1. This Resettlement Policy Framework and Implementation Guidelines will govern the conduct of land acquisition and involuntary resettlement of displaced persons during the design and implementation of sub-project components under the KALAHI-CIDSS Project. The framework also provides guidelines on accepting and recording land donations during the implementation of the project.

2. To ensure consistency with existing laws and policy frameworks, this Framework is based on

   b. Executive Order 132, Procedures to be followed in the Acquisition of Private Property for Public Use and Creating Appraisal Committee; and

3. In case of inconsistency in the different laws and policies, The World Bank’s OP4.12 will provide guidance on the appropriate mitigation for displaced persons.

**Definition of Terms**

4. **Displaced Person** means a person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by:

   a. the involuntary taking of land, resulting in (i) relocation or loss of shelter; (ii) lost of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location, or
   b. the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person.

   “Displaced Persons” means, collectively, all such displaced persons.

5. **Voluntary Donation** – refers to the process whereby a person or entity freely and without coercion gives a part or all of the land which said person or entity owns or possesses to the ownership and possession of another entity or agency for public purpose without any form of consideration.

6. **Land Acquisition** refers to the process whereby a person or entity is compelled by a public agency to alienate all or part of the land a person/ entity owns or possesses, to the ownership and possession of that agency for public purpose in return for a consideration.

7. **Baseline Surveys** refer to the census and inventory of losses for each displaced person, which will be recorded in the sub-project proposal submitted by a community to the Inter-Barangay Forum.
8. **Replacement Cost** refers to the value determined to be fair compensation for real property based on its productive potential, replacement cost of houses and structures (as reckoned on current value market price of building materials and labor without depreciation or deductions for salvaged building materials), and the market value of residential land, cops, trees and other commodities.

9. **Resettlement** refers to all measures taken to mitigate any and all adverse impacts of the project on displaced person’s property and/ or livelihood including compensation, relocation and rehabilitation (where applicable).

10. **Relocation** refers to the physical relocation of a displaced person from his/ her pre-project place of residence.

11. **Rehabilitation** refers to the compensatory measures provided under these guidelines other than payment of the replacement costs of acquired or affected assets.

12. **Compensation** refers to payment in cash or in kind of the replacement costs of the acquired or affected assets.

**The Project**

13. The KALAHI-CIDSS Project is the flagship program of the Philippine administration to reduce poverty in the Philippines. The over-all objective of this Project is to empower local communities through enhanced participation in barangay governance and involvement in the design, implementation, and management of development activities that reduce poverty.

14. The Project employs Community-Driven Development or CDD as the primary implementation strategy. CDD is defined as a strategy that gives control of decisions and resources to community groups, where these groups often work in partnership with demand-responsive support organizations and service providers, including elected local governments, the private sector, NGOs, and central government agencies. As a way to provide social and infrastructure services, organize economic activity and resource management, empower poor people, improve governance, and enhance security of the poorest, CDD relies on the active engagement and mobilization of community residents to identify, develop, design, and implement community projects to address locally-identified development priorities.

15. The original KALAHI-CIDSS Project was approved by the Board on August 23, 2002, with a loan amount of US$100 million and was declared effective on December 16, 2002. The Project reached full-scale implementation in 2006 with a coverage of 4,229 barangays (villages) in 184 municipalities of the poorest 42 provinces, with almost all barangays committing to sustain the participatory processes introduced by the Project.

16. As of December 31, 2009, the KALAHI-CIDSS had financed 5,326 community sub-projects which benefited approximately 1.1 million households. About 44 percent of the sub-projects were basic social services facilities (e.g., water system, school buildings, health station and day care centers), with 36 percent for basic access infrastructure, such as access roads and small bridges. The rest of the sub-projects were environmental and
disaster control infrastructure (10 percent) and community enterprise facilities (10 percent). A total of approximately $121 million has been invested in community sub-projects was, leveraging more than $38 million in local counterpart contribution, equivalent to 31 percent of the total sub-project cost. In addition, about 17 percent of the barangays have accessed funding from other sources to support their priority sub-projects.

17. Building on the Project’s strong performance, the Additional Financing (AF) will expand the project’s reach to 220 of the poorest municipalities within the 42 poorer provinces already covered. The AF will also introduce the following key enhancements to further improve project impact: (i) a reformulation of the Project’s Development Objective (PDO) to better capture the focus on community empowerment, (ii) strengthening the roles of the municipal local government units to integrate the key principles and mechanisms of KALAHI-CIDSS in local development planning; (iii) systematizing the engagement with the provincial local government units; (iv) the design and testing of the a CDD approach in urban areas, (v) further simplification of the project’s key performance indicators linked to a strengthened monitoring and evaluation system. The Additional Financing will support the original three (3) components with one additional component to cover the pilot-testing of the urban KALAHI-CIDSS as follows:

a. **Component 1 - Barangay Grants**, will include not only direct sub-project investment grants but also technical assistance funds for communities and to cover the costs of capacity building activities for community volunteers;

b. **Component 2 – Capacity Building and Implementation Support** will cover: (i) the costs incurred by Area Coordination Teams that support community facilitation activities; (ii) capacity building for barangay and municipal LGUs; and, (iii) a clearly defined set of social accountability activities, covering the grievance redress system, third-party monitoring, and active information disclosure.

c. **Component 3 – Urban KALAHI-CIDSS** will support the project’s piloting of a KALAHI-CIDSS model in urban poor communities.

d. **Component 4 – Project Management and Monitoring and Evaluation** focuses on the project costs that are specifically related to DSWD’s management and monitoring of the project.

**Assessment of experience on Involuntary Resettlement in the KALAHI-CIDSS Project**

18. The principal development activity under this Project is facilitated community mobilization to identify, develop, and implement and manage barangay level sub-projects, which comprise small scale infrastructure works. Sub-projects are financed through block grants to local barangays from the Implementing Agency, the Department of Social Welfare & Development (DSWD). These sub-projects serve two purposes: (a) provide needed physical infrastructure in rural areas and thereby benefit the local community, and (b) serve as “pilot projects” for the community members, working with their respective barangay governing body, in order to develop better planning, implementation, operation, and management techniques, which will result in a more self sufficient communities. This exercise in “learning by doing” eventually result in promoting better barangay efficiency for other governance activities.
19. Given the nature of this Project, which involves a facilitated process of community based planning of development projects, including small scale infrastructure sub-projects, the magnitude of adverse impacts of sub-projects is expected to be minimal and only becomes known in the process of sub-project identification and design. Sub-projects with infrastructure components that may require land can consist of roads, bridges, or irrigation facilities, of social service infrastructure such as a school or clinic, water supply and sanitation facilities, or of environmental conservation measures such as watershed management involving check-dams. Careful attention is paid during sub-project identification to minimize adverse impacts. As a result, the Project has not experienced a single case of resettlement resulting from project activities.

20. This Resettlement Policy Framework is prepared to guide the preparation and implementation of sub-projects with components requiring land. It lays down the principles and objectives, eligibility criteria of entitlements, legal and institutional framework, modes of compensation, people participation features, and grievance procedures that will guide the implementation of compensation for persons affected by land acquisition. Land for sub-projects will be furnished either as voluntary donations, as government land free of claims (e.g., from squatters or encroachers), or acquired after payment of compensation at replacement value. To ensure that sub-project implementation does not deprive individuals of land and other assets in the guise of voluntary donations and in the name of the “common good”, procedures are established to (i) verify that voluntary donations are indeed voluntary, (ii) provide compensation at replacement value to individuals, who are not prepared to donate land for a particular sub-project, and (iii) provide an avenue for grievance redress.

**Principles and Objectives**

21. The following principles and objectives will govern preparation and implementation of sub-projects:

- Land for sub-projects shall be secured primarily through Voluntary Donation. Acquisition of land and other assets should be avoided, where feasible, and minimized as much as possible.
- All displaced persons, whose land or business are determined to be affected by land acquisition at the time of baseline survey for sub-project proposal, will be entitled to be provided with compensation sufficient to assist them to improve or at least maintain their pre-Project living standards, income earning capacity and production levels.
- The baseline-survey recorded in the sub-project proposal will constitute the cut-off date for future claims for compensation.
- Lack of legal rights to the assets lost will not bar the displaced person from entitlement to such compensation or rehabilitation measures.
- If replacement land is provided for agricultural, residential, or business use, it will have secured tenure status and be without any additional cost, taxes and surcharges to the displaced persons at the time of transfer.
- Planning and implementation for acquisition of land and provision of compensation will be carried out in consultation with the displaced persons during the sub-project planning by the community (barangay) to ensure minimal disturbance and
transparency in transactions between the project implementers and displaced persons.

- Entitlements will be provided to displaced persons no later than one month prior to expected start-up of works at a particular sub-project site. Construction work will not be initiated until displaced persons are compensated or adequately relocated.
- Commitments regarding financial and physical resources for compensation will be made by the Barangay at the Inter-Barangay Forum when a sub-project involving land acquisition is selected.
- Supervision, monitoring and evaluation of the implementation of land acquisition and compensation plans will be carried out by the Regional Project management Offices.

**Entitlements**

22. The MOA with participating Local Government Units (municipality and barangays) will obligate these to ensure compliance to the implementation of the Policy Framework. The communities, with the assistance of the facilitators and other technical staff, will assess the land needs of each subproject proposed and ensure that appropriate measures are in place to obtain the land, either through donation, making government land available, or through acquisition with compensation. Where the landowner does not want to either sell or donate his/her land, only the LGU has the mandate to initiate expropriation measures under eminent domain principles. Where such procedures may be required, the community proposing a particular sub-project may consider viability for funding under this scheme. In practice, project preparation team at the community level and the facilitators will coordinate with the municipality in determining the appropriate compensation for displaced persons in accordance with the following compensation scheme:

**A. Productive Land and Crops**

23. Displaced persons losing more than 20% or all of their agricultural land, or in cases when the remaining assets are not economically viable, are entitled to:

- Full compensation at replacement cost of the entire asset either through provision of equivalent land equal productive capacity (if available and so desired by the displaced person) or through cash compensation.
- Displaced persons who will lose their income will be provided opportunities for alternative livelihood, through skills and entrepreneurship training, job matching or business development assistance.
- Appropriate transfer and subsistence allowances will be given during transition phase.

24. Displaced persons losing more than 20% of their productive assets, where the remaining assets remain viable for continued use, are entitled to cash compensation at replacement cost for affected asset.

25. Replacement of damaged or lost crops will be based on full market value for one year’s harvest and will be paid in cash.

26. A displaced person whose land is temporarily taken will be compensated at full replacement cost for their net loss of income and/ or damaged assets.
27. Verification of land titles and tax payments shall be undertaken before land replacement or cash compensation.

B. Residential Land and Structures

28. Full compensation at replacement cost of the entire asset either through provision of equivalent land of equal productive capacity (if available and so desired by the displace person) or through cash compensation, and

- Cash compensation reflecting full replacement cost of the structures, without depreciation;
- If the displaced person so wishes and the remaining land is still viable residential lot, cash compensation, at full replacement cost (market value), will be provided to the displaced person;
- If after acquisition, the residential land and/ or structure is insufficient to rebuild the residential structure lost, then at the request of the displaced person the entire residential land structure will be acquired at full replacement cost, without depreciation;
- Tenants, who have leased a house for residential purposes will be provided with a cash grant of three months rental fee at the prevailing market rate in the area, and will be assisted in identifying alternative accommodation.

C. Loss of a Business

29. The provision of alternative business site of equal size and accessibility to customers, satisfactory to the displaced person, and;

- Cash compensation for the lost business structure reflecting full replacement cost without depreciation;
- Cash compensation for the loss of income and opportunity during transition period.

Voluntary Land Donations

30. Land that will be required for small-scale civil works consist of government lands free of claims or encroachments, or of voluntary donations from community members.

31. Arrangements have to be made to ensure that the donation is indeed voluntary, that the donor is the legitimate owner of such lands, and that the donor is fully informed of the nature of the sub-project and the implications of donating the property, to be contained in a notarized Deed of Dona(tion (DOD). Should the donor decide to donate the property on a conditional basis, the terms and conditions for the temporary use (usufruct rights) of the property must be clearly stated in a Conditional Deed of Donation document.

32. Where land is donated, the following safeguards need to be applied, based on their relevance to the cases being encountered by sub-project proponents:

- An assessment that the affected person does not suffer a substantial loss affecting his/ her economic viability as a result of the donation;
- Certification from the LGU’s and the proponents, that the land is free of claims or encroachments from any third party;
- Deed of Donation to the Community Association or the LGU concerned, as witnessed by the barangay LGU, notarized by a registered Lawyer, with copies of
donation papers furnished to the Office of the Municipal Assessor and the Provincial Register of Deeds.

- Declaration of Ownership with Waiver of Claims for Affected Assets;
- Certification from Barangay Officials (for unregistered lands);
- Waiver of Rights/ Quit Claim (for plants, trees, houses, structures claimed by tenants, informal settlers);
- Waiver of Rights/ Quit Claim (With Sharing of Claim)

Implementation Arrangements

33. Preparation and implementation of the provisions of the Resettlement Policy Framework will form part of the community level activities along the Community Empowerment Activity Cycle (CEAC), as follows;

a. A community wide Barangay Assembly (BA) will nominate a Sub-project Preparation Team to manage preparation of the community project proposal based on priorities agreed by the assembly.

b. During preparation of the project proposal, consultations will be held with community members on the implications of donating property to the project, and on the alternative of acquisition and compensation at replacement value.

c. The detailed community proposals for sub-projects that require land for infrastructure work will include detailed information on how the land will be made available. If land is donated, the amounts of land from different donors, their names, declaration of willingness to make the donation, and a map showing the parcels of land to be donated will be part of the sub-project proposal. If land is acquired, an inventory of losses with assessments of compensation cost will be part of the sub-project proposal.

d. The project proposal will be endorsed by the Barangay Assembly, comprising the entire community, for submission to the Inter-Barangay Forum.

e. Prioritization of project proposals for funding by Inter-Barangay Forum will require commitments from the barangay regarding funding of compensation for land and rehabilitation measures, if the sub-project involves land acquisition. Without this commitment from the barangay, the sub-project cannot be considered for funding under the KALAHICIDSS.

f. At the meeting of the Inter-Barangay Forum where fund allocations for sub-project proposals are finalized, the commitment of the barangay regarding funding of compensation for land and rehabilitation measures will be confirmed, and recorded in a MOA. (same as above)

g. Documentation of voluntary land donations as described above must be completed before civil works under the sub-project are initiated. (minus the deleted documentation process)
h. The progress of registration of DOD will form part of the reporting by the barangay and municipality to the Regional and National Project Management Offices. (I proposed that we shall only limit this to the monitoring of the registration of DOD)

34. Training on the procedures to be followed regarding implementation of the provisions in the Resettlement Policy Framework will be provided to community and area facilitators, municipal staff, and staff at the Regional and National Project Management Offices.

**Inventories of Assets Donated or Required**

35. An inventory of land donations and/ or assets acquired will constitute the baseline for planning, progress reporting, and monitoring in sub-projects that require land for civil works. The inventory will include the following information, where appropriate, for each owner or household who donates land or is affected by land acquisition:

- Name of Owner
- Area & Type of Agricultural Land
- Quantity & Type of Trees & Crops
- Whether donated or acquired
- Date of Donation or Acquisition
- Compensation Value of Acquired Assets
- Date of Compensation Payment

**Supervision, Monitoring and Evaluation**

36. Implementation of the inventories of DOD and resettlement plans will be regularly supervised and monitored by the respective Area and Community Facilitators in coordination with the respective municipal and Barangay-Based Committees. The findings will be recorded in the monthly reports to be submitted to the Regional and National Project Management Offices.

37. Internal monitoring and supervision by the Area and Community Facilitators will constitute:

- In sub-projects where land is provided through donation: verification that the donation does not affect the economic viability of the person making the donation, he/ she own the asset donated, and that a notarized deed of donation has been completed.
- In sub-projects where land is acquired: verification that compensation and other entitlements have been committed and provided, and that any relocation has been carried out in accordance with the provisions of the Land Acquisition & Compensation Plan for the sub-project in question.
- Verification and follow up action to ensure that funds for implementing the inventory and resettlement plan are provided by the BLGU to the Barangay-Based Committee in a timely manner and in amounts sufficient for their purposes, and that such funds are used by the Barangay-based Committee in accordance with the provisions of the respective inventory and resettlement plan.
- Record all grievances and heir resolution and ensure that complaints are dealt with in a timely manner.

38. The PMO will periodically carry out monitoring of DOD registration and resettlement action plans.

Complaints and Grievances

39. Complaints and grievances relating to any aspect of the resettlement entitlements and/ or activities, including the determined area and price of the lost assets, will be managed in accordance with the over-all framework for conflict management. (See manual on conflict management)

Amendments to the Resettlement Policy Framework

40. Where needed, this policy framework may be amended with prior consent from the World Bank. Such amendments will not depart from the policy objective avoiding or minimizing adverse impacts, and where such impacts exist, of their full and timely mitigation.