

OED Précis



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Involuntary Resettlement

Substantial human costs result from involuntary resettlement associated with civil works projects in developing countries. Though the Bank has had guidelines in force since 1980 to protect people being involuntarily resettled, neither the Bank nor borrower agencies have obtained enough information regarding the extent, scope, and impact of involuntary resettlement. This makes it difficult to ascertain whether the Bank is living up to its guidelines or, when evaluating proposed new projects, to predict how various plans for resettlement will actually affect people.

To help fill this gap, a new OED study reports on the Bank's early experience with involuntary resettlement, drawing on evaluation reports for 49 completed projects approved since 1969.* The key sources of data for the study are four impact evaluations of resettlement in projects that are now well into their operational phase. The study outlines factors to consider in planning and implementing resettlement efforts. It finds that compliance with the Bank's guidelines requires more effective Bank and borrower performance in planning and executing resettlement. A recurring theme throughout is the complexity of resettlement efforts and consequent need for a wide range of skills.

Information on resettlement

The Bank's guidelines for involuntary resettlement in the projects it supports (Operational Directive 4.30, June 1990) provide for:

- Adequate compensation for lost assets.

- Assistance with relocation and support during the transition period.
- Assistance in re-establishing former living standards.

A central criterion for judging the performance of projects is the last element: whether resettlers' living standards have been restored. To reach such a judgment requires field-based data, gathered both at the project identification stage, to provide a "baseline," and later, after project implementation. Yet appraisal and evaluation reports often provide patchy information on resettlement in general and on incomes and living standards in particular.

Impact evaluations

To provide information for the study, OED undertook impact evaluations of involuntary resettlement in four Bank-supported projects in which resettlement was completed five to ten years ago—long enough to expect resettlers to have overcome initial resettlement problems and re-established their lives and productive capacity (see Box). All of these projects were planned and became effective before the Bank issued its first guidelines on resettlement (1980). Socioeconomic surveys undertaken for these impact evaluations show how the living standards of people resettled have changed over time. They also bring out the views of resettlers on compensation, relocation, and rehabilitation.

Outcomes

Incomes: Incomes were higher following resettlement in two of the four projects featured in the impact evaluations. This was the case for all affected households in Thailand, and for those eligible for resettlement in Maharashtra where the irrigation command area experienced a lower incidence of poverty, in both the resettled and host villages, than average for rural Maharashtra state. For most of the resettled households in Karnataka Irrigation and for all in Ghana Kpong Hydroelectric, real incomes fell.

Eligibility: The eligibility and entitlement to compensation, relocation, and resettlement were satisfactorily defined only in Ghana, Kpong.

Living standards: Social infrastructure services—water, health, education, electricity, access roads—were generally better in all projects than before resettlement. In Ghana, Kpong, replacement housing was provided in addition to house plots, successfully combining traditional architecture with modern amenities.

**"Early Experience with Resettlement", Report No. 12142, June 1993. OED reports are available to Bank Executive Directors and staff from the Internal Documents Unit and from Regional Information Services Centers.*

Projects Selected for Impact Studies

Thailand: Khao Laem Hydroelectric Project (\$80 million, approved 1979) supported construction of a reservoir on the Quai Noi river to provide water for power generation, irrigation, and urban water supply in Bangkok, and to help reduce the area subject to flooding. The region is heavily forested, mineral-rich, and mountainous; only the plains along the river and at the foot of the mountains were suitable for farming. Civil works started in 1980; the dam was closed and reservoir filling began in 1984. Forty-one villages were affected by the creation of the reservoir. Resettlement plans provided for relocation of an estimated 1,800 families, or 10,800 people. Resettlement started in 1983; planned resettlement activities were completed in 1987.

Ghana: Kpong Hydroelectric Project (\$39 million, approved 1977) supported the construction of the Kpong reservoir on the Volta River for electric power generation. Civil works started in 1977; all generating units built were commissioned by 1981. The reservoir displaced about 1,561 households along a 24 km stretch of river, affecting small farming and fishing villages and the larger settlement of Kpong. Resettlement started

at the end of 1978 and was completed in 1981.

India: Karnataka Irrigation Project (\$126 million, approved 1978) was expected to complete two dams begun in 1962, bringing irrigation to about 100,000 ha. The 9.6 km earth-filled dam at Narayanpur was the subject of the impact evaluation. It was built in a relatively flat broad valley bordering on three drought-prone districts. Although the dam has been completed and filling began in 1982, the reservoir is being held at the level it reached in the 1986 monsoon. At full capacity it will inundate about 132 sq km, submerging 36 villages plus some or all of their land, as well as farmland from another 54 villages. Resettlement began in 1972 and is not yet complete.

India: Second Maharashtra Irrigation Project (\$210 million, approved 1979) supported an ongoing program to build irrigation facilities. The Dhom storage dam, on the Krishna River, was completed and the reservoir was first filled in 1976; it submerged about 2,500 ha. In total, 2,840 ha were acquired from 32 villages to accommodate the reservoir and the dam construction site. Of the 32 villages, 13 were fully submerged and 19 were partially affected.

Settlers' perceptions: Most resettlers expressed dissatisfaction with their compensation and resettlement. However, Bank guidelines require project performance in resettlement to be judged according to data on incomes, not levels of satisfaction, which are subjective and may also be influenced by other factors besides resettlement. The discrepancy between incomes and levels of satisfaction highlights the need for income data.

Landlessness: Landlessness declined slightly in Maharashtra Irrigation II. Nevertheless, a tracer study of households from some inundated villages found that almost half the affected farmers were not eligible for resettlement; among this group, a fourth were landless. The incidence

of landlessness increased in both Thailand Khao Laem Hydroelectric and in Karnataka Irrigation.

Women: For women, who are engaged in farming in all three countries, resettlement caused no observable change in employment patterns. In Ghana, Kpong, care was taken to preserve the thriving women's pottery industry. Better village infrastructure and the introduction of electricity helped reduce labor-intensive tasks traditionally done by women. Nevertheless, some villages now have poorer access to markets and firewood—both women's responsibilities.

Hosts: In both projects in India, resettlers enjoyed good relations with host populations because the new villages were still within the social

catchment area of the former villages; the affected people were of the same caste (in Maharashtra); and the host populations sympathized with the plight of the affected families (in Karnataka). In Ghana, relations started out well but deteriorated following land disputes and failure to provide compensation for lands acquired for the resettlers.

Factors explaining outcomes

Experience of the impact evaluations consistently shows that for resettlement programs to succeed, seven factors need to be present:

Government/agency commitment

The satisfactory outcome of resettlement in the Khao Laem Hydroelectric project and in the Second Maharashtra Irrigation project, as measured by the increased incomes of those who were eligible for resettlement, has much to do with the degree of government/agency commitment. This factor underpins the other six factors.

Strong implementing agency

Power agencies have the best record on resettlement. Most of those studied were already established before the project and were well staffed for resettlement, with an adequate budget. In the Khao Laem project, for example, the Electricity Generating Authority of Thailand (EGAT) proceeded on the principle of re-establishing the livelihood of the families to be displaced. Thailand had no national legislation concerning compensation and resettlement, and thus it was EGAT which exhorted the government to take decisive action where there was no legal precedent. Policy issues were successfully dealt with because EGAT was organized for, and capable of, managing resettlement.

Legislative framework

An appropriate legal framework provides established and clear policies and guidelines that:

- adequately define eligible people;
- assure fair compensation;
- establish rights and responsibilities, delineate powers and duties, for relocation and rehabilitation for all affected persons;
- provide the processes and timetables for addressing the many issues that arise in resettlement;
- establish mechanisms for handling grievances (regarding cash compensation and, equally important, administrative decisions); and
- determine priorities among conflicting national policies.

In Ghana, resettlement efforts benefitted from a clear legal framework. In Karnataka, by contrast, a resettlement bill was drafted in 1987 with technical assistance supplied by the Bank, but is still awaiting Presidential approval in 1993. Rehabilitation was undertaken under the aegis of government orders which are not legally binding and can be amended or revoked at any time.

If legislation cannot be enacted to protect the livelihood of people to be affected by investment projects, as may be the case in countries where the legal system is informal, then a political commitment to this principle could be expressed in the form of basic entitlements for project-affected persons, agreed upon early in the project planning process.

Comprehensive planning

Good planning helps explain the satisfactory results in all projects in Thailand and in the Philippines Magat.

Often, however, planning could have been better. Where socioeconomic/baseline surveys were carried out, they frequently lacked conceptual clarity. In the area sur-

rounding the Kpong rapids in Ghana, lack of early attention to planning the project's agricultural component, including cultivation practices and the amounts of land required, was the main reason why resettled families received only about one third as much farmland as they had cultivated before resettlement. Services to support their production activities were left to a post-project phase that never materialized.

Development programs

Too often in Bank-supported projects, the relocation of households is regarded as the end of the resettlement exercise. Resettlers' dissatisfaction partly reflects the lack of sound development programs. In the Maharashtra project, which provided for resettlers to move into the irrigation command area, the development program was a principal cause of satisfaction.

Land: In Ghana, Kpong and Thailand, Khao Laem, families facing resettlement wanted replacement land above all else, and in both countries, dissatisfaction with the outcome of resettlement centered on the lack of replacement land. In the Kpong case, resettled households' agricultural output was much lower after the project than before, due both to the reduction in the size of their farms—and thus the continuous cropping on lands which formerly had been left fallow for extended periods—and the lack of any agricultural supporting services. In the Khao Laem project, farming did not intensify as expected.

Irrigation: Of the four projects studied, only one—Maharashtra—supplied irrigation. Irrigation was the reason for the Maharashtra resettlers' higher incomes and lower poverty levels (than before resettlement). In all the four projects studied, surveys showed that resettlers wanted irrigation. In Karnataka, the low levels of compensation meant that some of the farmers who lost only lands, not houses, invested their compensation money in irrigation

equipment. Their incomes were slightly higher than before, but noticeably higher than those of farmers who had lost both land and house, who spent all their compensation money to replace their houses.

Technical support is particularly important in projects with resettlement components, since farming communities being resettled often have no choice but to change their farming systems—for example, by shifting from extensive to intensive cultivation, from lowland irrigation to upland farming, or from rainfed to irrigated agriculture.

Community involvement

Consultation with the affected families can assist in both the planning and implementation process. It involves obtaining views on attitudes to evacuation, anticipated problems, expected assistance, and choice of resettlement sites. Involving communities in decision making is important for sustainability, since many of the new resettlement sites have a more highly developed infrastructure that has greater needs for maintenance.

Local leadership: The impact evaluations showed that much depends on the calibre and foresight of local community leaders, who are a vital channel of communication between project authorities and affected communities. In the Chico project in the Philippines, community leaders could not be persuaded to move to irrigated lands in the command area. Villagers were reluctant to leave their ancestral homes, especially while plenty of jobs were available around the dam site. At impact evaluation, these opportunities were exhausted, and while the few families who had moved to the command area were very satisfied, leaders said they regretted the decision to remain behind. By then it was too late to accommodate more families in the command area.

In Maharashtra, by contrast, local leaders clearly saw resettlement as an

opportunity to improve the community's economic and social situation. The presence of fellow ethnic groups in the receiving areas helped to smooth the transition, in that local leaders campaigned to obtain release of lands to give to the resettlers.

Maintenance arrangements: In the Ghana, Kpong project, the Volta River Authority (VRA) made considerable efforts to involve the village chiefs in setting up arrangements for running and maintaining village services. The chiefs' lack of interest then led VRA to try to set up independent resettlement management committees, charged with this responsibility. But the chiefs opposed these committees, which they felt challenged their leadership. Though the standard of village infrastructure was better than before resettlement, the decline in family incomes meant that households were much less able to pay for maintenance. In Thailand, the hand-over of responsibility was well organized; EGAT provided a revolving fund for maintenance of village infrastructure.

Cost estimates

Costs of resettlement have almost always been underestimated. The most common reasons are:

- Underestimation of the scope of resettlement activities, including studies and planning, rehabilitation/transfer and maintenance, development investments, and technical and social assistance.
- Unrealistically low assumptions about unit prices for land acquisition and social amenities.
- Lack of detailed plans upon which to base cost estimates.

Another problem relates to funding and disbursements. In all four

projects studied, most of the costs of compensation and resettlement were to be met by the respective governments. Ghana Kpong Hydroelectric partially met these costs despite economic difficulties while several other projects failed to reach planned targets for lack of funding.

Implementing Bank guidelines

Among the Bank-supported projects now in progress, 131 have been identified as involving resettlement, affecting a total of 1.9 million people. The Bank's guidelines cover the relevant issues. But they are not always applied and often go beyond the requirements of local legislation. A question also remains as to how many other projects escape the guidelines altogether. An ongoing Bankwide review of resettlement policy is expected to address this question.

Even in large infrastructure projects where displacement is very obvious, little information is generally available on resettlement issues. Together, the recommendations outlined below suggest that the social aspects of civil works construction projects need much greater attention by the Bank and by borrower governments. Unless these aspects are mastered, the development enterprise itself will continue to be dogged by public protests.

Minimizing displacement

The importance of minimizing displacement cannot be overemphasized. Realistic estimates of resettlement costs and borrower involvement should play an important role here, since they may change the relation between the costs and benefits of alternative investments and may provide incentives to minimize displacement.

Development programs

Bank policy embraces the use of resettlement as an agent for change, including economic development. All the surveys show that resettlers, including tribal people, themselves seek new opportunities. Yet project planning and implementation is normally preoccupied with compensation and relocation, to the detriment of planning productive activities and services to support them.

Establishing productive activities to restore, or increase, former standards of living is difficult to accomplish within the normal timeframe of an investment project. One solution would be to move the resettlement process upstream in the project cycle. Resettlement could start immediately after project initiation and be completed a minimum of two years before project closing to help ensure that incomes are fully restored by project completion.

In other circumstances a separate development project (or sub-project, if the resettlement program is quite small) to begin after people have been moved, designed to increase the incomes of the affected families, may be the only practical solution. Compensation and relocation could be the responsibility of the agency implementing the project, while the rehabilitation project could be the responsibility of the particular line agency.

Data on living standards

In the great majority of projects it is impossible to determine whether living standards have been restored. This is a serious omission. Not only does it give the impression that the Bank is little interested in achieving this goal; it also deprives management of the information needed to take remedial measures.

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