Dam*, Bhubaneswar, Orissa, 1986, p. 50.
- <sup>18</sup> For a fuller discussion of land issues in resettlement, see *Land Acquisition and Resettlement in Asia*, ASTHR, draft 1991.
- <sup>19</sup> See *Rehabilitation of Srisaïlam Project Affected Person and Socioeconomic Survey of Project-Affected Persons Under Lower Manair Dam*, Hyderabad: Bureau of Economics and Statistics, Government of Andhra Pradesh, 1986; N. Behura and P.J. Nayak, *Involuntary Resettlement and the Changing Frontiers of Kinship: A Study in Orissa*, 1993; E. Ganguly-Thurkal and W. Fernandes, eds., *Development, Displacement and Rehabilitation*, New Delhi: Indian Social Institute, 1989; OED, *Early Experiences with Involuntary Resettlement*, Report No. 12142, 1993.



## 5. Preparation and Appraisal of Projects with Resettlement

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Bank Borrowers are expected to prepare a resettlement plan that addresses the compensation, relocation, and rehabilitation of people displaced by projects in a way that meets the resettlement policy objectives. Project appraisal evaluates the technical, financial, social and legal resources and capabilities to implement the plan. This chapter is about the congruence between institutional policy procedures, and their actual implementation.

Four basic requirements have guided Bank resettlement operations since 1980. All investment projects with resettlement supported by the Bank are expected to include:

- Baseline planning surveys of affected populations
- Resettlement timetables coordinated with civil works construction
- Resettlement plans to restore lost incomes
- A resettlement budget.

### Main Findings

Previous reviews determined that a major weakness in resettlement work is a failure to prepare and appraise resettlement plans adequately. Between 1986 and 1992 there were gradual improvements in resettlement preparation, but problems in the quality of project preparation remained a concern. Since 1992 there has been a significant improvement in the resettlement portfolio characterized in particular by local involvement and participation by NGOs, institutional reforms that increase Borrowers' capacity to carry out resettlement operations, and better assessment of rehabilitation costs. But despite recent improvements,

recurrent failures in project preparation and appraisal remain the root cause of much problematic resettlement. Regional and sectoral assessments of the resettlement portfolio show that:

- *The availability of baseline information has improved. Since FY91, 72 percent of all new projects included baseline surveys and this figure rose to nearly 100 percent during the review year (1993). Inadequate baseline work means that project planners lack a realistic picture of the numbers or the social and economic organization of affected people, which prevents realistic design of rehabilitation options. Forty-four percent of FY86-FY93 projects with resettlement included baseline population surveys*
- *The number of projects involving resettlement with appraised resettlement plans rose from approximately 50 percent between 1986-1991, to 77 percent in FY92, 93 percent in FY93 and 100 percent in FY94. Thus, while there has been a major turnaround in the past two years, almost half of all active projects involving resettlement have gone to the Board without resettlement plans prepared by Borrowers and appraised by the Bank. All of these were approved well after the resettlement policies came into effect in 1980.*
- *Levels of financial allocations earmarked for resettlement also rose. On the whole, resettlement budgets rose from an average 2 to 3 times per capita GDP in the early 1980s to 5 times per capita GDP by the 1990s. Financial reporting also improved over the*

review period, and in 1993 100 percent of investment projects with significant resettlement included a separate budget for land acquisition and resettlement. Nevertheless, the availability of resources remains a major constraint on successful resettlement. Cost analysis and financial planning for resettlement are often inadequate and financial obligations unclear, and resettlement operations frequently suffer from lack of funds.

Appraisal work for resettlement operations has also been uneven, although there have been significant, demonstrable improvements in the past two years. Latin America and the Caribbean show the greatest improvement, and energy projects are appraised relatively well. TWU projects, particularly those involving urban infrastructure rather than housing, often contain little more than broad proposals that must be reformulated in significant ways during implementation. While some reformulation during implementation is normal for all project activities, many ostensible plans depart dramatically from field realities: the plans are not acceptable to the people affected; resettlement sites are already occupied or unsuitable for resettlement; and resettlement agencies lack mandate, experience, and ability.

When resettlement plans were not incorporated into project documents, Borrowers' understandings of their resettlement obligations have not been clear, nor was Bank management assured that projects contain the measures needed to attain the Bank's resettlement policy objectives. As a result of poor appraisal, there is a significant number of active projects that do not contain the planning provisions needed to restore the income of the people who will be displaced.

## Resettlement Planning

Resettlement plans can only be as good as the information on which they are based. Bank policy since 1980 has required baseline surveys to: (i) identify the scale of resettlement and establish eligibility criteria; (ii) calculate the income levels that resettlement planning must aim to restore; and (iii) monitor progress and assess the success of resettlement programs.

### Baseline Surveys

The availability of baseline information has improved substantially since the 1986 review, particularly in the energy sector. Only 21 percent of FY80-FY85 projects reported baseline census data. In the FY86-FY93 period this figure rose to 45 percent (*table 5.1*), and, since

Table 5.1: Active projects with baseline surveys by appraisal, FY86-FY93\*

Region	Projects with Resettlement	Projects Conducting Baseline Surveys	
		Number	Percent
Africa	18	7	39
East Asia and Pacific	39	19	49
East Europe and Central Asia	3	1	33
Latin America and Caribbean	6	3	50
Middle East and North Africa	5	1	20
South Asia	16	8	50
Total	87	39	45

\* Does not include sector projects or projects assumed to displace less than 200 people, or projects identified late in the review.

FY91, 72 percent of new projects include baseline surveys.

Incorrectly assessing the size of the population to be displaced by significant amounts usually leads to major problems during project execution: project delays, resource shortfalls, compensation disputes and an institutional inability to prepare adequate replacement resources for the resettlers. Without baseline surveys, population counts rise unexpectedly during project implementation, and program indicators and implementation benchmarks lose their effectiveness. *Table 5.2* describes some of the widest gaps between Borrower and Bank estimates and the actual numbers discovered during project implementation. The lack of baseline work also makes it impossible to make definitive statements about the extent to which in-migration of people hoping for compensation accounts for the number inflation, although follow-up studies for most of the projects cited in *table 5.2* did not find this to be a major problem (*box 5.1*).

There are four main reasons why affected populations are often significantly larger than expected:

- Project preparation often uses outdated secondary sources or indirect counting methods such as aerial photographs rather than data generated through up-to-date site-specific social surveys.
- Inadequate policies may be revised during project implementation to increase the eligibility of affected people not covered under the initial, inadequate policy framework.<sup>1</sup>
- Project components are often undefined until they are underway and resettlement is one of many factors considered during detailed design.
- Long overall project life spans or implementation delays often associated with land acquisition problems lead to existing families growing and increasing the number of affected people.

All of these reasons argue for advance agreements on resettlement principles, procedures, and adjustment mechanisms that can provide projects with the flexibility to respond to such changes.

**Table 5.2: Project impacts of inaccurate baseline surveys**

Country	Project Name	Year Appraised	SAR Estimate (no. people)	Revised Estimate (no. people)
Zaire	Ruzizi II	1984	135	15,000
India	Singrauli I&II	1982	0	49,000
India	Farakka	1984	0	53,500
Turkey	Izmir Water Supply	1987	3,700	13,000
Colombia	Guavio Hydroelectric	1981	1,000	5,500
Cameroon	Second Urban	1989	12,500	24,000
India	Madhya Pradesh Medium Irrigation	1981	8,000	19,000
India	Andhra Pradesh Irrigation II	1986	63,000	150,000

**Box 5.1. How much baseline survey work is enough?**

The level of detail needed in a baseline survey varies tremendously. At a minimum, however, any project should have an up-to-date field-based census of the *number* of people who will be displaced, impact categories, income levels and assets, and a rough idea of occupational categories. Beyond that, there are a variety of ways to obtain more detailed planning information that can be phased into project designs.

As important as the baseline work for the *displacement*, is the preparation that goes into planning the relocation. Sample surveys based on land-use capabilities are particularly relevant for rural resettlement operations, while affordability studies are useful in urban areas. For both rural and urban operations, introducing early, effective consultation mechanisms provide a useful way to assess what options are feasible.

Projects where resettlement needs are not known in advance, such as program and sector loans, or infrastructure projects whose final designs are finalized on a periodic basis, need less advance information than projects where full designs are already available. In such situations, an overall census can be enough, provided that project designs include provisions for gathering the more detailed information later.

The operative principle for resettlement planning is one of *parallelism* between the level of detail available for the design of the main project and the detail needed for the resettlement operation. Sectoral planning guidelines such as those prepared by the Colombian energy sector *systematize* information gathering by preparing standard resettlement information categories keyed to the sector's project development cycle.

## Preparation of Plans to Restore Lost Income

Restoring income is the core of the Bank's resettlement policy. Planning for income restoration is needed because traditional procedures for land acquisition and property expropriation often do not provide adequate means for displaced people to replace their lost assets. Nevertheless, many projects lack technically sound resettlement plans, and several lacked plans to restore income altogether. This finding is buttressed by the regional reports. Both the East and South Asia resettlement reviews reported that resettlement programs rarely included adequately prepared income restoration programs. The India Country Department singled out as its highest priority the need to provide operationally meaningful definitions of "income restoration" that address the poverty profiles of affected villages and prospective communities. Latin America also found that until recently projects lacked adequate mitigation plans to prevent income deterioration among affected people.

How can the lack of planning for economic re-establishment be explained? Developing economic production is the Bank's core activity, and the Bank has decades of planning experience on which to draw. Nevertheless, fewer than 30 percent of all resettlement plans mention economic rehabilitation programs beyond compensation. Despite an unambiguous Bank requirement that resettlement programs concentrate on income restoration, a first explanation for resettlement failures is that in most projects restoring incomes is not a project objective from the outset.

### *Comparison of voluntary and involuntary resettlement schemes*

Useful lessons about why resettlement projects have often been unable to restore incomes can be drawn by comparing Bank preparation of voluntary and involuntary settlement schemes. Differences between voluntary and involuntary resettlement in rural areas revolve largely around preparation and project recruitment. In involuntary schemes, all families must leave, no selection can be made to recruit the volun-

teers most likely to succeed, and return migration is impossible if the resettlement does not work. Thus, involuntary resettlement should be more difficult than voluntary ones and should reflect more careful attention to ensuring adequate planning.

The record is very different. Five pairs of projects involving voluntary and involuntary resettlement designed and implemented in the same period and in adjacent areas were compared in terms of Bank staff inputs, preparation quality, and design features.<sup>2</sup> Pairing the projects showed striking contrasts in their approaches. Voluntary settlement programs brought a variety of technical skills to bear, prepared detailed programs to help farmers adapt to new physical and socioeconomic environments, and internalized settlement costs within project budgets. With the exception of the Chinese project, involuntary components were treated as an unfortunate side-effect of the main project, with poorly defined costs and no defined benefits.<sup>3</sup>

Staff inputs differed considerably between the two types of project. The projects with involuntary resettlement components concentrated almost exclusively on civil works and used almost none of the Bank's staff expertise for assisting with rural development, except for the Shuikou hydroelectric project in China. By comparison, voluntary schemes used a diverse mix of Bank specialists to review the technical, social, and economic soundness of proposed farm models. This suggests that *a second cause for poor performance lies in the level and diversity of staff inputs into resettlement project designs.*

The comparison of voluntary and involuntary projects provide insight into other aspects of resettlement program design and management:

- *Managerial focus.* In all of the voluntary settlement projects, managerial focus was either on resettlement as the core of an agricultural development project, or on an agricultural development process in which *an effective farm resettlement program was critical to the overall success of the project.* This was not the case in any of the infrastructure development projects that involved involuntary resettlement.
- *Assessment of income generating potential of new sites.* In most of the voluntary settlement programs, efforts were made to relate the resource conditions faced by farmers to realistic appraisals of the income generation potentials of the enterprises being promoted, including assessments of alternative scenarios and assumptions. None of the involuntary resettlement programs benefited from a comprehensive analysis of the resources available to displaced families.
- *Farm models.* The package of resettlement options was much broader in the voluntary programs. They not only presented a range of farm models, but they also assisted settlers to develop off-farm based income sources to complement farm income. Not only were the voluntary farm models far more detailed at appraisal, but they were also more intensively monitored during implementation and in some cases modified as monitoring systems corrected mistaken assumptions. The involuntary programs either had a single, generalized farm model or none at all, except for the Chinese project, which prepared a variety of resettlement farm options.
- *Risk.* Planners of voluntary programs produced preparation reports that had much better discussions of risks to farmers initiating agricultural enterprises in new and unfamiliar locales. They also assessed risks from uncertain delivery of support, and tried to adopt conservative assumptions and back-up mitigation plans. Discussions of risk for involuntary programs were in every case wholly devoted to investment risks by the Bank and participating donors. There was no indication that planners analyzed the comparative risks *to the displaced families* from adopting different resettlement options.

- **Duration.** Voluntary programs included analysis of the support that settlers would need until full farm development and described provisions made to be sure support would be in place when the project finished. The single biggest planning deficiency with involuntary programs was limiting the life of the project to the time necessary to complete main project infrastructure, without providing sufficient post-relocation assistance to the resettlers. Subsequent Project Completion Reports showed repeatedly that there was no correlation between the time needed to complete infrastructural development and that needed to stabilize new farm enterprises.
- **Investment levels.** Voluntary settlement programs invest in productive assets eight to ten times the amount of money they plan to produce as an annual income stream for settler families. The best — generally the most recent — projects in the Bank's resettlement portfolio attain this level of investment, but the large majority appear to fall significantly short.

### *Planning adequacy*

Implementation often reveals major planning deficiencies that make resettlement components technically or socially unacceptable. The original plan developed for the Mexico Hydroelectric project, for example, failed to evaluate the quality of the soil in the principal relocation area which was not suitable for agriculture. In later sites selected by the resettlers themselves, soil quality turned out to be adequate. Poor quality preparation work also has been a problem in many projects in Africa. Early preparation for Swaziland's Komati River Basin project, for example, assumed that pastoral populations could be transformed into sugarcane workers once the project converted traditional grazing lands into canefields. Ethiopia's Amibara Forestry project similarly assumed that Afar

tribespeople would willingly abandon herding to work on forest plantations, an assumption that proved to lack any foundation once the project started.

Excluding affected people and local governments from participating in resettlement planning has been at the root of many problems (box 5.2). Preparation problems in many large investment projects can often be traced to expatriate consulting firms that do the engineering work but lack the experience, staff or willingness to work with local populations and governments. More recent projects such as the Berke Hydropower Dam in Turkey or the Lesotho Highlands Water Supply project, which incorporated resettlement into the consulting firms' terms of reference, prepared plans that met Bank requirements and have made good progress during implementation. Nevertheless, the review found that consulting firms often still fail to incorporate resettlement skills, especially local expertise, into their design teams, nor do they prepare resettlement components with the same rigor as the engineering components.

All of the regional reports found that involving affected populations in project preparation and project designs that built in mechanisms for sustained local participation were more effective than traditional, top-down plans. Aided by consultation procedures developed for environmental assessments, more recent project designs show much more attention to methodologies that promote participation in planning. Pakistan's Sindh Special Development project (FY94), for example, set an important precedent by involving an experienced NGO with a strong field presence in setting up fora for identifying resettlement options and managing the resettlement program. Remedial action programs prepared for the Upper Indravati and Gujarat Medium Irrigation II projects similarly use NGOs and community organizations to promote income restoration in resettlement communities.

### Box 5.2. Is participation in resettlement possible?

In recent years a growing number of projects with resettlement have come to recognize the value of participation by the people being resettled. There are many entry points for introducing participatory processes in resettlement. Among them are:

- **National and sectoral resettlement strategies.** Developing national and sectoral policies through a consultative process ensures more "buy-in" from a broad social group than do policies prepared in isolation. Brazil's energy sector, for example, instituted a series of consultations and discussion with universities, NGOs, state governments, and unions before producing its environmental and social policies. Prior to beginning detailed planning, the executing agency and project monitors jointly sponsored a series of annual, on-site "resettlement summits" during the first two years of a project, which brought together company engineers, social and environmental staff, state and municipal governments, project monitors, national resettlement specialists, researchers, and project critics. Participants were able to air concerns, agree on objectives and procedures where possible, and exchange experiences from previous projects. The resettlement policies developed for the Philippine urban sector also went through a long process of public consultation and revision.
- **Planning.** Planning *with* the people rather than *for* them offers advantages that range from better knowledge of local technical conditions such as land quality, to better options such as house types, occupational alternatives, or site location. Making resettlers part of resettlement planning also reduces settler dependence: once they have a stake in the final design, they are far more likely to make sure the project succeeds.
- **Project implementation.** Many resettlement functions can be devolved to local people if accompanied by adequate funding. Lessons learned from rapidly abandoned contractor-built resettlement housing programs have, for example, led to self-built construction in many projects, where the company provides money and materials but resettlers build or contract their own houses. Other possibilities for direct involvement include resettlement site identification, negotiation, and involvement in handover activities.
- **Project monitoring/accountability.** Involving resettlers in project monitoring vastly increases project accountability. In Mexico's Zimapan hydroelectric project, project funds allowed the resettler's bargaining committee to hire their own master architect to supervise construction of their new houses. In Colombia's Urra I project, resettlers maintained their own set of records describing the frequency and outcome of visits by project staff, which were then checked by independent monitors.

### *Use of pilot projects*

Because resettlement is often neglected until late in project preparation, there are few cases where pilot operations have fed back into project designs.<sup>4</sup> Field-testing resettlement proposals should be a high priority because few countries have a sufficient body of accumulated resettlement experiences. Once resettlement operations are underway, fine-tuning resettlement proposals is usually difficult because of their logistical complexity and the pressures created by construction

schedules on the main project. Limited flexibility in construction schedules reinforces the need for advance planning to ensure that results from pilot programs can inform overall implementation.

### *Timetables*

A significant test of preparation quality and SAR adequacy is the presence of a sound schedule for executing the resettlement operation evenly over the project's duration and avoid the dangerous risks of end-bunching (see

### Box 5.3. Good and bad practice — two resettlement timetables

The following timetables embody two different approaches to planning resettlement.

The *Yantan Hydroelectric project in China* relocates 40,000 people. To evenly spread the relocation over the duration of the project, and to tailor the size of relocation to the project's organizational capacity, a timetable was designed *at the beginning*, appraised by the Bank, and included in the Staff Appraisal Report.

An average of 5,000 people are scheduled to move each year for eight years. This pace has not strained the project's organizational capacity and has not subjected people to emergency removal. The timetable reflects the good practice of correlating dam construction with peoples' relocation. Budgetary allocations are specified year by year.

**Timetable 1 — Yantan Hydroelectric Project**

Calendar Year	1986	1987	1988	1989	1990	1991	1992	1993	Total
Project affected people	700*	4,500	7,500	7,500	7,500	7,500	2,400	2,400	40,000

\* Construction site.

Source: Staff Appraisal Report, 1986; see Annex 18.

The *Narmada Sardar Sarovar project, India* did not prepare a relocation timetable at the outset and the Bank could not appraise it. Late in the project's life (May 1992), the following timetable was prepared by the project authority (Narmada Control Authority) and submitted to the Bank in May, 1992. It covers the remaining five years of project implementation, 1993 to 1998.

Seventy percent, or about 86,000 people, are "planned" to move in one year — the last year of the project. This contrasts sharply with the fact that during the full seven initial years of the project (1985-1992), only fewer than 20,000 people (15 percent) were resettled. The lack of organizational capacities in the submergence states for relocating the people was a chronic problem even before the large resettlement work began.

**Timetable 2 — Narmada Sardar Sarovar Project**

Year**	1985-92	1993	1994	1995	1996	1997	1998	Total
Relocated Villages	15	5	4	11	27	13	170	235
Project affected people	19,152	3,940	1,694	3,381	8,780	2,589	86,636	126,172

\*\* Each year ending in June.

Source: Narmada Control Authority. Based on the submergence schedule approved by the SSP Construction Advisory Committee in 1992. The families affected total 4,500 in Gujarat, 2,464 in Maharashtra, and 23,180 in Madhya Pradesh; the official statistics for average family size is 6.1 persons, but a smaller, more conservative average of 4 persons per family was used in this table.

The risks involved in the Narmada approach are that it forces "bunching" in the last stage of the project, which may overwhelm the organizational capacity of the resettlement agency, result in emergency relocation under the pressure of increasing water levels, and worsen the situation of the resettled people.

The basic principle in such situations is *synchronization* of resettlement with the gradual advance of dam construction. Although the Narmada SSP loan was canceled at the Borrower's request, the benchmarks eventually recommended by the Bank emphasized the necessity to change this timetable, through a more balanced distribution of relocations over the project's remaining implementation years.

box 5.3). Carefully developed schedules are indispensable in projects with large resettlement components, where planning must coordinate the logistics, budgetary outlays, technical preparation and staffing needs involved in moving tens of thousands of people at a time. Monitoring progress is similarly hindered when there is no timetable describing where resettlement operations are supposed to be at a given point in time. Projects that do not adhere to the schedule must either patch together last-minute resettlement operations or delay civil works to avoid resettlement crises.

Useful resettlement timetables link resettlement programs to key points on the critical path of the project's civil works in ways that meet construction deadlines but do not overwhelm the administrative abilities of resettlement agencies. These linkages provide both planning coordinates and measuring points during implementation to ensure synchronization of different activities. Effective timetables also require a mechanism to confirm that new sites are ready to receive settlers. Both principles were strongly emphasized by Bank management and the Board in the benchmarks set for the Narmada Sardar Sarovar

project. Nevertheless, the review found very few projects that included a resettlement timetable in the appraisal report, although some have timetables on file. With a few important exceptions, most relocation timetables were driven by construction timetables rather than resettlement needs (box 5.3). They did not link displacement to plans for preparing new resettlement sites, nor did projects include formal mechanisms to recalibrate timetables and resources when delays occurred. Re-adjusting timetables to reflect realistic targets has been a major function of the special corrective actions carried out as part of the Bankwide Review, and close Bank follow-up will be required.

## Progress in Resettlement Appraisal

### Resettlement plans

Resettlement plans appraised by the Bank and negotiated prior to Board presentation have been a core Bank requirement since 1980. The 1986 review reported that only 30 percent of the active projects with resettlement had appraised resettlement plans. Between 1986-1991, the number of plans actually appraised

Table 5.3: Appraisal of resettlement plans in Bank-assisted projects, FY 1986-1993\*

FY	Projects with Resettlement		Projects with Plan at Appraisal	
	Number	Percent	Number	Percent
1986	7		1	14
1987	13		5	38
1988	12		4	33
1989	13		9	69
1990	10		5	50
1991	6		2	33
1992	13		10	77
1993	13		12	92
TOTAL	87		48	55

\* Does not include sector projects or projects assumed to displace less than 200 people, or projects identified late in the review.

by the Bank remained limited, hovering around 50 percent. Over the last two years, however, the number of projects with appraised plans increased to 77 percent of all projects with resettlement in FY92, 92 percent in FY93 (see table 5.3), and 100 percent in FY94.

Plans have not been appraised in a significant number of still-active projects. Only six out of the 22 active projects listed in the June, 1993 India portfolio review had submitted resettlement plans prior to Board presentation<sup>5</sup>. Failure of the responsible organization to submit a formal resettlement plan in Bangladesh's Dhaka Urban Development project (box 5.4) led to cancellation of the component, and no resettlement plans were appraised for the three projects active in Pakistan when the review began. Of five projects in Indonesia known to involve land acquisition and resettlement, only two had resettlement plans when the projects were appraised; all of the projects without plans have required corrective actions and remain problematic. Only LAC consistently required resettlement plans for projects involving displacement prior to their appraisal (table 5.4).

Several projects that proceeded without appraised plans have since incorporated requirements for plans into conditions for Board presentation or loan effectiveness, with varying degrees of success in terms of subse-

quent submission and planning quality. The ECA/MNA report, for example, found that "commitments to submit resettlement plans subsequent to Staff Appraisal Reports were not always upheld." Nevertheless, even if a plan is presented later, failing to appraise resettlement plans concurrently with other project components deprives Bank management of staff's best assessment of the adequacy and estimated costs of the full project, including resettlement proposals, and significantly reduces the room available to reach agreement with Borrowers on basic objectives and processes for resettlement.

### *The quality of resettlement plans*

The quality of resettlement plans varies considerably. Resettlement plans for projects such as the Curitiba urban resettlement component in the Brazil Water Quality and Pollution Control project and the Ertan Hydroelectric project in China reflect close attention to preparation of viable resettlement packages, coordination with civil works construction, and effective institutional delivery mechanisms.

By contrast, in Africa, only 15 of the projects active during the review period included appraised resettlement plans; of these, only 10 were considered to be adequate by Bank reviewers. No plan other than a consultant's report identifying likely resettlement issues

#### **Box 5.4. The importance of ensuring government ownership**

Although the proposed Dhaka Urban Development project would displace nearly 20,000 of the city's poor, project preparation failed to develop a resettlement plan. The omission was flagged after project appraisal, and a last-minute plan was provided by one of the borrower agencies shortly before negotiations. When negotiations took place, however, the representative of the Government of Bangladesh was startled to discover a plan that his government had not approved.

Project negotiations continued despite the clear lack of government commitment or full understanding of what was being proposed; adoption of a resettlement plan financed by the International Development Association became a condition of credit effectiveness. Follow-up supervision found that the proposed resettlement sites were not acceptable nor had progress been made to staff the appropriate agencies. Three years into project implementation, the Bank and the Borrower canceled the component.

Table 5.4: Active projects with appraised resettlement plans by region, FY86-FY93\*

Region	Projects with Resettlement	Projects with Planat Appraisal	
		Number	Percent
AFR	18	10	56
EAP	39	23	59
ECA	3	1	33
LAC	6	6	100
MNA	5	1	20
SAS	16	7	44
TOTAL	87	48	55

\* Does not include sector projects or projects assumed to displace less than 200 people, or projects identified late in the review.

was ever located for the Malawi Transport project or the Guinea Urban II project, both of which experienced significant resettlement problems during their implementation.

The India Department's review also highlights problems in plan quality, particularly in the income restoration aspects of the resettlement program. The plan for the Maharashtra Composite Irrigation III project consisted of little more than a re-statement of government compensation principles, and it is no surprise that this was one of the first projects that had to be restructured following the Morse review. The PPAR for the Subernarekha project noted similar weakness in the appraisal report:

The SAR stated that the Government of Bihar had formulated a general policy on R&R; but the policy could not substitute for planning and the statement turned out not to be correct. The identification of relocation villages, their layouts, the preparation of a detailed logistic plan for relocation and more specific plans for economic rehabilitation should have been insisted upon, and the legal documents should have been suitably worded (PPAR, p. 6).

Regional reports prepared for the Bankwide Resettlement Review highlight the general lack

of careful resettlement appraisal. To the extent that resettlement plans are not appraised by the Bank along with other project components, it is rarely clear whether resettlement proposals have been fully embraced by the government. The Africa regional report, for example, concluded that:

Little is known about the quality of preappraisal and appraisal work in the field, except in the few cases where resettlement specialists have been involved. Most Staff Appraisal Reports devote only one or two paragraphs to resettlement. Reports often use vague expressions such as "some families" or "a few families" rather than mentioning specific numbers, and state only that "a plan has been developed" or "a program has been prepared" to recompense the affected people. Few details are given on planning, implementation and financing. The project files, on the other hand, generally contain evidence of careful resettlement planning. The frequent divergence between these good plans and performance in the field as noted by recent supervision missions indicates that appraisal missions have not paid enough attention to ensuring that these plans, usually prepared by consultants, were realistic and were fully endorsed by the government, the participating agencies, and the people involved.

### ***Excess appraisal optimism***

One of the major criticisms made by the Wapenhans and Morse reports and repeated by the 1993 OED resettlement study was that Bank appraisals tended to overestimate likely performance and thus failed to put enough emphasis on capacity building needed to ensure proper implementation (see *box 5.5*). The current review confirms this assessment. Correcting this deficiency requires careful assessments of previous project performance in restoring resettler incomes, yet very few appraisal reports have included assessments of past resettlement performance (see *Box 5.6*).

### ***Legal documentation***

A review by the Legal Department<sup>6</sup> found that wherever project descriptions included appraised resettlement plans, Borrower obligations were adequately reflected in the relevant legal documents (loan agreements, agreed minutes of negotiation, etc). Lawyers have been attuned to the legal obligations of resettlement plans and frequently incorporate resettlement and rehabilitation obligations into project documents where preparation and appraisal were lacking. Nevertheless, last minute covenants cannot substitute for programs planned by the Borrower (see *box 5.7*).

### ***Sectoral and program loans***

Lending for urban/municipal development, water and sewerage, medium-scale irrigation, forestry, and other types of projects is often channelled through sector or program loans. Such sub-projects are prepared and appraised by Borrowers during project implementation, but the Bank appraises the adequacy of the overall approach rather than individual investments. In cases where resettlement needs are not known in advance, the Bank requires only that appraisal assesses overall resettlement policies, institutional capacities, and broadly estimated numbers of affected people, although individual sub-projects should prepare resettlement plans consistent with Bank policy as part of their design. The Pakistan Private Sector Energy project provides a positive example of innovative arrangements (*Box 5.8*).

Where resettlement was dealt with explicitly, sector loans have been powerful instruments for improving resettlement, combining project-specific improvements with more general strengthening of sectoral capabilities. Colombia's Energy Sector project, Pakistan's Sindh Special Development Program, and India's National Thermal Power Corporation loan have coupled sectoral policies with effective programs to fortify social and environmental capabilities. In sector loans

#### **Box 5.5: Developing institutional capacities**

The Yacyreta II project in Argentina and Paraguay assigned responsibility for implementing the resettlement plan agreed with the Bank, to the Department of Complementary Works. At the time of appraisal, the department had only five professionals, clearly inadequate for managing the resettlement of 50,000 people. The Bank and project owner agreed on a plan to strengthen the department by: (i) recruiting an internationally reknown consultant for an experienced resettlement coordinator; (ii) hiring approximately 50 additional professionals for resettlement and environmental operations; (iii) utilizing existing agencies to deliver key services such as health and education, and financing expert consultants as their staff; (iv) designing an integrated training program for all resettlement staff; (v) adding two resettlement specialists to the project's Panel of Experts; and (vi) establishing through the Secretariat of Natural Resources and Human Environment, a national forum for non-governmental and governmental organizations to review annual implementation reports.

**Box 5.6. Lessons learned the hard way**

The history of the Gujarat Medium Irrigation Phase I and Phase II projects (Cr. 1496-IN/808-IN) shows the consequences of not promptly learning in a second project from the experience of an earlier one. The phase II project consists of 24 dams, which displaced a total of 140,000 people.

The project completion report for the first phase noted the following lessons:

- Resettlement planning was not considered an integral part of the overall preparation of projects under Phase I.
- Resettlement actions tended to be implemented in an ad hoc manner and were not consistently included in the implementation schedules for project construction works.
- Effective institutionalized monitoring procedures were lacking.
- The Government of Gujarat was unable to determine the extent to which the compensation packages offered to displaced persons enabled them to set up sustainable income-generating arrangements.

In recognizing the lessons of these deficiencies, the GOG agreed to prepare and implement detailed resettlement plans for nine sub-projects under Phase II of the project. Phase II was expected to remedy some of the problems that occurred under Phase I. However, this hardly happened even in the first years of Phase II, and progress in Phase II was slow and difficult. Resettlement planning was not adequately improved.

The Bank extended the project closing date three times to allow project authorities time to improve resettlement performance and apply the lessons they learned. A fourth extension of the project was granted in 1993, judged necessary in order to provide economic rehabilitation programs for the same nine sub-projects. This time an NGO (SEWA) was put in charge of implementing the improved income generating schemes.

*Sources:* PCR 6841; India Department, Project Specific Backup Notes.

where improvements to social and environmental capacities have not been explicit goals, resettlement performance is much more difficult to evaluate. The review was not able to assess the effectiveness of the sectoral approach in achieving the Bank's resettlement policy objectives in such cases, particularly in urban sector loans.

### **Resettlement Costs and Project Budgets**

A major finding of the 1986 review was that resettlement costs were poorly calculated and were not adequately reflected in project budgets. Despite some notable improvements, inadequate financial planning remains a

weakness in resettlement components, and explains much of resettlement's uneven performance. Particularly serious are:

- The poor quality of financial reporting in project documents.
- Incomplete calculations of all the costs accruing to displaced people.
- Inadequate budgets for resettlement activities.
- The failure to include the full costs of resettlement in the economic and financial assessment of the overall project.

**Box 5.7. Absence of timely planning makes the task more difficult**

The presence of good resettlement plans before appraisal is a good indicator of the borrower's commitment to adequate resettlement. No plan was prepared for the appraisal of the Andhra Pradesh Irrigation II Project. Appraisal nevertheless continued, contrary to Bank directives. At negotiations, a covenant was included that made project effectiveness subject to submission of an adequate resettlement plan. The Borrower promised to submit good resettlement plans within three months, when the loan was expected to become effective. At that time, however, the plan was not ready. The Bank enforced the covenant and postponed effectiveness for another two months. Again, the plan was not ready and project effectiveness was delayed another five months. The Borrower still did not produce an acceptable resettlement plan, and the project was again delayed for another six months. The project finally became effective fourteen months after the date initially planned.

The weaknesses in Borrower project preparation, as well as the Bank's failure at appraisal to assess accurately the number of resettlers and the adequacy of the technical measures needed haunted this project well into implementation. The initial estimate of the size of the population to be displaced was extraordinarily low, rising from 63,000 people to as many as 150,000 people. Adjusting the plan's provisions continues to this day, but the process has been slow, difficult, and behind the schedule.

## Ensuring Adequate Finance

### *Reporting financial information*

Only 50 percent of the currently active projects displacing more than 200 people included a budget for resettlement. The number of SARs earmarking resettlement funds follows the same overall pattern described earlier for other resettlement activities: less than half of the FY86-FY91 projects include resettlement budgets, followed by a sudden jump to 85 percent in FY92, and approaching 100 percent in FY93-FY94.

Costs for compensation and resettlement can be substantial components of a project's total cost. A sample of 20 closed projects involving resettlement shows that resettlement averaged nine percent of appraisal costs, thus illustrating that for many projects resettlement has been known to be a significant cost for some time. Resettlement costs can climb as high as 35 percent where very high compensation payments are involved (Korea: Taegu Urban), large numbers of people are relocated (China: Shuikou — 67,000 people, Argentina: Yacyreta — 50,000 people) or the project undergoes a

difficult resettlement process (Colombia: Guatape II).

Prior to 1990, financial information available in SARs reflects little concern for adequate financial provisioning for resettlement activities. Although written specifically for resettlement planning, Bank economic and financial guidelines (see *box 5.9*) have rarely been used, despite recurrent problems with resettlement financial analysis. Several projects merged resettlement costs and land acquisition as "preliminary costs". Others — such as Mexico's Hydroelectric Development project, India's Uttar Pradesh Power project and the Central African Republic's M'bali Energy project — added environmental investment to resettlement. Project budgets often did not distinguish between land acquisition, compensation costs, and the costs of providing development opportunities to resettlers in their new sites. They rarely distinguish between the costs of compensation for public and private assets, though the cost of reimbursing a railway company for a single bridge may outweigh the costs of resettling an entire village. The distinction is more than formal, because apparently high resettle-

**Box 5.8. Innovative approaches to resettlement in sector loans**

The Pakistan Private Sector Energy Project (FY88) is a sector loan that contains thorough and fair provisions concerning resettlement. The project, which totals \$1.4 billion with a loan of \$150 million, finances private sector power projects (each one called an "investment project") through an Energy Development Fund providing up to 30 percent of subproject costs.

Project designers realized that some of the anticipated sub-projects could entail involuntary resettlement. The following provisions were included to ensure good resettlement practice:

- The Government of Pakistan (GOP) would distribute guidelines describing the policies and procedures for evaluating and approving proposals for funding to all subproject proponents and investors. Bank review and approval of the documentation and of the GOP provisions for subsequent supervision were made conditions of loan effectiveness.
- Investment Project approval would require that the proposal "furnish evidence satisfactory to the Borrower and the Bank, showing that the [subproject would] include... a resettlement plan for displaced populations." Moreover, in both the subproject's Letter of Intent and in each implementation agreement, a requirement is a "suitable provision obligating the Investment Enterprise sponsoring such Investment Project to ensure compliance with such standards."
- A further condition of effectiveness was the appointment of technical consultants to the National Development Finance Corporation (which administers the Private Sector Energy Development Fund), to assist in the appraisal, approval and supervision of resettlement work, under conditions acceptable to the Bank.

The core elements of this project are the *explicit provisions to assist resettlement*; the *transparency* of the requirements for subproject proposals; the close attention to *borrower ownership* of the approach to resettlement; and the *capacity building* proposals for the project implementing agency.

ment budgets often mask very low per-capita resettlement allocations.

Resettlement cost reporting has improved in the last three years. Resettlement plans after 1990 usually have a fairly detailed cost presentation that discriminates between the costs of land expropriation and socio-economic restitution, as in Turkey's Berke Hydro project, Thailand's Third Power project, the Lesotho Highlands Water Supply project, and Argentina's Yacyreta II project. Even so, because no standard presentation form (see *box 5.9*) based on systematic criteria is currently used to break costs down, comparison and retrospective analysis remains difficult.

The lack of a standard presentation of resettlement costs has several drawbacks ; with the

information currently available, it is very difficult to:

- Check for coverage and accuracy of resettlement costs.
- Evaluate indicators useful for reviewing overall adequacy such as price-per-hectare or investment-per-person ratios.
- Compare resettlement costs across countries or projects.
- Arrive at systematic standards or criteria to help country departments prepare or assess resettlement programs.
- Provide guidelines and establish requirements for Borrowers, consultants, and

### Box 5.9. A summary presentation of resettlement costs

While cost reporting exercises must remain sufficiently flexible to reflect the needs of individual projects, the adoption of a simple set of resettlement costs for summary presentation in appraisal reports and project completion reports could significantly enhance the quality of cost estimates and comparisons. Guidelines for the economic and financial analysis of resettlement were provided in 1988. The following grouping could be considered to ensure uniformity in project evaluation.

- **Compensation costs.** Mainly the costs of land, houses, and other assets acquired and compensation payments for lost incomes; also includes the costs of censuses, surveys, and valuations studies in the project area.
- **Resettlement costs.** These include costs of land acquisition in the resettlement area, new housing and local infrastructure, necessary studies, transportation of people and their belongings, transitional income payments, investments to compensate the host population affected by the resettlement, and efforts to protect the environment in the resettlement area.
- **Rehabilitation costs.** Costs of activities to support income restoration and improved living conditions of the affected population beyond compensation and resettlement components: may include additional local development projects, new services, agricultural extension, training, employment creation, and loans.
- **Administrative costs.** Costs of staff, offices, technical assistance, community participation activities, communication, and similar items, if it is possible to separate them from general project overheads.
- **Costs of lost regional or national public assets.** Replacement costs over and above the infrastructure built for the local resettlement component. This would include national roads, bridges, and any other national or regional infrastructure that has to be rebuilt because of the project.

Source: Michael M. Cernea, *Involuntary Resettlement in Development Projects*, World Bank Technical Paper No. 80, 1988.

contractors to assess and present resettlement costs.<sup>7</sup>

These limitations affect the Bank's own ability to evaluate and finance resettlement proposals.

#### **Costs accruing to displaced people**

When resettlement costs are assessed incorrectly, local communities must bear an undue share of the burden. Two types of problems are prominent.

First, compensation rates rarely reflect the true replacement value of lost assets, particularly for resettlers who must replace lost land. Depreciation of assets that must be replaced at market costs and property underassessments

are both common. Bank policy cautions Borrowers against providing compensation at less than market rates because the resettlers themselves, involuntarily displaced from their homes, have no choice but to buy new assets. In China, private businesses are often undercompensated for lost assets; in projects such as the Shanghai Metropolitan Urban Transport or Shanghai Sewerage, state-owned enterprises and private businesses are expected to absorb many resettlement costs.<sup>8</sup> Since profitability affects the enterprise worker whose salaries are made up in significant part of bonuses from profits, such cost apportioning techniques force employees to bear a disproportionate share of resettlement's costs. In the Karnataka Irrigation project in India, local courts raised

compensation rates up to five times the value assessed by project officers, but only for those who could afford to bring a case. A Bank review of compensation in four Indian states found chronic problems in compensation assessments and payment.<sup>9</sup> Recalculated costs for land acquisition and resettlement in Turkey's delayed Kayraktepe project went from an estimated \$30 million in 1986 to more than \$180 million in late 1993, an increase due partially to economic growth but primarily to initial underassessments of property values.

Second, delays in paying compensation erode the real value of the compensation and force displaced families to maintain themselves, leaving them with inadequate means to acquire a new permanent site. Long delays in paying compensation are common: a case study in Nepal found an average delay of ten years between property expropriation and compensation payment. OED's 1992 study of the Karnataka Irrigation project found families, displaced in the mid-1970s, that had yet to receive their compensation. In Ghana's Kpong project, governmental shortfalls meant that compensation was never paid to the 7,000 affected people and their host communities.

### *Adequacy of resettlement budgets*

Reviews of recently completed projects point to recurrent underestimations of resettlement's true cost as a chronic problem. No active projects have spent less than appraisal estimates on per capita resettlement except by dropping the component, and the majority are spending significantly more. Cost overruns for resettlement have generally exceeded overall project cost increases considerably. The Bank's Industry and Energy Department's analysis of all energy projects involving resettlement found overall cost overruns averaged 35 percent for hydroelectric dams and 10 percent for thermal power plants, while resettlement cost overruns averaged 54 percent.<sup>10</sup> The two Asia regional reviews found shortfalls in initial financing in all projects reviewed. Cost inflation for resettlement in Latin America has been

equally serious. Of eight projects, none began with an adequate budget and the average cost overrun in the region exceeded overall project cost inflation by approximately 70 percent.

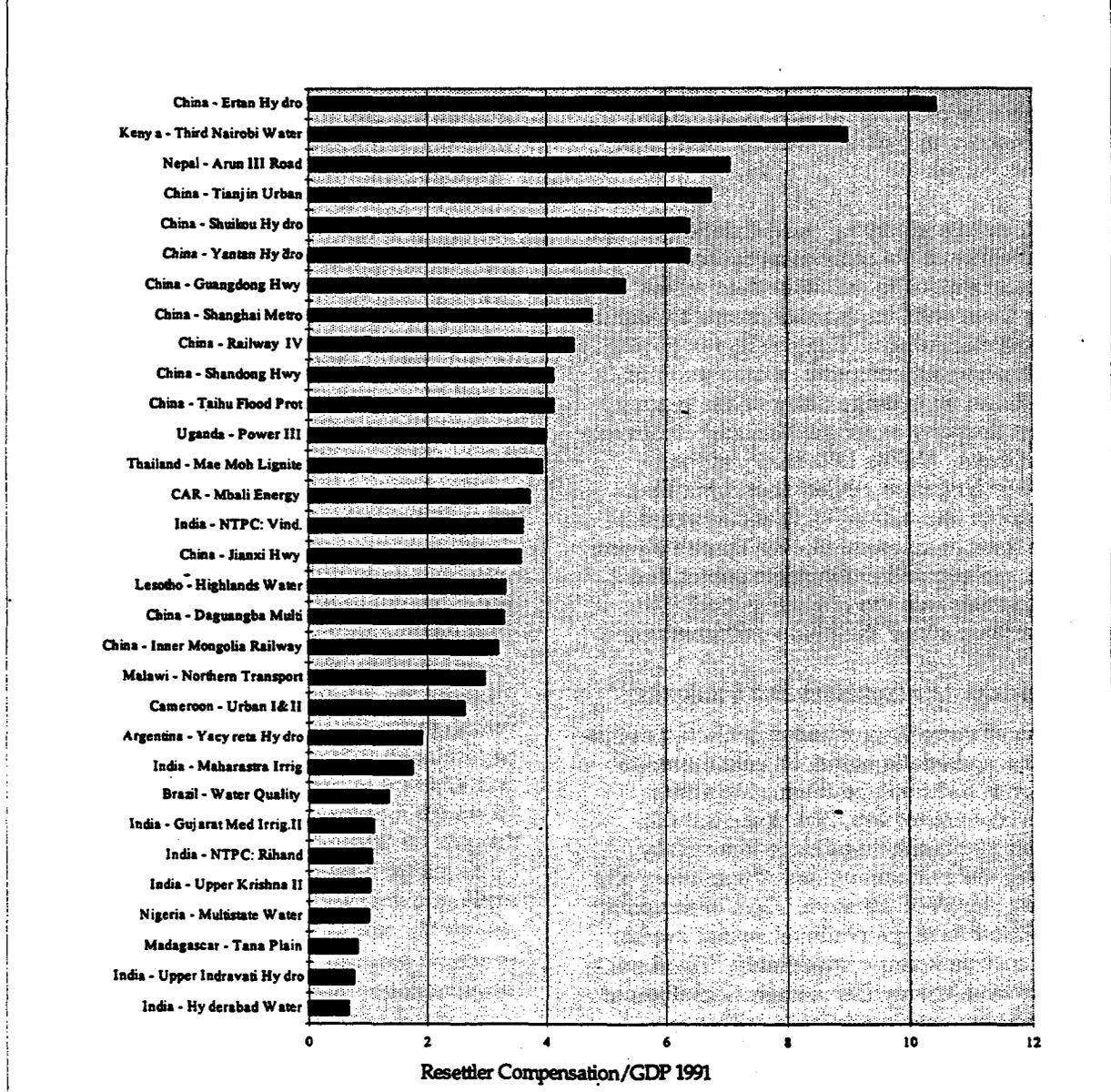
More recent projects show a significant increase in per capita budget allocations for resettlement, reflecting better financial provisioning in general, with significant variations between projects. On average, projects that closed in the 1980s spent two to three times the per capita GNP of the Borrower country on resettlement by project completion. Staff Appraisal Reports of most recent resettlement projects estimate per capita resettlement costs at 3 to 5 times the per capita GNP of the Borrower country in the appraisal year. The close correlation between per capita expenditure and overall resettlement performance suggests that this growth represents a positive trend, provided that the all too common increase in the number of people to be resettled does not pull down final per capita figures.

*Figure 5.1* graphs resettlement budgets by comparing per capita resettlement allocations with per capita GNP figures.<sup>11</sup> The graph shows the high degree of variance in the capital investments allocated for resettlement. China's Ertan Hydroelectric project, for example, provides resettlers with nearly 13 times the resources/income ratio that the Tana Plain project does in Madagascar. As a whole, in fact, China's investment ratios compare favorably with resettlement in the United States, Canada, or France. There was little variation by sector, although within the same country agricultural projects reserved somewhat less money for resettlement than energy or infrastructure projects. As noted below, on average newer projects invested considerably more money in resettlement than did older projects.

There is a close correlation between the investment levels described in *table 5.5* and project capabilities. None of the projects with a ratio of 3.5 or higher has reported major resettlement difficulties. In contrast, virtually all of the projects with a ratio lower than 2.0 are experi-

Figure 5.1

RESOURCE ALLOCATION FOR RESETTLEMENT



encing serious implementation difficulties. Throwing money at resettlement will not solve all resettlement problems, but starving resettlement

ment of resources is clearly the first step towards a resettlement failure.

### ***Bank finance for resettlement***

Fewer than 15 percent of the projects reviewed included Bank funding for resettlement activities. Lack of Bank participation in resettlement finance is a common cause cited by task managers and counterpart staff for many resettlement problems. Constrained budgets and unreliable financial provisioning can be overcome by increasing the Bank's share in resettlement finance. Post-relocation development is eligible for Bank assistance. More recent projects such as the Hyderabad Water Supply project in India or the Vietnam Highways project increase Bank support for resettlement.

### **The Economic Costs of Resettlement Programs**

Poor resettlement can undermine a project's economic objectives in two senses. First, inadequate preparation can cause project delays, which in turn can reduce project benefits. Second, in some cases, failing to account adequately for resettlement can exaggerate a project's attractiveness and, in extreme cases, can encourage economically marginal projects to proceed when alternative investments would have been superior. Sound resettlement preparation, on the other hand, can enhance a project's returns. It facilitates smooth implementation, and the increased incomes of resettlers can boost a project's rate of return.

Poorly planned resettlement often leads to delays in project benefits. In a recent review of 123 projects in the Asian region, as many as 30 percent were delayed because of land acquisition and resettlement problems; the average delay was approximately two years. A draft review of more than 580 irrigation projects (OED, 1993) found that 22 percent of the projects reported delays from similar land acquisition and resettlement problems. Projects in Africa, such as the Cameroon Urban II, have been halted because counterpart compensation funds failed to materialize and local residents refused to be resettled. Such delays and cost overruns have contributed to driving down the

actual or expected economic rate of return of several projects to very low levels (India: Andhra Pradesh Irrigation; Mauritania: Gorgol Irrigation; India: Subernarekha Irrigation). Colombia's Guatape II Hydro project offers an extreme example:

...the resettlement and compensation of the individuals who were affected by inundation required lengthy negotiations, largely because the Borrower and the Bank failed to anticipate the complexity of the problem involved....The final costs of the resettlement, in US\$ equivalent, was more than double the original estimate and the process took about three years longer than envisaged. This delay, which in turn delayed the filling of the reservoir and storing of water energy, cost the economy the equivalent of...energy generation for an entire year. (*World Bank, 1981 PPAR Colombia: Guatape II Hydroelectric Project, Report No. 3718, p.iv*).

The resulting electricity losses amounted to \$25.5 million of unsold energy, equivalent to 18 percent of the total project cost.

When the benefits of a project are delayed by one or more years, the economic rate of return can fall by several points. A one-year delay in project benefits (with no delay in the schedule of project costs) will reduce some project's net present value by almost a third; a two-year delay, by more than half. Gains from avoiding these large losses are usually more than sufficient to finance the entire cost of resettlement. In Colombia's Guatape I, a project with very high resettlement costs — 22 percent at evaluation — foregone benefits from even a one-year delay rather than the three years actually experienced, would have amounted to 83 percent of resettlement costs. This proportion can be much higher for projects with small resettlement components. In Turkey's Berke Hydroelectric project, where resettlement costs are only 1 percent of total costs at appraisal, a hypothetical delay of one year would reduce the project's present value by \$30 million

dollars, five times the project's appraised resettlement costs.

Successful resettlement, on the other hand can augment project benefits. In India: Maharashtra Composite Irrigation II project, individuals who were resettled in the command area increased their productivity significantly. Likewise, fisheries in the Saguling reservoir (Indonesia: Tenth Power project) have come up with a thriving business that adds to overall project benefits. Indeed, 5 percent of the resettled population produces several times the previous agricultural production of the entire flooded area (see Chapter 4, box 4.2).

### *Resettlement costs and project returns*

Providing adequate finance for resettlement to ensure income restoration, and accounting fully for such costs in a project's economic appraisal will affect the overall attractiveness of the project. But could providing adequate finance for resettlement jeopardize project viability? The evidence suggests that in most cases this is unlikely. A careful review of completed projects shows that cost overruns for resettlement were not a major cause of disappointing project performance. Cost overruns for physical works and delays brought about by resettlement were the dominant reasons why some projects perform less well than anticipated.

It may be argued, however, that even where resettlement costs rose above what had been projected at the time of appraisal, financial allocations were still inadequate. Would further cost increases have jeopardized project viability? Here again the evidence suggests that providing adequate resources for rehabilitation would seldom make the overall project unattractive because resettlement generally (though not always) accounts for a small proportion of total costs. This is illustrated in table 5.5, which shows the sensitivity of rates of return in dam projects to increased spending on resettlement. In a small number of projects where resettlement is large and project returns

are not much greater than the opportunity cost of capital, the viability of the project may be threatened if full provisioning is made for resettlement. In such cases, major rethinking of the project clearly is required. For most cases, however, the evidence suggests that it is *poor resettlement* planning and management rather than providing adequate financing for resettlement that reduces project returns.

It has been argued that if all resettlement costs were assessed, some projects would be discarded on economic grounds. This argument assumes that resettlement and environmental costs are much higher than currently estimated at project appraisal. However, while several evaluations of several closed projects in the Bank's portfolio confirm that cost overruns have reduced projects' economic benefits, overruns were rarely large enough to jeopardize the project's economic benefits by themselves. Instead, a *combination* of overall cost increases (including resettlement costs) and reduced earnings are usually identified as the sources of project failures (examples include Zaire-Rwanda-Burundi: Ruzizi II; Guatemala: Chixoy).

### **Common Factors in Preparation and Appraisal Difficulties**

This chapter has documented recent progress in project preparation and appraisal, but has focused primarily on areas needing improvement. In reviewing existing weaknesses, a number of common factors emerge:

- *Compensation, not income restoration has been the objective of many resettlement plans prepared by Borrowers.* If straight compensation rather than socioeconomic restitution is the goal, it is not surprising that baseline survey work and development of rehabilitation packages are weak. Only 30 percent of the reviewed resettlement programs defined income restoration as their objective. Technical skills normally used by the Bank and Borrowers for rural and urban projects that intend to develop

Table 5.5: Sensitivity of the internal economic rate of return to resettlement cost overruns in active hydropower projects with resettlement

<i>Region/Country/Project</i>	<i>Project Approved</i>	<i>Estimated Rate of Return (1)</i>	<i>Resettlement as % of total project cost (2)</i>	<i>Necessary % increase in resettlement costs to lower the project's return below 12 percent (3)</i>
<i>Africa</i>				
C.A.R., M'Bali Energy I	1989	14.6	5.3—8.9	337-566
Lesotho, Highlands	1992	12.0	4.8	416
<i>Asia</i>				
China, Yantan Hydro	1986	12	12.9	77
China, Ertan Hydro	1992	15	6.4	375
China, Daguangba Hydro	1992	15	17.3	145
China, Shuikou I and II	1987	14-19	28.2	71-248
India, Upper Indravati Hydro	1983	12	5.2	200
India, Kerala Power	1985	13	3.0	500
India, Nathpa Jhakri Hydro	1989	17	0.04	11,250
Thailand Power System III	1992	16	4.8	625
<i>Europe, Middle East and North America</i>				
Turkey, Berke Hydro	1992	15	1	3,000
<i>Latin America and the Caribbean</i>				
Argentina, Yacyreta I and II	1992	24-28	14	571
Mexico Hydroelectric	1989	13	2.3	652
Average for 13 projects where estimated resettlement costs in SARs were 4 percent or more of total costs				259
Average for 6 projects where estimated resettlement costs in SARs were 10 percent or more of total costs				158

(1) Estimated internal economic rate of return (IERR) at appraisal.

(2) Figures are taken from Anderson and Gutman, 1994 with all the restrictions mentioned therein.

(3) This measures the percentage increase in resettlement costs that would reduce the IERR below the opportunity cost of capital (assumed to be 12 percent conservatively).

productivity are rarely used in resettlement operations.

- **Failure to consult with affected people, other government agencies, and NGOs produces poor quality plans.** Plans that are negotiated with affected people and establish grievance procedures are more realistic and likely to work. Top-down plans are often technically inappropriate and not accepted by the people and agencies expected to implement them.
- **The financial provisioning and adequacy of resource flows for resettlement has fallen short of what is needed.** Resettlement costs are often measured against outdated and inadequate compensation records rather than the real costs of income restoration that the resettlers must bear. Constrained budgets and rigid procedures within project agencies further limit their ability to make investments needed for income restoration.
- **Preparation and appraisal resources have often been earmarked for other project components and are not available for developing resettlement programs.** Because it is complex, resettlement is a staff-intensive activity, yet few projects allocate adequate, incremental resources for preparing and appraising resettlement and available Bank resources (PPF) are rarely used by Borrowers for resettlement planning.
- **Internal review procedures within the Bank have not adequately captured projects with resettlement at a sufficiently early stage.** Until 1990, there was no systematic flagging of resettlement at an IEPS stage and no mechanism to check the quality of project preparation. Resettlement planning often began late in project development, without adequate technical design or adequate understanding or agreement by Borrowers. Many of the plans are prepared to meet a formal processing requirement,

rather than the result of careful preparation by the Borrower that has been reviewed by the Bank. Attempts have been made to correct this through the revised EA procedures and greater use of FEPS and Regional Loan Committee meetings.

- **Processing has continued despite incomplete planning.** An appraised resettlement plan has been a Bank processing requirement since 1980. Nevertheless, although project appraisal may determine that plans are inadequate, project processing often continued through to negotiations, Board presentation, or project implementation rather than requiring an acceptable plan before any further processing took place, as is standard practice with other components.

Each of these problems can be remedied. Government planning capabilities are being strengthened and new approaches introduced to sectoral agencies. Processing resettlement components that meet the spirit as well as the letter of Bank resettlement policy must be internalized within individual country departments, and resettlement needs to become an integral part of project designs. Country department directors, project advisers, and regional managers need to be kept fully aware of the status of resettlement operations, and must enhance their efforts to ensure that the final design for each project involving resettlement fully reflects Bank policy. Actions underway to address shortcomings in preparation and appraisal are discussed in Chapter 8.

### Notes:

- <sup>1</sup> In the Narmada Sardar Sarovar project, the Borrower initially did not include many of the tribal cultivators lacking formal land titles. Borrower policies were adjusted to include all people affected by the project, as agreed with the Bank and required by the government's original Narmada Water Dispute Tribunal Award. When surveys were updated and adjusted to reflect expanded entitlements, the total resettler population rose from 67,000 people in 1985 to approximately 127,000 in 1992.

- <sup>2</sup> These were: Brazil: Paolo Afonso IV (involuntary), Agricultural Development and environmental Protection, Mato Grosso Rural Development (voluntary); Indonesia: 13th Power (involuntary), Transmigration II, III, IV (voluntary); India: Gujarat Irrigation (involuntary), Rajasthan Canal Command Area Development (voluntary); China: Shuikou Hydroelectric (involuntary), Red Soils Area Development (voluntary); Ghana: Kpong Hydroelectric (involuntary), Volta Region Agricultural Development (voluntary).
- <sup>3</sup> J. Eriksen, *A Comparison of Voluntary and Involuntary Resettlement in World Bank-Assisted Projects*, paper prepared for the Bankwide Resettlement Review, 1993.
- <sup>4</sup> Important exceptions include two very large projects: India, Upper Krishna Irrigation II, and the China, Xiaolangdi project.
- <sup>5</sup> Of the remaining 16 projects, one was a sector loan, while another involved only 17 families and did not require a formal plan. Fourteen projects involving a total of 500,000 resettlers did not conform to this basic Bank requirement of preparing a resettlement plan by the time of appraisal.
- <sup>6</sup> *Legal Aspects of Involuntary Resettlement*, draft report prepared by the Legal Department for the Bankwide Resettlement Review, February, 1994.
- <sup>7</sup> See David Pearce, *The Economics of Involuntary Resettlement: A Report to the World Bank*, for a more detailed treatment of the financial calculation of resettlement costs in Bank projects.
- <sup>8</sup> *China: Involuntary Resettlement*, Report No. 11641-CHA, June 8, 1993.
- <sup>9</sup> Sumit Bose, *India: Land Acquisition and Resettlement: Processes and Procedures*, March, 1991.
- <sup>10</sup> See Dennis Anderson and Pablo Gutman, *Involuntary Resettlement in Hydro Projects*, paper prepared by IENED for the Bankwide Resettlement Review, 1993.
- <sup>11</sup> Certain caveats are relevant. First, per capita GNP figures are at best a rough indicator: regional and local variation can render them irrelevant. Comparing investment budgets with current income would have been preferable, but there were so few cases where baseline surveys recorded current income that this was not possible. Second, project budgets often aggregate resettlement budgets with compensation for civil works; in this case plans were reviewed to remove them. All figures are adjusted to 1991 levels.



## 6. Project Supervision and Implementation Performance

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Implementation of resettlement components is the responsibility of the Borrower, but the Bank also has a responsibility to ensure that implementation is consistent with project documents and Bank policies. The Bank has several tools to assess project implementation, of which project supervision is the most important.<sup>1</sup> Supervision missions

- Monitor Borrower compliance with development objectives and project plans.
- Provide technical assistance.
- Suggest mid-course corrections.
- Inform Bank management on implementation status and request intervention if required.

Resettlement supervision is in principle no different from the supervision of any other project component, although the time, resources, and skills required for effective supervision of resettlement may differ. Effective supervision depends on Country Departments' ability to allocate resources commensurate with the complexity and specific needs of individual projects, and their willingness to act promptly on the findings. Project performance, on the other hand, depends largely on Borrowers' commitment to project objectives or "ownership", and their institutional and other capacities to execute the project.

### Main Findings

The frequency, quality, and effectiveness of resettlement supervision have improved

substantially in the past two years. Nevertheless, problems remain that require significant changes in how country departments approach resettlement supervision.

- *Frequency.* The proportion of supervision missions reporting on resettlement was constant or increased slightly between FY86-FY92, with a major improvement taking place during the FY93 review period. Resettlement components in virtually all large irrigation and hydroelectric projects now receive regular supervision, many by resettlement specialists. Nevertheless, only 56 percent of all FY86-93 missions to projects with resettlement actually reported on resettlement progress, and less than 25 percent used resettlement specialists.
- *Quality.* The quality of Bank supervision is variable. Neither the Bank as a whole nor most country departments have had sufficient specialist resources to provide adequate supervision. Technical departments, which are expected to provide specialist assistance, have tended to concentrate their scarce resources primarily on project design and appraisal. Recent initiatives to strengthen supervision capabilities by developing Bank regional offices or resident missions and Borrowers' own monitoring abilities have led to significant improvements.
- *Availability of information.* Lack of resettlement plans and inadequate reporting formats have made it difficult for Bank supervision missions to obtain necessary

information in a consistent manner. The quality of Bank back-to-office reports has been mixed, reflecting a limited ability of supervision missions to make field visits.

- **Effectiveness.** Supervision has not been used as effectively as it could have been. Resettlement supervision is most effective as a form of technical assistance to help Borrowers refine and improve resettlement plans already agreed with the Bank. It is least effective as a substitute for adequate planning. Supervision also helps to assure that policy objectives will be achieved when advance planning is not possible, such as for program lending or projects where detailed designs are finalized only during implementation. Such projects typically receive the least supervision.

### ***Borrower implementation performance***

Supervision missions have identified five factors that account for uneven project implementation. These are: (i) inadequate government commitment and non-compliance with project agreements; (ii) failure to allocate resources; (iii) institutional weaknesses; (iv) lack of people's participation in project design and execution; and (v) poor technical designs in resettlement plans.

### **Supervision in Practice**

Supervision of active projects reflects the overall progress on resettlement made by the Bank between 1986 and 1993.<sup>2</sup> The number of projects where resettlement was supervised increased immediately after the 1986 review but declined somewhat until the beginning of the current review. The extra attention and resources recently assigned to resettlement produced a dramatic increase in resettlement supervision in the FY93-FY94 review period (*figure 6.1*). Resettlement components in all large irrigation and hydroelectric projects now receive regular supervision. Projects involving large-scale displacement increasingly use such

additional instruments as mid-term reviews and sometimes independent technical review panels appointed by the Borrowers to assess project implementation.

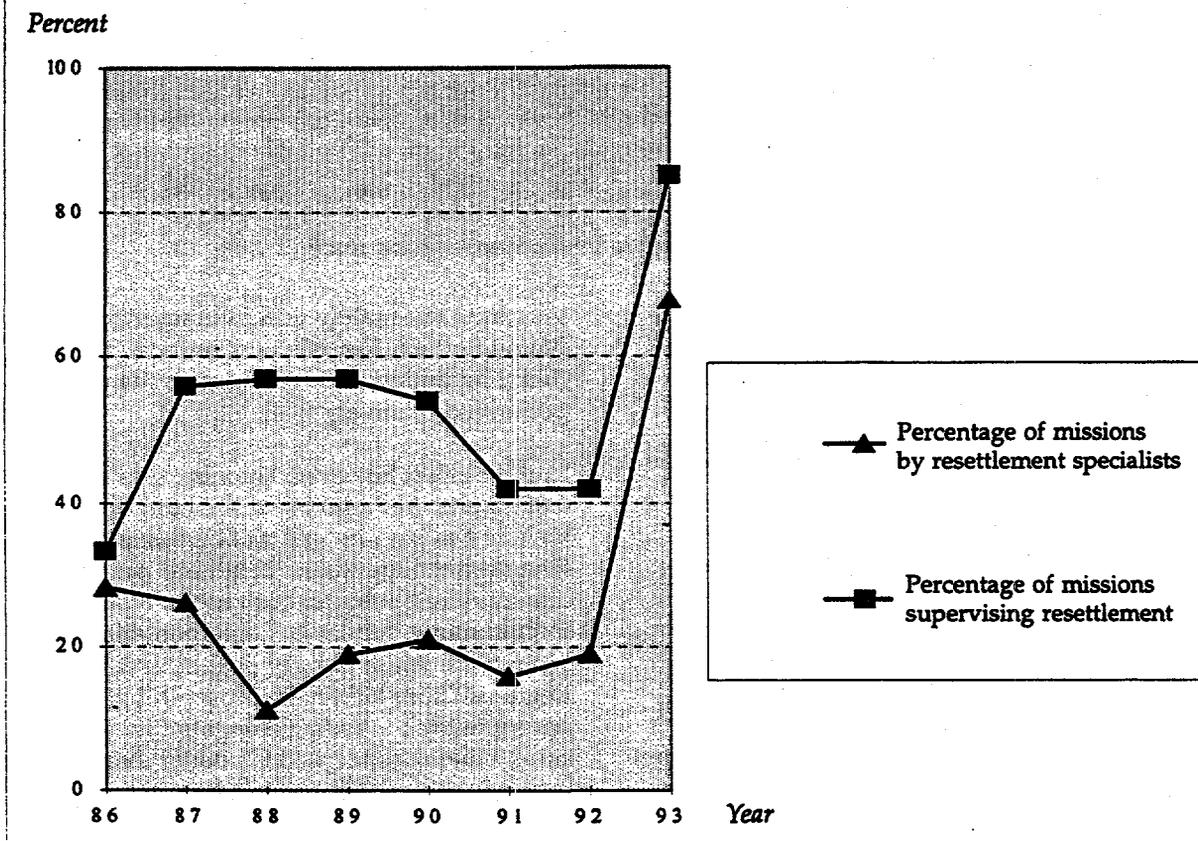
This improvement is in contrast with earlier years. The review of 80 active projects involving resettlement reveals great variability in the intensity of supervision between FY86-FY93. The review of supervision files found that, prior to FY93, 130 missions which supervised 15 projects resettling 105,000 people, made no reference to resettlement. At least annual supervision of resettlement occurred in only 55 percent of the sample, and only 30 percent of the projects in the sample were visited regularly by Bank resettlement specialists. Resettlement specialists were involved in 24 percent of the 696 missions supervising projects with resettlement. However, until the review began, approximately 40 percent of all specialist missions had concentrated on just nine projects with the largest resettlement operations and with the most complex implementation problems.

Significant regional differences exist in the extent to which resettlement is supervised. LAC scores particularly well: task managers supervise resettlement on a regular basis, and this region takes greatest advantage of specialist expertise (*table 6.1*). South Asia's supervision capacity has been strengthened significantly since the formation of the resettlement unit in the New Delhi office. In contrast, resettlement in projects in Africa was supervised only intermittently either by specialists or by task managers until the review began.

There are also significant variations in sectoral approaches to resettlement. Resettlement was supervised at least annually in nearly all agriculture and energy projects, but 45 percent of the 49 transportation, water supply, and urban (TWU) projects with resettlement in the sample did not refer to progress in resettlement in any mission reports. Specialist supervision shows a similar distribution (*table 6.2*).

Figure 6.1

## RESETTLEMENT SUPERVISION



**Use of specialists.** All of the regional reports prepared for the review indicate that social specialists contribute a distinct "value added" to implementation quality and performance in resettlement. The Africa regional report states this point well:

"The links between project performance and participation of a resettlement specialist are increasingly clear. Continuous involvement of a specialist helps produce good project designs and resolve implementation problems as they come up. Of course, it cannot overcome the obstacles presented by lack of political will on the part of government, and can only partly

compensate for lack of capacity on the part of the implementing agency. But the general conclusion from these specialist visits is that *much more could be done to enhance the development impact of projects by attending more closely to the problems of displaced people, even when resettlement is being executed in a satisfactory way.* Resettlement specialists have been able to assist governments in dealing with unanticipated problems and to bring other actors (NGOs, donors) into the picture. Such assistance has generally been welcomed by the implementing Governments, and their supervision recommendations have been followed up on the ground."<sup>3</sup>

Table 6.1. Resettlement supervision by region 1986 - 1993

REGION	AFR	EAP	ECA	LAC	MNA	SAS	TOTAL
Number of projects with resettlement	19	26	4	6	3	22	80*
% with resettlement supervised at least once per year	47	42	50	100	33	68	55
% with specialist supervision at least once per year	11	27	25	100	33	32	30

\* This number refers to the sample for the in-depth supervision study.

Actual use of resettlement expertise on projects has been uneven. Only 18 percent of TWU projects were supervised annually by specialists, despite the fact that TWU accounts for 51 percent of all projects involving resettlement. Participation of resettlement specialists is thus not routine. Specialists tend to be used when resettlement is identified as an issue during project design and appraisal or when resettlement has become a major problem, either because it delays implementation or triggers public criticism.

*Does it matter?* Lack of resettlement supervision does not necessarily mean that projects are not performing well. Several Chinese projects supervised during the Bankwide Review, for example, were implementing resettlement

programs adequately without requiring special Bank attention. Resettlement in India's Nathpa Jhakri hydropower project also appears to have performed relatively well.

In most cases, however, ignoring resettlement until it becomes a problem is counter-productive for the Bank as well as Borrowers (*box 6.1*). Resettlement operations in several previously unsupervised projects, such as the Douala Infrastructure project in Cameroon, the Nigeria Multi-State Water Supply project, and the Regional Cities Urban Transport in Indonesia have already become problematic. In such cases, belated supervision is better than no supervision, but it is unrealistic to expect much to be accomplished so late into project implementation.

Table 6.2. Resettlement supervision by sectors, 1986 — 1993

	Sectors		
	AGR	IEN	TWU
Number of Projects*	10	24	44
Resettlement supervised at least once per year (percent)	80	75	39
Specialists used at least once per year (percent)	50	42	18
Total Supervision Missions	147	216	316
Missions reporting on resettlement (percent)	67	64	46
Missions using specialists (percent)	40	27	15

\* The sample of 80 projects included 1 ENV and 1 PHR project. They are not included in this table.

### Box 6.1. Does resettlement supervision matter?

The Kedung Ombo Multipurpose project in Indonesia was appraised in 1984 and became effective in 1985. A total of 5,268 families from 20 villages were required to relocate because of the project. Planning began early, and a detailed plan was appraised by the Bank. The plan assumed that 75 percent of the displaced population would join Indonesia's overall transmigration program. Government reports to the Bank indicated a regular process of relocation through transmigration along with the project's civil works. By 1987 the government assured the Bank that only 80 families remained in the area. Project supervision occasionally commented on resettlement, but primarily in terms of project delays caused by slow land acquisition.

Three years into implementation, letters to the Bank from Indonesian NGOs giving different information prompted a specialist supervision mission to assess the contradictory reports on resettlement. The mission found that a majority of the affected people had refused to join the transmigration program and were still in the part of the reservoir scheduled to be flooded. Compensation offered to these 3,800 families was substantially less than the cost of replacing their lost assets, and most refused to accept it. The Government failed to take the recommended actions, and in 1989 the authorities made the dam operational in spite of assurances to the Bank that it would not do so until the people had moved out of the reservoir.

After a Bank specialist mission was refused access to the flooded area, strategic higher level discussions reached agreement on a new resettlement plan. Follow-up Bank specialist missions worked with the government and local NGOs to prepare corrective action for the remaining resettlers. Implementation of this plan has produced a significantly better outcome, but the cost of not supervising resettlement in the early years was high for all involved parties.

*The debate over "incrementalism".* For some years there has been an active debate in the Bank over the suitability of "incremental" approaches to resettlement. "Incrementalism" means that supervision is used to obtain successive, small improvements to achieve overall project resettlement objectives when preparation has not been adequate and the Bank and Borrower have not agreed on resettlement objectives and means. Much of the debate over the Bank's strategy in the Narmada Sardar Sarovar project, for example, was about the adequacy and effectiveness of incrementalism.

The debate, however, is more semantic than substantial. All development is in some sense incremental: no amount of advance planning can avoid the need for adjustments, improvements, and close attention to field realities. Yet to the extent that "incrementalism" is used as a substitute for the resettlement planning defined by Bank policy, the field record of its failure as an operational strategy is clear. Even in the Narmada case, where the Bank put unprec-

edented resource levels into the incremental approach, the Bank found that while there were many improvements, "much of this progress was needed simply to overcome original shortfalls and back-sliding".<sup>4</sup> Furthermore, incrementalism was increasingly resented by the Borrower, which saw not incrementalism, but moving goal posts. In contrast, preparation of the Upper Krishna Irrigation II project reached agreement on resettlement's objectives and the resettlement plan (box 6.2). Supervision thus focused on the adequacy of plan implementation.

### Accounting for Variability in Supervising Resettlement

Focus groups and interviews with task managers and division chiefs reveal a number of common causes for the variability in supervision intensity in the period up to 1992 (box 6.3).

*Absence of perceived need.* Because resettlement has often been scheduled to occur in the

**Box 6.2. Effective portfolio management — resettlement in the Upper Krishna II project**

The Almatti and Narayanpur dams being built in the Indian state of Karnataka will displace over 220,000 people.

The project appraisal report and legal documents provide thorough descriptions of the resettlement activities to be financed under the project and carried out by the Government of Karnataka. A resettlement action plan was prepared with the assistance of a large non-governmental organization (MYRADA) as part of project preparation and appraisal, and a pilot program tested the feasibility of the project's resettlement proposals.

During the first years of the project, 1989 and 1990, Karnataka's performance was not satisfactory. Following a mid-term review and follow-up supervision, the Bank suspended disbursements. Reinstatement of project disbursement was to follow a two-step procedure: (a) disbursements for the resettlement and canal components could begin once an initial set of benchmarks was met, expanding entitlements and linking resettlement with civil works timetables; and (b) disbursements for the project as a whole could resume once a second set of benchmarks was met, including purchase of replacement agricultural land and starting income generating programs. In all, the Bank set ten monitorable benchmarks that had to be met before the full suspension would be lifted.

The Government responded to the suspension by appointing a high-level committee to ensure that the benchmarks would be met. Resettlers were informed of their rights, the project's resettlement wing became operational, and money was allocated to the resettlement works. Despite these improvements, the Bank maintained the suspension until the full set of benchmarks were met. Over the next year, close supervision and sustained discussions with the government helped the Borrower meet all ten benchmarks, and the suspension was lifted in March 1994.

Several important lessons were learned about managing problematic resettlement components. Prompt action by Bank management sent the borrower a clear signal that resettlement performance counted as much as performance on other project components. Decisive action by the Bank and transparent benchmarks actually improved dialogue with the government. In addition, the creative use of legal remedies — the partial suspension — allowed the borrower to make up for time lost on resettlement, so that when disbursements resumed, the resettlement and engineering timetables were again synchronized. Finally, insisting on full compliance with the Bank's benchmarks, rather than hoping for incremental improvements, led to major improvements in the Borrower's approach to the entire resettlement program.

latter phases of a project, task managers have often not perceived a need to supervise resettlement in the project's early years. In reality, the early years are vital for relocation preparation.

**Absence of resources for supervision.** Task managers have sometimes assumed that supervising resettlement requires sacrificing supervision of other project components. Unless there is an explicit demand to supervise resettlement, it has been less likely to happen during general project supervision because of time constraints and demands on mission time for reviewing civil works, financial, and

procurement components. In large operations, resettlement sites can be at substantial distances from the main project works. The number of available mission days is often insufficient to visit resettlement operations and make site assessments of performance. Meetings with resettlers, local government officials, and local organizations require additional time unlikely to be available for teams whose main concerns and professional expertise are elsewhere.

**Absence of performance indicators.** To a large extent, the problem of absent performance

### Box 6.3. Contrasting examples of Bank supervision and follow-up

Pakistan's Left Bank Outfall project did not include resettlement plans appraised by the Bank. Bank supervision missions found that the scale of resettlement was much larger than initially anticipated and that compensation procedures would not restore displaced people to their pre-project living standards. Even though bids for contracts had already been let, action by the Bank included a specialist review mission and reformulation of the project to develop appropriate resettlement programs. Close collaboration between the Bank and Borrower have led to redesigns that lower resettlement needs and provide adequate measures to resettle the remainder.

Indonesia's Jabotabek Urban Development project displaced nearly 30,000 and adversely affected in various ways twice as many people, yet no special measures were taken to address land acquisition and resettlement. Both concerns were flagged early, and the Bank and the Borrower agreed to study the resettlement situation and develop appropriate action plans. No sound resettlement options were developed, and no measures were taken to address cash compensation problems. Shortly before the loan became effective, a Bank specialist reviewed the project and urged close supervision and follow-up, but no follow up action was taken. Two missions briefly noted land acquisition problems, but no agreements on how to proceed were reached with project authorities. This project has now reached the point where major corrective actions are needed.

indicators flows from the lack of adequate plans against which progress can be assessed, and lack of reliable project-generated information. Task managers and specialists alike have difficulty interpreting the findings of brief field visits unless there is a consolidated initial plan and timetable for what is supposed to happen, against which progress on the variables critical for resettlement success can be measured.

*Absence of appropriate skill mixes.* Task managers have sometimes felt ill-equipped to assess whether resettlement operations are being successfully implemented. In hydro-power projects, for instance, rural resettlement involves a high degree of agricultural development planning and urban resettlement caused by transport or water projects essentially involves housing and urban development: both sets of skills are very different from those of the power or highway engineer. Not including technical specialists is only part of a broader problem. The most successful operations include *mixes of skills*, such as agricultural economists, soil specialists, architects, or urban planners as they are needed, in addition to overall specialists in resettlement operations as such. These technical skills normally exist in

the neighboring sectoral divisions within the same Country Departments.

### Recent Improvements

The quality and intensity of resettlement supervision improved dramatically over the course of the Bankwide review. The 12 month period provided time for two rounds of supervision, particularly of projects with large resettlement components. The first round identified issues and reached agreements with Borrowers on specific remedies; the subsequent round evaluated and reported on the improvements actually implemented (table 6.3). In total, 93 projects were reviewed in the field, including almost all projects with resettlement affecting over 1000 people, through a total of 158 missions.

Sending out such a large number of missions in 1993 was a substantial effort; a limited segment of the portfolio, consisting of projects with less immediate supervision needs, could not be covered. The capacities of all Technical Departments (TDs), relevant Country Departments, and many staff were stretched to meet the review's supervision schedule, as well as to

Table 6.3. Resettlement supervision, 1993

Region	Projects with Resettlement	First Supervision January — June		Second Supervision July — December		Total January — December	
		Projects Visited	Specialist Assistance	Projects Visited	Specialist Assistance	Projects Visited	Specialist Assistance
AFR	26	22	16	22	15	26	23
SAS	32	13	12	14	12	19	16
EAP	55	25	13	9	2	30	15
ECA	5	4	4	4	4	5	5
MNA	8	5	2	5	2	6	3
LAC	8	7	7	7	3	7	7
TOTAL	134*	76	54	61	38	93	69

\* In some active projects, resettlement has been completed and did not require resettlement supervision. The table does not include projects identified in the latter part of the Review.

continue to prepare FY94-FY95 projects with resettlement. The field program would not have been feasible without the \$500,000 mid-year supplementary budget allocated by management for this exercise. It was used primarily for additional consultants to join supervision missions.

The review's field missions were carried out under "Generic Terms of Reference" for the review/supervision missions, developed by ENV's Task Force and approved by the Steering Committee. The terms of reference required the missions to go beyond short-term aspects and explore basic *goals* and *technical* issues in resettlement components: restoration of pre-displacement income levels; land availability and valuation; cash compensation patterns; consultation with affected people; and the Borrower's organizational capacity for resettlement (see *Annex*, Generic TOR).

The skill mix used for supervising and guiding projects was changed to increase specialist use. Bank Task Managers perceived this as welcome support. In the Africa region, for example, projects with resettlement rarely had the benefit of specialist supervision. With the

exception of the Cote d'Ivoire Forestry, the Lesotho Highland Water project, the Central African Republic M'wali Energy project, and the Kenya Third Nairobi Water project, none of the active projects with resettlement in the region had been supervised by a resettlement specialist. During this review, the Africa region sent resettlement specialists to analyze project situations and propose remedial actions not only where Task Managers had identified a crisis, but also to many projects where regular project supervision had reported no problems.<sup>5</sup> By the completion of the review, more than two-thirds of active projects in the portfolio (with the exception of recently identified projects) were visited at least once, and in some cases twice, by a resettlement specialist. Resettlement specialists, staff or consultants, were on 71 percent of supervision missions in the first round and 58 percent in the second round. The same is true for the Middle East/European and Latin America Caribbean departments.

Much of the specialist expertise used on resettlement came from the country. Experience in the review thus demonstrated that significant human resources exist to help solve resettlement difficulties that can be used more

extensively by the Bank in future work that would not involve the high costs and complicated arrangements of international recruitment. Involving specialists from area institutions on Bank supervision missions also helps the Bank and Borrower agencies develop national capacity.

Regional managers note that it is unlikely that supervision levels achieved during the review can be sustained afterwards unless in-house specialist staff are available. The MNA/ECA regional report points out that even if Task Managers obtain short-term consultant expertise "they do not have the capacity to follow up recommendations of consultants. Without in-house staff expertise available to them, Task Managers will continue to have difficulty with compliance; without regional oversight, this lack of compliance will go unnoticed."<sup>6</sup>

### Supervision Findings

Supervision missions tend to report a relatively small number of recurrent implementation problems in resettlement operations.

### *Lack of government commitment to resettlement*

The resettlement portfolio reflects in microcosm problems reported by the portfolio management Task Force concerning Borrowers' lack of overall compliance with legal covenants and project agreements (box 6.4). In the Chandrapur Thermal Power project, for example, supervision found cash compensation being paid to resettlers despite an explicit agreement to resettle people on land as specified in the Maharashtra Displaced Persons Act. The PCR for the Madhya Pradesh Medium project found that:

... by far the most unsatisfactory aspect of project implementation was R&R of dam oustees. This may be considered to be due to...the inability to proceed according to the MP Resettlement Act 1985 as rules to apply the Act had never been promulgated. The last point is of particular importance as GOMP had assured the Bank at Credit negotiations that the Act was being introduced and would be the vehicle for R&R activities under the project. In the event, it was never applied. (PCR Cr. 1108-IN)

#### Box 6.4. The price of ignorance

The experience of the Guavio Hydroelectric project in Colombia highlights the people's "need to know" about their resettlement rights. Although rumors about the project abounded in the remote valley of the Colombian Andes, little concrete information about the project was made available to the poor, rural, and largely illiterate people who would be affected by it. The ominous chalk marks across the hillside to mark the limits of the future reservoir were the only indication of what was to come.

It did not take long for local entrepreneurs to realize that money was to be made. They provided people with false information that was not countered by the construction company. Uneasy farmers were told that bulldozers would raze their houses, that government tax men would take away their compensation, that promised checks would take years to be paid. In exchange for small cash payments, the frightened people were persuaded to relinquish land rights against promises of future compensation. The entrepreneurs soon cashed in their new land titles for the government's cash.

Soon after the government reported to the Bank that all the land needed for the project had been acquired, government surveyors came to take over the land they had bought from the entrepreneurs. They found it occupied by people who had received, at best, a pittance for their titles, but who had neither deeds to their land nor the money to move. Unable to take possession of the farms and unable to verify who had legitimate claims, project authorities in Guavio began a costly, difficult and protracted program to investigate the programmatic land fraud.

### ***Failure to provide counterpart resources***

Timely availability of adequate funds is a severe constraint in a large number of projects; it may be the single most powerful explanatory operational variable behind the failure to implement resettlement operations well. In addition, costs often rise because of faulty preparation that underestimates the numbers of people affected and the costs of compensating them. Because Bank participation in financing resettlement programs is very small or non-existent in most projects, the entire burden of resettlement financing falls on Borrowers. These funds frequently do not materialize. Supervision for the January-June 1993 period of the Bankwide review found that a major issue in approximately half of the projects was inadequate resource levels available for resettlement activities. Thus, the South Asia resettlement report concluded that timely disbursements of agreed-upon resources to resettlement organizations, and from the resettlement organizations to the resettlers, has generally been the exception rather than the rule. In projects such as Cameroon Second Urban and Indonesia Regional Cities Urban Transport, failure to release compensation funds has led to costly implementation delays.

### ***Inability to meet institutional commitments***

Major problems with resettlement institutions are very frequent: for example, two-thirds of the projects supervised in the second half of FY93 reported major institutional difficulties due mainly to lack of institutional coordination and Borrowers' failure to allocate adequate qualified staff. Although local governments must often bear many of the medium and long term costs of resettlement, few projects include measures that enhance their capacity for responding to additional needs. Resettlement in large projects, such as the Narmada Sardar Sarovar, Daguangba Multipurpose, Hyderabad Water Supply, Rio Flood Reconstruction and Prevention, Upper Indravati Hydroelectric, and the Yacyreta II Hydroelectric projects, is ad-

versely affected by failures to assign key staff; in all of these projects, at one point or another supervision found Borrowers' staffing to be half or less than agreed levels.

### ***Lack of participation***

Lack of participation of affected communities and host populations in resettlement design and management is a major cause of implementation problems, especially when the institutions charged with executing resettlement programs are themselves weak. Involving local people reduces the burden on institutions and gives a monitoring role to people with the greatest interest in good performance. In China's Daguangba Multipurpose project, for example, failure to involve local people in selecting designs led to a near-universal rejection of the contractor-built houses. Not providing adequate information to affected people leads to entitlement abuse (box 6.4) and hostility to project authorities. Inadequate participation also cuts off project access to an important source of necessary information. In the Mexico Hydroelectric project, for example, relocation sites selected by project authorities lacked sufficient water. Significantly, when the project adopted a more participatory approach, later sites selected by the resettlers have proven to be satisfactory. Projects with greater local contact and involvement, such as the Khao Laem Hydroelectric project, the Third Urban Development project in Jordan, or the Kenya Third Nairobi Water Supply project, have also experienced fewer conflicts and delays because of more participatory approaches to resettlement.

### ***Technical problems***

There are several recent examples of technically faulty planning. Resettlement planning for the 42,000 people affected by the Hyderabad Water Supply project, for example, depended on providing irrigation facilities in the 140 resettlement villages: recent feasibility studies found that groundwater supplies are not adequate for irrigation. The resettlement plan for the Water Quality and Pollution Control project in Brazil

### Box 6.5. Project supervision cannot substitute for country strategies

The India resettlement portfolio includes resettlement projects that range from some poorly prepared to some relatively well prepared. The key problems, however, are more or less identical in all projects. The vast amount of work invested in resettlement portfolio management focused on individual projects and their immediate problems. This meant addressing problems only as they surfaced. Similar problems in several different projects under the same state government institutions were addressed, often independently of one another, over and over again (e.g., Madhya Pradesh Major (FY82) and Medium (FY81), and MP's portion of Sardar Sarovar (FY85); Gujarat Medium (FY84), Sardar Sarovar in Gujarat (FY85); Karnataka Power (FY87), and Upper Krishna Irrigation (FY89) in Karnataka). In each case, policies, institutional arrangements, and compensation packages had to be negotiated and agreed upon separately. In the absence of institutions well equipped to plan and carry out resettlement, supervision missions gave very detailed recommendations, for which compliance could be monitored without addressing the basic flaws of the system. The India Department ranked highest in supervision among all Bank departments, both in the aggregate and on a per-project average basis. However, supervision energy was spent mostly on piecemeal, project-by-project problem resolutions, and maintaining pressure on the project executive and the government. Resettlement occurs in projects in several sectors: agriculture, thermal, urban, hydropower, and water supply. Despite the intensive effort of the past seven years, project supervision could not substitute for the absence of broad country strategies, and resettlement in Indian projects has remained problematic. Over the past year, the Country Department has prepared a report on resettlement in Bank-assisted projects in India, for discussions with the government.

turned out to be impossible to implement because environmental clearances for the new sites had not been obtained in advance. Supervision of the resettlement site proposed for the Bangladesh Urban project found that it was under several feet of water and no technical analysis of its potential suitability for resettlement had been performed.

### Improving the Effectiveness of Resettlement Supervision

The Bank's legal department found that the main obligations of Borrowers and implementing agencies are covered adequately in the projects' legal documents. Lack of covenants has not been a barrier to effective supervision or action by the Bank: whenever operational staff have sought to exercise remedies for failure to carry out resettlement, they have not been thwarted by legal documentation. Nevertheless, the effectiveness of Bank action varies considerably.

Supervision effectiveness depends primarily on four major factors:

- *Borrower ownership.* Where countries do not agree with Bank policy and have not prepared good resettlement plans by appraisal, supervision will not be able to correct the deeper disagreement, regardless of the number of covenants and conditionalities included in loan documents (box 6.5). Supervision can lead to constructive actions during implementation when it follows upon overall agreement on resettlement objectives and strategy.
- *The technical quality of identification, preparation and appraisal.* In many of the 80 active projects examined in the sample, inadequate attention was paid to resettlement during preparation and appraisal. Notable exceptions are Mexico Hydroelectric, India — Upper Krishna Irrigation II, China — Ertan Hydroelectric, and other more recent projects. Many active projects

lack resettlement plans. Thus, faulty population underestimates, inadequate compensation, and failure to plan rehabilitation options surface during supervision. Resettlement supervision missions spend a great deal of time trying to cope with these inadequacies, rather than assessing implementation of a previously agreed plan.<sup>7</sup>

- **Adequacy of monitoring arrangements.** Many Borrowers have not included systems for monitoring project performance. Even when monitoring and evaluation systems are included, however, they are often not effective. The Africa regional report notes, for example, that "project funds intended for monitoring and evaluation activities were often diverted to other purposes during implementation." The sectoral review for China similarly concluded that while the overall approach to resettlement was satisfactory, an inability to monitor project performance and impacts was a recurrent weakness. Lack of adequate monitoring limits the ability of supervision missions to make informed judgements about progress.
- **Prompt management follow-up.** The Morse Commission noted that much of the necessary field information on which their recommendations were based had already

been reported by the Bank's supervision missions to the Sardar Sarovar project, yet technical assessments had not caused an appropriate response, a finding also repeated in the OED evaluation of resettlement in the Karnataka Irrigation project. The readiness of Country Department management to follow-up on mission findings varied significantly (*boxes 6.3, 6.5, and 6.6*). Not sending a clear signal to a Borrower when resettlement programs are not proceeding according to plan, suggests to Borrowers that resettlement is not a high priority.

Until recently, the overall impact of supervision on resettlement performance has been limited. Achievements, with some notable exceptions, were largely restricted to smaller projects and projects operating under favorable conditions. In spite of significant progress made over the past five years, resettlement supervision became routine only with the extra attention and resources for resettlement that were generated by the review. For supervision to make significant contributions to improving performance, basic changes are being made in the way projects are supervised.

Supervision requirements for monitoring and technical assistance must be rationalized through a careful assessment of the specific

**Box 6.6. Effective resettlement management: an example from Africa**

The resettlement program for the 1,000 people who were to be displaced by the Central African Republic Energy Project began with severe difficulties. Although an overall resettlement plan had been prepared, lack of capacity in the implementing agency and lack of political will at higher levels of government had led to serious delays in implementing this good program.

Strong early action by the task manager and the assistance of an international expert produced a step-by-step remedial program with a well-defined timetable monitored by the Bank. The Bank generated the necessary political will by giving formal notice of impending suspension of disbursements, while supporting improved capacity in the implementing agency. As a result, resettlement was completed on time, no delays in the main project were experienced, and follow-up reviews confirmed that people's living conditions had improved.

*Source: Africa Technical Department: Regional Report for the Bankwide Resettlement Review*

inputs needed to improve resettlement performance. The supervision strategy should form an integral part of the project implementation plan, and progress should be reflected in the Annual Review of Project Performance (ARPP). Where resettlement is large or particularly complex, projects should include additional forms of assistance such as mid-term reviews and technical review panels that include resettlement specialists (box 6.7).

Until recently, the quality and frequency of supervision was not commensurate with the complexity of resettlement or its importance to the Bank. However, greater frequency of supervision alone will not be sufficient: fundamental enhancement of supervision *strategies* is required.

- **Collaborative effort.** The focus of this work is to build up the institutional capacities of project implementing agencies and create a framework for agreeing on overall objectives and procedures. The Bank needs to work with Borrowers to encourage greater use of national social science and

local technical knowledge in resettlement project design and execution. There is considerable local talent and competence regarding resettlement that can be used by the Bank for monitoring and technical assistance work, and by Borrowers, for better implementation work.

- **Project-specific performance indicators.** The Bank and Borrowers should agree in advance on a relatively small number of objective, project-specific indicators and actions to be carried out at specified stages in the project cycle. At a minimum, progress on key indicators, measured against a resettlement timetable, should include project staffing, compensation payments, allocation of productive resources, and the status of resettlement financial accounts. Assessing progress on these actions should be the focus of supervision.
- **Strengthen non-formal supervision mechanisms.** *The most effective control over resettlement performance is by the people affected.* The

#### Box 6.7. Monitoring panels and mid-term reviews

Many of the more recent projects involving resettlement complement regular Bank supervision with other mechanisms to improve resettlement implementation.

Projects such as the Lesotho Highlands Water Supply Project, the China Ertan Hydroelectric Project, and the Argentina-Paraguay Yacyreta II Hydroelectric Project include internationally known resettlement specialists in their Environmental Review panels. These are appointed by the Borrower as an additional support to the executing agency, and they submit their reports to both the Borrower and the Bank. The panels visit the project at least once each year.

The China Shuikou Hydroelectric Project and the Kenya Third Nairobi Water Supply Project have planned mid-term resettlement performance reviews by the Bank and Borrower to assess performance and agree on necessary mid-course corrections. Such reviews are carried out at a higher level and in more detail than normal project supervision.

The Mexico Hydroelectric Development Project and the Pakistan Sindh Special Development Project Fund employ independent monitors and advisers to provide close monitoring and regular reporting of plan implementation. In the case of the Mexico project, monitors include an internationally known Mexican social scientist who reports to the company's top management, as well as a government social development agency to do field monitoring.

Bank can facilitate and promote greater control of resettlement by helping Borrowers: (i) promote effective communication between project authorities and representative bodies of affected people; (ii) provide more access to information related to the project and resettlement; and (iii) ensure that projects include effective, neutral mechanisms for resolving disputes and monitoring implementation of resettlement plans.

- **Build upon the linkages between the resettlement component and the civil works.** The review showed that over time progress on resettlement often falls behind advances in civil works. Project supervision thus needs to calibrate the resettlement component with overall project progress.
- **Improve the caliber and availability of national resettlement expertise.** Many projects will continue to rely on local consultants for project supervision. Training programs are needed to improve the available expertise needed to assist task managers. Virtually every developing country has skilled professionals, and developing local capacity through training

and involvement in projects is an important opportunity to help both the Bank and Borrowers. EDI is contributing by expanding its "training of trainers" programs in resettlement.

### Notes:

- <sup>1</sup> See OD 13.05, *Project Supervision*, March 1989 (revised January 1993).
- <sup>2</sup> This chapter is based on supervision records for a sample of 80 projects. Coding the adequacy of resettlement supervision presents several methodological difficulties. For the purposes of the review, resettlement was counted as supervised if either the aide-memoire left with the government or the mission back-to-office report explicitly commented on resettlement. Because several additional projects with previously unsuspected resettlement were identified during the course of the review which were rarely supervised for resettlement, sample bias skews supervision frequencies upwards.
- <sup>3</sup> Africa Technical Department, *The Regional Resettlement Report for the Bankwide Review*, November 15, 1993.
- <sup>4</sup> *Bankwide Lessons Learned from the Experience with the India Sardar Sarovar (Narmada) Project*, Secm93-516, May 24, 1993.
- <sup>5</sup> Africa Technical Department, *The Regional Resettlement Report for the Bankwide Review*, November 15, 1993.
- <sup>6</sup> ECA/MNA Technical Department, *The ECA/MNA Regional Resettlement Report*, December 22, 1993.
- <sup>7</sup> This finding supports a major lesson learned from the Narmada experience.

## 7. Recent Improvements in Portfolio Management and Quality

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Important improvements in the management and content of the Bank's resettlement portfolio were accomplished during the 1993 review, consisting of:

- Increased on-the-ground supervision.
- Expanded technical assistance to Borrowers.
- Consistency with policy and basic procedures in all new projects.

As a result, intensive review work and corrective actions have resolved serious problems in some ongoing operations. The *foundations were set for longer term improvements* through additional emphasis on regional portfolio analyses and strategy work.

### *Improvement factors*

These overall improvements are the result of important decisions and measures adopted in 1992, and of a very sustained effort throughout 1993. These are:

- Decisions made by management regarding the Bank's resettlement work, together with the Board's recommendations following the 1992 Morse Independent Review;
- Decisions regarding portfolio management adopted in light of the Wapenhans report;
- The end-1992 Bank reorganization and the creation of the Central Vice-Presidencies (CVPs), one of which was given a special mandate to improve resettlement;
- The institution of the Bankwide resettlement review, conducted by the Environ-

ment Department in cooperation with all regions, and the significant effort deployed by Bank staff engaged in the review.

### *A process across the Bank*

In more than one way, these streams of important organizational decisions and staff efforts converged and reinforced each other: their synergy made the Bankwide review more effective. The review focused on both *processes* and *products*, to help improve in-house and Borrower work processes, provide corrective actions, additional knowledge, and develop a follow-up strategy. *The main product of the review is not simply this report, but the process the review triggered throughout 1993 across the Bank.* Continuing this process after the review's completion will ensure better performance.

The review has pursued the goal re-affirmed by the Bank's President at the beginning of 1993: "The Bank's objective in lending is to reduce poverty. On-the-ground benefits rather than loan approvals should be the measure of our success.... We are changing our processes... to underline that point across the Bank."

Improving portfolio management and finding solutions to identified problems was an exercise involving the Bank and Borrowers' executing agencies. The resources spent directly on improving resettlement supervision roughly tripled during 1993. If the estimated costs of additional analytical and research work are included, expenditures quadrupled.

More supervision missions for resettlement were sent out during these 12 months than in

the three previous years. By design, the 12 months of the review provided time for two rounds of supervision, particularly to projects with large resettlement components. The first round identified problem issues and reached Bank-Borrower agreements on specific remedies; the subsequent round evaluated and reported on the improvements that took place. Resettlement components that had not been supervised for two or three years came under analysis, and more than 40 complex projects were visited twice. When major implementation problems surfaced in the first mission, the follow-up was more substantial and prompt. This considerably increased the substantive technical assistance offered to Borrowers and helped overcome, rather than simply identify, problems.

Plans made by the regions called for covering 59 projects in the first half of January 1993; in fact, 76 projects with resettlement were covered. In the second half, supervision missions to 61 projects went to the field compared to the 70 planned. All regions except EAP spread their supervision efforts more or less evenly over the year, as needed.

Table 7.1 reflects the vast volume of staff and managerial work and time devoted to resettlement portfolio management during 1993. It also shows the intensified analysis and increased technical assistance given to Borrowers. The resettlement project portfolio has never been examined so comprehensively as in 1993, and the scope of work of most missions exceeded regular supervision. Virtually all projects with resettlement affecting over 1000 people were reviewed in the field, through a total of some 160 missions.

Several CDs sent more than two missions to projects with serious, previously unknown, implementation problems. Several complex projects, such as Turkey Izmir Water Supply and Sewerage and the Argentina-Paraguay Yacyreta Dams, had up to five supervision missions in one year, responding to Bank concerns and to explicit Borrower requests that Bank specialists provide increased direct assistance to executing agencies.

An illustration of some of the more intense project efforts, as required by the situation found in the field, is the 1993 review work on

Table 7.1: Review Field Work on Resettlement during 1993

Region	Projects with Resettlement	Projects Visited in the Field					Projects Not Visited*
		Both Rounds	1st Round Only	2nd Round Only	Total		
AFR	26	17	4	5	26	0	
SAS	32	8	5	6	19	13	
EAP	55	4	21	5	30	25	
ECA	5	3	1	1	5	0	
LAC	8	7	0	0	7	1	
MNA	8	4	1	1	6	2**	
TOTAL	134	43	32	18	93	41	

\* In some active projects, resettlement has been completed and did not require resettlement supervision. This table does not include projects identified in the latter part of the Review.

\*\* One project interrupted by war.

the Turkey — Izmir Water Supply and Sewerage project. The first review mission in March 1993 found that the project did not have a plan for resettling the estimated 3,700 people. Moreover, the size and cost of the resettlement component had been grossly underestimated by both the Borrower and the Bank. Together with the Borrower's staff, the mission reassessed the size of the affected population to be up to 13,000 people, and re-estimated the real costs, staffing, and time requirements. The mission worked out a substantially revised resettlement approach with the Borrower, including an implementation plan and timetable. In turn, the government agreed to supplemental financing for resettlement. The real cost of land acquisition, initially assessed at appraisal to be \$30 million, was reassessed by the project task manager and the Borrower at \$125 million, more than a 300 percent increase. The Borrower agreed to shift funds from cancelled components and to allocate additional resources to meet the real land costs. In turn, for certain project expenditures, the Bank agreed to increase from 30 percent to 35 percent the share eligible for disbursement. Four more Bank missions went to this project during the review, in May, June, November, and December 1993, following up with the Borrower on the measures adopted during the March mission. In cooperation with a Turkish NGO and various line agencies, EDI, EMT and ENV organized in October 1993 a five-day resettlement training course in Turkey for Izmir project staff and for officials of other domestic projects involving resettlement. This overall, sustained effort averted a potentially disastrous outcome in a project with more massive displacement than initially assumed.

### **Best practice dissemination**

Field missions have also identified a number of "best practices" that involve resettlers' participation in finding relocation options. As a general pattern, such "best practices" include:

- Direct involvement of resettlement and other technical specialists in preparing alternative production-based options for resettlers;
- Institutional reforms within the implementing agency to strengthen capacity for meeting higher resettlement standards;
- Better Bank-Borrower collaboration in addressing specific resettlement difficulties.

The key explanation for the overall increase in supervision work during the 1993 Bankwide review, and for more prompt Bank follow-up on missions' signals, is the *enhanced importance given by CD and TD managers to improving portfolio management.*

The review's Steering Committee, consisting of representatives of all regions, and the Task Force, have closely monitored the progress of this intensified supervision process and its lessons. Throughout the review, senior Bank and regional operations managers received regular month-by-month Progress Reports from the Task Force.<sup>1</sup> Bank senior management requested regional Vice-Presidents to translate this intensified schedule into direct involvement of Country Departments (CDs) and Task Managers in resettlement as "an integral part of the [Bank's] commitment, and to convey this message to all Borrowers"<sup>2</sup>.

### **Resource constraints**

For the Technical Departments and Country Departments, and for the staff directly involved, sending out such a large number of missions in 1993 was a taxing endeavor; a limited segment of the portfolio, consisting of projects with less immediate supervision needs, could not be covered. The field-work program was made possible through a significant mid-year supplementary budget allocated by management for this exercise, used primarily for hiring temporary consultants.

In part, however, such shortages of resources are also a byproduct of past project packaging

and can be corrected through the decisions made based on this review regarding diversified project vehicles (see Chapter 8, para. 2). In practice, some infrastructure projects with massive resettlement components are intrinsically two complex projects squeezed into one. The standard allocation for supervising such "double-barreled" projects is the same as for projects that do not contain widely divergent activities within a single framework. Real staff costs to the divisions in charge of such projects are much higher, and some aspects of the project, mainly resettlement, have received less attention. In the future, processing large resettlement operations as stand-alone projects, cross-linked to the civil work projects, will go a long way towards eliminating this constraint.

### Technical Assistance for Portfolio Quality

*Improved quality of technical assistance* to Borrowers was achieved in two ways: by designing special Terms of Reference (TOR) for the review's supervision work; and by improving supervision skills through wider use of social specialists capable of providing in-depth guidance to executing agencies.

#### *Basic goals and technical issues*

The review's field missions were carried out under "Generic TORs" developed by the review's Task Force and approved by the Steering Committee. These shifted the emphasis away from strictly short-term physical progress aspects; the field reviews explored performance in terms of basic *policy goals*, socio-economic, and *technical* problems in resettlement operations: restoration of pre-displacement income levels; land availability and valuation; cash compensation patterns; consultation with affected people; and the Borrower's organizational capacity for resettlement (see in Annex: Generic TOR for resettlement supervision).

Priority given to these policy and technical issues has resulted in more effective help to

Borrowers and in the design of corrective actions consistent with policy goals. The quality of many project components was *improved through re-planning, resource concentration, and innovative solutions* to neglected aspects (box 7.1). In many projects the *resettlers themselves* have been brought more directly into the process of finding solutions. The assessment system for monitoring and rating performance in resettlement operations used to concentrate heavily on physical progress in executing relocation; the review brought impoverishment and income restoration issues to the forefront. The attention of Borrowers from project units to responsible Ministries has been redirected to preventing impoverishment and destitution through bad resettlement. Potential problems or failures were addressed in a timelier manner than in previous situations, and indicators to judge performance are being shifted to socio-economic reestablishment, equity, and participation of resettlers in project benefits.

#### *Specialist supervision*

The skill mix used for supervising and guiding projects was changed and Bank Task Managers perceived this as welcome support. In the Africa region, for example, projects with resettlement rarely had the benefit of specialist supervision. With three or four exceptions, projects in Africa had never been supervised by a resettlement specialist<sup>3</sup>. During this review, the Africa region sent resettlement specialists to analyze projects and propose remedial actions not only where Task Managers had identified a crisis, but also to many projects where regular project supervision had reported no problems<sup>4</sup>. By the review's end, more than two-thirds of active projects in the entire Bank resettlement portfolio (with the exception of recently identified projects) were visited at least once, and in some cases twice, by a resettlement specialist. Resettlement specialists, staff or consultants, went on mission to 71 percent of the projects supervised in the first round and to 62 percent in the second round. Supervision by specialist staff or consultants had increased immediately after the 1986 review, but decreased after-

**Box 7.1. Technical resettlement assistance : Brazil**

Designed to address the explosive needs of Brazil's fastest growing city, the Sao Paulo Water Quality and Pollution Control project consists of civil works for flood control, drainage, sewerage, tubed water systems, and the relocation of slum dwellers away from high-risk flood zones and "right of way" areas for the civil works. At appraisal, however, detailed engineering designs were ready for only a small part (20 percent) of the civil works: the remainder had only pre-feasibility studies. For resettlement, there was no feasibility plan ¾ only a brief conceptual outline, approved prematurely as a "plan" by the Bank: this pre-feasibility outline did not schedule any resettlement work.

When the first specialist supervision mission took place in April 1993, it found that engineering plans for new sites were complete in one small area (49 families), less than 2 percent of the total affected population. Social assessments had not been conducted and the numbers of affected people, estimated from secondary data at about 18,500 people (3,700 families), were still unknown. The resettlement sites agreed with the Bank had not been, in fact, approved by local governments. New sites had yet to be identified. No program of popular participation or social communication had been designed. The policy and legal framework agreed with the Bank had not yet been adopted by the municipal governments responsible for implementation, which were completely unstaffed for the task. Unit costs were now estimated to be much higher than anticipated, causing a reconsideration of design and financing arrangements.

The specialist, task manager, and the government's project management team agreed in 1993 on a tight schedule for bringing the project back on track. A policy framework meeting Bank standards was approved by municipal governments in August. A revised implementation plan for the 1993-1997 period and detailed engineering designs for two additional sites were completed by October, and agency staff were strengthened by contracting experienced Brazilian social scientists in December. Institutional agreements between the state and the municipality were in place by February 1994. A new consultation procedure let the affected people choose their new land and participate in housing designs. The resettled families will receive better housing, water, sewerage, and clear title to their new homes. While not all problems are resolved, Bank support for the local governments and resettlement staff produced a major turnaround that has brought the project back on schedule and provides tangible benefits to the resettled families.

wards, during the 1988-1992 period. It increased dramatically again during 1993 as a result of management's decisions implemented through this review (*see also figure 6.1 in the previous chapter*).

***Task Managers and specialist staff***

All of the regional resettlement reports emphasized the task managers' need to use more systematically the distinct "value added" that social specialists provide -- in addition to what generalists, engineers or financial analysts can do -- for managing resettlement operations. Specialists supplied technical guidance otherwise unavailable to some Borrowers and provided competent help to Task Managers in

attending more closely to the problems of displaced people.

Task Managers ("TMs") are the staff directly responsible for the projects with resettlement components. The Task Force found that about 92 Task Managers are responsible for the 146 projects in the FY93 active portfolio. By professional skills, this group consists of 60 technical experts (civil engineers, etc.) and 32 economists (including financial analysts, operations officers, etc.). Given their main infrastructural content, projects with resettlement are twice as likely to be managed by an engineer or technical specialist than by an economist or financial analyst; the only region

that deviated from this pattern was South Asia, where economists slightly outnumber engineers as Task Managers. Sixty-two percent of these TMs are responsible for one project involving resettlement, among the several projects they manage; 28 percent are responsible for two projects; and 10 percent have each between three and six projects involving resettlement as their responsibility.

Typically, most Task Managers devolve work on resettlement to the resettlement specialists in the TD. The leitmotifs heard strongest from Task Managers throughout the review, particularly during the direct interviews carried by the Task Force and during the two focus groups conducted by outside professionals<sup>5</sup>, were: (a) for a Task Manager, designing or overseeing resettlement components is among the most staff-intensive activities; (b) Task managers feel they have little, if any, professional knowledge for this job themselves; (c) they ask for considerable more staff input from Bank specialists and consultants.

Portfolio size and pipeline trends are the measure of the workload required for resettlement staff-work, Bankwide and by regions. By this measure, current staffing patterns, although improved during 1993, are inadequate. While the resettlement portfolio has grown, only partial adjustments of in-house skills have been made. Nowhere is this clearer than in EAP and SAS: in FY93 the few resettlement specialists in these regions had to contribute their work to 87 ongoing projects with resettlement and, simultaneously, had to assist in the preparation of a project pipeline for the next several fiscal years containing nearly 70 projects by December 1993. Clearly, only part of this workload could be met satisfactorily, despite the full-fledged efforts of all available staff specialists.

The bulk of staff specialists' work on resettlement is carried out by TDs through CAM requests from CDs, but the resources of TDs are not commensurate with the task at hand. Aggregate CAM requests from CDs to TDs on

social issues (not only resettlement) at the beginning of the fiscal year sometimes exceed by 200 to 300 percent what the TD could supply. As one regional report on resettlement noted, the "latent demand" for such work is considerably higher<sup>6</sup> but it is not formulated as effective CAM demand because it cannot be satisfied anyway. The best option for the future appears to be placing more social staff resources in the CDs themselves, as well as in resident offices, together with regularly using *more local consultants* in countries with large resettlement portfolios. A few Country Departments have already taken this innovative orientation in their staffing. Resident missions with capacity for resettlement exist in India and China, and the EA1 Country Department has recently created a resident unit for social and environmental issues.

Staffing for resettlement is part of the broader Bank concern for addressing the social and environmental dimensions of development activities. For FY94, senior management set the target of externally hiring 12 social specialists incremental to those already existing in-house. The review's conclusion is that staff strengthening emerges as a critical factor for meeting the demands of the resettlement portfolio, as well as of other social issues in the Bank's core work. However, as important as strengthening social skills in-house is, the recommendation of the Task Force is that social specialists *alone* would not be the adequate solution to improve work on resettlement. It is important to organize the Bank's work on resettlement operations on a *multidisciplinary team basis*, so that all needed technical specialists, jointly with the social specialists, get involved in addressing the complex problems of displacement and relocation, putting the focus on creating the productive base needed for reestablishing the resettlers at an improved or equal level of livelihood.

Consultant specialists on short-term assignments, while able to advise Borrowers competently, cannot be as effective as in-house Bank staff specialists: the latter can pursue issue-

resolution *with in-house continuity* over long in-house periods and increase Bank institutional capacity. An excessively high rate of consultants to staff specialists is not reinforcing the Bank's capacity for long-term effectiveness (see box 7.2). Regional managers noted that it is unlikely that supervision levels achieved during the review (partly with additional budgetary allocations) can be sustained afterwards unless more in-house specialist staff are available; they indicate that such staff will be gradually brought in. The MNA/ECA regional report points out that even if Task Managers obtain short-term consultant expertise "they do not have the capacity to follow up recommendations of consultants. Without in-house staff expertise available to them, Task Managers will continue to have difficulty with compliance;

without regional oversight, this lack of compliance will go unnoticed."<sup>7</sup> Improving the presence and continuity of in-house staff specialists will address this need.

### Corrective Actions

During the review year, the need for remedial actions at the project level emerged mainly as a result of identified weaknesses or failures in earlier phases of project processing activities (as discussed mainly in chapters 5 and 6). These were particularly the result of departures from the Bank's well established work procedures for handling resettlement operations. The responsibility of staff and Divisional managers for complying with established

#### Box 7.2. Staffing inadequacy and remedies

The ratio between staff and consultants working on social issues in general, and on resettlement cases in particular, is in sharp contrast to the Bank's overall averages. Work on resettlement portfolio management during the year long review offers an interesting comparison with the findings of the recent portfolio management Task Force.

For all projects, the ratio of staff to consultants involved in portfolio management over a three year period was 66 percent to 34 percent or a 1:0.5 ratio (1550 staff, 820 consultants). In terms of time, staff contributed 80 percent and consultants 20 percent of the total time spent on portfolio management respectively.<sup>a</sup>

In resettlement work, however, the review for 1993 shows the opposite: the ratio of specialist staff to resettlement consultants is 1:2. By total time spent, the ratio is an estimated 40 percent staff time compared to 60 percent consultant time.

This proportion is out of line with the Bank's overall averages. It calls attention to the following two facts:

- The Bank continues to be underequipped in terms of staff for treating the broad social issues of its development activities, of which resettlement is only one aspect.
- SOD managers in Country Departments tend to use their technical and economic staff only sporadically for work on resettlement components, thus perpetuating the devolution of this domain to TDs, out of their own divisions' mainstream work.

Both problems can be solved through actions at divisional and CD levels for improving skill-mix through redeployment, through new hiring when vacancies arise, and through improved task allocation among existing staff. In this respect, the present Bankwide review has demonstrated conclusively that *technical-economic questions are as central in resettlement as the socio-cultural ones, and improved staff time allocation is required for both aspects.*

<sup>a</sup> *Effective Implementation: Key to Development Impact.* Report of the World Bank's Portfolio Management Task Force, September 1992.

project processing procedures, although defined very clearly in the Bank, had not been sufficiently enforced. Therefore, the potential for improving resettlement, intrinsic in the Bank's directives, has been realized only partially. Remedial actions initiated during the review have helped correct problems arising from such prior departures from established procedures.

The technical and social issues identified on the ground by field missions ranged broadly from those requiring relatively simple remedies to a number of serious problems. The missions found cases of breakdown in policy agreements between the Bank and Borrowers, as well as in basic procedures; serious unpreparedness by project authorities facing mounting resettlement difficulties and lack of resources; unaddressed tensions between project units and would-be resettlers, absence of plans and unacceptable delays. Some of these resettlement operations are already in mid-stream, and show only limited promise of income restoration for the first groups of people already relocated; in these cases, the missions carried out substantial discussions with borrowing agencies and worked out detailed, sometimes radical, corrective actions.

Most of these corrective actions started right away. In the more serious cases, however, these corrective actions address problems that do not lend themselves to quick resolution, and are not easy to remedy in mid-stream, requiring consistent follow-up work after the review's end.

### *Types of remedial actions*

Remedial activities initiated during the review generally tend to be of several types: reassessing the magnitude of resettlement measures required; adjusting resettlement timetables; increasing affected people's participation in formulating needs and claims; finding better relocation solutions or ways to reduce displacement; identifying additional financial and material resources to meet the costs of resettlement

operations; and restructuring Borrowers' organizational and institutional capacity. In Madagascar's Tana Plain project, for instance, the field review resulted in a cluster of remedial actions, with energetic follow-up measures by the Bank Division responsible for the project (box 7.3).

### *Scale*

Several projects are displacing three, four, or five times more people than estimated at project approval. This is hardest to correct in mid-stream, inasmuch as incomplete projects without the financial and organizational means to address the problems. For example, in the Nigeria Multi-State Water project, with an estimated resettlement of 1,000 people at appraisal, the review mission found that some 4,000 people are affected. The corrective action plan is being prepared.

### *Planning issues*

All of the regional reports indicate that planning problems are present with variable degrees of intensity or concentration in several country portfolios. Basic problems, hard to correct in a short time, have been identified by the Country Department and Technical Department, primarily in the South Asia portfolio. Some of these issues originate in weaknesses from earlier years, particularly the mid-1980s, and the relevant Bank units are focussed on their adequate resolution. The regional report indicates that "for the 23 projects covered in the India portfolio review of June 1993, resettlement plans had been submitted for only six projects prior to Board presentation.... Between 1988 and 1993, agreements were reached with the Borrower to prepare or substantially revise resettlement plans for 17 projects after appraisal. Similarly, a resettlement plan was prepared prior to negotiations for only one of the four projects involving resettlement in SA1 (Bangladesh portfolio). In the SA3 portfolio (Pakistan) resettlement plans were not prepared for either of the two projects involving resettlement".<sup>8</sup>

***Income restoration issues***

Serious difficulties in restoring adequate standards of living were identified in the sectoral review prepared by the India Country Department (SA2) and in the regional TD report - presented together with suggestions about actions to remedy the situation. The project-by-project notes prepared by SA2 about projects in India "... provide clear evidence of the decline in the standard of living of persons who have been affected by some of the Bank-financed projects.... [they] show that prior to the initiation of remedial actions the performance of none of the projects involving large-scale resettlement could be judged satisfactory.... Available evidence indicates that until 1992 most project-affected people may have not been able to regain their previous standards of

living.... This suggests the real current difficulty in achieving the standards set out and the *need to consider separate investments for project-affected persons' income generation activities.*"<sup>9</sup>

This last proposal — to consider follow-up investments as a type of remedial action — puts the corrections that are indispensable, yet unfeasible in the short-term, on the financial footing needed for resolution within a reasonable period over the next few years. During the review it appeared that one root cause of resettlers being worse off in a number of projects in India and other countries, is that the approach to resettlement and rehabilitation was primarily focused on expropriation/compensation, rather than socio-economic reconstruction of the productive capacity of the affected

**Box 7.3: Corrective actions in Madagascar Tana Plain project**

An early review mission (February 1993) found no resettlement plan for the 3,000 people to be resettled. At close examination, it appeared that the population estimate covered only some of the project's many civil works, because at appraisal the Borrower had supplied incomplete information. The total number of affected people was re-assessed to be about 200-300% larger.

The first 300 people were displaced shortly before the mission's arrival, with simple cash payments; however, neither the project nor other relevant government agencies knew where they went and how they resettled. A housing site constructed at project cost for resettling displaced families had been made practically inaccessible for resettlers, because of a decision made just before the mission's arrival by a co-financing project agency. Political discontent was building up among many other people at immediate risk of losing their shelters.

The mission worked closely with the government and three local NGOs to reassess the situation and to initiate the preparation of an adequate resettlement plan. To follow up on the mission's signals, the Bank's Division Chief for this project made a field visit. She also initiated contacts with the Bank's cofinancing partner, asking cooperation in solving outstanding relocation issues. The Bank also commissioned a local non-governmental research organization to immediately carry out a "tracer study" of the first groups displaced, assess the impact on their livelihood, and their need for re-establishment assistance. The study was completed in six weeks, and generated important findings.

Furthermore, during 1993, the same Bank division sent two more missions to supervise the resettlement component, staffed by a specialist and the Task Manager, to help the project management unit redress the situation. In a relatively short time, the three NGOs prepared a resettlement plan for the two groups of people to be resettled next, according to the project's timetable.

For the remaining people, plan preparation by the same NGOs and the project continues. Additional financing is being allocated to meet the expanded number of relocatees. The project remains in the focus of the division and country department for close supervision during FY94-FY95, until the problems with resettlement reach a satisfactory resolution.

people<sup>10</sup>. Moving from the first approach to the second, as Indian officials have recently indicated, would foster important changes and improvements in the borrowing agencies' approaches and activities.

### *Assistance early in project cycle*

Other types of technical remedial actions were incorporated during the review into projects in which the basic approach was correct, yet delays in coordination among implementing agencies create risks. This type of situation requires staff-intensive Bank assistance, plus strengthening the institutional will and capacity of borrowing agencies. The positive experience with the several Bank missions sent during 1993 to the Yacyreta project in Argentina-Paraguay is illustrative (box 7.4).

### *Supervision after project closure*

A positive initiative of the SA2 Country Department was to continue sending supervision missions to some projects that were already closed, but where the unsatisfactory results at closing and the large number of resettled people warranted the Bank's continued involvement: for example, India-Subernarekha Irrigation, with 63,000 people affected, and India-Singrauli Thermal, with about 49,000 people. The Country Department also notified the Borrower that it would not consider the appraisal of a proposed second phase of the Subernarekha project unless satisfactory resolution is achieved in the outstanding resettlement problems of the first phase.<sup>11</sup> This position led to the broader Bank decision that the Bank will not finance any new project involving resettlement for a borrowing agency that is not living up to its existing commitments for resettlement in an ongoing project.

### *Impact on new operations*

Even though the present review's focus is on current active projects, throughout the review Bank staff have been strongly concerned that new projects under preparation be fully consistent with all policy requirements. All regions have reported the strong beneficial impact of

the review on the preparation of projects in the immediate pipeline:

- In Pakistan, during the pre-appraisal of the Sindh Urban project approved by the Board in early FY94, a spring 1993 field mission found not 500-600 people to be resettled, as the Borrower initially assumed, but some 40,000 people potentially affected by displacement, 11,000 of whom were to be relocated in the first project phase. The mission refocussed the first phase of the new project toward building the institutional capacity for resettlement, without beginning any actual large-scale displacement. The new resettlement organization will explore technical alternatives for minimizing displacement and will plan a reduced relocation for the second phase.
- In Indonesia, only one of several on-going projects involving resettlement had a resettlement plan in place when the loan was approved. For all the new projects appraised to date during FY94 (not all yet approved), resettlement plans have been prepared and appraised in the field.
- In Turkey, Borrower's work to create the premises for full income restoration in the Kayraktepe Hydropower project has been intensified. The resettlement plan will be fully re-appraised in 1994, in the context of a re-appraisal of the project itself; a local NGO has been commissioned by the government to complete a socio-economic population survey.
- One of the most comprehensive cases of meticulous resettlement project preparation — for which work paralleled the review throughout 1993 — is the China Xiaolangdi Dam project, which will relocate 182,000 people. Several preparation missions went to the field in 1993, with teams consisting of technical, social, and economic experts working jointly on resettlement. This project will include several specific strategies for income reconstruction, aiming to

**Box 7.4: Yacyreta: one year of review and supervision work**

Much attention during the review was devoted by the LAC region (both LA3 and LATEN) to the Argentina-Paraguay Yacyreta II project, where a new dam on the Parana River displaces 50,000 people from two cities (Posadas and Encarnacion). Five Bank missions went to this project in 1993 for resettlement purposes, in addition to missions for civil work supervision.

In January 1993, a Bank mission and project staff worked out a detailed implementation timetable for the relocation plan endorsed by Yacyreta management. A second supervision mission in May 1993, staffed with two resettlement and other technical specialists, found that implementation was seriously lagging because the two governments who owned the project were not making the political decisions to resolve these serious difficulties. Essential actions such as acquisition of replacement farmlands, information campaigns among affected families, and housing construction, had not been carried out.

While it was still technically possible to complete the initial resettlement in time to raise the spillway as planned, project management needed to take key actions to overcome the backlog. A new accelerated schedule containing action deadlines had to be defined by project management, or the spillway could not be raised. The key action was acquisition of replacement farmlands before June 14, 1993. This was accomplished a few days after the deadline.

Accepting the Bank's recommendation, project management held a day-long resettlement coordination workshop in June. For the first time managers and technical staff responsible for engineering, legal affairs, resettlement and environment, fiscal management, land valuation and indemnification sat at the same table. The project owners invited a special Bank mission to the workshop's discussion of the accelerated schedule, which was then integrated into the work plan for each cooperating unit. Two months later, after intense work, the project owners asked that another Bank mission come to agree on whether or not the spillway could be raised as scheduled. The mission confirmed progress.

Throughout the year, the CD management played a major role, as did the Task Manager, in leading the negotiations for corrective actions. For 1994, the CD has planned four supervision missions, to follow-up on the corrective actions. One of these will be a full mid-term review of resettlement involving the two governments, the Bank, representatives of NGOs, and the panel of international experts.

turn displacement into a genuine development opportunity for the affected population. Lending for this dam and its entailed resettlement was processed under a twin-projects approach — one project for civil works, and one stand-alone project for resettlement — and represents an *innovation in Bank activities* for simultaneous, integrated treatment of such endeavors.

Five new lending operations involving involuntary resettlement were Board-approved in the first half of FY94. Their sections on resettlement demonstrate a significant improvement in preparation and appraisal work, as well as in analytical Staff Appraisal Report (SAR) treat-

ment. One project in Vietnam and two new projects in Chiriquí contain extensive summaries of their resettlement and income restoration plans, incorporating timetables and budgets.

## **Sustaining the Trend**

### ***Required continuity***

All the portfolio management and quality improvements discussed above represent a solid start. The completion of the 1993 review exercise, however, does not mean the end of corrective actions. It is of paramount importance that these are carried on with continuity, commitment, and adequate resource allocation.

The momentum achieved in-house, and in the Bank's interaction with Borrowers, must be sustained.

Two other types of important review activities, each with long-term impact, have contributed to the changes made through the 1993 review. These activities lay the groundwork for ensuring long-term sustainability of improved work in resettlement on a country or portfolio basis: analytical work inside the Bank, and training for Borrowers' and Bank staff.

### *Regional reports*

Considerable work has been carried out in all regions to analyze resettlement not only on a project-by-project basis with particular characteristics and demands but also as a subset of the region's portfolio. Each region has finalized a report on its portfolio of projects with resettlement, analyzing performance to date, implementation status, and issues that need to be addressed. Based on dialogue between the Environment Department, Country Departments, and Technical Departments, these reports also outline steps to be taken in each region. The region-specific reviews are intended to become working tools in the hands of regional managers for further portfolio improvement and management, for dialogue with Borrowers about resettlement, as well as for region-specific training courses for regional Bank and Borrowers' staff.

### *Country reports*

In addition to the regional reports, two Country Departments, EA2 and SA2, have prepared reports on country resettlement portfolios for China and India respectively. The reports analyze in-depth policy and operational matters, and highlight best practices or weaknesses. The China country report was discussed in a formal policy dialogue with country officials, and achieved important agreements. A draft India report was submitted in 1993 to Indian authorities in anticipation of a policy dialogue and is being completed in parallel with the present Bankwide report. The EA3 Department has started an internal review of

Indonesia's expanding resettlement portfolio, particularly in urban and road projects, which will be completed during 1994. These three countries contain about 40 percent of the 1994-97 pipeline of projects; policy dialogue with them is expected to have a multiplier effect on a large segment of the future Bank resettlement portfolio, and on other similar domestic operations not financed by the Bank. Concentrating the attention of Borrowers and Bank staff on country-level resettlement issues beyond individual projects is consistent with the Bank's current overall effort to shift from project-by-project management to managing lending as a country portfolio unit.

The need for broader policy approaches, on a sector or country basis, is now perceived more clearly by some Borrowers. All regions have emphasized in their reports that this orientation should be at the heart of their further work and country dialogues. Africa's regional report forcefully reaffirmed this lesson based on its own resettlement portfolio, stating that "when governments do not give their formal, explicit agreement with Bank policies and guidelines, it has been difficult, if not impossible, to implement resettlement components with satisfactory results." Similarly, the LAC regional report emphasized that the Bank should go beyond "...the project agreements reached in the urban lending operations, which are merely temporary accommodations to the proposals of the Bank and have little lasting and broader impact, and seek to reach agreements covering the sector or the country".<sup>12</sup> In the same spirit, the South Asia Region report emphasized that "the Bank should focus on encouraging Borrowers to develop a general framework and sector policies."<sup>13</sup>

Less development impact than possible is achieved when policies formulated at a country or state level are decreed as applicable only to Bank-assisted project investments, as happens in some borrowing countries, or states in India. The overall conclusion arrived at by the present review is that while "project policy" is very important, and policy and legal arrangements must be agreed upon between the Bank and

Borrowers for each project, the broader country-level or sector-level policy will add considerable strength to project-based arrangements and will build institutional capacity for the long term.

### ***Sectoral studies***

For a longer-term approach to portfolio management — and to complement the project-by-project field reviews — the Task Force invited several studies by central units (AGR and IEN), while others were carried out by the Environment Department. These studies focused on fundamental issues in resettlement as seen sectorally in the Bank's key lending subsectors of energy, agriculture, and urban/transportation/water supply. The Legal Department carried out a study of institutional and legal issues across sectors in resettlement. These studies covered:

- Resettlement in downstream areas of irrigation dam projects, in light of issues raised by the Morse Independent Review report regarding the Narmada Sardar Sarovar Canals project (*Agriculture and Natural Resources Department*).
- Forestry lending, resettlement trends, and alternatives to resettlement in forestry sector projects (*Agriculture and Natural Resources Department*).
- Lending for hydropower and resettlement issues (*Industry and Energy Department, FPD*).
- Legal aspects in Bank-assisted projects with resettlement (*Legal Vice Presidency*).
- Resettlement issues and approaches in urban and infrastructure projects (*Environment Department, ESD, and Transportation, Water Supply and Urban Department, ESD*).

These issue-focused sector studies help enrich the Bank's understanding of sectoral specificities in resettlement. They will assist Bank and Borrowers operational units in framing sector-

specific approaches and solutions in future lending operations entailing resettlement.

### **Training for Borrowers and Bank Staff**

#### ***Consultation with Borrowers***

In view of the difficulties many Borrowers encounter with resettlement, and to help explain Bank policy and disseminate good practices, a broad training program was developed jointly by the Economic Development Institute (EDI) and the Environment Department. Its implementation has started with regional support. EDI began this program with a consultative workshop with officials from several Borrower countries and NGO representatives, to define better the clients' training needs.

#### ***Training courses***

In the second half of the review period, three training courses on resettlement policy and practice were held in three major Borrower countries:

- **India.** A 12-day training seminar run jointly by EDI and the Administrative Staff College of India, for staff in energy parastatals and for NGO representatives; September 1993.
- **China.** A training seminar organized jointly by EDI and the National Research Center for Resettlement (NRCC) and Hohai University, for 60 senior officials working on resettlement; November 1993.
- **Turkey.** A seminar on planning and monitoring resettlement, run jointly by EDI, a local NGO, and Turkey's Directorate for Hydraulic Works, for 85 staff; November 1993.

These training courses were effective and highly appreciated by Borrowers. EDI, ENVSP and EMTEN are now engaged in further preparation and publication of training materi-

als on resettlement, including a modular manual and videotapes. EDI's program for FY94-FY95 increasingly emphasizes training of trainers on resettlement issues, particularly seminars for policy makers, support for EMTEN training in Turkey, and collaborative resettlement training with the Asian Development Bank in Indonesia, Bangladesh, and the Philippines.

In parallel, ENV and PAA organized inside the Bank two training seminars for project Task Managers during the review period.

### **Other Products of the Bankwide Review**

While a considerable part of the lessons distilled by the review are presented in this report, a number of other economic, sociological, legal, and technical studies have been completed or are underway. The findings of these studies will be widely disseminated to help expand available knowledge and best practices. Perceiving a need for *developing better instruments for carrying out the Bank's resettlement work*, the regional teams and the ENV's Task Force concentrated on producing several such tools for use by Bank staff and Borrowers alike. Some have been delivered already.

#### ***The data bank***

The Task Force developed a full data bank on the Bank's resettlement portfolio. Maintaining it beyond the review's completion as a regular instrument will provide a better grasp on the resettlement portfolio, a system of experience transfer between regions, and the capability for operations and Bank management to monitor progress and trends.

#### ***Technical guidelines for economic and financial analysis of resettlement***

Simplified technical guidelines for improving the *ex-ante* economic and financial analysis of resettlement and for internalizing it better within overall project economic analysis have been prepared by the Task Force and are ready

for testing. After adequate testing, these technical guidelines will be made available to Borrowers and as a working tool for Bank staff.

#### ***Monitoring system for resettlement implementation***

A computer-based project level tool for monitoring resettlement from initial planning to final execution — the ARMS system — was developed by ENV's Task Force, with the cooperation of Colombian consultants. This system was tested in Colombia and will be disseminated gradually to all Borrowers interested in using it.

#### ***Technical studies***

Several technical studies on specific issues have been prepared by ENV and some Bank regional departments. These include a study on urban resettlement published in 1993; legal frameworks for resettlement developed by legal scholars in Kenya and applicable, with adjustments, to other countries in Africa; studies about sustainable reservoir fisheries as a production resource for resettlement; a volume on involuntary resettlement in Africa, the result of an international conference on settlement and environment organized by the Africa region (AFTES);<sup>14</sup> and a technical manual for urban resettlement planning developed by the Rotterdam Institute for Housing Studies with assistance from the Task Force. These studies will help spread good practices and guide in the resolution of practical resettlement issues.

#### ***Other review products***

Work on three other instruments for improving resettlement operations was started during the review period. The LAC region commissioned technical guidelines on resettlement preparation and regional development planning. The India Department, supported by the Asia Technical Department, is also preparing a resettlement sourcebook that provides field methods and best practice examples tailored specifically for resettlement in India. The Environment and Social Policy division, in

collaboration with EDI, has started a series of training videos on resettlement.

## Is There a Change in Bank Culture?

In addition to the state of the resettlement portfolio, a salient question about the Bank's internal work-culture must be answered. The impact of "organizational culture" on Bank staff and Bank performance are being increasingly recognized. Looking beyond the immediate "mechanics" of all the corrective actions recently undertaken, it is important to ask: "has this review succeeded in influencing the Bank's sub-culture underpinning resettlement work, or has it only introduced discrete and passing changes?"

At the start of the review, some staff expressed in writing the skeptical belief that this review will be "destined for the back burner". Under management's guidance and support, it has unfolded precisely in the opposite direction: the Bankwide resettlement review has engaged all relevant Bank compartments — stretching from senior management who initiated it, to project Task Managers at the project level, to country resident missions, and to many borrowing agencies. The Bank has good reason to be proud as an institution for its policy leadership in a frontier area of development. It is probably fair to say that the review has been an important step in modifying staff perceptions, attitudes, and practices towards translating this policy into project reality more systematically.

Cultural change cannot be measured with a yardstick, yet it is tangible. During 1993 resettlement work has clearly moved up on the agenda of all regions and of many CDs or divisions previously less concerned with it. The entire review process has been an exceptional opportunity for learning how to do resettlement better, for identifying good practices, adjusting general approaches to particular sectors and circumstances, building institutional capacity for resettlement, and refining analytical and evaluation methodolo-

gies. The review has heightened staff awareness and knowledge at many levels about issues, difficulties, and approaches in resettlement. The project portfolio is better known, "owned" more fully, better supervised, and its status more regularly reported to relevant Bank managers at different levels. The project portfolio has been brought to an improved degree of consistency with Bank policy, and is more apt today than it was two years ago to reach the development goals set by both Borrowers and the Bank. The combination of intensified field supervision, analyses of regional portfolios, country sector reports and policy dialogues, issue-focussed studies, and training — has proven effective for identifying problems, correcting them, or setting the stage for their correction in the follow-up period.

Most important for future work is that the large group of professionals in the Bank's staff, as well as the Bank as an institution, are now better informed and more alert to the complexity, demands, risks, and hardships of displacement and resettlement. The social and human side of development programs have come more directly under the limelight. The link between good resettlement and poverty alleviation — the Bank's main mission — is more clear than ever before. The pain and impoverishment of many resettlers has become more visible and tangible to many. A powerful message about the human values that underlie the development enterprise was embedded in the very goal of the review. Significant building blocks of cultural change are falling into place and adding up, and a climate of heightened awareness and responsibility is gradually infusing the work on new projects. Harnessing the powers of organizational culture will help the Bank to have better prepared and better designed operations in this complex domain.

## *From culture to institutional structure*

Cultural change may go a long way, but alone it is not sufficient: it needs further support from *institutional structure*. Sustaining the improvements recently achieved, however, is

not an automatic, foreordained outcome. Critical areas of work emerge for the Bank to build successfully on current trends, and it will be a challenge for all to maintain the recent level of effort.

The next chapter presents the important actions taken by the Bank, based on the findings of the present review, in order to meet this challenge successfully and improve future performance in resettlement work.

### Notes:

- <sup>1</sup> Eight Monthly Reports from ENV's Task Force to Management are available on file.
- <sup>2</sup> Memos from Mr. E. Stern to Regional Vice-Presidents, December 28, 1992; March 22, 1993; and May 17, 1993.
- <sup>3</sup> Africa Technical Department, *The Regional Resettlement Report for the Bankwide Review*, November 15, 1993.
- <sup>4</sup> *Ibid.*
- <sup>5</sup> The two focus groups were conducted by professionally trained moderators from an independent consulting firm and MPS: Dr. Janet Billson, a sociologist with field expertise in involuntary resettlement research (Group Dimension Research, Alexandria, VA) and Randolph Harris (MPSVP).
- <sup>6</sup> ECA/MNA Technical Department, *Regional Report on Resettlement for the Bankwide Review*.
- <sup>7</sup> ECA/MNA Technical Department, *The ECA/MNA Regional Resettlement Report*, December 22, 1993.
- <sup>8</sup> Asia Technical Department, South Asia Region, *Report on Resettlement for the Bankwide Resettlement Review*, November 1993.
- <sup>9</sup> Asia Technical Department, South Asia Region, *Report on Resettlement for the Bankwide Resettlement Review*, November 1993.
- <sup>10</sup> Discussions in the JAC meeting on the OED reports, *Early Experiences with Involuntary Resettlement*, November 1993.
- <sup>11</sup> This project has been under severe criticism for a number of years from national and international groups. The review found that while the majority of the affected people had already been resettled and received grants for house construction, a considerable number were still awaiting, three years after project closure, "...to be given either replacement land, jobs, or to be covered by income generating schemes...". Periodic supervision after project closure is intended to satisfy the Bank that work to resolve these problems continues. (Asia Technical Department: South Asia Report, p. 11).
- <sup>12</sup> LAC Technical Department, *LAC Regional Report on Resettlement for the Bankwide Resettlement Review*, October 23, 1993.
- <sup>13</sup> Asia Technical Department, *South Asia Region: Report on Resettlement for the Bankwide Review*, 1993.
- <sup>14</sup> *Involuntary Resettlement in Africa: Selected Papers from a Conference on Environment and Settlement Issues in Africa*, edited by Cynthia Cook, World Bank Technical Paper No. 227, Washington, DC, 1994.

## 8. Actions to Improve Performance

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The general conclusion of the resettlement review is that the quality of the Bank's resettlement project portfolio has improved, particularly after 1991. The review also revealed important weaknesses, and actions have been, or will be, taken to achieve improvements.

### *Strategic priorities*

Within the Bank's existing policy for resettlement centered on income restoration, work will be guided by the following strategic priorities, which match the key lessons described in this report.

**Ensure the Borrower's commitment.** The Bank will not finance projects involving large resettlement operations unless the government concerned adopts policies and legal frameworks apt to lead to resettlement with income restoration. Agreement on policy should be explicit from the outset, with due consideration given to circumstances in countries with a federal system, where the policies/legal frameworks may fall within the jurisdiction of the state/provincial governments. Loans in sectors with high resettlement needs should provide for gradual extension of improved resettlement standards from the project level to impact more broadly the whole sector.

**Enhance the Borrower's institutional capacity.** The Bank will help Borrowers build their institutional capacity to implement resettlement before displacement starts, including the clarification of legal frameworks, with a view to protect people's rights. For Borrowers with several Bank-assisted resettlement operations, the Bank will be prepared to support special institutional development projects to assist the

government in improving organizational capacities for addressing resettlement needs throughout project design and implementation (e.g., capacities for site preparation, land resource studies, monitoring and evaluation, training). Such Bank institutional support will focus primarily on national and state agencies — such as central irrigation and water departments, electricity boards, corporations — aiming to develop their overall capacity on technical, social, and environmental matters, and specifically to develop design standards, rules and regulations that could help translate resettlement policy and legal provisions into project practice. NGOs can play a big role in increasing local institutional capacity, and the Bank will encourage their involvement.

**Improve project design.** Bank-assisted projects should avoid or reduce displacement as much as possible through technical and social studies for project design and execution. Every effort will be made before project start to search for technical and social options to reduce resettlement. The Bank will make special efforts to identify and disseminate best practices, particularly as regards resettlement in urban and semi-urban contexts for which operational approaches must be further refined. Project design and explicit timetables should create internal mechanisms that link progress in civil works with gradual advance in resettlement. These will be described in project SARs.

**Promote people's participation.** The Bank requires the active participation of would-be resettlers in the preparation, planning, and implementation of resettlement. As part of regular environmental assessments (EA),

resettlement plans are made available to the public. Reliable information must be available to the project-affected people regarding resettlement and rehabilitation policy, entitlements, eligibility, options, due process, and appeals mechanisms. Public consultation on resettlement plans will stimulate participation of resettler and host populations in preparing such plans, and later in executing them.

*Provide adequate Bank financing.* To prevent impoverishment, all future projects will internalize the full cost of resettlement and of the investments required for income restoration within total project costs. In the context of the overall project financing plan, the Bank will be prepared to increase its share in financing resettlement operations, as needed from case to case. As adequate financing still remains a problem in some recently approved projects, the Bank will consider supplementary financing whenever appropriate. Increased financing from domestic — and, when appropriate, from bilateral sources — for resettlement activities should be also sought.

*Diversify project vehicles.* The Bank will consider twin-project approaches for large-scale civil works causing resettlement. Future infrastructural operations that displace a large number of people will normally be processed as twin projects, with the actual threshold for the stand-alone project to be determined on the basis of country and local capacity. Processing of large-scale resettlement operations as components of larger projects will require justification in the Staff Appraisal Report. Treatment of major resettlement operations as full fledged projects will better mobilize the appropriate administrative frameworks and skills needed to carry out resettlement successfully. An additional option is to use two-project sequences, with a rural or urban development project immediately following up in the resettlement zone on the heels of the infrastructure operation involving displacement; this option should be considered based on needs in each project area situation.

*Strengthen the Bank's institutional capacity.*

The Bank is increasing its capacity to address the social and technical dimensions of resettlement projects, in order to sustain and build on the recent improvements (see paras. 66-71 in the Executive Summary, and Chapter 7). Particularly important are better use of existing staff skills, additional staff capacity in critical fields such as social areas, enhanced project review, and ongoing performance monitoring and evaluation. Managers will allocate sufficient resources from within their budgets to achieve these improvements. To support overall strengthening of work on the social dimensions of projects, the Bank will allocate financial resources to a central fund designed to provide support for innovative projects addressing priority social dimensions, such as participatory poverty assessments, methodologies for social analysis, the organization of natural resource users, NGO involvement in project design and implementation, and others.

*Remedial and retrofitting actions.* Near-term remedial actions will be continued or initiated for active projects that fall short of policy and legal provisions. For the ongoing projects identified by each region as having serious resettlement problems, remedial action plans are being prepared by the Borrowers with Bank assistance, and the preparation of all such plans will be completed by mid-1995. Some projects may require restructuring, additional financing, or the creation of resettlement agencies.

For the projects assessed by the regions as having moderate or minor problems, Bank assistance will continue to be provided through regular or intensified supervision by each Country Department. Borrowers would be expected to reallocate financial resources within project budgets to complete resettlement successfully, and, when requested, the Bank will consider additional financing.

The review identified cases where resettlement plans agreed with the Bank were not implemented by the Borrower and completed projects have left a number of resettlers worse

off. The Bank stands ready to provide assistance to Borrowers in the remedial actions they propose to take. Such "retrofitting" actions by the Borrower, to the extent possible, should identify the people affected and seek to reverse their impoverishment. The retrofitting actions agreed upon between the Bank and India's National Thermal Power Corporation (NTPC) for several completed thermal projects is a recent example that represents progress.

*Improving project processing.* Full compliance with procedures and established safeguards for ensuring project quality  $\frac{3}{4}$  such as baseline income surveys, resettlement plans and packages, timetables, and budgets  $\frac{3}{4}$  is essential. The fact that nearly all FY93-FY94 projects submitted to the Regional Loan Committees comply with established procedures indicates that Regional Vice Presidencies are focusing on these requirements. While full implementation responsibility rests with borrowing governments, Bank staff have their own responsibility to follow up carefully on performance, impacts, and outcomes. Because of the high risks involved in sensitive projects that dismantle and reconstruct peoples' livelihoods, particular prudence and care are warranted by Bank and Borrower staff. It is essential that the Bank address — and be clearly seen to address — its own responsibilities more effectively, in addition to the Bank's call on borrowing governments to do the same.

Improvements have been and are being made in (i) the analysis of resettlement at appraisal and in the design of development packages for resettlers, (ii) the in-house review of resettlement components before project submission to the Regional Loan Committee, and (iii) the staffing and organization of operational units to enable them to address resettlement professionally and consistently. Much of the knowledge needed for doing sound, successful resettlement resides in the Bank, and the present review has enriched it. With well-deployed staff resources, this knowledge must now be more fully used.

At project identification and during the preparation of large resettlement operations, the

Bank will encourage Borrowers to carry out pilot schemes to test the adequacy of proposed solutions and arrangements. Systematic use of Project Preparation Facility resources and of the Institutional Development Fund (IDF) will open additional financial windows for technical support and capacity building to Borrowers in the decisive preparatory phases. In major operations — particularly for dams — consideration is increasingly given in the early identification stages to using a resettlement advisory panel, along the lines pursued in establishing dam safety panels.

Bank provisions for resettlement appraisal, as defined in OMS 2.20 and OD 4.30, are adequate and will be implemented. Appraisal will explicitly assess and report on the social and economic risks involved in the proposed resettlement operation, distinct from other project risks, and ensure that the socio-economic reconstruction package addresses these risks. Consistent with the Bank management decision on preparing an Implementation Plan for each project at appraisal, the resettlement plan will be incorporated in the overall implementation plan.

The content of SARs for projects involving resettlement is being improved to ensure that essential information about resettlement is provided to management and the Board. A distinct SAR subsection for the resettlement component will include the basic indicators on affected populations, development packages, risk mitigation, timetable, and budget. The overall cost of resettlement will be specified as an identifiable part of project costs and will distinguish compensation costs from the costs of investments needed to reconstruct a viable socio-economic basis for resettlers.

*Supervision.* Considerable scope exists for further improving the content and frequency of resettlement supervision. Regular and adequately staffed supervision missions will take place at least every 12 months, including on-the-ground visits to the places where displacement and relocation actually occur. Intensively using local specialist consultants will

significantly increase the reach of Bank supervision work. The good practice introduced by the East Asia and Africa regions to support monitoring panels appointed by the Borrower improves implementation and will be extended.

Bank divisions responsible for projects with complex resettlement need to allocate increased staff time to supervise these operations. However, no amount of increased Bank supervision can substitute for Borrowers' defaults or weak commitment to carry out agreed actions. When compliance with legal agreements is found lacking, decisions to continue disbursements require approval at the same regional management levels that clear proposals to suspend disbursement (this applies to all non-compliance and not only to non-compliance with resettlement agreements). Because of the sensitivity and risks of resettlement, current mechanisms for reporting field findings to divisional and regional managers (through Form 590) will be improved.

To sustain the progress achieved during the review and to monitor continued compliance with Bank guidelines and procedures, regional units will prepare annual reports on projects with resettlement in their portfolio, as part of the Annual Review of Portfolio Performance (ARPP). These reports will cover the management of the resettlement project portfolio along measurable indicators <sup>3</sup>/<sub>4</sub> specifically the frequency of supervision missions, and assessments of livelihood recovery as displaced people resettle, and major implementation problems, if any. As regards the processing of new projects with resettlement, the reporting will cover the presence of resettlement plans, income surveys, timetables and budgets, and consultation with local people.

\* \* \*

Strengthening its assistance to Borrowers on resettlement work and improving resettlement performance is of high priority for the Bank, and part and parcel of the Bank's central mission to alleviate poverty and promote sustainable development. The important

learning process that has taken place over the last few years has increased awareness of the complex issues and risks involved, and the Bank and its Borrowers are much better equipped than in the past to work in this area. Much of the necessary technical talent for this work exists in the Bank, and the limited in-house capacity for social analysis is being strengthened. Diversified project vehicles and more financial resources will be used by the Bank to assist Borrowers with large scale resettlement operations.

By setting more exacting norms for the operations it assists, and promoting resettlers' reestablishment at comparable or improved income levels, the Bank is working to narrow the gap between resettlement goals and past entrenched practice in many countries. Closing this gap requires time, resources and steady effort by both the Bank and its Borrowers. Unfortunately, bad standards continue to prevail in much of the displacement taking place today outside Bank-assisted programs; as Bank-financed projects do not occur in isolation, such standards slow progress under Bank-financed projects as well. For this reason all governments and multilateral and bilateral development agencies must pursue similar policies and approaches, to maximize the prospects for improving the livelihood of resettlers.

By supporting resettlement centered on preventing impoverishment, the Bank promotes policies and approaches that are relevant far beyond the Bank-assisted projects. Improving Borrower's capacity will benefit not only Bank-assisted operations, but also the much broader resettlement activities of entire sectors, affecting larger numbers of people. This is the road that must be travelled in future resettlement work, even though it is not an easy one. There will be many difficulties, because resettlement remains a formidable challenge for Borrowers as well as for the Bank. The Bank recognizes its important responsibility to help its Borrowers move progressively along this road, to improve resettlement whenever displacement cannot be avoided, and to extend improved approaches to sector and national contexts.

# Annex

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## Generic Terms of Reference Resettlement Review Supervision Mission

This note provides generic TORs for what should be supervised about the resettlement component during upcoming missions and reported back as an attachment to Form 590s. Field visits to departure and receiving sites are a critical part of resettlement supervision, and adequate field time should be allocated to the resettlement component. Taking a resettlement specialist may be most useful for projects that involve significant displacement or particularly complex resettlement components.

The Bank's overall policy objective is to help people displaced by project activities restore or improve their income and productive capacity. Thus, supervision should focus on whether executing agencies have developed a resettlement action plan able to achieve this goal, and on its implementation status. The main points to be addressed are:

- (a) restoration of pre-displacement income levels;
- (b) organizational capacity for resettlement and follow-up;
- (c) physical progress of relocation work;
- (d) consultation with affected people;
- (e) compensation;
- (f) project-specific issues.

To assist with the supervision work, a few, more detailed items are suggested for supervision for each of the above points, to be used as appropriate.

*Income Restoration* — Given the Bank's policy objectives of restoring lost incomes, supervision mission should concentrate on the following key items:

- (a) is there accurate baseline information of what pre-move income levels are;
- (b) do the proposals amount to an appropriate set of measures to restore incomes;
- (c) are people's living standards and income levels being adequately monitored by the project authorities; and
- (d) in the mission's judgement, how long will it take for resettlers to recover their lost living standards, and what measures will sustain them until then.

Where resettlement is land-based, missions should assess the quality of the studies done, the amount and pace of land identification, and how the acceptability of replacement land is evaluated. Proposals for using non-land based income generating schemes either alone or in combination with land should be reviewed for the success of their performance.

*Baseline Numbers* — Missions should obtain the most up-to date estimates of the numbers of people to be affected by loss of land, loss of house, or both. Where the basis for the resettlement estimate is not clear, they should ask the borrower to explain how the number was obtained, and the criteria used to determine when people only partially affected by the project are eligible for resettlement.

**Resettlement Organization** — Mission should (i) identify the position of the resettlement organization or unit within the overall project management structure; (ii) assess the adequacy, numbers, and skills of resettlement staff; (iii) review the efficiency of mechanisms that coordinate the different agencies involved in resettlement; (iv) assess the usefulness of the role played by NGOs and local organizations and, where appropriate, indicate how it can be improved.

**Resettlement Budget** — Missions should review and evaluate detailed resettlement budgets. Resettlement budgets should at a minimum be divided into public and private compensation, and redevelopment costs for the resettled families. Missions should assess (i) the adequacy of overall resettlement budget; (ii) actual expenditures; (iii) per capita budgeted expenditure for resettlement; (iv) provisions for adjusting budgets; (v) the availability of resources for field staff; (vi) the causes of cost overruns or budgetary shortfalls. You may also wish to consult the technical annexes to World Bank Technical Paper No. 80, "*Involuntary Resettlement in Development Projects. Policy Guidelines in World Bank-Financed Projects*" for more detailed financial and economic guidelines; it is available in Spanish, French, and English.

**Timetables** — The first, critical element to review is whether progress on the resettlement action program is proceeding in tandem with the main investment that is causing the displacement. Supervision should evaluate actual versus planned resettlement performance, and match deviations from the resettlement schedule against the overall project timetable. A second timetable concern refers to the adequacy of preparation of resettlement sites when resettlers are moved there, and supervision should assess both the mechanism to signal that preparation is ready as well as its effectiveness.

**Monitoring** — Supervision should review the work done by the project's monitoring systems. What is the methodology used to obtain data, who receives it, how is it processed through the executing agency, and how could it be improved.

**Consultation** — Resettlement plans normally include mechanisms for grievance/dispute resolution. Areas of particular concern include asset compensation, integration of resettlers with their host villagers, and timely delivery of promised benefits. Missions should check to see that such mechanisms do in fact exist, and are working.

**Compensation** — Common compensation issues include (i) whether compensation is at replacement cost; (ii) compensation eligibility; (iii) the efficiency of its delivery to the affected people; (iv) hidden charges against compensation; (v) compensation for public property and private businesses.

**Handover Concerns** — Successful resettlement involves transferring all administrative responsibilities to the resettled people and their representatives. How will this be accomplished? Is there an adequate, phased program to devolve responsibilities, including budgetary resources?

**Proposals** — Progress to date, as well as difficulties and problems with the resettlement component that are identified by the supervision mission, should be discussed with the borrower in order to agree on actions for the next 6-8 months that will bring the resettlement into line with project agreements and policy guidelines.

**Reporting** — Detailed back-to-office reports should review the above points, and include proposals for what the Bank could do to provide technical or other assistance.

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