The Federal Democratic Republic of Ethiopia

Rural Capacity Building Project

RESETTLEMENT POLICY FRAMEWORK

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Alan Ferguson, CIDA Consultant
Sandra Romboli, FAO Consultant
EXECUTIVE SUMMARY

The Rural Capacity Building Project (RCBP) for Ethiopia is organized into four components:

**Component 1. Technical and Vocational Education and Training for Agriculture - (US$30 Million)** The project would finance recurrent expenditure; civil works for upgrading and maintenance of existing vocational colleges and construction of new buildings at existing colleges; procurement of goods and services; and long-term and short-term training to upgrade skills of teaching staff of these colleges.

**Component 2. Agricultural Advisory Services at Farmers Training Centers - (US$55 Million)** The project would finance recurrent expenditure, civil works for upgrading and maintenance of existing farmer training centers and construction of new centers; procurement of goods and services; and long-term and short-term training to upgrade skills of extension staff at these centers.

**Component 3. Agricultural Research - (US$10 Million)** The project would finance recurrent expenditure, civil works for upgrading and maintenance of existing federal and regional research centers; procurement of goods and services; and long-term and short-term training to upgrade skills of federal and regional research staff.

**Component 4. Institutional Capacity Building - (US$5 Million)** The project would finance training programs, study tours, workshops, and would provide technical assistance in the areas of financial administration, governance, procurement, accounts, management information system, and monitoring and evaluation. This project would also finance training and assistance to increase the capacity of cooperatives, farmers' organizations and local communities to effectively manage farmers training centers and in contracting and evaluating the performance of development agents.

In order to proceed with clearance of the project by the World Bank, the Government of Ethiopia is required to prepare a Resettlement Policy Framework (RPF) consistent with World Bank’s Safeguard Policies. The objective of the RPF is to establish the overall principles and mechanism for addressing social impacts of the project related to the involuntary taking of land and other assets resulting in (i) relocation or loss of shelter, (ii) loss of assets or access to assets, (iii) loss of income sources or means of livelihood, whether or not the affected persons must move to another location. The Involuntary Resettlement policy also requires resettlement plans to be implemented prior to undertaking the project activities causing the resettlement.

The RFP presents the principles and objectives that govern resettlement, and describes the resettlement process and the criteria for compensation of “project affected persons”. The legal framework of Ethiopian laws relative to World Bank policies is discussed. A draft Entitlement Matrix for Various Categories of Project Affected Persons is presented as a guide to compensation categories. The RPF also presents methods of valuing affected assets and the arrangement for making final compensation payments, including grievance redress procedures and consultative mechanisms with affected people. Finally, monitoring and evaluation processes are discussed.

The following principles are adopted as part of the RCBP design:

- Involuntary resettlement will be avoided through project site planning processes to avoid and minimize social impacts of the project.
- Where resettlement is unavoidable, resettlement activities will be seek to provide offsetting mitigation measures that give the persons displaced by the project meaningful opportunity to share in the project benefits.
- Displaced persons will be assisted in their efforts to improve livelihoods and standards of living or at least to restore them to levels equivalent to those prior to the project.

Based on a preliminary assessment of project information, the project has the potential to generate the various resettlement impacts associated with: Future expansion of TVETs, Upgrading of access roads, Construction and upgrading of irrigation canals, Water supply at TVET/ARC facilities, TVET construction impacts, and FTCs site development impacts on existing uses/users.
The RPF identifies the potential categories of Project Affected Persons:

(i) Affected Individuals - An individual who suffers loss of assets or investments, land and property and/or access to natural and/or economic resources as a result of the project activities and to whom compensation is due.

(ii) Affected Households - A household is affected if one or more of its members is affected by sub-project activities, either by loss of property, land, loss of access, or otherwise affected in any way by project activities.

(iii) Vulnerable Households – Households involving impacts on vulnerable members of these communities such as women, children and internally displaced people;

Affected people, according to the Bank Safeguard Policy OP 4.12, refers to people who are directly affected socially and economically by Bank-assisted investment projects caused by:

(a) the involuntary taking of land and other assets resulting in:
   a. Relocation or loss of shelter
   b. Loss of assets or access to assets
   c. Loss of income sources or means of livelihood, whether or not the affected persons must move to another location;

(b) the involuntary restriction or access to legally designated parks and protected areas results in adverse impacts on the livelihood of the displaced persons.

The Bank Safeguard Policy OP 4.12 applies to all components under the project, whether or not they are directly funded in whole or in part by the Bank. The policy applies to all components under the project, whether or not they are directly funded in whole or in part by the Bank. To address the impacts under this policy, resettlement and compensation plans must include measures to ensure that displaced persons are:

- Informed about their options and rights pertaining to resettlement.
- Consulted on, offered choices among, and provided with technically and economically feasible resettlement and compensation alternatives.
- Provided prompt and effective compensation at full replacement cost for losses of assets and access, attributable to the project.
- Enabled to restore and preferably improve their living standards compared to pre-project ones.

The measures to ensure compliance with this policy directive will be included in the resettlement plans that will be prepared for each land involving resettlement or compensation. When the TVET/ARC or Kebele (in the case of FTCs) present their resettlement and compensation plans to the Woreda local government committee for approval, part of the screening process that the local government committee will use to approve recommended sites will be to confirm that the resettlement and compensation plans contain acceptable measures that link resettlement and compensation activity to civil works in compliance with this policy.

Resettlement issues will be first addressed in the environmental screening process. The RPF outlines some of the potential mitigation measures that could be used to avoid, reduce or offset the potential resettlement impacts. Specific measures will be identified during the Environmental Review Process and the FTC Review Process (described in the ESMF), or through development of Resettlement Plans where they are required. There are three strategies to mitigating the wide variety of potential social/resettlement impacts: the Environmental Review Process for mitigating resettlement impacts of TVETs/ARCs, the Farmers Training Centers Review Process which includes implementation of the FTC Development and Operations Guidelines aimed at avoiding or minimizing adverse impacts of the FTCs, and Resettlement Plans for significant resettlement issues involving the displacement of occupants and users that cannot be resolved through the above processes.

The RFP provides for Abbreviated Resettlement Plans where the impact on the population is minor and full Resettlement Plans for larger scale impacts.
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1. Introduction

The Rural Capacity Building Project (RCBP) is a major investment in human capital in Ethiopia’s agricultural sector. The proposed project will complete the development of 25 agricultural TVET colleges, train or retrain 45,000 extension development agents and establish an estimated 15,000 community-based Farmers Training Centers throughout Ethiopia. The Government of Ethiopia has requested World Bank support for the Project. In order to proceed with clearance of the project, the government is required to prepare a Resettlement Policy Framework (RPF) consistent with World Bank Safeguard Operational Policy (OP) 4.12 Involuntary Resettlement.

The purpose of the RPF, in the context of the Rural Capacity Building Project, is to establish the overall principles and mechanism for addressing social impacts of the project related to the involuntary taking of land and other assets resulting in a (i) relocation or loss of shelter, (ii) loss of assets or access to assets, (iii) loss of income sources or means of livelihood, whether or not the affected persons must move to another location. The Involuntary Resettlement policy also requires resettlement plans to be implemented prior to undertaking the project activities causing the resettlement.

The RPF is valid for all project activities that are funded by the World Bank or any other activities that are essential to the completion of project activities funded by the World Bank. The operational objective of the RPF is to provide guidelines to stakeholders participating in the resettlement and related rehabilitation in order to ensure that project affected persons (PAPs) will not be adversely affected by the social impacts of the projects. The basic principles imply that PAPs should be: compensated for loss of assets at replacement costs; given opportunities to share project benefits; and be assisted in case of relocation or resettlement. Focus is on restoring the income earning capacity of the project-affected persons. The aim should be, at a minimum, to improve or at least sustain the living conditions that existed prior to project implementation or resettlement. These principles are embodied in the following impact management strategy for RCBP:

- Involuntary resettlement will be avoided through project site planning processes to avoid and minimize social impacts of the project.

- Where resettlement is unavoidable, resettlement activities will be seek to provide offsetting mitigation measures that give the persons displaced by the project meaningful opportunity to share in the project benefits.
Displaced persons will be assisted in their efforts to improve livelihoods and standards of living or at least to restore them to levels equivalent to those prior to the project.

In compliance with international standards and practices, the Government of Ethiopia presents this Resettlement Policy Framework which will be used to guide management of resettlement aspects of the project. The World Bank's Operational Policy (OP) 4.01 requires that the RPF report be disclosed as a separate and stand alone document by the Government of Ethiopia and the World Bank, as a condition for Bank Appraisal of the RCBP. The disclosure should be both in Ethiopia where can be accessible by the general public (including regional and local levels) as well as at the Infoshop at the World Bank and the date of disclosure must precede the date for appraisal of the project.

Where differences are found between the World Bank Policies and Ethiopian laws and policies, the World Bank Policies will be followed.

2. Project Description and Potential Resettlement Impacts

The Government of Ethiopia has requested World Bank support for the Rural Capacity Building Project. As part of its commitment to an agriculture-led growth strategy and the broader Education and Training and Agricultural Services Policies, the government has initiated a substantial investment toward improving the productivity of its rural people. The proposed project will complete the development of 25 agricultural TVET colleges, train or retrain 45,000 extension development agents and establish an estimated 15,000 community-based Farmers Training Centers throughout Ethiopia.

The Rural Capacity Building Project is organized into four components:

**Component 1. Technical and Vocational Education and Training for Agriculture** (US$30 Million) The project would finance recurrent expenditure; civil works for upgrading and maintenance of existing vocational colleges and construction of new buildings at existing colleges; procurement of goods and services; and long-term and short-term training to upgrade skills of teaching staff of these colleges.

**Component 2. Agricultural Advisory Services at Farmers Training Centers** (US$55 Million) The project would finance recurrent expenditure, civil works for upgrading and maintenance of existing farmer training centers and construction of new centers; procurement of goods and services; and long-term and short-term training to upgrade skills of extension staff at these centers.

**Component 3. Agricultural Research** (US$ 10 Million) The project would finance recurrent expenditure, civil works for upgrading and maintenance of existing federal and regional research centers; procurement of goods and services; and long-term and short-term training to upgrade skills of federal and regional research staff.
Component 4. Institutional Capacity Building – (US$ 5 Million) The project would finance training programs, study tours, workshops, and would provide technical assistance in the areas of financial administration, governance, procurement, accounts, management information system, and monitoring and evaluation. This project would also finance training and assistance to increase the capacity of cooperatives, farmers' organizations and local communities to effectively manage farmers training centers and in contracting and evaluating the performance of development agents.

Table 1 summarizes the major civil works proposed to date by the project and the potential resettlement issues. The project involves four types of facilities development that could cause adverse social impacts:

1. Construction of new facilities at existing TVET colleges, including buildings and farm structures and one new irrigation canal.
2. Upgrading of TVET college facilities, including access roads, irrigation canals, etc.
3. New Farmers Training Centers, including small buildings and demonstration areas.
4. Upgrading of Agricultural Research Centers, yet to be defined.

For the purposes of the RFP, “resettlement impacts” are defined as adverse effects due to the project taking of land or water and other assets that result in (i) relocation or loss of shelter, (ii) loss of assets or access to assets, and (iii) loss of income sources or means of livelihood.

2.1 Potential Impacts of Project Activities

Based on a preliminary assessment of project information, the project has the potential to generate the following categories of resettlement impacts:

- Future Expansion of TVETs: Some of the TVET colleges propose to expand operations and will need additional land. Some conflicts could arise with farmers and other land users, especially since some of the areas are agriculturally productive lowlands. These impacts could take the form of:
  o Displacement of existing occupants and land uses
  o Loss of access to natural resources that local people use for food or livelihoods

- Upgrading of Access Roads: The project proposes to upgrade approximately 230 km of roads. Some of this civil works could involve substantial rehabilitation and potentially some road widening. The temporary or permanent right-of-way land requirements, if any, are not known. These impacts could take the form of:
  o Displacement of existing occupants and land uses
  o Loss of access to natural resources that local people use for food or livelihoods
  o Temporary displacement or loss of access or livelihood due to construction detours
  o Extraction of construction materials from local quarry/borrow pits creating health concerns
  o Dust from road construction adversely affecting crop values
### Table 1: Summary of RCBP Civil Works and Social/Resettlement Issues

<table>
<thead>
<tr>
<th>Activity</th>
<th>Ardaita College</th>
<th>Agarfa College</th>
<th>Alagie College</th>
<th>Bekoji College</th>
<th>regional colleges</th>
<th>Possible Social &amp; Resettlement Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Land area</strong></td>
<td>2000 ha</td>
<td>n.d.</td>
<td>4200 ha</td>
<td>n.d.</td>
<td>21 total &gt;460 ha</td>
<td>- displacement of existing land uses and resource users</td>
</tr>
<tr>
<td><strong>TVET New</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- construction-related temporary displacement</td>
</tr>
<tr>
<td>Staff Residence</td>
<td>50 m²</td>
<td>50 m²</td>
<td>50 m²</td>
<td>70 m²</td>
<td>38 units</td>
<td>- increased extraction of groundwater for water supply systems</td>
</tr>
<tr>
<td>Office</td>
<td>150 m²</td>
<td>100 m²</td>
<td>100 m²</td>
<td>105 m²</td>
<td></td>
<td>- increased demands on local government water systems, affecting remaining users</td>
</tr>
<tr>
<td>Library</td>
<td>105 m²</td>
<td>105 m²</td>
<td>105 m²</td>
<td>105 m²</td>
<td></td>
<td>- diversion of surface or ground waters</td>
</tr>
<tr>
<td>Lab Bldgs</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>21 units</td>
<td>- displacement of existing land uses and resource users</td>
</tr>
<tr>
<td>Cafeteria</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- increased demands on local government water systems, affecting remaining users</td>
</tr>
<tr>
<td>Student Lounge</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>19 units</td>
<td></td>
</tr>
<tr>
<td>Staff Lounge</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>20 units</td>
<td></td>
</tr>
<tr>
<td>Sport Field</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>20 units</td>
<td></td>
</tr>
<tr>
<td>Multi Purp Store</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>15 units</td>
<td></td>
</tr>
<tr>
<td>Irrigation Canal</td>
<td>1 km</td>
<td>1 km</td>
<td></td>
<td></td>
<td>20 km</td>
<td>- displacement of existing land uses and resource users</td>
</tr>
<tr>
<td>Farm Structures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- diversion of surface or ground waters</td>
</tr>
<tr>
<td>- Dairy (100 m²)</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>18 units</td>
<td>- displacement of existing land uses and resource users</td>
</tr>
<tr>
<td>- Beef (100 m²)</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>18 units</td>
<td></td>
</tr>
<tr>
<td>- Sheep (100 m²)</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>18 units</td>
<td></td>
</tr>
<tr>
<td>- Poultry (100 m²)</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>18 units</td>
<td></td>
</tr>
<tr>
<td><strong>TVET Upgrading</strong></td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td></td>
<td>- displacement of existing land uses and resource users</td>
</tr>
<tr>
<td>Buildings rehab.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Road rehabilitation</td>
<td>27 km</td>
<td>20 km</td>
<td>40 km</td>
<td>40 km</td>
<td>100 km</td>
<td>- displacement of existing land uses and resource users</td>
</tr>
<tr>
<td>Irrigation Canals</td>
<td>minor</td>
<td>15 km</td>
<td>{15 km}</td>
<td></td>
<td></td>
<td>- displacement of existing land uses and resource users</td>
</tr>
<tr>
<td>Rehabilitation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farm Structures</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Abattoir rehab. (100 m²)</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>FTCs Buildings</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>The project proposes to construct new FTCs and to upgrade existing rural development centers. About 15,000 FTCs will be established involving small buildings with staff quarters and classrooms/worksshops</td>
</tr>
<tr>
<td>Agricultural Research Centers</td>
<td>Some civil works may be required; to be determined</td>
<td></td>
<td></td>
<td></td>
<td>- displacement of existing land uses and resource users</td>
<td></td>
</tr>
</tbody>
</table>

Data Sources: Ministry of Agriculture TVET project estimates of proposed facilities 2003/04 – 2006/07

1 Civil works noted but no costs included
- **Construction and Upgrading of Irrigation Canals**: Small canals are planned at each of the regional colleges, totaling about 20 km of canal, to be used for demonstration of irrigated agriculture. No details are available, but the source, development and operation of the systems need to be carefully planned. These impacts could take the form of:
  - Displacement of existing occupants and land or water users
  - Diversion of water from existing water users and less water available for existing water users
  - Increased extraction of groundwaters and reduced water availability for existing users
  - Possible salinization of groundwater due to poor irrigation practices with effects on adjacent farmers

- **Water Supply at TVET/ARC facilities**: Water shortages are a problem at several of the TVET sites and new developments may well aggravate water shortages unless efforts are made to expand local water supply to TVET and ARC sites, in order to avoid adverse effects on existing water users. These impacts could take the form of:
  - Reduced water availability or increased costs for existing community water system users
  - Reduced water availability for existing groundwater users

- **TVET Construction Impacts**: The Development of buildings and road at TVET colleges could have local site impacts that need to be mitigated and management in conjunction with construction contracts. These impacts could take the form of:
  - Temporary displacement or loss of access or livelihood due to construction activities
  - Dust or other disturbance affecting surrounding farming land and crop value

- **FTCs Development Site Impact on Existing Uses/Users**: These are small scale buildings that will likely have very small environmental concerns at a large number of sites (15,000). There is some potential for small-scale displacement of land uses/users. A set of FTC Development and Operations Guidelines has been prepared as part of the ESMF, with the objective of sufficiently mitigating impacts so that no residual losses are encountered. However, some resettlement impacts may be inevitable, depending upon the diligence of process to ensure fair treatment of the displaced uses/users. These impacts could take the form of:
  - Displacement of existing occupants and land uses
  - Loss of farming and grazing lands
  - Reduced access to community lands for fuelwood collection, water collection, harvesting of wild plants, etc.
2.2 Individuals and Households Potentially Affected

The preceding section describes the type of project activities that are most likely to create resettlement impacts. In general, the likely displaced persons can be categorized into three groups:

(i) **Affected Individuals** - An individual who suffers loss of assets or investments, land and property and/or access to natural and/or economic resources as a result of the project activities and to whom compensation is due. For example, an affected individual is a person who farms a land, or who has built a structure on land that has been demarcated as a suitable site and there is no alternative but to acquire the land for the project.

(ii) **Affected Households** - A household is affected if one or more of its members is affected by sub-project activities, either by loss of property, land, loss of access, or otherwise affected in any way by project activities. This provides for:

   (a) any members in the households, men, women, children, dependent relatives and friends, tenants.
   (b) vulnerable individuals who may be too old or ill to farm along with the others
   (c) opposite sex-relatives who cannot reside together because of cultural rules, but who depend on one another for their daily existence.
   (d) opposite-sex relatives who may not eat together but provide housekeeping services critical to the family's maintenance, and
   (e) other vulnerable people who cannot participate for physical or cultural reasons in production, consumption, or co-residence.

In the local cultures interrelated members of the community often exchange domestic exchange domestic or farming services. Compensation will not be limited to people who live together in a co-resident group, since this might leave out people whose labor contributions are critical to the functioning of the "household". For example, among polygamous groups, each wife has her own home.

(iii) **Vulnerable Households** - One of the objectives in the decentralization policy of Ethiopia targets empowering women by removing restrictive practices on women's participation in decision-making processes that affect them. Therefore, particular attention will be paid to impacts on vulnerable members of these communities such as women, elderly and sick.

   a) **Internally Displaced Orphaned Children** - Despite the Laws of Ethiopia and the efforts of various organizations, children, especially orphaned children or children separated from their parents, remain particularly vulnerable to forced employment and associated health and safety
hazards. They participate in income generating activities such as fetching of water, artisanal mining, etc. If they are impacted by this project in a way that means they have to be physically relocated, their compensation cannot be in cash. Instead, rehabilitation efforts will be geared towards enrolling them in a NGO programs or registration with other children's charities that are operating. Their compensation could take the form of paying for their rehabilitation and training to acquire useful vocational skills.

c) **Women-headed households** - may depend on husbands, sons, brothers or others for support. In many cases, women are the main breadwinners in their households, yet in some communities in Ethiopia, women cannot own land. Women, in particular, require access to health service facilities. Maintaining the household is a central part of the resettlement strategy for women. Furthermore, the decentralization policy of Ethiopia recognizes the plight of women and seeks to encourage employment and the involvement of women in decision-making. Their compensation must take into account all these factors.

d) **Elderly** - elderly people farm or engage in other productive activities as long as they are physically able to. Their economic viability often does not depend on how much land they farm or how much they produce because, by producing even small amounts of food to “exchange” with others, they can subsist on cooked food and generous return gifts of cereal from people such as their kith and kin and neighbors. Although losing land may not necessarily affect their economic viability, they will have cash or in-kind replacement for any land acquisition. What would damage their economic viability is resettlement that separates them from the person or household on whom they depend for their support. The definition of household by including dependents avoids this.

e) **HIV/AIDS infected people** – rural families in Ethiopia affected by HIV/AIDS are suffering from decrease in quality and quantity of labour and productivity of labour. Common effects include the elimination of key labour intensive practices, and the shift from cash crops to subsistence crops. This in turn, normally leads to less household income (high costs of treatment and funerals) and as a result less nutritious household food. Due to the circumstances, these households are less able to withstand shocks and have a lower tolerance to stress and are therefore more vulnerable to resettlement. These factors must be taken into account in the compensation scheme.
3. Principles and Objectives Governing Resettlement

The impacts due to involuntary resettlement from development projects, if left unmitigated, often gives rise to severe economic, social and environmental risks resulting in production systems being dismantled, people facing impoverishment when their productive skills may be less applicable and the competition of resources greater; community institutions and social networks being weakened; kin/clan groups being dispersed; and cultural identity, traditional authority, and the potential for mutual help are diminished or lost. The resettlement policy, in most cases, is not triggered because people are being affected by physical displacement. It is triggered because the project activity causes land acquisition, whereby a physical piece of land is needed and people may be affected because they are cultivating on that land, they may have buildings on that land, they may use the land for water and grazing of animals or they may otherwise access the land economically, spiritually or any other way which may not be possible during and after the project is implemented. Therefore, people are in most cases compensated for their loss (of land, property or access) either in kind or in cash, of which the former is preferred. Therefore, the objectives of this policy are the following:

(i) Involuntary resettlement and land acquisition will be avoided where feasible, or minimized, exploring all viable alternatives.

(ii) Where involuntary resettlement and land acquisition is unavoidable, resettlement and compensation activities will be conceived and executed as sustainable development programs, providing sufficient investment resources to give the persons displaced by the project the opportunity to share project benefits. Displaced and compensated persons will be meaningfully consulted and will have opportunities to participate in planning and implementing resettlement and compensation programs.

(iii) Displaced and compensated persons will be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them, in real terms, to pre-displacement levels or levels prevailing prior to the beginning of the project implementation, whichever is higher.

Affected people, according to the Bank Safeguard Policy OP 4.12, refers to people who are directly affected socially and economically by Bank-assisted investment projects caused by:

(a) the involuntary taking of land and other assets resulting in:
   a. Relocation or loss of shelter
   b. Loss of assets or access to assets
c. Loss of income sources or means of livelihood, whether or not the affected persons must move to another location;

(b) the involuntary restriction or access to legally designated parks and protected areas results in adverse impacts on the livelihood of the displaced persons.

The Bank Safeguard Policy OP 4.12 applies to all components under the project, whether or not they are directly funded in whole or in part by the Bank. The policy applies to all components under the project, whether or not they are directly funded in whole or in part by the Bank. The policy applies to all displaced persons regardless of the total number affected, the severity of the impact and whether or not they have legal title to the land. Particular attention will be paid to the needs of vulnerable groups among those displaced; especially those below the poverty line; the landless, the elderly, women and children and the ethnic minorities or other displaced persons who may not be protected through Ethiopian land compensation legislation.

In particular for RCBP, the policy also requires that the implementation of individual resettlement and compensation plans are a prerequisite for the commencement of project activities causing resettlement, such as land acquisition, to ensure that displacement or restriction to access does not occur before necessary measures for resettlement and compensation are in place. It is further required that these measures include provision of compensation and of other assistance required for relocation, prior to displacement, and preparation and provision of resettlement sites with adequate facilities, where required. In particular, the taking of land and related assets or the denial of access to assets may take place only after compensation has been paid and where applicable, resettlement sites, new homes, related infrastructure, public services and moving allowances have been provided to displaced persons. Furthermore, where relocation or loss of shelter occurs, the policy further requires that measures to assist the displaced persons are implemented in accordance with the resettlement and compensation plan of action.

The project activities are expected to have overall positive social impacts, due to better techniques leading to higher agricultural productivity. However, there are considerable risks to the success of the projects as a whole if the negative social impacts on some of the targeted beneficiaries (i.e. the rural poor) are left unmitigated. These negative social impacts include denial, restriction of loss access to economic resources in the areas that may be required by the project and its activities. When this occurs, people will be affected and resettlement and compensation can not be avoided, and the World Bank Safeguard Policy OP 4.12 will be triggered even though they may not have to move to another location.
This may also lead to considerable conflicts between those affected in this way and the project. The project activities and Woreda/Kebele level officials may aggravate these tensions by requiring or subtly implying (implicitly or explicitly) that a few should sacrifice for the benefit of the many. It is therefore, particularly important to neutralise to the extent possible any socio-economic pressures in the Kebeles (or PAs) that are likely to be exacerbated by involuntary resettlement, by facilitating the consultation and participation of those impacted by the project activities. Therefore, offering affected people the opportunity to continue to participate in the planning process that would lead to the preparation of Resettlement Plans is mandatory. Section 8 of this RPF deals with this requirement.

A major objective of this RPF is to ensure that project affected persons are meaningfully, consulted, have participated in the planning process, are adequately compensated to the extent that at least their per-displacement incomes have been restored and that the process had been a fair and transparent one.

4. Description of the Resettlement Process

As stated earlier, the World Bank policy on Involuntary Resettlement OP 4.12 is triggered because the RCBP project will finance the expansion of TVETs/ARCs and construction of FTCs, that may require the involuntary taking of land and other assets. Since the location of these areas were only partly known at the time of the preparation of the project, the preparation and disclosure of this RPF by the GOE is a conditionality for appraisal of this project. However, during implementation of this project, in a process defined here below, the identification of these areas will be made. When that happens, land will be acquired and people will be affected. At that stage, OP 4.12 calls for the preparation of individual Resettlement and Compensation Plans that must be consistent with this RPF.

To address the impacts under this policy, resettlement and compensation plans must include measures to ensure that displaced persons are:

(a) Informed about their options and rights pertaining to resettlement.
(b) Consulted on, offered choices among, and provided with technically and economically feasible resettlement and compensation alternatives.
(c) Provided prompt and effective compensation at full replacement cost for losses of assets and access, attributable to the project.
(d) Enabled to restore and preferably improve their living standards compared to pre-project ones.

Before any project activity is implemented, people who are being affected by such activity will be compensated in accordance with the resettlement policy framework. For projects involving land acquisition, it is further required that these measures include provision of compensation, income
restoration and of other assistance required for relocation, prior to displacement, and preparation and provision of resettlement sites with adequate facilities, where required. In particular, the taking of land and related assets may take place only after compensation has been paid and, where applicable, resettlement sites and moving allowances have been provided to displaced persons. For project activity requiring relocation or loss of shelter, the policy further requires that measures to assist the displaced persons are implemented in accordance with the individual resettlement and compensation plans.

The measures to ensure compliance with this policy directive will be included in the resettlement plans that will be prepared for each land involving resettlement or compensation. When the TVET/ARC or Kebele (in the case of FTCs) present their resettlement and compensation plans to the Woreda local government committee for approval, part of the screening process that the local government committee will use to approve recommended sites will be to confirm that the resettlement and compensation plans contain acceptable measures that link resettlement and compensation activity to civil works in compliance with this policy.

The timing mechanism of these measures will ensure that no individual or affected household will be displaced due to civil works activities before compensation is paid and resettlement sites with adequate facilities are prepared and provided for to the individual or household affected. Once the resettlement and compensation plan is approved by the local and national government, the resettlement and compensation plan, will, at the discretion of the Bank, be sent to the World Bank for final review and approval.

4.1 Screening and Environmental Assessment of Resettlement Issues

The first stage in the process of resettlement planning is the screening process to identify the land/areas that are causing resettlement. The resettlement plans will contain analysis of alternative sites to avoid resettlement. The Government of Ethiopia has been very successful in carrying out the decentralization policy as all the local government institutions and structures are in place. The screening process will therefore take advantage of this by assigning new responsibilities required in this RPF to the relevant local government planning bodies at the closest level to the affected communities (Woreda level).

Resettlement issues will be first addressed in the environmental screening process. This process identifies various ways and means of avoiding or mitigating impacts. Table 2 outlines some of the potential mitigation measures that could be used to avoid, reduce or offset the potential resettlement impacts. This is a general outline only. Specific measures will be identified during the Environmental
Review Process and the FTC Review Process (described in the ESMF), or through development of Resettlement Plans where they are required.

<table>
<thead>
<tr>
<th><strong>Table 2: RCBP Mitigation Measures for Social/Resettlement Impacts</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Primary Concerns</strong></td>
</tr>
<tr>
<td><strong>Future Expansion of TVETs</strong></td>
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<tr>
<td></td>
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<tr>
<td>Upgrading of Access Roads</td>
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<td></td>
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<tr>
<td>TVET Irrigation Canals</td>
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<td></td>
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<td></td>
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<tr>
<td>Water Supply at TVET/ARC facilities</td>
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<tr>
<td></td>
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<tr>
<td>TVET Construction Impacts</td>
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<tr>
<td></td>
</tr>
<tr>
<td>FTCs Development Site Impact on Existing Uses/Users</td>
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</tbody>
</table>
There are two aspects to mitigating the wide variety of potential social/resettlement impacts:

Firstly, the Environmental Review Process, as outlined in the ESMF, will provide the means of mitigating impacts at TVETs/ARCs and FTCs and identifying the need for a socio-economic study (EA) and preparation of a Resettlement Plan. At project proposal submission, a social screening will be completed through Form A and Form B. In the event that impacts are significant, an Environmental Assessment may be required to assess the social/resettlement impacts of the proposed activities. These EAs will determine whether or not a project development will require a detailed Resettlement Plan. A socio-economic study which is part of the EA will collect base line data within the project sites of concern, thereby enabling an assessment of potentially affected populations/communities. The study will focus on the identification of stakeholders (demographic data), the participation process and identification of affected people (including owners and users of land) and baseline information on livelioods and income, in addition to landholdings.

Secondly, Resettlement Plans will be required where resettlement issues involving displacement of occupants and users cannot be resolved through the above processes. The following categories of project activities are the most likely candidates for Resettlement Plans:

- Land acquisition for expansion of TVET and ARCs and FTCs;
- Access road upgrading at each TVET that could involve displacement of significant numbers of land occupants or users;
- Irrigation Canal upgrading at TVET campuses that involves taking of land or otherwise displacing of land occupants or land or water users;
- Land or assets takings for other project facilities development that cannot be avoided through the site review and planning processes.

The principles of compensation/rehabilitation will be triggered wherever there will be land acquisition and adverse social impacts. If the EA findings reveal that more than 200 persons are affected by a subproject a Resettlement Plan will have to be prepared (see section 3 for detailed principles and objectives of OP 4.12).

Preference should be given to land-based resettlement strategies for displaced people whose livelihoods are land-based (agricultural settings). If suitable land is unavailable, non land-based strategies built around opportunities for employment or self-employment may be used. The lack of adequate land must be demonstrated and documented to the satisfaction of the Bank.
4.2 Preparation of Resettlement Plans

The World Bank policies provide for Abbreviated Resettlement Plans and full Resettlement Plans. Where the impact of the entire displaced population are minor (i.e. if affected people are not physically displaced and less than 10% of their productive assets are lost) or fewer than 200 people are displaced (economically and physically) for the entire project, then the Bank may approve the preparation of an Abbreviated Resettlement Plan (ARAP). The contents of the ARAP are to be:

(a) A census survey of displaced persons and valuation of assets.
(b) Description of compensation and other resettlement assistance to be provided.
(c) Consultation with displaced people about acceptable alternatives.
(d) Institutional responsibility for implementation and procedures for grievance redress.
(e) Arrangements for monitoring and implementation, and
(f) A time table and budget.

For impacts that are not considered minor, the preparation of a Resettlement Plan (RAP) is required for each site. World Bank OP 4.12 article 25 sets out the requirements of the RAP to include:

(a) Description of the Project
(b) Potential Impacts
(c) Objectives
(d) Socioeconomic Studies
(e) Legal Framework
(f) Institutional Framework
(g) Eligibility
(h) Valuation of and compensation for losses
(i) Resettlement measures
(j) Site selection, site preparation and relocation
(k) Housing, infrastructure and social services
(l) Environmental protection and management
(m) Community participation
(n) Integration with host populations
(o) Grievance procedures
(p) Organisational procedures
(q) Implementation schedule
(r) Cost and budget
(s) Monitoring and evaluation

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The RAP covers the elements above, as relevant. When any element is not relevant to the project activities, it should be noted in the RAP. The RAP is then be forwarded by the Woreda for screening and approval to the PCU consistent with their roles and responsibilities. All approved investments that trigger OP 4.12 and their resettlement plans would be subject to the final approval of the World Bank to ensure compliance with the bank safeguards.

Furthermore, the project should as a guideline consider the cumulative factor and not approve multiple sites that have individual high impact intensity. For example, where land acquisition is required to such an extent that it would require more than 20% of a community’s or individual’s total land under use to when mitigation measure are so cumbersome that their efficacy can not be predetermined or they cost more than 15% of the investment budget.

5. Criteria and Eligibility for Compensation of project affected persons

The Bank’s OP 4.12 suggests the following three criterion for eligibility;

(a) Those who have formal rights to land (including customary land traditional and religious rights, recognized under the Laws of Ethiopia)

(b) Those who do not have formal legal rights to land at the time the census begins, but have a claim to such land or assets provided that such claims are recognized under the Laws of Ethiopia or become recognized through a process identified in the resettlement and compensation plan.

(c) Those who have no recognizable legal right or claim to the land they are occupying.

Those covered under a) and b) above are to be provided compensation for land they lose, and other assistance in accordance with the policy. Persons covered under c) above are to be provided with resettlement assistance in lieu of compensation for the land they occupy, and other assistance, as necessary, to achieve the objectives set out of this policy, provided they occupy the project area prior to a cut-off date established by the respective local government (Woreda Committee) for RCBP and acceptable to the Bank.

Persons who encroach on the area after the cut-off date are not entitled to compensation or any other form of resettlement assistance. All persons included in a), b) or c) above are to be provided with compensation for loss of assets other than land.
Therefore, it is clear that all affected persons irrespective of their status or whether they have formal titles, legal rights or not, squatters or otherwise encroaching illegally on land, are eligible for some kind of assistance if they occupied the land before the entitlement cut-off date. Persons who encroach the area after the site specific socio-economic study (census and valuation) are not eligible for compensation or any form of resettlement assistance.

Compensation will be provided for all affected people if their other assets (crops, trees, and other facilities) or access to these assets will be removed or damaged due to land acquisition or construction of the subproject as stipulated in Article 42 of the Constitution of Ethiopia. Particular attention shall be paid to the needs of vulnerable groups among those displaced; especially those below the poverty line, the elderly, women and children, indigenous groups and ethnic minorities.

5.1 Eligibility for Community Compensation

Communities (municipalities, townships, homelands) permanently losing land and/or access to assets and or resources under statutory or customary rights will be eligible for compensation. Example of community compensation could be for public toilets, market place, taxi parks, schools and health posts. The rationale for this is to ensure that the pre-project socio-economic status of communities are adversely affected, is also restored. The local community leaders (Kebele Councils) will play a crucial role in identifying users of land.

6. Legal Framework of Ethiopian Law and Bank Policies

By signing the credit agreements with IDA, the Federal Democratic Republic of Ethiopia will commit itself to abide by the involuntary resettlement policy (OP 4.12) of the World Bank. Thus, the legal framework for the project is both the Ethiopian constitution and the World Bank Operational Policy 4.12 on involuntary resettlement and its operating procedures as dictated in the resettlement plan.

According to Article 40 of the Ethiopian Constitution,
"every Ethiopian citizen has the right to the ownership of private property. Unless prescribed otherwise by law on account of public interest, this right shall include the right to acquire, to use, and in a manner compatible with the rights of other citizens, dispose of such property by sale or bequest or to transfer it otherwise."

Moreover, the Article also states:
"the right to ownership of rural and urban land, as well as of all natural resources, is exclusively vested in the State and in the people of Ethiopia. Land is a common property of the Nation, Nationalities, and People of Ethiopia and shall not be subject to sale or to other means of exchange."

The government of the Federal Democratic Republic of Ethiopia has the right to expropriate land for development. Article 40 of the Constitution states:
"Without prejudice to the right to private property, the government may expropriate private property for public purposes subject to payment in advance of compensation commensurate to the value of the property."

Additionally, Article 44 of Constitution states that:
"All persons who have been displaced or whose livelihoods have been adversely affected as a result of state programs have the right to commensurate monetary or alternative means of compensation, including relocation with adequate state assistance."

The above laws (and others) translate into the fact that the Federal Government is given power to enact laws for the utilization and conservation of land and other resources. The power given to regional states is to administer land and other natural resources in accordance with federal laws. The Rural Land Administration Proclamation (No. 89/1997) states that each Regional Council shall enact a law on land administration, which is in conformity with the provisions on environmental protection and federal utilization polices. Furthermore, the indicative contents of the Land Administration Law shows that the Regional States are encouraged to come up with land administrative laws based on their objective realities and the federal land administration policy and laws.

The land tenure system is regulated as portrayed by the above laws in Ethiopia, but is largely still practiced by customary law and traditions. The fact is there are significant differences in land management practices and their implications across communities in Ethiopia. Each household have their own private land holding (use right) for exclusive use. In addition, households use common lands for grazing and other purposes. Land can not be sold or bought. It can be redistributed by Woreda local government (and Kebele / PAs in some cases). In practice descendents inherit the land use right. Given the fact that population is increasing land per capita is decreasing. At present the average land holding is about 0.5 hectare.

In Ethiopia, decisions regarding land distribution are usually made at the local level within the Woredas (communities). It is practice in the majority of the regions in Ethiopia for the Woredas to carry out land redistribution in the event that a government sponsored project will result in

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2 Article 52/2 of the 1995 Constitution of Ethiopia
displacement of people. Through land redistribution, it can be ensured that all beneficiaries in the affected area receive some form of compensation, either as an equivalent plot of land, or as land in more than one area which can be used for cultivation of crops or grazing. This will ensure that farmers benefit from the project, and from having future access to cultivation and grazing within the affected area.

Table 3 provides an overview comparison of the Ethiopian and the World Bank compensation policies. The lack of formal and secure land property rights requires a more flexible, community-based approach to resolving compensation issues.
<table>
<thead>
<tr>
<th>Type of Asset Loss</th>
<th>Ethiopia Compensation Policies</th>
<th>World Bank OP 4.12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenured land holders</td>
<td>All persons who have been displaced or whose livelihoods have been adversely affected have the right to commensurate monetary or alternative means of compensation, including relocation with adequate state assistance under the Federal law.</td>
<td>Land-for-land compensation is recommended. Other compensation is at replacement cost</td>
</tr>
<tr>
<td>Land Tenants</td>
<td></td>
<td>PAPs are entitled to some form of compensation whatever the legal recognition of their occupancy</td>
</tr>
<tr>
<td>Land Users</td>
<td>Every Ethiopian has full rights to immoveable property that they have built and to the permanent improvements made to the land. This right includes the right to alienate, to bequeath, and, where the right of land use expires, to remove such property, transfer title, or claim compensation for it.</td>
<td>PAPs entitled to compensation for crops; may be entitled to replacement land and income must be restored to a minimum pre-project levels</td>
</tr>
<tr>
<td>Owners of temporary structures</td>
<td>Specific land use rights are regulated in the Regional State laws.</td>
<td>PAPs entitled to in-kind compensation or cash compensation at full replacement cost including labour and relocation expenses, prior to displacement</td>
</tr>
<tr>
<td>Owners of permanent structures</td>
<td>The redistribution of land normally takes place at the Woreda local government level.</td>
<td>PAPs entitled to in-kind compensation at full replacement cost including labour and relocation expenses, prior to displacement</td>
</tr>
<tr>
<td>Perennial crops</td>
<td>Each household have their own private “land holding” (use right) for exclusive use. In addition, households use common lands for grazing and other purposes. Land cannot be sold or bought, but it can be leased out (for short periods). In practice descendents inherit the land use right, both women and men.</td>
<td>Compensation process for loss of crops is presented in Section 7 below.</td>
</tr>
<tr>
<td>Category of PAP</td>
<td>Type of Loss</td>
<td>Entitlements</td>
</tr>
<tr>
<td>---------------------------</td>
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<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>Compensation for loss of structures</td>
<td>Compensation for loss of land and other assets</td>
</tr>
<tr>
<td>Tenured land holders</td>
<td>Loss of land</td>
<td>Replacement costs</td>
</tr>
<tr>
<td></td>
<td>Loss of structure</td>
<td>Compensation at full replacement value, not depreciated</td>
</tr>
<tr>
<td></td>
<td>(residence/business)</td>
<td>Replacement costs of structures</td>
</tr>
<tr>
<td>Residential tenant</td>
<td>Loss of rental accommodation</td>
<td>No loss of structure, and therefore no entitlement to housing</td>
</tr>
<tr>
<td></td>
<td>Loss of premises</td>
<td>No loss</td>
</tr>
<tr>
<td></td>
<td>Loss of land</td>
<td>None</td>
</tr>
<tr>
<td>Encroachers (using the land)</td>
<td>Loss of land</td>
<td>Assistance in finding opportunities to secure access to land elsewhere</td>
</tr>
<tr>
<td>Squatters (living on site)</td>
<td>Loss of shelter</td>
<td>Compensation at full replacement value for structure relocation to resettlement site, with payments of site rent</td>
</tr>
</tbody>
</table>
7. Methods of valuing affected assets

7.1 Compensation Procedure

The basis for the compensation procedures is to be established by the RPF and Bank policies, together with the project management. Currently, there is no single entity or unit responsible for the expropriation and compensation operations under RCBP. A strategy for expropriation and compensation will be set up to mitigate any possible adverse resettlement impacts that RCBP may have on PAPs. An annual budget for expropriation and compensation expected during project implementation will be established. In accordance with the specific (and federal) law on land administration developed by the regional states, expropriation / compensation committees will be established in the jurisdiction of the Woreda local government where the population has been identified to be negatively affected by the operations of the project. The committees will be composed of civil servants from the local governments (Woreda) and officials from the regional government, and independent legal experts, PAPs and other stakeholders. The committees will conduct the registration of affected properties and the number of PAPs per household. Likewise, they will establish the compensation rates, taking into account World Bank requirements. A draft matrix for guiding entitlements is provided on Table 4, as an illustration of the possible hierarchy of compensation. All compensations will be completed prior to the resettlement exercise.

The compensation procedures will include three steps:

(a) Establishment of compensation committees

(b) Assessment of replacement values of identified assets

(c) Establishment of compensation rates for all assets to be expropriated.

7.2 Compensation Payments and Related Considerations

Individual and household compensation will be made in cash, in kind, and/or through assistance. The type of compensation will be an individual choice. However, every effort will be made to encourage the importance and preference of accepting in-kind compensation if the loss amounts to more than 20 percent of the total loss of subsistence assets.

<table>
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<tr>
<th>Forms of Compensation</th>
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<tbody>
<tr>
<td>Cash Payments</td>
</tr>
<tr>
<td>Compensation will be calculated in Birr. Rates will be adjusted for inflation.</td>
</tr>
<tr>
<td>In-kind Compensation</td>
</tr>
<tr>
<td>Compensation may include items such as land, houses, other buildings, building materials, seedlings, agricultural inputs and financial credits for equipment.</td>
</tr>
<tr>
<td>Assistance</td>
</tr>
<tr>
<td>Assistance may include moving allowance, transportation and labour.</td>
</tr>
</tbody>
</table>
Compensation as cash payments raises some issues regarding inflation, security and timing that must be considered. One purpose of providing in-kind compensation is to reduce inflationary pressures on the costs of goods and services. Local inflation may still occur; thus market prices will be monitored within the time period when compensation allows for adjustments in compensation value. The question of security, especially for people who will be receiving cash compensation payments needs to be addressed by the local administration. Local banks and micro finance institutions, where available, should work closely with the local administration at this level to encourage the use of their facilities which will positively impact the growth of the local economies. The time and place for in-kind compensation payments will be decided upon by each recipient in consultation with the Project Coordination Office. Monetary payments should be paid, recognizing the seasonal calendar of farmers.

7.1.1 Compensation for Land

Compensation for land is aimed at providing a farmer whose land is acquired and used for project purposes with compensation for land, labour and crop loss. For this reason, and for transparency, "land" is defined as an area:

- in cultivation
- being prepared for cultivation, or
- cultivated during the last agricultural season
- or classified and accepted as farm land by the provincial authorities responsible for Agriculture

This definition recognises that the largest investment a farmer makes in producing a crop is his/her labour. A farmer works his/her land most of the months of the year. The major input for producing a crop is not seed or fertilizer, but the significant labour put into the land each year by the farmer. As a result, compensation relating to land will normally cover the market price of labour for the value of land preparation plus the market price of the crop lost.

For the purpose of measuring land, the unit of measurement should be the unit used by and understood by the affected farmers. If no such unit exists in a particular area, then it is recommended that land should be measured according to an international accepted unit of measurement. The most important concern of this exercise is to ensure that the affected farmer is able to verify and fully understand the size of land that is being lost. This is particularly important in Ethiopia, because of the high illiteracy rate.
7.1.2 Calculation of Crops Compensation Rate

The current prices for cash crops would have to be determined. All crops are to be compensated using a single rate regardless of the crop grown. This rate incorporates the value of crops and the value of labour invested in preparing new land. Determining compensation using a single rate creates transparency because anyone can measure the area of land for which compensation is due and multiply that by a single rate known to all. This approach also allows assignment of values to previous year’s land (land in which farmers have already invested labour) and land that have been planted but not yet sprouted. Further, it avoids contention over crop density and quality of missed cropping. The value of the labour invested in preparing agricultural land will be compensated at the average wage in the community for the same period of time. The rate used for land compensation is to be updated to reflect values at the time compensation is paid. The following example, which is based on 2003 data, derives a total value for a one hectare land from the value of the crops on the land and the values of labour invested in preparing a replacement land.

| Example of method to be used to determine a monetary compensation rate for land* |
|---------------------------------|---------------------------------|-----------------|
| **Item Compensated**            | **Basis of Value**              | **Birr/ha**     |
| Value of crops                  | Average of the highest 2004 official and market survey land prices per ha of staple food crops and cash crops |                  |
| Labour Invested                 | Labour costs of preparing a replacement land |                  |
| Total                           | Replacement value of crops plus labour |                  |

*(Based on 2003 data. Birr payments will be revised to reflect crop values and labour rates in effect at the time of compensation)

Crops values will be determined based on:

- A combination of staple foods and cash crops. Specifically, the 80/20 ratio of land that farmers typically have in food crops and cash crops is used to determine the chances she/he would loose of food crop rather than a cash crop income.
- The value of a stable crops to be taken as the highest market price reached during the year, in recognition of these factors:
  - Although most low income/ non commercial farmers grow stable crops mainly for household consumption, they always have the option of selling these crops to take advantage of the market.
  - Low income/ non commercial farmers most often purchase cereals when they have run out, during the “hungry season” when prices are high. Compensation at a lower value might put the individual or household at risk.

3 This method applies only to non-commercial, small subsistence and low-income cash farmers. For large commercial farms, valuation and calculation methods would be based on standard on-going commercial practise in cases of mixed or non-mixed cropping based on market value of each crop as regulated by the markets.
- Averaging the highest price of stable foods yields a high per ha value that reimburses for the vegetables and other foods that are commonly inter-cropped with staples, but are almost impossible to measure for compensation.

- The labour cost for preparing replacement land is calculated on what it would cost a farmer to create a replacement land. This value is found by adding together the average costs of clearing, plowing, sowing, weeding twice, and harvesting the crop. Labour costs will be paid in Birr, at the prevailing market rates for labour.

All agricultural labour activities are included for two reasons. First, because of the need for transparency, all land labour will be compensated for at the same rate. Second, it is difficult to forecast when during the growing season a farmer might need to give up his/her land. Thus, the compensation covers all investments that a farmer will make. In certain cases, assistance may be provided to land users in addition to compensation payments. For example, if the farmer is notified that their land is needed after an agricultural critical date, when they will no longer have any time to prepare another land without help. Assistance will be provided in the form of labour intense local hire, or perhaps mechanized clearing, so that replacement land will be ready by the sowing dates. The farmer will still continue to receive their cash compensation so that they can pay for sowing, weeding and harvesting.

7.1.3 Compensation for Buildings and Structures

Compensation will be paid by replacing structures such as huts, houses, farm outbuildings, latrines and fences. Any homes lost will be rebuilt on acquired replacement land. However, cash compensation would be available as a preferred option for structures (i.e. extra buildings) lost, that are not the main house or house in which someone is living. The going market prices for construction materials will be determined. Alternatively, compensation will be paid in-kind for the replacement cost without depreciation of the structure. The project will survey these prices for administrative purposes on an ongoing basis.

Compensation will be made for structures that are;

- Abandoned because of relocation or resettlement of an individual or household, or;
- Directly damaged by construction activities

Replacement values will be based on;

- Drawing of individual’s house and all its related structures and support services,
- Average replacement costs of different types of household buildings and structures based on collection of information on the numbers and types of materials used to construct different types of structures (e.g. bricks, rafters, bundlers of straw, doors etc.)
Prices if these items collected in different local markets
Costs for transportation and delivery of these items to acquire / replacement land or building site
Estimates of construction of new buildings include the labour required

<table>
<thead>
<tr>
<th>Compensation for Buildings and Structures</th>
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</thead>
<tbody>
<tr>
<td>Buildings and structures will be replaced by an equivalent structure or, on an exception basis, cash and/or credits will be paid based on replacement costs.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>Example</th>
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</thead>
<tbody>
<tr>
<td>House</td>
<td>Raw or Baked brick&lt;br&gt;Straw or tin roof&lt;br&gt;Varying sizes (small, medium, large)</td>
</tr>
<tr>
<td>Kitchen</td>
<td>Open, closed</td>
</tr>
<tr>
<td>Stables/sheds/pens</td>
<td>Cattle, goat, donkey, sheep, other</td>
</tr>
<tr>
<td>Coops</td>
<td>Chicken, duck, other</td>
</tr>
<tr>
<td>Fence</td>
<td>Straw/poles (per unit poles &amp; mat), raw and/or baked brick/cement blocks</td>
</tr>
<tr>
<td>Latrine</td>
<td>Replacement latrines will be similar to those currently operational and financed by the bank or other donor agencies at health centers or similar</td>
</tr>
<tr>
<td>Open well</td>
<td>Internally lined with concrete rings and provided with a hand driven pump</td>
</tr>
<tr>
<td>Storage building</td>
<td>Cement/sand block walls with thatched roof on z-profiled metal sheets</td>
</tr>
<tr>
<td>Sun screen open huts/ shades</td>
<td>Similar to those replaced, on thatched roof on wood poles.</td>
</tr>
</tbody>
</table>

7.1.4 Compensation for Sacred Sites

The Banks Safeguards OP 4.11 prohibits the project to use land that is defined to be cultural property by the. Sacred sites include but are not restricted to: altars, initiation centers, ritual sites, tombs and cemeteries. They include other such sites, places or features that are accepted by local laws (including customary laws), practice, tradition and culture as sacred. To avoid any possible conflicts between individuals and/or communities, the use of sacred sites for any project activity is not permitted under this project.

7.1.5 Compensation for vegetable gardens and beehives

The most common vegetables in Ethiopia are onions, peppers, squash and kale. These are planted with vegetables and ingredients for daily use. Until a replacement garden starts to produce, the family displaced as a result of the project land will need to purchase these items in the market. The replacement costs, therefore, will be calculated based on the average amount that an average town dweller spends on buying these items for one year per adult from the local market. Beehives are placed in various locations in the bush by some individuals that specialize in honey gathering. If such hives would be disturbed by the project activities, or access to hives is denied, beekeepers can move them.
and the bees will adapt to the new locations. Beekeepers would be compensated by the value of one season's production costs of honey for each hive that is moved and any reasonable costs associated with moving the hive.

7.1.6 Compensation for Horticultural, Floricultural and Fruit Trees

The following is an illustration of the principles to be used in compensating for horticulture, floriculture and fruit tree losses. Mango and Ensete ("false banana") trees as an example of the range of produce that fall within relatively long and short term production. These produce are a source of:

- Cash produce that contribute to the export economy
- Subsistence food for families
- Petty market income in some areas, and
- Shade (in the case of mango trees).

For example, banana trees have a shorter productive life than mango trees, but come into production more quickly. Therefore, compensation for banana trees will be compensated at the full market rates for bananas harvested in that year and for another year. The second year payment is for the replacement cost of planting a new tree, looking after it and harvesting it, which could all be done in one year. Therefore, the farmer will have restored his pre-project position by the end of the second year. This is an example for trees/plants that have a short life.

Given their significance to the local subsistence and export economy, which this project intends to positively impact, mango trees will be compensated on a combined replacement/market value. Mango trees used for commercial purposes will be compensated at market value based on historical production records. If households choose to resettle, they will be compensated for the labor invested in the trees they leave behind. A household may continue to own the trees left behind under customary Rights or choose to transfer ownership of the trees, transfer costs will be paid in addition to labor costs.

The compensation rate will be based on information obtained from the socio-economic study. From this study, a compensation schedule for mango trees can be developed incorporating the following goals:

- Replace subsistence mango production yields as quickly as possible
- Provide subsistence farmers with trees to extend the number of months of the year during which mangoes are produced and can be harvested as a supplemental source of food for their families during their "hungry season".
- Provide farmers with the opportunity to derive additional production income from trees bearing more valuable fruits at off-season periods.
- Provide cash payments to farmers to replace pre-project income derived from the sale of excess mango production until replacement trees produce the equivalent (or more) in projected cash income.

An example of a compensation structure that reflects the complexities of the crop or tree values is presented below. The compensation schedule can be based on providing a combination of new grafted and local trees to farmers, as well as cash payments to offset lost yearly income. The following table illustrates the array of variables that affect a fair compensation schedule.

<table>
<thead>
<tr>
<th>Example Local Mangoes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Avg Fruit Yield (kg) of mature tree/farm</td>
</tr>
<tr>
<td>Estimated Yield used</td>
</tr>
<tr>
<td>Market Price,</td>
</tr>
<tr>
<td>• Height of harvest season (March/April)</td>
</tr>
<tr>
<td>• End of season (late May)</td>
</tr>
<tr>
<td>Price used as basis of this estimate</td>
</tr>
<tr>
<td>Years to Production</td>
</tr>
<tr>
<td>Years to Maximum Production</td>
</tr>
<tr>
<td>Costs of Sapling</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Grafted Mangoes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Avg Fruit Yield (kg) of Mature tree</td>
</tr>
<tr>
<td>Estimated Yield used</td>
</tr>
<tr>
<td>Market Price, (varies according to variety)</td>
</tr>
<tr>
<td>• Height of harvest season (June/September)</td>
</tr>
<tr>
<td>Price used as basis of this estimate</td>
</tr>
<tr>
<td>Years to Production</td>
</tr>
<tr>
<td>Years to Maximum Production</td>
</tr>
<tr>
<td>Costs of Sapling</td>
</tr>
</tbody>
</table>

No compensation would be paid for minor pruning of trees. Compensation for removal of limbs will be prorated on the basis of the number of square meters of surface area removed. The total surface area of the tree will be calculated using the following formula (1/2 diameter of canopy)^2 x 3.14.
7.1.7 Other Domestic Cash Crops and Fruit Trees

These trees/crops have recognized local market values, depending upon the species and age. Individual compensation for wild trees "owned" by individuals which are located in lands as defined in this policy will be paid. Note that wild, productive trees belong to the community when they occur in the true bush as opposed to a fallow land. These trees will be compensated for under the umbrella of the village or community compensation.

8. Arrangements for Compensation

8.1 Resettlement, Cost Estimates and Contingencies

The final step of resettlement implementation is payment of compensation, the resettlement budget for the proposed project components are the responsibility of the local authorities in the regions where the project activities and PAPs are located. In order to ensure that the resettlement program will be implemented smoothly, during the resettlement planning, efforts will be made in developing realistic cost estimates for the resettlement program.

The estimate of the overall cost of resettlement and compensation will be determined when the specific technical details and identification of the land needs and sites have been developed. When these data are known, and after a socio-economic assessment, information on specific impacts, individual and household incomes and numbers of affected people and other demographic data are available, thus facilitating the preparation of a detailed and accurate budget for resettlement and compensation. In addition, in order to ensure smooth implementation of resettlement program, the resettlement budget will also include other related costs, such as resettlement planning, resettlement monitoring and evaluation, technical training, and overall administration.

It is not currently possible to estimate the potential costs of compensation. The categories that could form the compensation budget are outlined in Table 5.
### Table 5: Categories of Compensation

<table>
<thead>
<tr>
<th>#</th>
<th>Item</th>
<th>Costs (in Birr)*</th>
<th>Assumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Compensation for loss of Land</td>
<td>/hectare</td>
<td>For land acquisition purposes, based on cost realized in projects involving similar issues in Ethiopia</td>
</tr>
<tr>
<td>2</td>
<td>Compensation for loss of Crops</td>
<td>/hectare of farm lost</td>
<td>Includes costs of labor invested and of average of highest price of staple food farm lost crops as per methods described in section 7 of this RPF</td>
</tr>
<tr>
<td>3</td>
<td>Compensation for loss of access to local pastoralists</td>
<td>N/A</td>
<td>Those affected would be provided with shred access, or alternate routes (decision taken agreed through consultation and participation of all).</td>
</tr>
<tr>
<td>4</td>
<td>Compensation for loss of access to fishing resources</td>
<td>Say/fishmonger</td>
<td>Data provided from revised socio-economic study will determine market values of catch, fish products etc. that others is produce.</td>
</tr>
<tr>
<td>5</td>
<td>Compensation for Buildings and Structures</td>
<td></td>
<td>This compensation would be in-kind. These new buildings would be built and then given to those affected. Cost based on basic training needs for a family of ten, including house with four bedrooms, ventilated pit latrines, outside kitchen and storage</td>
</tr>
<tr>
<td>6</td>
<td>Compensations for Trees</td>
<td>/year/tree</td>
<td>Based on methods described in section 7 of this RPF for compensation for trees</td>
</tr>
<tr>
<td>7</td>
<td>Cost of Relocation Assistance/ Expenses</td>
<td>/household</td>
<td>This cost is to facilitate transportation etc.</td>
</tr>
<tr>
<td>8</td>
<td>Cost of Restoration of Individual Income</td>
<td>Say</td>
<td>Assumed to be higher than GDP/ Capita</td>
</tr>
<tr>
<td>9</td>
<td>Cost of Restoration of Household Income</td>
<td>Say</td>
<td>For household of ten</td>
</tr>
<tr>
<td>10</td>
<td>Cost of training farmers, pastoralists and other PAPs</td>
<td></td>
<td>This is a mitigation measure which seeks to involve those affected by the project activities. This figure represents costs of around Birr/person</td>
</tr>
</tbody>
</table>

*These costs are to be confirmed and revised at the time of payment

### 8.2 Sources of Funding

As stated in the Constitution of Ethiopia, people affected by development projects have the rights to be compensated and resettled wherever the situation compels. This demonstrates the commitment of the Government towards compensation and resettlement/rehabilitation. The budget required is normally approved by the Parliament and the disbursement is monitored by the Ministry of Finance. Based on the above favorable situation, therefore, like any other interventions expected to be undertaken within a fiscal year, the regional and local governments have a yearly budget for resettlement/rehabilitation. The cost is calculated on the basis of the estimates made about the number of PAPs presumed to be affected by the anticipated project activities including the quantity and types of properties of the PAPs. However, experience in the country has shown that compensation has been in the distribution of land, as opposed to cash.
Community beneficiaries, PAPs and Woreda Committees usually agree on the compensation necessary for each PAP, and in many cases assign new plots of lands to the PAP. In some cases, where land is scarce (i.e. is being used by the entire community), then the Woreda and beneficiaries agree on a form of land redistribution, where PAPs and beneficiaries are given equivalent plots of land, both in terms of size and value.

8.3 **Grievance Redress Mechanism**

At the time that the individual resettlement and compensation plans are approved and individual compensation contracts are signed, affected individuals would have been informed of the process for expressing dissatisfaction and to seek redress. In order to resolve such concerns effectively and timely, a grievance redress mechanism will be set up. The grievance procedure will be simple, administered as far as possible at the local level to facilitate access, flexible and open to various proofs taking into cognizance the fact most people are illiterate and poor requiring a speedy, just and fair resolution of their grievances.

All grievances concerning non-fulfillment of contracts, levels of compensation, or seizure of assets without compensation will be addressed to the existing local courts system of administration of justice at the regional districts level.

All attempts would be made to settle grievances. Those seeking redress and wishing to state grievances would so by notifying their Kebele Council and the Woreda Committee. The Woreda Committee will consult with the regional state governments, Kebele/PA and chair persons and (elders?) and other records to determine a claim’s validity. If valid, the Kebele Council and the Woreda Committee will notify the complainant and the claim will be settled. If the complainant’s claim is rejected, then the matter will be brought before the local court of the regional district for settlement. If the matter cannot be settled by the regional district level courts, the matter will go to the High Court. The High Court of Ethiopia is the highest appellate "judge" in this system. The decision of the Court would be final and all such decisions must be reached within a full growing season after the complaint is lodged.

If a complaint pattern emerges, the Woreda Committee, Kebele and/or PA chairpersons will discuss possible remediation. The local leaders will be required to give advice concerning the need for revisions to procedures. Once the Woreda Committee, Kebele/PA chairpersons agree on necessary and appropriate changes, then a written description of the changed process will be made. The Woreda Committee, Kebele/PA chairpersons will be responsible for communicating any changes to the
population. In the local cultures it takes people time to decide that they are aggrieved and want to complain. Therefore, the grievance procedures should give people up to the end of the next full agricultural season after surrendering their assets to set forth their case.

8.4 Mechanism for Consultation and Participation of Displaced Persons in the Resettlement and Compensation Process

Public consultation and participation are essential because they provide potential displaced persons the opportunity to contribute to both the design and implementation of the project activities. Due to the importance of traditional and customary system of Ethiopia's land tenure, as described earlier, public consultation with the communities is indispensable.

Furthermore, it is the local communities who are to claim ownership of this project for it to be successful and their wealth of knowledge of local conditions are invaluable assets to the project. In recognition of this, particular attention would be paid to public consultation with potentially affected individuals/households when resettlement and compensation concerns are involved. Public consultation will take place when the development plans are being prepared for the expansion of TVETs/ARCs and new sites identified for FTCs.

The participation strategy should be based on a full opportunity for involvement. This process would not be an isolated one because of the very nature of the project, which through its implementation and design ensures continuous public participation and involvement at the local level. Therefore, as a matter of strategy, public consultation would be an on-going activity taking place throughout the entire project cycle. For example, public consultation would also occur during the preparation of (i) the socio-economic study, (ii) the resettlement and compensation plan and (ii) the environmental impact assessment and (iv) during the drafting and reading of the compensation contract.

Public participation and consultation would take place through meetings, radio programs, request for written proposals/comments, filling in of questionnaires/forms, public readings and explanations of project ideas and requirements, making public documents available at the national, regional, Woreda, Kebele and PA levels at suitable locations like the official residences/offices of local chiefs/elders. It would also be an integral part of the farmer involvement in the preparation of FTC service plans. These measures should take into account the low literacy levels prevalent in these communities by allowing enough time for responses and feedback.

Notwithstanding, the best guarantor for public interest is the chiefs and other local leaders who are responsible members of their local communities. They may also coincidentally be part of the
potentially displaced individuals/households. Monitoring of this process would be through the Kebele as part of the individual resettlement and compensation plans and overall the monitoring and evaluation mechanism of the entire project. This requirement is consistent with the Bank policy on disclosure.

9. Resettlement Monitoring and Evaluation Arrangement

The arrangements for monitoring will fit the overall monitoring plan of the entire RCBP project which will be through the PCU with assistance from EPA, and in collaboration with the regional, and Woreda level administrative governments. The PCU will institute a reporting system that:

(a) alerts project authorities to the necessity for land acquisition in a subproject,
(b) provides timely information about the valuation and negotiation process,
(c) reports any grievances that require resolution, and
(d) documents timely completion of project resettlement obligations (i.e. payment of the agreed-upon sums, construction of new structures, etc) for all permanent and temporary losses, as well as unanticipated, additional construction damage.

Consistent with the Environmental and Social Management Framework, the Woreda Agriculture Department will be responsible for periodically reporting on FTC/Kebele level project activities to the Regional BoA and PCU so that it is alerted in a timely manner to any difficulties arising at the local level.

The primary purpose of the resettlement monitoring is to determine:

(i) if affected people have been paid in full and before implementation of the project activities, and
(ii) if the people who were affected by the subproject have been affected in such a way that they are now living at higher standard than before, living at the same standard as before, or they are they are actually poorer than before.

A number of indicators would be used in order to determine the status of affected people (land being used compared to before, standard of house compared to before, level of participation in project activities compared to before, how many children in school compared to before, health standards, etc). The resettlement and compensation plans will evaluated from the perspective of three criteria:

- Affected individuals, households, and communities are able to maintain their pre-project standard of living, and even improve on it, and
- The local communities remain supportive of the project.
• The incidence or absence of conflicts over project resettlement impacts

In order to determine whether these goals are met, the resettlement and compensation plans will indicate parameters to be monitored, institute monitoring milestones and provide resources necessary to carry out the monitoring activities. The following general indicators will be used to measure the resettlement and compensation plans performance:

<table>
<thead>
<tr>
<th>Table 6: Example Indicators for Monitoring Resettlement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Monitoring</strong></td>
</tr>
<tr>
<td>Outstanding compensation or resettlement contracts completed before next agricultural season.</td>
</tr>
<tr>
<td>Communities unable to set compensation after two years.</td>
</tr>
<tr>
<td>Grievances recognized as legitimate out of complaints lodged.</td>
</tr>
<tr>
<td>Pre-project production and income (year before land used) versus present production and income of re-settlers, off-farm income</td>
</tr>
<tr>
<td>Pre-project production versus present production (crop for crop, land for land).</td>
</tr>
<tr>
<td>Pre-project income of vulnerable individuals identified versus present income of vulnerable groups.</td>
</tr>
</tbody>
</table>

Financial records will be maintained as per auditing standards of Ethiopia and the World Bank.

It is expected that some compensation procedures and rates may require revision at some time during the project cycle. The Woreda Department of Agriculture, the Regional BoA and the PCU will update the procedures and rates as required through the project implementation process, based on consideration of:

• indicators being monitored to determine whether goals are being met, and
• a grievance procedure for the local community to express dissatisfaction about implementation of compensation and resettlement.

Environmental Protection Authority (EPA) will have a lead role in coordinating the monitoring program. This would give EPA the mandate to carry out independent monitoring of the implementation of the resettlement and compensation plans at periodic intervals of half yearly or yearly (as circumstances dictate) during the project life. Their report would then be sent to the Woreda, Regional and PCU of the MoA and become part of the official documents of the project.