Bhutan Rural Access Project

Policy Framework for
Resettlement and Rehabilitation of
Project Affected Persons
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SOCIAL IMPACTS AND RESETTLEMENT:
POLICY FRAMEWORK AND PRINCIPLES

1. INTRODUCTION AND OBJECTIVES

1.1 BACKGROUND AND PROJECT CONTENT

The Royal Government of Bhutan (RGOB), through Public Works Division (PWD), has proposed to implement a Rural Access Project with the assistance of the International Development Association (IDA). The objective of the project is to improve rural access in the proposed project districts and provide a framework and guidelines rehabilitation and resettlement of project affected households/persons.

The RGOB has identified feeder roads in four Districts (Dzonkhag), i.e. Zhemgang (a 37 km Dakpai-Buli Feeder Road and a 8 Km feeder road to Gomphu), Lhuntse (37 km feeder road), Tashi Yangtse (20 Km feeder roads), and Tashigang (20 Km feeder roads) to be constructed under the project. Of the identified roads, the Dakpai-Buli feeder road in Zhemgang Dzonkhag has the most advanced preparedness with the road alignment having been finalized and the construction based on environment friendly designs commenced as part of Zhemgang's Integrated Sustainable Development Program (ISDP). The first stretch of 10 Km of Lhuntse-Dungkar road is expected to be taken up during 1999-2000.

1.2 LEGAL AND POLICY FRAMEWORK REGARDING RESETTLEMENT

The primary legal instrument for land acquisition and resettlement in Bhutan is the Land Act of 1979. The Act provides the compensation mechanism for land and other property falling under eminent domain whenever required for a public purpose. The rates of compensation are reviewed by the RGOB periodically, the latest of which is described in the Land Compensation Rate 1996. The Bank's policy is described in Operational Directive 4.30 on Involuntary Resettlement. This policy document states that involuntary resettlement is an integral part of project design, and should be dealt with from the earliest stages of project preparation.
Both Bhutanese and World Bank guidelines related to resettlement aim at achieving the following overall goals:

- Involuntary resettlement shall be avoided to the extent possible or minimized where feasible, exploring all viable alternative project designs.
- Where displacement is unavoidable, people losing assets, livelihood or other resources shall be assisted in improving or at a minimum regaining their former status of living at no cost to themselves.

1.3 ABOUT THIS DOCUMENT

The extent of land acquisition for the project from rural households is expected to be minimal. Consequently, the adverse impacts on the affected households is expected to be marginal and very few households would need relocation. The project will pursue voluntary contribution of land and other assets by the community to the extent possible in exchange for the benefit accrued by the improved access by the road construction and maintenance.

This policy document describes the principles and approaches to be followed in minimizing and mitigating negative social and economic impacts caused by the project. This policy is applicable to the roads taken up for construction before project effectiveness date, to qualify for retroactive financing from the IDA. It provides the basis for a detailed and time-bound abbreviated resettlement action plan (ARAP), which will be prepared for the project. The ARAP will contain the details of census and baseline socio-economic surveys of the affected population undertaken in preparation of the project. It will also contain the institutional and organizational mechanisms required to undertake the resettlement program.

2. IMPACTS AND ENTITLEMENTS

2.1 TYPES OF IMPACT TO BE ADDRESSED

The resettlement policy for this project addresses development-induced impacts caused by the project, and is not limited to physical relocation. The project will address three broad categories of social and economic impacts which require mitigation. They are:

- loss of assets, including land and house
- loss of livelihood or income opportunities
- collective impacts on groups, such as loss of common property resources

The first two categories represent direct project impacts on an identified population. The people likely to be affected by the project will be surveyed and registered, and project monitoring and evaluation will compare longer term impact against baseline socio-economic data.

The third category represents an group Impact, where group members need not be individually registered. Gains and losses of a group-oriented nature are not quantifiable in terms of impact on the individual. Mitigation and support mechanisms will be collectively oriented, and the monitoring will focus on impact on such groups.
### 2.2 Summary Entitlement Matrix

An entitlement matrix will be included in the Resettlement Action Plan, as shown in the example below:

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>ENTITLEMENT UNIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Consultation, counseling regarding alternatives, and assistance in identifying new sites and opportunities</td>
<td>Families/households</td>
</tr>
<tr>
<td>2. Compensation for land at replacement cost, free of fees or other charges</td>
<td>Families/households</td>
</tr>
<tr>
<td>3. Advance notice to harvest non-perennial crops, or compensation for lost standing crop</td>
<td>Families/households</td>
</tr>
<tr>
<td>4. Compensation for perennial crops and trees, calculated as annual net product value multiplied by number of years required for new-crop to start producing</td>
<td>Families/households</td>
</tr>
<tr>
<td>5. Replacement or compensation for structures and other non-land assets</td>
<td>Families/households</td>
</tr>
<tr>
<td>6. Rights to salvage materials from existing structures, trees, and other assets</td>
<td>Families/households</td>
</tr>
<tr>
<td>7. Shifting assistance</td>
<td>Families/households</td>
</tr>
<tr>
<td>8. Rehabilitation and assistance for lost or diminished livelihood</td>
<td>Adult individuals</td>
</tr>
<tr>
<td>9. Additional support mechanisms for vulnerable groups in reestablishing livelihood</td>
<td>Adult individuals</td>
</tr>
<tr>
<td>10. Employment opportunities in connection with project</td>
<td>Adult individuals</td>
</tr>
<tr>
<td>11. Any other impacts not yet identified, whether loss of assets or livelihood</td>
<td>Adult individuals</td>
</tr>
<tr>
<td>12. Group oriented support will be given to mitigate negative impacts on the community, and to enhance development opportunities. Particular support will be targeted at more vulnerable groups, for example by addressing traffic safety needs of pedestrians.</td>
<td>Various groups</td>
</tr>
</tbody>
</table>

These categories and support mechanisms are described in more detail in the following sections.
2.3 Support Principles for Different Categories of Impacts

2.3.1 Loss of economic assets

The project may cause people to lose productive land or house plots, structures, wells, trees, or other assets. The project will therefore compensate and replace lost assets at their replacement cost, as defined by the most recent Land Compensation Rate approved by the National Assembly. The entitlement unit for such assistance is the household or family.

Experience shows that cash compensation carries a high risk and is normally inadequate in helping poor and vulnerable groups reestablish their lost assets, particularly in the case of productive land. The Project will therefore pursue land-for-land compensation as much as possible as stipulated in the Land Act of 1979 (KA-6[9B]) and, where necessary or opted by those affected, provide other options in kind or cash as well as other support mechanisms to those deemed as vulnerable or at risk. Replacement land of equal or better productive value will be offered as an option to those losing substantial amounts of land (i.e. 25% of their holdings or more), or where loss of land threatens the economic viability of the household.

If the compensation and the replacement cost is not acceptable to the project affected persons, they would have recourse to grievance redress mechanism defined under section 3.5 of this policy framework document.

2.3.2 Loss of house and shelter

People losing their home represent a particular challenge in the resettlement program. Compensation for loss of structures would be carried out on replacement cost basis based on the Bhutan Government Schedule of Rates (BSR). Every effort will be made by the project to ensure that new housing is available before people are required to relocate. Affected households would be allowed to retain the salvaged materials and due assistance would be provided for shifting of salvaged materials to the new site either in kind (provision of transport) or in cash based on estimated shifting costs.

No large scale resettlement is envisaged under the project warranting development of resettlement sites.

2.3.3 Loss of livelihood or income opportunities

In cases where the displacement caused by the project leads to loss of livelihood or income opportunities, either temporarily or permanently, assistance will be given to the affected population to reestablish their livelihood and income, and to compensate for temporary losses. The unit of entitlement eligible for support in such cases will be the adult individual, both men and women. All adult members of households affected in this way would be eligible for support.

In the case of road projects, a common loss is the displacement of a business structure such as a small roadside shop. The project will assist such businesses in relocating, and in continuing their preferred occupation without loss of customer base. As in the case of house/shelter, the project would provide assistance in shifting in kind or pay estimated expenses in cash.

Due to the limited nature of rural land market in Bhutan, compensation rates cannot be determined at the open market value.
If the project impact leads to people being unable to continue with their previous occupation, the project will provide support and assistance through alternative employment strategies. Where possible, project affected people will be given employment in opportunities created by the project, such as work with construction or maintenance. Longer-term earning opportunities will be provided through strategies such as vocational training, employment counseling, inclusion in income generating schemes, and access to credit.

Particularly in the case of landless families who suffer partial or total loss of livelihood as a result of the project, RGOb would, as part of its normal policy, allot land free of cost to such affected families. Those who become landless as a result of the land acquisition due to the project would be allotted land as per provisions of the Land Act 1979, KA-6(9A).

2.3.4 Group-based development opportunities

In addition to the direct losses of assets or livelihood, the project may have indirect impacts on the population living in the vicinity of the road corridor. While many of these impacts are positive, some are negative and should be mitigated. These may include impacts on traffic safety, access to water and sanitation, and access to common property resources. Community-owned assets such as schools, temples and irrigation canals may also be affected by the project. Impacts related to a population's cultural heritage should be addressed with particular care, in accordance with World Bank and the Royal Government of Bhutan guidelines related to cultural heritage.

Through designs, provision of infrastructure, and other support mechanisms, the project will replace lost assets and minimize any negative impact on groups, particularly groups which are considered vulnerable. Even where there is no discernible negative impact, the project will seek to benefit the local population.

2.3.5 Delays in payment of compensation

In case of delay in payment of compensation for any of the assets acquired in the project, the project would pay simple interest at prevailing rates for the period of delay.

2.4 Targeted Support to Vulnerable Groups

Through census surveys and other studies, the project will determine who among the affected population may be considered as vulnerable or at risk, or who are likely to be excluded from the normal benefits of growth and development. Vulnerable groups may include but not be limited to:

- poor or landless people
- women-headed households
- children

Different impacts will affect these groups differently, depending on the reason for their vulnerability under the project. The project would pay special attention to these vulnerable groups who will receive targeted support and be provided with more options and support mechanisms as appropriate.
2.5 OPTIONS AND CHOICES

Through public consultations, the project will identify and provide the options and choices among different entitlements to the affected population. Affected population will be counseled so they are able to make informed choices among the options provided.

3. RESETTLEMENT PLANNING AND IMPLEMENTATION

3.1 SOCIAL ASSESSMENT, CONSULTATION/PARTICIPATION, CENSUS AND SURVEY

3.1.1 Social Assessment

A social assessment will be undertaken for the project, in order to support participation and make explicit the social factors affecting the development impacts and results. This social assessment will identify stakeholders and key social issues, and formulate a participation and consultation strategy. It will specifically address the issue of how poor and vulnerable groups may benefit from the project.

3.1.2 Consultation and Participation Process

Experience indicates that involuntary resettlement generally gives rise to severe problems for the affected population. These problems may be reduced if, as part of a resettlement program, people are properly informed and consulted about the project, their situation and preferences, and allowed to make meaningful choices. This serves to reduce the insecurity and opposition to the project which otherwise are likely to occur.

The project will therefore ensure that the affected population and other stakeholders are informed, consulted in a meaningful way, and allowed to participate actively in the development process. This will be done throughout the project, both during preparation, implementation, and monitoring of project results and impacts.

The consultation will be conducted in a way which is appropriate for cultural, gender-based, and other differences among the stakeholders. Where different groups or individuals have different views or opinions, particular emphasis will be put on the views and needs of the more vulnerable groups.

The project will provide detailed documentation regarding the stakeholder consultation process. It will take account of the fact that information must be given at different stages, repeated, and provided through different media. The consultation process planned for the project will use different types of consultation such as in-depth interviews, focus group discussions, seminars and meetings, and key informant interviews at different level of stakeholder involvement.

3.1.3 Documentation of 'voluntary' nature of contributions

As mentioned earlier, the project will seek voluntary contribution of land and assets as much as possible. However, voluntary nature must be supervised through the community consultation process and documented, according to the following criteria:

a) the affected people have the option of saying no to contributing land or other assets, or losing access to resources or livelihood; and
b) land required has been identified and agreed upon through community consultations, and is free of squatters, encroachers, claims, or other encumbrances; and

c) it can be verified that there is no undue coercion involved in making people contribute land or other assets

3.1.4 Census and baseline socio-economic surveys

Where involuntary nature of negative impact is found unavoidable, a full census will be undertaken to register and document the status of the potentially affected population within the project impact area. This will provide a demographic overview of the population, and will cover people's assets and main sources of livelihood. It is to cover 100% of the potentially affected population within the likely impact area and a reasonable distance beyond. In this process, legal boundaries including the Right of Way are to be verified and certified.

Following final designs, only those within the actual impact area will be considered eligible for support under the project. This is likely to be a lower number than those initially covered in the census.

3.1.5 Cut-off date

The cut-off date for respective sub-projects under the project would be the date of socio-economic baseline survey. If there is a substantial time gap of more than one year between the date of survey and project implementation, the baseline data would be updated and the updated data would be used for resettlement & rehabilitation.

3.2 Coordination between Civil Works and Resettlement

3.2.1 Screening and Planning

Efforts shall be made to reduce potential negative impacts of the project, both in terms of environment and social issues. The project will coordinate the design process with the findings from screening and studies related to socio-economic impacts and the environment, in order to minimize negative impacts and maximize benefits.

When choosing among different design options, such as whether to construct a realignment or improve the road through a built-up area,

environmental and social indicators shall be factored into the decision along with technical and economic considerations. This practice will continue throughout the project implementation period.

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2 A census usually starts before the final alignment and hence the impact area are decided. Therefore, a little larger than the finalized impact area need to be included to make sure that all the project affected people are covered. The numbers of the project affected people must be finalized after the finalization of road centerlines.
3.2.2 Implementation

During project implementation, the resettlement program will be coordinated with the completion of designs and the likely timing of civil works. The project will provide adequate notification, counseling and assistance to affected people so that they are able to move or give up their assets without undue hardship before civil works are to start.

In the case of Land Acquisition, the procedure will follow the Land Act of 1979.

The project will ensure that civil works are not started on any road segment before compensation and assistance to the affected population have been provided in accordance with this policy framework.

Resettlement work and updating of studies will be a continuous process throughout the project.

3.3 Institutional Arrangements

3.3.1 Overall coordination

The PWD in coordination with the Dzonkhaags would be responsible for implementing the resettlement & rehabilitation activities. The Project will document detailed information about institutional and organizational mechanisms required to implement the plan. People responsible for coordinating and implementing the land acquisition/resettlement issues will be appointed, based on their experience in resettlement and social development.

The project implementation requires coordination among different agencies, working in different districts and jurisdictions. If the institutional assessment undertaken as part of social assessment for project preparation identifies the need for capacity building for resettlement related issues, such capacity building will be coordinated with the overall project implementation schedule, to ensure that skilled staff are available to implement resettlement activities without causing delays to civil works.

3.3.2 Transparency and accountability

Through the information campaign and other consultation mechanisms, the project will ensure that there is full transparency regarding the resettlement program and people's entitlements. Payments of compensation and delivery of other support mechanisms will be done in public settings to avoid any accusations of impropriety.

3.4 Costs and Budgets

The project will prepare a consolidated overview of estimated costs. This will consist of an item-wise budget estimate for resettlement implementation, including administrative expense, monitoring and evaluation, and contingencies. The cost of resettlement will be included in the overall costs of the project.

3 In some cases where land for land option is being pursued by affected households, due to the lead time involved, it might not be possible to complete the compensation process in time. In such cases, the loss of income suffered by the household would be compensated by the project for the period of opportunity lost by the household.
Values for compensation amounts and other support mechanisms will be adjusted regularly based on inflation factors. The budget will incorporate a provision for this.

Delays or inadequacies in implementing the resettlement program may lead to costly delays in overall project implementation, since progress in civil works depends on satisfactory completion of the resettlement program.

The Royal Government of Bhutan will pay for costs related to Land Acquisition, compensation and cash grants, if any, provided to project affected persons. Other support mechanisms, such as training, capacity building, income generating schemes etc., where necessary, can be funded by the IDA loan.

3.5 GRIEVANCE REDRESS

It is expected that through a participatory process and good compensation and support mechanisms, acceptance of the project will be enhanced and complaints reduced. There may nevertheless be individuals or groups who feel that they are not given adequate support, or that their needs are not properly addressed. The project will therefore establish a Grievance Redress process with local committees (GYT, DYT) which will hear complaints and facilitate solutions. If the issue is not resolved, the individual/group may approach PWD through the office of the local executive engineer. If the issue remains still unresolved, people would have the right to approach RGOB as per traditional practices.

3.6 MONITORING AND EVALUATION

The project will systematically monitor land acquisition and resettlement program, based on (i) process monitoring (e.g. project inputs, expenditures, staff deployment, etc.); (ii) output monitoring (e.g. results in terms of number of affected people compensated and resettled, training held, credit disbursed, etc.); and (iii) impact evaluation (i.e. longer-term effect of the project on people's lives).

The first two types of monitoring will be conducted by the project with assistance of social assessment consultants who would be appointed for the purpose. This information will serve to inform project management about progress and results, and to adjust the work program where necessary if delays or problems arise. The results of this monitoring will be summarized in reports which will be submitted to the project authorities and the IDA on a regular basis.

The project may also contract with an external agency (such as an academic institute or professional consultants), to undertake independent evaluations at least twice during the lifetime of the project: (1) As an input to a mid-term review, and (2) as a longer term impact evaluation as an input to a project completion report.

Provision will be made for participatory monitoring involving the project affected people and beneficiaries of the resettlement program in assessing results and impacts.