MARKET-LED SMALLHOLDER DEVELOPMENT PROJECT IN THE ZAMBEZI VALLEY PROJECT

RESSETLEMENT POLICY FRAMEWORK

FINAL REPORT
JUNE 2, 2006
# TABLE OF CONTENTS

## ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>III</td>
</tr>
</tbody>
</table>

## 1 INTRODUCTION

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

## 2 PROJECT CONCEPT

### 2.1 PROJECT COMPONENTS

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

#### 2.1.1 Project component 1: Community Group Organisation and Local Institutional Strengthening

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

#### 2.1.2 Project component 2: Agricultural Production and Marketing Development

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
</tr>
</tbody>
</table>

#### 2.1.3 Project component 3: Community Agricultural and Environment Investment Fund

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
</tr>
</tbody>
</table>

#### 2.1.4 Project component 4: Project Management, Co-ordination and Monitoring and Evaluation

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
</tr>
</tbody>
</table>

### 2.2 SUB-PROJECT SELECTION, PREPARATION, REVIEW, APPROVAL AND IMPLEMENTATION

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
</tr>
</tbody>
</table>

#### 2.2.1 Agriculturally Related Infrastructure sub-projects

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
</tr>
</tbody>
</table>

#### 2.2.2 Other sub-projects

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
</tr>
</tbody>
</table>

## 3 PROJECT COMPONENTS LAND ACQUISITION AND RESETTLEMENT

### 3.1 PROJECT COMPONENTS POSSIBLY REQUIRING LAND

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
</tr>
</tbody>
</table>

### 3.2 ADDRESSING INVOLUNTARY RESETTLEMENT

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
</tr>
</tbody>
</table>

### 3.3 PREPARATION OF THE RESETTLEMENT POLICY FRAMEWORK

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
</tr>
</tbody>
</table>

## 4 RESETTLEMENT ACTION PLANS

### 4.1 DETERMINING WHEN RESETTLEMENT PLANNING IS NEEDED

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
</tr>
</tbody>
</table>

### 4.2 VOLUNTARY LAND DONATIONS IN SUB-PROJECTS

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
</tr>
</tbody>
</table>

### 4.3 PLANNING FOR INVOLUNTARY RESETTLEMENT

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
</tr>
</tbody>
</table>

### 4.4 PROCESS FOR PREPARING RESETTLEMENT ACTION PLANS

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
</tr>
</tbody>
</table>

#### 4.4.1 District Technical Team

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
</tr>
</tbody>
</table>

#### 4.4.2 District Proposal Review Team

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
</tr>
</tbody>
</table>

#### 4.4.3 Resettlement Planning Team

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
</tr>
</tbody>
</table>

#### 4.4.4 Baseline survey and preliminary asset inventory

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
</tr>
</tbody>
</table>

#### 4.4.5 Assigning displaced persons to different categories

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
</tr>
</tbody>
</table>

#### 4.4.6 Determination of eligibility for compensation and resettlement entitlements

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
</tr>
</tbody>
</table>

#### 4.4.7 Determination of valuation methodology and calculation of cost of compensation and resettlement

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
</tr>
</tbody>
</table>

#### 4.4.8 Draft resettlement action plan report

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
</tr>
</tbody>
</table>

### 4.5 PROCESS FOR REVIEWING, APPROVING AND DISCLOSING RESETTLEMENT ACTION PLANS

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
</tr>
</tbody>
</table>

### 4.6 PRELIMINARY TASKS

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
</tr>
</tbody>
</table>

### 4.7 TRAINING

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
</tr>
</tbody>
</table>

## 5 PRINCIPLES AND OBJECTIVES

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
</tr>
</tbody>
</table>

## 6 LEGAL FRAMEWORKS

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>17</td>
</tr>
</tbody>
</table>

## 7 ESTIMATED POPULATION DISPLACEMENT AND CATEGORIES OF AFFECTED PEOPLE

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>19</td>
</tr>
</tbody>
</table>

## 8 ELIGIBILITY CRITERIA FOR VARIOUS CATEGORIES OF AFFECTED PEOPLE

### 8.1 CUT-OFF DATE

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
</tr>
</tbody>
</table>

### 8.2 ELIGIBILITY CRITERIA FOR ENTITLEMENTS

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
</tr>
</tbody>
</table>

## 9 VALUING AFFECTED ASSETS

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>25</td>
</tr>
</tbody>
</table>

## 10 ORGANISATION, PROCEDURES AND RESPONSIBILITIES FOR IMPLEMENTATION OF RESETTLEMENT ACTION PLANS

### 10.1 INTEGRATION OF A RESETTLEMENT ACTION PLAN INTO AN OVERALL SUB-PROJECT PLAN

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>26</td>
</tr>
</tbody>
</table>
10.2 DETAILED DETERMINATION OF ENTITLEMENTS 27
10.3 ENTITLEMENT AGREEMENT CONTRACTS 27
10.4 REPLACEMENT LAND AND RESETTLEMENT 27
  10.4.1 Selection and allocation of replacement land 27
  10.4.2 Land planning and preparation 28
  10.4.3 Relocation to replacement land 28
10.5 COMPENSATION 28
  10.5.1 Payment of compensation 28
  10.5.2 Compensation for unforeseen displacement and damage 28
10.6 CONFIRMATION OF RECEIPT OF ENTITLEMENTS 29
10.7 PROGRESS MONITORING AND REPORTING 29

11 CONSULTATION WITH, AND PARTICIPATION OF, AFFECTED PEOPLE 29
  11.1 CONSULTATION WITH DISPLACED PERSONS 29
  11.2 GRIEVANCES 30

12 MONITORING ARRANGEMENTS 30

13 FUNDING AND INDICATIVE BUDGET 31

LIST OF TABLES

Table 1 Broad categories of displaced persons eligible to receive benefits 20
Table 2 Proposed entitlement matrix 23
Table 3 Estimated resettlement cost for a sub-project 32
Table 4 Indicative budget for resettlement 32

APPENDICES

APPENDIX 1 SUGGESTED PROCEDURE FOR DRAFT RESETTLEMENT ACTION PLAN
  PREPARATION, REVIEW AND APPROVAL
APPENDIX 2 SUGGESTED STRUCTURE OF A SUB-PROJECT DRAFT RESETTLEMENT
  ACTION PLAN
APPENDIX 3 SUMMARY OF NATIONAL LAWS GOVERNING LAND, RESETTLEMENT AND
  COMPENSATION
APPENDIX 4 SUGGESTED PROCEDURE FOR IMPLEMENTATION AND DELIVERY OF
  ENTITLEMENTS
**ABBREVIATIONS AND ACRONYMS**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARP</td>
<td>Abbreviated resettlement plan</td>
</tr>
<tr>
<td>CAEIF</td>
<td>Community Agriculture and Environment Investment Fund</td>
</tr>
<tr>
<td>CBNRM</td>
<td>Community based natural resource management</td>
</tr>
<tr>
<td>CBO</td>
<td>Community based organisation</td>
</tr>
<tr>
<td>DA</td>
<td>District administrator</td>
</tr>
<tr>
<td>DCC</td>
<td>District consultative committee</td>
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<tr>
<td>DDA</td>
<td>District Directorate of Agriculture</td>
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<tr>
<td>DF</td>
<td>District Facilitator</td>
</tr>
<tr>
<td>DNPDR</td>
<td>National Directorate for the Promotion of Rural Development</td>
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<tr>
<td>DP</td>
<td>Displaced person</td>
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<tr>
<td>DPA</td>
<td>Provincial Directorate for Agriculture</td>
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<tr>
<td>DPCOA</td>
<td>Provincial Directorate for the Co-ordination of Environmental Affairs</td>
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<tr>
<td>DPFP</td>
<td>Decentralised Planning and Finance Project</td>
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<tr>
<td>DPOPH</td>
<td>Provincial Directorate of Public Works and Housing</td>
</tr>
<tr>
<td>DPRC</td>
<td>District Proposal Review Team</td>
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<tr>
<td>DTT</td>
<td>District technical team</td>
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<tr>
<td>EA</td>
<td>Environmental analysis/assessment</td>
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<td>EMP</td>
<td>Environmental management plan</td>
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<tr>
<td>ESMF</td>
<td>Environment and social management framework</td>
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<tr>
<td>FMA</td>
<td>Field Management Advisor</td>
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<tr>
<td>GEF</td>
<td>Global Environmental Facility</td>
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<tr>
<td>GIS</td>
<td>Geographic information system</td>
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<tr>
<td>GOM</td>
<td>Government of Mozambique</td>
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<td>HIV/AIDS</td>
<td>Human Immune Virus/Acquired Immunodeficiency Syndrome</td>
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<td>IDA</td>
<td>International Development Association</td>
</tr>
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<td>m</td>
<td>metre</td>
</tr>
<tr>
<td>MICOA</td>
<td>Ministry for the Co-ordination of Environmental Affairs</td>
</tr>
<tr>
<td>MPD</td>
<td>Ministry of Planning and Development</td>
</tr>
<tr>
<td>NRM</td>
<td>Natural resource management</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-governmental organisation</td>
</tr>
<tr>
<td>OP</td>
<td>Operational procedures</td>
</tr>
<tr>
<td>PAD</td>
<td>Project appraisal document</td>
</tr>
<tr>
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<td>Resettlement action plan</td>
</tr>
<tr>
<td>RPF</td>
<td>Resettlement policy framework</td>
</tr>
<tr>
<td>RPT</td>
<td>Resettlement Planning Team</td>
</tr>
<tr>
<td>SLM</td>
<td>Sustainable land management</td>
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<tr>
<td>WB</td>
<td>World Bank</td>
</tr>
</tbody>
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Impacto, Lda – Projectos e Estudos Ambientais
1 INTRODUCTION

The Government of Mozambique is preparing the "Market-led Smallholder Development in the Zambezi Valley Project" (the "project"), to be funded through a proposed credit from the International Development Agency (IDA) and a proposed grant from the Global Environmental Facility (GEF) Trust Fund.

The development objective of the project is to increase the income of smallholder farmers in selected districts of the Zambezi valley region of central Mozambique. Increased incomes will be realised not only from direct support to smallholder groups and other supply chain participants, but also through the strengthening of local level capacity to undertake and manage service delivery within the context of the Government of Mozambique (GOM) decentralisation policy. A draft Project Appraisal Document (PAD) was prepared in March 2006.

2 PROJECT CONCEPT

The project is to be implemented by the National Directorate for the Promotion of of Rural Development (DNPDR) of the Ministry of Planning and Development (MPD). The project will be integrated and support the Government's decentralisation policies and initiatives and will this be focused at the district level.

2.1 PROJECT COMPONENTS

The project will primarily consist of technical assistance and investments in infrastructure and has been broken down into four components, which are:

- community group organisation and local institutional strengthening;
- agricultural production and marketing development;
- community agricultural and environment investment fund; and
- project management, co-ordination and monitoring and evaluation.

The various project components are described in the draft PAD\(^1\). The project will be implemented over a six year period in two phases across five districts in the Zambezi valley region of central Mozambique. The districts are located in Tete, Zambezia and Sofala provinces. The project will start operations in the adjacent districts of Mutarara (Tete province) and Murrumbala (Zambezia province) and will be extended to three other districts during the second year of implementation.

2.1.1 Project component 1: Community Group Organisation and Local Institutional Strengthening

The aim of the Community Group Organisation and Local Institutional Strengthening sub-project is to strengthen the capacity of rural smallholders, organised as community based organisations (CBOs), such as farmer groups, women's groups and savings and loans groups, to secure access to technical and financial resources that contribute to their sustainable economic development.

This component has three sub-components which focus on the promotion, development and strengthening of the CBOs, the promotion and expansion of rural financial services in the project areas and building the capacity of district and local government staff to identify and

\(^1\) March 21, 2006.
respond to the agriculture and natural resource management (NRM) related demand-driven needs of smallholders. Participatory land use planning from the community to the district level will also be enhanced. Geographic information systems (GIS) will be established to support rational and improved resource and development planning and to provide a baseline for on-going monitoring and evaluation. Inputs include training, goods and equipment, consultancy services and only a modest amount of civil works.

A CBO service provider (possibly a major NGO or private sector actor, a rural financial services provider, other specialists and a land use planning advisor will be contracted to provide promotion, facilitation, capacity development and other specialist services. They will be supported by project financed advisors, district extension staff and technicians from other district departments.

2.1.2 Project component 2: Agricultural Production and Marketing Development

Component 2 (Agricultural Production and Marketing Development) intends to increase agricultural production and rural incomes through improved practices in many areas of the supply chain.

The component has three sub-components. The first will focus on the promotion and adoption of improved crop production (rainfed and irrigated), sustainable land management (SLM) livestock production and post-harvest practices, through the strengthening of agricultural extension services in the project area. The second will focus on agribusiness and market development and will facilitate supply chain linkages through the development of market forums, dissemination of market information and promotion and support to private sector agribusiness. The third will provide resources and technical support for the definition and implementation of market studies, applied research, training and awareness campaigns. Inputs will mainly include incremental operating costs, equipment and minimal civil works.

An average of two field extension staff per administrative post and two district-level subject matter specialists (e.g. focused on agribusiness and marketing issues and on NRM) will be added to the existing District Directorate of Agriculture (DDA) personnel during implementation.

2.1.3 Project component 3: Community Agricultural and Environment Investment Fund

Under Component 3 a Community Agricultural and Environment Investment Fund (CAEIF) will be established to provide grants to facilitate accelerated agriculture development and more sustainable land and water management in the project area. The grants will be used implement sub-projects and will mainly cover infrastructure and other investment costs. A portion of the Fund will be allocated to cover the costs of sub-project proposal design, evaluation, implementation support and supervision.

The fund will benefit from district level structures and capacities developed under the DPFP as well as supplementary support provided under other project components. However, no disbursement under the fund is expected in the first year of implementation. The CAEIF has three windows. These are:

- Agriculturally Related Infrastructure;
- Small-scale Agricultural Investment; and
- Natural Resource Management.
Window 1: Agriculturally Related Infrastructure

This window will provide grants for improving publicly owned infrastructure that is intended to contribute to increased agricultural incomes. This may include rural access (e.g. local road improvement, culverts and small bridges), markets and buildings. Grants will also be provided for improving communal infrastructure facilities such as small gravity irrigation schemes (to be operated and maintained by recipient communities) and storage facilities. The grants will not be used to support commercial enterprises.

Priorities identified through market forums established under Component 2 will be incorporated into annual district budgets through the district planning process, following consultative district level planning, sub-project design and proposal evaluation. Resources from this window would be supplementary to those already available under the DPFP and would only be used where DPFP resources were unavailable or exhausted. The same mechanisms as utilised for DPFP Local Infrastructure Grants will apply to this window.

Fund resources are expected to be used to procure design and supervision services from relevant GOM agencies or the private sector. Sufficient civil works contractors exist within the region to implement the programme. Proposal evaluation and completion inspections will be undertaken, where possible, by staff from the Provincial Directorate of Public Works and Housing (DPOPH) or, if necessary, by independent contractors.

Window 2: Small-scale Agricultural Investment

This window will provide contributory grant and reimbursable financing to smallholder farmers and other agricultural supply chain participants, as groups or individuals, to enable access to investment and technical assistance for private enterprise development activities which would not form part of district plans. Sub-project investments could include on-farm irrigation, agricultural production, post-harvest handling and small processing activities.

Group proposals will mainly emanate from the producer and trader groups and associations supported under Component 1 of the project. For groups, technical assistance and related costs will be grant funded, but investment elements will require a 25% to 50% contribution from the applicant, depending on the sub-project category.

For small-scale local entrepreneurs technical assistance will also be grant funded but investment support will be restricted to no more than 35% of a maximum total proposal cost of US$ 7 500.

All sub-projects supported by this window, under US$ 7 500, will be processed and implemented completely at district level. Larger group sub-projects will require the review and approval of the Provincial Steering Committee.

Window 3: Natural Resource Management

The third window will provide demand-driven grant funding to support investment and technical assistance for improved NRM, particularly for sub-projects that specifically address land degradation and more generally promote the sustainable use of natural resources.

Possible sub-projects could include initiatives resulting from the SLM activities funded under Component 2 or new community initiatives in sustainable agriculture or sustainable forestry, such as community-based natural resource management (CBNRM), fire-less farming techniques, planting of fast-growing woodlots for charcoal production and fish ponds. They could also aim to complement proposals for sub-projects funded under other windows. They...
will be in coherence with the community and district land use plans which will be developed under Component 1.

Support will be provided through a NRM subject matter specialist within DDA (Component 2) and an Environmental Services Provider will assist communities to develop sub-projects proposals and provide support for sub-project implementation and monitoring and evaluation.

This window will finance from 70% to 90% of the total sub-project cost, depending on the environmental benefits provided. Grants of up to US$ 5,000 will be approved at the district level. Above this amount, and up to a proposed limit of US$ 20,000, grants will be approved by the Provincial Steering Committee. The beneficiaries will provide the remainder, either in kind (e.g. labour) or in cash.

### 2.1.4 Project component 4: Project Management, Co-ordination and Monitoring and Evaluation

The project will not utilise a dedicated project implementation unit. Project coordination, management and monitoring will be undertaken by government staff, individual advisors and contracted service providers.

Technical management, coordination and monitoring will predominantly be at the local level. At district level, project management will be the responsibility of the District Administrator, supported by the District Facilitator (DF), a project funded position, and a district level financial officer. Within the district, the DF will be principally responsible for coordination, linking together government technical agencies, service providers and district consultative planning participants.

At provincial level the DNPDR representative, supported by a Provincial Financial Manager, will be the Provincial Co-ordinator who will provide the key management functions and act as Secretary for the Provincial Steering Committee, already established by DPFP. A project funded Field management Advisor, based in one of the provincial capitals and supported by a small group of on-call experts, will coordinate between DFs, provincial stakeholders, and the national level. The provincial level will provide co-ordination required for the services provided by public and private sector agencies that are not present in districts. The DNPDR team will be responsible for incorporating provincial level activities into aggregated district plans, reports and budgets.

Overall project strategy will be the responsibility by an expanded Inter-Ministerial Steering Committee, shared with the DPFP. The National Director of DNPDR will be the Project Director who will be supported by a Financial Management Specialist and accountant in the financial area and the FMA in technical matters.

Internal project monitoring (e.g. inputs and outcomes) will closely follow the co-ordination roles, with the DF and the FMA having responsibilities in this area. The information collected, both directly and from service providers' own monitoring processes, will comprise part of the annual reporting system of the project and will include expenditure, input and performance data, as well as monitoring data derived under Component 1. External (process) monitoring will be undertaken by an independent contractor reporting directly to the Inter-Ministerial Steering Committee and will focus on processes and outcomes. This work will be supported by a baseline study conducted prior to project effectiveness, followed by similar studies prior to the mid-term and investment completion reviews.
2.2 SUB-PROJECT SELECTION, PREPARATION, REVIEW, APPROVAL AND IMPLEMENTATION

The operation of the CAEIF will be largely a district responsibility and will be integrated into the decentralisation process to the extent that it relates to the provision of public goods.

2.2.1 Agriculturally Related Infrastructure sub-projects

Public sector and community infrastructure sub-projects proposed under the Agriculturally Related Infrastructure window of Component 2 will largely be identified, planned, reviewed, approved and implemented using the same mechanisms utilised by the DPFP for LIG.

Sub-projects will be proposed by communities, mainly through local councils (e.g. District Consultative Committees (DCCs), where they exist, and District Market Forums established by the project to identify infrastructure bottlenecks to agricultural development.

Preparation of sub-project proposals will be the responsibility of district level agencies and the communities who will receive training and technical assistance to improve their planning capacity. They will be supported, as necessary, by provincial level technical departments, such as DPOPH, and other specially contracted service providers.

Sub-project proposals will be reviewed by district technical staff, with assistance from the provincial level if needed. The DTT, in consultation with the DCC and District Marketing Forum will approve sub-projects which are consistent with the district plans. Larger sub-projects will be forwarded to the province for approval by the Provincial Steering Committee\(^2\). The DTT is chaired by the DA and included representatives from all district level technical agencies. The DTT is responsible for supporting district planning processes, including the preparation of annual district project work plans and reports.

Works procurement will be the responsibility of staff at the district level or provincial level, depending on circumstances. Financial management will be the responsibility of DPPF.

Construction will be undertaken by small private sector contractors. Supervision will be provided by relevant district or provincial level technicians (e.g. DPOPH) with support from private sector works inspectors (fiscais). The district administration will be responsible for overseeing implementation. As far as possible standard designs, pre-developed and reviewed by the appropriate government ministries and DPFP, will be used.

2.2.2 Other sub-projects

Sub-projects under the Small-scale Agricultural Investment window and the Natural Resources Management window of the CAEIF will be mainly identified by the relevant communities, groups and individual entrepreneurs.

A District Proposal Review Committee, comprising relevant technical personnel, will be created and trained. It will review and approve sub-project applications. Where necessary provincial level technicians and external advisors will provide technical support.

\(^2\) The PAD of March 21, 2006 does not specify what the sub-project costs limit is, above which provincial approval has to be obtained.
3 PROJECT COMPONENTS LAND ACQUISITION AND RESETTLEMENT

3.1 PROJECT COMPONENTS POSSIBLY REQUIRING LAND

In general, only sub-projects implemented under Component 3, the CAEIF, will require land on which to establish infrastructure or implement other sub-project activities. The project will not finance any major infrastructure so that the land area required for a sub-project is expected to be very small. Displacement, if any, is likely to be highly localised.

Although a "menu" of possible eligible types of CAEIF sub-projects has been formulated the exact nature, size and location of individual sub-projects is not known. It is therefore not possible to predict with any degree of certainty the type and extent of any adverse social, economic and cultural effects. In general, rehabilitation of existing infrastructure should not require the permanent acquisition of additional land. Possible sub-projects that may require land to be acquired, either permanently or temporarily, and which may adversely affect the assets or livelihoods of people include:

- construction or rehabilitation of small buildings and structures, such as rural markets (e.g. market shelters), grain stores, transport shelters, small agro-processing units, livestock sale pens and cattle dip-tanks;
- improvement to local earth feeder roads (the existing alignment of roads will be maintained) and construction or repair of culverts, small bridges and drainage channels;
- construction or repair of small earth dams for small-scale irrigation or livestock watering;
- construction of fish ponds;
- construction of small community or on-farm gravity irrigation schemes with ancillary infrastructure, such as intake structures, buildings, water conveyance structures (e.g. pipelines and canals) and access roads;
- establishment of livestock grazing schemes; and
- establishment of community woodlots.

Wherever possible, infrastructure will be installed and activities \(^3\) carried out on land that is not being currently occupied or used by other people. This would include waste land, unoccupied land or unallocated land which belongs to local authorities and communities who provide the land for a sub-project. This will be the situation for most sub-projects, since most sub-project infrastructure does not have to be located at a specific site in accordance with technical criteria and project sites will usually be found that avoid land that is occupied or used by people.

In other cases, however, land that is currently being used or occupied by other people, entities or the community itself will have to be acquired for sub-project infrastructure. The land may be occupied or used by the affected person on the basis of an official authorisation from the State or on the basis of customary community land tenure arrangements. The land may be acquired in two different ways.

Firstly, even where the location of sub-project infrastructure is not tied to specific site characteristics and a number of possible sites are available, a person, entity or community may agree to voluntary donate land (in total or in part) to a sub-project proponent because the chosen site is preferred for various reasons. The land will be donated in return for alternative land and fair compensation. This is a common occurrence in rural areas. The person donating the land will thus permanently lose the land, access to resources on the

\(^3\) E.g. development of a communal woodlot and excavation of borrow pits.
land and any structures, crops, valuable trees (e.g. fruit trees) and other fixed assets on the land. In some circumstances these loses will result in the loss of accommodation (residence) and in adverse impacts on food supplies and income sources. Depending on the nature and extent of the impacts, the affected person may need to be relocated to another site, provided with compensation for losses suffered and provided with other rehabilitation measures. Thus it will be important to select land which has minimum improvements and developments on it in order to minimise the level of displacement caused.

Secondly, some types of project infrastructure can only be located in specific sites because of technical and design requirements. A small earth dam, for example, can usually only be constructed at a site which meets specific physical, geological and hydrological criteria. Land required for irrigation developments is often found on land that is currently being used for farming on account of its favourable soil and topographical characteristics. Such sites are usually limited in any project area. Other possible sub-projects which have technical limitations with respect to site selection include fish ponds, canals for irrigation schemes, woodlots, road culverts and small bridges, although the severity of the limitations is variable. In such cases it may be necessary to acquire land which is occupied or used by another person or entity. Such land acquisition is necessarily involuntary - voluntary land donation is not possible in such cases because the owner or occupier has no option but to release his or her land to the project.

As with voluntary land donation, the affected person will permanently lose the land, access to resources on the land (e.g. livestock grazing and timber resources) and any structures, crops, valuable trees (e.g. fruit trees) and other fixed assets on the land. In some circumstances these loses will result in the loss of accommodation (residence) and in adverse impacts on food supplies and income sources. Losses and the resultant displacement are expected to be small. Depending on the nature and extent of the impacts, the affected person will need to be relocated to another site, provided with compensation for losses suffered and provided with other rehabilitation measures. For some sub-projects, such as small dam construction, losses may become more significant if other areas within the catchment are “acquired” for conservation and protection purposes. The development of a small-scale irrigation scheme may also result in the reduction in stream flow along stretches where the stream is diverted. For people who currently rely on such stretches for water supplies this would represent a reduction in access to resources.

For some sub-projects land acquisition will only be temporary. Such land may be used during construction activities for clearing vegetation, gaining access to site or for storage of construction materials or spoil and will be returned to the owner after construction has finished. The areas involved will usually be very small. Nevertheless, the affected party will lose temporary access to the land during the period of construction. Some infrastructure, crops and trees may be permanently removed or damaged and food supplies and income sources may be adversely affected. As far as possible the affected land and assets will be returned to its original state after construction but the affected person will require compensation and other measures to cover temporary and permanent losses. Even where there is no loss of land, unforeseen damage to property may also be caused by construction machinery and personnel.

The construction of sub-project infrastructure such as small dams and, particularly, the erection of fences around project areas, may, in certain cases, cut off traditional access routes, such as pathways and livestock routes, and impede accessibility to locations and resources. The result is likely to be inconvenience rather than displacement but remedial measures may need to be considered.

The acquisition of land for some sub-projects could cause economic displacement. For instance, the construction of new rural markets (i.e. market stalls or shelters) could involve
the relocation of vendors and lead to a certain amount of economic displacement (e.g. loss of income). However, the impacts will be temporary if the vendors are able to return to the improved facilities and their initial losses will be offset by the improved structures and facilities made available to them. Likewise, adverse socio-economic impacts associated with displacing people from small-scale irrigation development will be minimised if the affected people subsequently become irrigators on the newly developed scheme. This social issue will obviously differ in scale and magnitude from one sub-project to another.

3.2 ADDRESSING INVOLUNTARY RESETTLEMENT

The PAD suggests that the magnitude of adverse environmental and social impacts is expected to be minimal. Minor socio-economic impacts may, however, be encountered with certain sub-projects where there may be need to take small amounts of land or productive resources, either temporarily or permanently, for sub-project activities and infrastructure. Taking of land and productive resources may, in turn, displace people and other entities in one way or another. Due to the nature and scale of the civil works proposed under Component 3 (CAEIF) the need to take land and/or productive resources and to, therefore, displace people is likely to occur in only very few exceptional cases and the degree of any displacement is not expected to be significant.

For WB supported projects the Bank requires that any project that causes displacement must be subject to the requirements of its Operational Policy on Involuntary Resettlement (OP 4.12). The policy covers direct economic and social impacts that are caused by the involuntary taking of land resulting in:

- relocation or loss of shelter;
- the loss of assets or access to assets important to production;
- the loss of income sources or means of livelihood; or
- the loss of access to locations that provide higher incomes or lower expenditures to businesses or persons.

The WB describes these processes and outcomes as "involuntary resettlement", or simply "resettlement", even when people are not forced to move. Resettlement is involuntary if affected people do not have the option to retain the status quo that they have before the project begins. WB OP 4.12 is applied whether or not the affected persons must move to another location. Displacement may be physical, economic, social or cultural.

The Market-led Smallholder Development in the Zambezi Valley Project is a sector-wide project. It involves multiple sub-projects some of which may require land and asset takings. Specific investment decisions will be made during the life of the project. Individual sub-projects will not be known at the beginning because they will be selected at a later date. In such cases the WB OP 4.12 requires two types of resettlement planning.

The first is a resettlement policy framework (RPF) which guides and governs the project as sub-projects are selected for inclusion. An RPF is prepared in situations where specific investment sites and details (i.e. individual sub-projects) are not known. It is a statement of the policy, principles, institutional arrangements and procedures that will be followed for each sub-project involving compensation and/or resettlement. It sets out the elements common to all the sub-projects. It allows for the principles and processes to be agreed so that these do not have to be discussed for every sub-project. It also allows project implementers, who may be in many locations, agencies or communities, to undertake specific sub-projects without having to renegotiate fundamental agreements. The RPF must be prepared, accepted and disclosed publicly before the WB will appraise the project.
The second element includes individual resettlement action plans (RAPs) that are undertaken for each sub-project where displacement will occur, once more specific details of the location and nature of the sub-project is known. Individual RAPs must be prepared and reviewed before they are accepted for inclusion in the overall project or programme. The RPF provides the basis for developing RAPs\(^4\), if needed, for each sub-project and the RPF and the RAPs are fully complementary to one another.

### 3.3 PREPARATION OF THE RESETTLEMENT POLICY FRAMEWORK

As part of the preparation of the project this RPF has been prepared to meet the requirements of the GOM in order to address the needs of an as yet unknown number of people, if any, who may be affected by the implementation of individual sub-projects. Although an integral part of the environmental management recommendations of the environmental and social management framework (ESMF) document being undertaken for the project, the RPF is presented as a separate document.

This RPF has been prepared to guide the preparation and implementation of sub-projects with components requiring land or causing displacement. It lays down the principles and objectives, eligibility criteria for entitlements, legal and institutional frameworks, modes of compensation, stakeholder participation features and grievance procedures that will guide the implementation of resettlement activities for persons affected by land or resource acquisition and subsequent displacement. For the purposes of this RPF the term “resettlement” is taken to include compensation, physical relocation and rehabilitation measures. The RPF has been prepared following the procedures and standards of the GOM environmental policy relevant to involuntary resettlement and those of the WB, i.e. OP 4.12. The preparation of the RPF has also been guided by several examples of RPFs prepared for WB supported projects in Mozambique and the other regions.

The RPF will be disclosed to relevant institutions and stakeholder groups for their endorsement and arrangement for implementing the framework. It will be sent to the Ministry for the Co-ordination of Environmental Affairs (MICOA) for review and comment. The RPF is required to be approved by the Bank’s relevant environmental and social review unit (in this case ASPEN) and disclosed in the WB Info-shop. It will also be publicly disclosed within Mozambique in Portuguese, including at the offices of the relevant district administrations. Further, the WB reserves the prerogative of reviewing any and all RAPs, or, at its disposition, of delegating this authority to national officials, before disclosure of any RAP both in the WB Info-shop and within Mozambique.

### 4 RESETTLEMENT ACTION PLANS

#### 4.1 DETERMINING WHEN RESETTLEMENT PLANNING IS NEEDED

According to Mozambican environmental legislation certain development projects are automatically exempt from environmental (EA), which also includes social assessment, if they are of a certain type and size. This typically applies to small projects that usually have minimal adverse environmental and social impacts. This is likely to apply to many CAEIF projects.

For large projects and certain prescribed categories of projects application of at least part of the EA process is mandatory. This applies, for instance to dam and irrigation development

\(^{4}\) Or abbreviated resettlement plans where the impacts on the entire displaced population are minor (i.e. affected people are not physically displaced and less than 10% of their productive assets are lost) or fewer than 200 people are displaced.
projects over a certain size. It also applies to projects which could result in significant displacement of people and property and the need for relocation and compensation, regardless of the type and size of the project.

For such projects the environmental legislation requires that a screening process be undertaken to determine whether an EA needs to be carried out and to determine the type and complexity of EA to be applied. Although most CAEIF projects are unlikely to require EA, the ESMF for the project requires that all sub-projects be subject to the environmental screening process. The screening process will identify potential environmental and social impacts of sub-project activities, including impacts on land, assets and socio-economic activities.

During the preparation of sub-project proposals or applications the applicant will complete an environmental screening form or checklist, an example of which is included in the ESMF. The checklist contains sections relating to the need for land acquisition and the likely extent of displacement caused by the sub-project. District technical staff, primarily those in the DDA, will be trained in the application of the check list in order to train and assist sub-project applicants to complete them. Assistance will also be made available by the environmental technical expertise made available within the project. The screening process provides an opportunity for sub-project applicants to change sub-project designs and locations in order to reduce the amount of privately held land that needs to be acquired and thus reduce the amount of displacement caused.

Completed check lists will then be forwarded to the Provincial Directorate for the Coordination of Environmental Affairs (DPCOA) which will determine whether further EA studies and resettlement planning is required. The need for resettlement planning will be determined according to the requirements of Mozambican legislation and WB OP 4.12. If the environmental screening process determines that no privately held land needs to be acquired or that small areas of land need to be acquired but that there will be no displacement of people or property, no further resettlement planning will be required. This is likely to be the situation for the majority of CAEIF sub-projects. However, even in such cases, the Provincial Steering Committee or the WB may require that further EA or a resettlement planning be undertaken, depending upon the nature of the impacts. Resettlement planning is always required whenever land is acquired or de facto rights to public land will be abridged.

4.2 VOLUNTARY LAND DONATIONS IN SUB-PROJECTS

If any of the questions in the check list concerning land acquisition and displacement are answered “yes” this will signal that resettlement planning, in accordance with the requirements of Mozambican legislation and the WB OP 4.12 is required. An exception will be in the cases where land needs to be acquired but will be donated voluntary.

The determination of informed consent can sometimes be difficult. The following criteria are presented as guidelines to help ensure that any donation or relinquishment of land or assets for a sub-project is done voluntarily:

- the infrastructure is not site specific;
- the impacts are minor (i.e. involve no more than 10% of the area of any holding and do not require any physical relocation;)
- the land required to meet technical project criteria is identified by the beneficiary community, not by line agencies or project authorities (nonetheless technical authorities can help ensure that the land is appropriate for project purposes, and that the project will not produce health or environmental safety hazards);
the land in question must be free of squatters, encroachers or other claims or encumbrances;

verification (e.g., notarised or witnessed statements) of the voluntary nature of land donations must be obtained from each person donating land and accompany the application;

if any loss of income or physical displacement is envisaged, verification of voluntary acceptance of community-devised mitigation measures must be obtained from those to be adversely affected;

if community services are to be provided under the project, land title is vested in the community, or appropriate guarantees of public access to services must be given by the private title holder; and

grievance mechanisms are available.

Where applicable, these criteria will be applied to all CAEIF sub-projects where there is need to acquire land through voluntary donation or relinquishment of land and/or assets for sub-project purposes.

With assistance from the district administration negotiations will be conducted between the DP and the community leaders concerning the voluntary ceding of the land and assets by the DP to the community and the subsequent replacement, relocation or restoration measures to be applied. Negotiations will include inspecting any replacement land to be offered.

Once the details of land and other asset donation or loss have been agreed to entitlement agreement contracts will be signed by DPs and the authorised community leaders. These will record any final agreed measures for replacing or restoring lost assets and relocation entitlements. The entitlement agreement contracts will be included in the sub-project dossier.

Where the land is in the public domain or is officially recognised as belonging to the community the community leaders will issue a certificate stating that the land to be used for the sub-project is not encumbered. This will be included in the sub-project dossier.

4.3 PLANNING FOR INVOLUNTARY RESETTLEMENT

In situations where it is determined that land will be required for a sub-project which will cause involuntary resettlement, resettlement planning will be necessary. The size and complexity of the sub-project will determine the complexity of the resettlement plan. For any sub-project that causes a significant amount of displacement a full RAP will be needed. However, WB OP 4.12 allows for an abbreviated resettlement plan (ARP) to be prepared for situations where the impacts on the entire displaced population are minor (i.e. affected people are not physically displaced and less than 10% of their productive assets are lost) or fewer than 200 people are displaced. This is likely to be the case for most CAEIF sub-project that require a resettlement plan.

All resettlement plans must cover the same topics, i.e.: number of affected people; type of impact; eligibility criteria; compensation packages; institutional arrangements; participatory and grievance approaches; timeline; monitoring programme; and budget. The more the number of people and impacts, the more information that must be collected, and the more complex the RAP.

Once a sub-project that requires land has been identified and the basic infrastructure plan for a sub-project has been produced, the RAP process will commence. A summary of the RAP preparation process is presented in Appendix 1.
The RAP process will culminate in the production of a draft RAP which will be an agreed action plan and commitment of all stakeholders for resolving the displacement, compensation and relocation issues of the sub-project. Among others, it will indicate the criteria to be used, after overall sub-project approval and during implementation, for determining whether a person or entity is eligible for resettlement entitlements, what entitlements will be due to different categories of DPs and for different types of losses, how the affected assets of individual DPs will be valued and how compensation and resettlement entitlements will be delivered. It will thus form the basis for determining the specific entitlements due to individual DPs during implementation, and serve as a guideline for resettlement implementation.

4.4 PROCESS FOR PREPARING RESETTLEMENT ACTION PLANS

4.4.1 District Technical Team

For CAEIF sub-projects the District Technical Team (DTT) will be an important role player, particularly with respect to CAEIF sub-projects funded under the Agriculturally Related Infrastructure window. The DTT comprises representatives from the various sectors within the district government. It is chaired by the District Administrator (DA) or his or her representative. Technical staff from the provincial government and representatives from NGOs and civil society are often co-opted onto the DTT. The DTT plays an important function in preparing and approving district plans which it does in consultation with other bodies such as the DCC. The function of the DTT will be to:

- ensure that the RAP preparation and implementation process is as all-inclusive as possible and is transparent;
- facilitate communication with and participation of DPs;
- provide technical information to the Resettlement Preparation Teams;
- set eligibility criteria specific to sub-project circumstances;
- verify eligibility
- approve valuation methodology specific to sub-project circumstances;
- verify entitlements,
- ensure that entitlements are provided satisfactorily; and
- attend to grievances.

4.4.2 District Proposal Review Team

For those proposals under the Small-scale Agricultural Investment window (i.e. for private individual and group investment proposals) and the Natural Resource window a District Proposal review Committee (DPRC), comprising relevant technical personnel, will be created and trained. For the preparation of RAPs for sub-projects proposed under these two windows the DPRC will have similar responsibilities to those of the DTT.

4.4.3 Resettlement Planning Team

A Resettlement Preparation Team (RPT) will be established by the sub-project applicant in every case where a RAP is required. For sub-projects funded under the Agriculturally Related Infrastructure window of CAEIF the applicant will usually be the district administration in conjunction with the relevant community. For sub-projects funded under the Small-scale Agriculture Investment window and the Natural Resource Management

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5 In respect of RAP preparation, review and implementation reference to the DTT in the RPF may be substituted with the DPRC where this is applicable.
window the applicant will be private enterprise individuals or groups. The composition of a RPT will vary from one sub-project to another but is expected to include relevant district staff, community members and specialists from the provincial government or private sector, as necessary. The RPT will be assisted by the environmental subject-matter specialist that is expected to be deployed to each participating district. Operations of the RPT will be funded by the project. It is proposed that a Mozambican or regional service provider be contracted by the project to train district level staff in RAP preparation, review and implementation in accordance with Mozambican and WB requirements.

4.4.4 Baseline survey and preliminary asset inventory

Where an EA is being undertaken for a particular sub-project, during its preparation or soon thereafter, the applicant will indicate, as accurately as possible, the location of proposed infrastructure, rights of way and construction sites. Based on this information the RPT will undertake a baseline survey. The purpose of this baseline survey will be to:

- determine who (individuals, households and entities) will be potentially displaced (physically, economically or socially) by sub-project activities;
- determine the nature and extent of potential displacement;
- complete an affected asset inventory form for each potential DP (or entity) to be signed by the DP and the RPT; and
- compile a preliminary register of potential DPs (or entities) and their affected assets which will be checked and agreed to by the DTT.

It should be noted that, since the exact location of sub-project infrastructure may not be known at the time of the baseline survey, it will in, most cases, not be possible to exactly determine who all DPs are and the exact nature of the displacement in terms of type and size. This can only often be determined during final detailed survey work after sub-project authorisation has commenced. For this reason the preliminary register of potential DPs and the potential displacement should only be considered as tentative and to be used for developing the main elements of the RAP.

As potential DPs are identified during the baseline survey each DP is to be provided with a letter or fact sheet, briefly explaining the sub-project and detailing the planning procedures being followed, the cut-off date for eligibility, the rights of DPs and the grievance procedures to be followed.

4.4.5 Assigning displaced persons to different categories

Based on the preliminary register of potential DPs and affected assets the RPT will identify different categories of potential DPs and assign each potential DP to one of the categories. This will enable the preparation team to determine the number of DPs in each category, the number of each type of affected asset in each category, the overall total number of potential DPs and the total number of affected assets.

4.4.6 Determination of eligibility for compensation and resettlement entitlements

Based on the framework eligibility criteria presented in the RPF the RPT will draw up a list of criteria that have to be met for a particular DP to be considered eligible for compensation and/or resettlement entitlements. The criteria will be formulated together with, as appropriate, traditional or local leaders, government officials and local authorities. The list of eligibility criteria will be submitted to the DTT for final approval.
Using the approved eligibility criteria and the preliminary register of potential DPs the RPT will determine which categories of DPs will be eligible for various compensation and/or resettlement entitlements, including any additional allowances and assistance to be provided.

4.4.7 Determination of valuation methodology and calculation of cost of compensation and resettlement

Based on the framework valuation methodology of the RPF the RPT will submit a more detailed valuation methodology to the DTT for approval. This will include a list showing standard unit costs or rates for each type of asset. In some cases the application of standard unit rates may not be appropriate and more specific valuations may need to be obtained and negotiated with potential DPs.

The RPT will then calculate the estimated cost of compensation and resettlement measures, in accordance with the agreed valuation methodology. This might, for example, be achieved by multiplying the standard unit rates for a particular type of asset with the total number of potentially affected assets within categories of DPs that are deemed eligible for compensation and/or resettlement entitlements.

4.4.8 Draft resettlement action plan report

The RPT will be responsible for preparing the draft RAP document following the “suggested structure of a sub-project resettlement action plan” presented in Appendix 2 to this RPF. It is recognised that each affected sub-project will produce different impacts although many of them will be common among sub-projects. The level of detail will also depend on the nature and extent of impacts. For some sub-projects this may require only an abbreviated resettlement plan or a statement in the environmental studies report concerning the payment, for example, of cash compensation to one or two DPs for the loss of a few fruit trees. Although not very likely, in other instances the impacts may be more severe, requiring the physical relocation of a number of households.

The draft RAP document will be accompanied by signed asset inventory forms, the preliminary register showing, for each DP, the nature and extent of any displacement, affected land and assets and the agreed corrective measures and entitlements.

4.5 PROCESS FOR REVIEWING, APPROVING AND DISCLOSING RESETTLEMENT ACTION PLANS

The RPT will submit the draft RAP documentation to the DTT (or DPRC, as appropriate). At this stage the main elements of the RAP, particularly those concerning implementation and delivery of entitlements, will be disclosed to the DPs, although detailed compensation and/or resettlement entitlement in respect of each DP may sometimes only be determined after approval of the final RAP and the overall sub-project plan. The DTT (or DPRC) will review and approve the draft RAP at district level. Each draft RAP will be submitted to DPCOA for final review and approval.

Approval of the RAP by DPCOA will be a condition of appraisal of the overall sub-project by the relevant committees at district and, where appropriate, provincial level. In certain cases the RAP may need to be submitted to the Provincial Steering Committee and the WB for review and final approval as a precondition for approval of the overall sub-project plan.
4.6 PRELIMINARY TASKS

Before planning and implementation of the first sub-project commences the FMA will ensure that a number of preliminary tasks are completed in preparation for the resettlement planning process. It is recommended that local or regional technical expertise encompassing experience in resettlement and compensation issues be engaged to assist the FMA and district administrations, particularly during the early stages of the project. Such technical assistance may only be required on an ad hoc basis, depending on the number and spacing, in time, of individual sub-project RAPs. The technical assistance for environmental assessment and management recommended in the ESMF may well be able to fulfil this function.

- An initial task will be for the FMA to design and produce standard forms and formats to be used during the RAP preparation process. These will include, for example:
  - environmental screening check lists to be used to determine whether a RAP, of one form or another, needs to be prepared for each individual sub-project;
  - survey forms to be used, where necessary, for collecting baseline information on DPs (or entities) and other project affected people within the footprint of the sub-project. These forms will be used to record the manner of likely displacement, whether physical, economic or social, and the extent of the displacement;
  - a framework letter to be provided to DPs summarising the RAP process and indicating the rights of DPs and the grievance procedures available;
  - asset inventory forms to be used for each DP (or entity) to quantify and qualify the assets which will be temporarily or permanently affected by sub-project activities;
  - a standard preliminary register of DPs (or entities), the displacement to be suffered, affected assets and the corrective (resettlement and compensation) measures subsequently taken during implementation;
  - entitlement agreement contracts to be signed by DPs or entities and the RPT. These will record the final agreed compensation and resettlement entitlements;
  - ad hoc compensation claim forms to be used by persons or entities who suffer displacement or damage to property and assets during sub-project implementation, where such displacement or damage was not foreseen during RAP preparation;
  - entitlement receipt forms to be signed by beneficiaries on receipt of compensation and/or resettlement entitlements; and
  - grievance registration forms.

4.7 TRAINING

Within the first year of project implementation it is proposed that relevant district level technical staff, including field extension staff be trained in a number of aspects of resettlement planning and implementation. It is proposed that training be provided by a Mozambican or regional service provider experienced in environmental assessment and resettlement planning and implementation. The main focus of training would be on:

- completing environmental check lists together with local communities;
5 PRINCIPLES AND OBJECTIVES

The RPF adopts the following objectives which are consistent with the overall objectives of the WB policy on involuntary resettlement:

- involuntary resettlement will be avoided where feasible or minimised, exploring all viable alternative sub-project designs. The project will displace as few people, businesses and public bodies as possible (i.e. move people or deprive them from resources or access to resources or deprive them from income earning capacity or opportunities);
- where resettlement is unavoidable resettlement activities will be conceived and executed as sustainable development programmes, providing sufficient investment resources to enable the displaced persons (DPs) to share in project benefits. DPs will be meaningfully consulted and will have opportunities to participate in planning and implementing resettlement programmes; and
- DPs 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 project implementation, whichever is higher.

Displacement of people, property and livelihoods will be minimised as much as possible by employing appropriate design technologies and locating project infrastructure in such a manner so as to minimise the need to acquire land and property and to cause as little disturbance and disruption as possible. Where resettlement is unavoidable sub-project planners and developers will ensure that sufficient investment resources are appropriately allocated to ensure that DPs are provided with:

- adequate and appropriate compensation for assets, including land, lost;
- compensation for the loss of business profits or opportunity; and
- other measures to assist DPs to restore their livelihoods and regain and ideally improve their pre-project living standards.

The following are basic principles that will govern the preparation and implementation of the resettlement exercise:

- all possible means will be used to ensure that no people are harmed in any way by construction activities and sub-project outcomes;
- DPs will be informed about their options and rights pertaining to displacement and resettlement and about dispute resolution and grievance mechanisms available to them;
- resettlement planning and implementation activities will be undertaken with the participation of DPs and other relevant stakeholders who will be continuously consulted throughout the process. DPs will be offered choices among technically and economically feasible resettlement alternatives which they will be provided information on;
- resettlement entitlements will be provided in accordance with Mozambican law and procedures as a minimum but will include additional measures to meet WB
requirements, where appropriate. Resettlement measures will be as fair as possible to all parties concerned;

- Replacement residential and agricultural sites will have a combination of productive potential, location advantages, accessibility, availability of services and other factors at least equivalent to the advantages of the old site and will be as near as possible to the original site. Where necessary or appropriate, development assistance, such as land preparation and training, will be made available to beneficiaries;

- Where compensation is in the form of cash it will be provided on the basis of market value or replacement cost (whichever is the highest) and will include necessary additional costs incurred to achieve full restoration;

- where physical relocation is involved, eligible DPs will be provided with assistance, such as moving allowances;

- transitional support, such as a disturbance allowance and an accommodation allowance, will be provided to DPs to enable them to restore their livelihoods and standards of living;

- only DPs who meet agreed eligibility criteria will be entitled to compensation and relocation measures. The lack of legal rights to land occupied or used will not preclude a DP from entitlement to resettlement measures;

- specific and additional assistance, as necessary, will be provided for particularly vulnerable people, i.e. widows, orphans, HIV/AIDS victims, elderly people and handicapped people; and

- resettlement measures will be provided promptly and pre-construction and actual construction work on each particular affected site will not commence until DPs have been satisfactorily resettled.

6 LEGAL FRAMEWORKS

A summary of the national laws governing land tenure, the taking of land and resettlement and compensation is presented in Appendix 3.

In terms of the Constitution of Mozambique and the Land Law (No. 19/97) all land in Mozambique belongs to the State. Individuals (and associations) may acquire, by default or through application, the right to use and occupy land through a variety of mechanisms such as customary tenure, continuous occupation of a piece of land for a number of years or official authorisation. Official title may also be granted on application but the lack of official title or registration of the land does not affect the land rights of bona fide right holders and they are deemed to enjoy the same benefits as holders of official titles. Although land may not be transferred (i.e. sold) and there is no "land market" per se, holders of land rights are able to transfer improvements, such as buildings, from one party to another.

It is highly probable that most occupiers and users of land in the project areas (i.e. rural family sector farming areas) do not have official title to the land that they occupy and use. Nevertheless, the Land Law treats them as if they do have land rights.

In Mozambique the right to use and benefit from all or part of the land, whether or not official title has been issued and registered, may be revoked and thus extinguished in the public interest. The Land Law clearly states that revocation, in the public interest, of the right to use and benefit from land is, however, subject to the prior payment of a just indemnification and/or compensation.

The Law does not refer to the procedures to be followed when land rights are to be extinguished. It does confer allocation rights on different levels of Government and these apply to the revocation of rights as well. Where small areas of land are involved (i.e. less
than 100 ha) the Provincial Governors can deal with such issues and declare land rights to have been withdrawn from an individual, entity or community. The Law does not refer to the possibility of appeal against revocation of rights.

Other than stating that compensation should be paid when land is expropriated in the public interest, both the Constitution and the Land Law do not expand on issues related to compensation, in terms of the principles, forms, eligibility, valuation, adequacy, procedures, timing and responsibilities.

There are no specific guidelines regarding compensation and fairness and the principles and procedures are often drawn up and agreed to among the main stakeholders on a case by case or individual project basis. In recent cases in Mozambique it has generally been accepted that where people are displaced from land the principles of fairness and good practice are applied to compensation and resettlement. For instance, it is usually accepted that replacement land is provided which is, as far as possible, equal to or superior to the land foregone in terms of size, quality and location advantages. Compensation has also usually been paid on the basis of the full replacement cost of lost or displaced assets and has usually covered associated costs, such as transfers, transport, supervision and others. These actions are generally in line with the requirements of the WB OP 4.12 and will be applied in the case of all sub-projects of the sub-projects.

It is sometimes problematic when only a very small portion of a DP’s land holding is required for a development project and where the loss of this small portion does not effect the overall viability or productivity of the whole land holding. Since the land cannot be freely transferred among people and there is no implicit value to the land, compensation in cash, for example, cannot be offered. At the same time it might be impractical or impossible to provide alternative small parcels of land in the immediate vicinity.

There may be a few cases where some people are occupying and using land for which they have no legal right of use and benefit. Such land may include, for example, total or partial protection zones or land for which other people and bodies have legal rights of use and benefit (i.e. rented housing and land). In some rural centres it may also be possible that people have been granted residential land by the authorities but they do not have “Authorisation” to use and benefit from the land or they have not been occupying the land in good faith for at least ten years. It has, however, been common practice in Mozambique to treat such cases in the same way as people with legal rights to use and benefit from land and this is not at variance with the WB requirement that all DPs, regardless of their tenure status, should be provided with resettlement measures. This principle will apply to all sub-projects.

There is no explicit legal provision for DPs to appeal against levels of compensation or other resettlement measures provided although DPs have final redress to the courts. The WB OP 4.12 requires that such a mechanism exists and this will need to be established to cover the project. In rural areas the Land Law recognises the role of traditional leaders in planning and conflict resolution. Any grievance procedure established should be based on the existing channels and practices.

When national guidelines and policies related to land acquisition, displacement and compensation are not specific enough or are not available, World Bank OP/BP 4.12 and its requirements and guidelines will be used and will prevail.
7 ESTIMATED POPULATION DISPLACEMENT AND CATEGORIES OF AFFECTED PEOPLE

The amount of displacement (physical, social, economic and cultural), if any, that will occur due to CAEIF sub-project activities will be highly dependent on specific sub-project circumstances. It is not possible to estimate the number of DPs although it is not expected to be very high. Most of the displacement will be caused by the construction of sub-project infrastructure which will require the permanent acquisition of no or minimal areas of land.

Those likely to be most affected are people living in rural farming areas where the pattern of settlement is usually characterised by village settlements surrounded by fields used for subsistence crop production and areas used for livestock grazing. For sub-projects that lead to losses of land or assets the losses are likely to be small and will most commonly include the permanent loss of very small, almost negligible, areas of land, the permanent loss of some crops, fruit trees and vegetable gardens as well as the temporary loss of land during construction. Both people with and without official title to their land may be affected but most affected people are likely to have no official title, the land being held in terms of customary norms and practices.

DPs may include individuals, households, businesses, communities, associations (e.g. churches) and public authorities. A sample listing of possible categories of potential DPs and possible losses is presented in Table 1. It should be noted that a DP may be placed in more than one of the categories or sub-categories indicated and this will result in a variety of categories each with multiple attributes.
Table 1  Broad categories of displaced persons eligible to receive benefits

<table>
<thead>
<tr>
<th>CATEGORY OF DISPLACED PERSON</th>
<th>POSSIBLE LOSSES</th>
<th>ADDITIONAL ADVERSE IMPACTS</th>
<th>NEED FOR RELOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal occupant with legally recognised right to use and benefit from land (with or without title documents) (Residential, business, farmer or mixed)</td>
<td>Residential site and house</td>
<td>Accommodation Cost of moving</td>
<td>To new site</td>
</tr>
<tr>
<td></td>
<td>Business site and structures</td>
<td>Business premises Business income and profit Cost of moving</td>
<td>To new site</td>
</tr>
<tr>
<td></td>
<td>Other structures</td>
<td>Value and use of structures</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Agricultural land</td>
<td>Productive resources Food and income sources</td>
<td>To replacement fields</td>
</tr>
<tr>
<td></td>
<td>Crops and trees</td>
<td>Food and income</td>
<td></td>
</tr>
<tr>
<td>Tenant (formal or informal) (Residential, business, farmer or mixed)</td>
<td>Rented residential accommodation</td>
<td>Accommodation Cost of moving Advance rental payments</td>
<td>To alternative rented accommodation</td>
</tr>
<tr>
<td></td>
<td>Rented business premises</td>
<td>Business accommodation Business income and profit Cost of moving</td>
<td>To alternative rented premises</td>
</tr>
<tr>
<td></td>
<td>Other structures belonging to tenant</td>
<td>Value and use of structures</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rented or borrowed agricultural land</td>
<td>Productive resources Food and income sources</td>
<td>To alternative rented land</td>
</tr>
<tr>
<td></td>
<td>Crops and trees belonging to tenant</td>
<td>Food and income</td>
<td></td>
</tr>
<tr>
<td>Informal occupier of public land operating at fixed location (with or without fixed structures) Settler (squatter), business or cultivator (encroacher)</td>
<td>Access to residential site and house</td>
<td>Accommodation Cost of moving</td>
<td>To new site</td>
</tr>
<tr>
<td></td>
<td>Access to business site and structures</td>
<td>Business premises Business income and profit Cost of moving</td>
<td>To new site</td>
</tr>
<tr>
<td></td>
<td>Other structures belonging to occupant</td>
<td>Value and use of structures</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Access to agricultural land</td>
<td>Productive resources Food and income sources</td>
<td>To replacement fields</td>
</tr>
<tr>
<td></td>
<td>Crops and trees belonging to occupant</td>
<td>Food and income</td>
<td></td>
</tr>
<tr>
<td>Permanent employee of DPs</td>
<td>Employment (permanent)</td>
<td>Employment income (longer-term)</td>
<td></td>
</tr>
<tr>
<td>Next-of-kin of people buried in graves</td>
<td>Access to land Grave and tombstone (total)</td>
<td>Cost of moving grave</td>
<td></td>
</tr>
</tbody>
</table>

8  ELIGIBILITY CRITERIA FOR VARIOUS CATEGORIES OF AFFECTED PEOPLE

8.1  CUT-OFF DATE

It will be important to set a cut-off date early on in the preparation process in order to avoid speculation and spurious claims. An appropriate cut-off date is the time when the baseline survey, census and preliminary asset inventory is undertaken, which is soon after when the location of sub-project infrastructure is identified on the ground.

8.2  ELIGIBILITY CRITERIA FOR ENTITLEMENTS

Based on the initial definition of different categories of potential DPs those categories of DPs that will be eligible for compensation and resettlement entitlements will be identified and the type of entitlement that each category will be eligible for will be determined by the RPT.
Eligibility of categories of DPs may be based on location, land tenure, ownership or renting of property, land use and the type and extent of loss or displacement to be incurred. For CAEIF sub-projects land tenure status will not affect eligibility.

Examples of possible DP categories and possible associated entitlements are presented in Table 2. Specific criteria for each sub-project will need to be agreed to with the DTT in consultation with the DPs and other affected parties.

The following is a guideline for considering the nature of entitlements for specific eligibility categories:

**Land**

Where DPs lose an appreciable part (i.e. more than 20%) of their agricultural or productive land or in cases when the remaining assets are not economically viable they will be entitled to:

- full compensation through provision of replacement land of equal productive capacity;
- full compensation at full replacement cost of immovable assets associated with the abandoned land (e.g. water supplies and out-buildings) through replacement of the assets or cash compensation; and
- appropriate transfer and inconvenience allowances and/or subsistence support allowances to cover the transitional period and other development assistance as may be agreed.

Where DPs lose only small areas (e.g. less than 20%) of their agricultural or productive land or in cases where the remaining land is economically viable they will be entitled to:

- full compensation through provision of replacement land if available and practical; or
- where it is not practical to offer alternative land contiguous or near to the original land holding, full compensation in cash or kind at a rate to be determined and agreed to by the parties, but probably based on the medium to long-term production potential of the land in question.

Informal occupiers of land are not entitled to compensation as such but will be provided with an alternative site.

**Crops and trees**

Replacement of damaged or lost crops will be based on full market value for one year's harvest using the price that prevails mid-way between harvests. For fruit trees, other trees of economic value and perennial crops the compensation will be based on a cash payment for lost production potential of the tree during the period while replacement trees come into full production.

**Residential houses and other structural improvements to the land**

Circumstances will vary from one sub-project to another but entitlements will be guided by the following:

- full compensation through provision of alternative residential land of equal characteristics and advantages where the original holding is no longer viable as a residential plot;
• full compensation at replacement cost of the entire asset (e.g. house) through cash compensation or the provision of building materials and building costs;
• for urban houses, which can be transferred to other parties together with the land use and benefit rights, full compensation at replacement cost which reflects the market value of the structure, including the implicit value of the land, through cash compensation, provided that this exceeds the full replacement cost;
• full compensation at replacement cost for minor or temporary damage which can be repaired, either by restoration of the damaged asset, through cash compensation or through provision of materials and building costs; and
• for tenants who have been renting a house, a cash grant for a specified number of month’s (e.g. two months) rent at prevailing market rents for the area as well as assistance in finding alternative accommodation.
• Informal occupiers

Business structures and business opportunity

DPs will be entitled to:
• the provision of alternative business sites of equal advantages acceptable for customers and satisfactory to the DPs;
• cash compensation for structures at full replacement cost;
• cash compensation for the loss of income and opportunity during the transition period; and
• reimbursement of employee wages, if any, during the transition period.

Permanent employees

Depending on individual circumstances permanent employees who lose their jobs, either on a temporary or permanent basis, due to the acquisition of land and infrastructure for the project, may be eligible for a loss of earnings allowance.

Graves

Where graves are located on affected land negotiations will be conducted with the next of kin on a case by case basis. They will be offered financial and logistical assistance to for exhumation, reburial and necessary ceremonies.

Other measures

In terms of agreements reached DPs may be eligible for additional measures, extra to normal compensation and resettlement measures. These might, for example, include:
• allowances to cater for general translocation expenses, inconvenience, “nuisance” and disturbance (e.g. noise and dust) and for “intangible” items that are not easily included within other forms of entitlement;
• support after displacement, for a transition period, in order to restore livelihoods and standards of living, if these are affected; and
• development assistance (e.g. credit facilities, land preparation, training and job opportunities).
Table 2  Proposed entitlement matrix

(Entitlements in italics indicate measures in addition to those prescribed in Mozambican legislation to meet requirements of WB OP 4.12)

<table>
<thead>
<tr>
<th>CATEGORY OF DISPLACED PERSON</th>
<th>TYPE OF LOSS</th>
<th>CASH COMPENSATION FOR LAND AND STRUCTURES</th>
<th>ENTITLEMENTS</th>
<th>TRANSITIONAL ASSISTANCE</th>
<th>OTHERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal occupant</td>
<td>Land</td>
<td>Replacement land. Site to be of equal or better potential than abandoned site</td>
<td>-</td>
<td>Disturbance allowance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Buildings, structures and fixed assets (including crops and tree crops)</td>
<td>Cash compensation at full replacement cost. For crops: at determined market value of crops (based on production potential)</td>
<td>Transport allowance</td>
<td>Businesses: Loss of profit allowance OR Farmers: Loss of farm income or food sources covered by cash compensation for crops</td>
<td>No moving to be done until reconstruction is complete</td>
</tr>
<tr>
<td>Tenant (formal or informal)</td>
<td>Access to rented land, property and accommodation</td>
<td>No loss of land and buildings belonging to tenant</td>
<td>Free transport by project of goods to new accommodation or premises</td>
<td>Disruption allowance</td>
<td>Free assistance by project to find alternative accommodation Free assistance by project to obtain refund of advance rental payments from owner</td>
</tr>
<tr>
<td>Residential, business, farming or mixed</td>
<td>Fixed assets (including crops and tree crops) belonging to tenant and installation agreed with landlord</td>
<td>Cash compensation at full replacement cost. For crops: at determined market value of crops (based on production potential)</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Informal occupier of public land operating at fixed location (with or without fixed structures)</td>
<td>Access to land, site or spot</td>
<td>No loss of land belonging to occupant</td>
<td>Free transport by project of goods to new site</td>
<td>Disruption allowance</td>
<td>Option for DP to relocate (free) to nearby replacement site or spot provided by project. Site to be of equal or better potential than abandoned site No moving to be done until reconstruction is complete</td>
</tr>
<tr>
<td>Settler (squatter), business or cultivator (encroacher)</td>
<td>Buildings, structures and fixed assets (including crops and tree crops) belonging to occupant</td>
<td>Cash compensation at full replacement cost. For crops: at determined market value of crops (based on production potential)</td>
<td>-</td>
<td>Loss of farm income or food sources covered by cash compensation for crops</td>
<td>No moving to be done until reconstruction is complete</td>
</tr>
<tr>
<td>Permanent</td>
<td>Employment earnings (temporary or long-)</td>
<td>No loss of land and buildings belonging to employee</td>
<td>-</td>
<td>Loss of earnings allowance for period of expected temporary or</td>
<td>-</td>
</tr>
<tr>
<td>CATEGORY OF DISPLACED PERSON</td>
<td>TYPE OF LOSS</td>
<td>CASH COMPENSATION FOR LAND AND STRUCTURES</td>
<td>RELOCATION ASSISTANCE</td>
<td>TRANSITIONAL ASSISTANCE</td>
<td>OTHERS</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>-------------</td>
<td>------------------------------------------</td>
<td>-----------------------</td>
<td>------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>employee of DPs terms)</td>
<td></td>
<td></td>
<td></td>
<td>longer-term unemployment (equivalent to actual monthly wage of DP multiplied by expected number of months of unemployment). To be individually assessed.</td>
<td></td>
</tr>
<tr>
<td>Next-of-kin of people buried in graves</td>
<td>Access to land</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Option for DP to relocate grave to alternative burial site provided by the authorities</td>
</tr>
<tr>
<td>Gravestones</td>
<td>Graves and tombstones</td>
<td>Cash compensation to relocate graves and for ceremonies</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Specially vulnerable people</td>
<td>As for other categories</td>
<td>-</td>
<td>-</td>
<td>Vulnerability allowance at 5% of normal compensation payable</td>
<td>Special assistance from project on a case by case basis</td>
</tr>
</tbody>
</table>
9 VALUING AFFECTED ASSETS

The Land Law and other legislation do not specify how assets should be valued for compensation purposes, except that the compensation should be just. In recent projects in Mozambique the valuation of assets lost has usually been arrived at by agreement between project developers and DPs, based on the advice of experts in appropriate sectors, such as the construction industry and agriculture and rural development.

As the need for resettlement measures and compensation is unlikely to be extensive and the circumstances of individual sub-projects are likely to differ, it is proposed that compensation rates and entitlements will be agreed to, in the first instance, between the project developer (RPT) and the DPs based on fair market rates. This process will be witnessed by traditional leaders. Third party experts will be called in where this is warranted. For instance, district or provincial staff from the Ministry of Agriculture will be brought in to assess the value of crops. Because displacements are likely to be small and varied it is envisaged that most cases are likely to be settled through direct negotiation between the parties concerned and there will be only a few instances where standard unit rates for costs will be able to be applied.

In compliance with the requirements of the WB OP 4,12 compensation will be based on full replacement cost at the time of displacement or pre-project, whichever is higher. This will be the value determined to be fair compensation for any property, the actual cost of replacing houses and structures (based on current fair market prices of building materials, labour and transport, without depreciation or deduction for salvaged materials) and the market value of crops, trees and other commodities.

Individual circumstances will differ but the following guidelines will be applied to compensation rates and entitlements:

Land

Wherever possible, land that has to be acquired for CAEIF sub-projects will be replaced with land of at least equal area and characteristics. However, when the areas of land involved are very small (e.g. a few square metres of land lost within a DP’s larger land holding) it will not always be practical or possible to provide such small areas of replacement land, particularly if there is no suitable replacement land contiguous or close to the DP’s land holding. In such cases it may prove more practical to offer full compensation in cash or kind.

However, since there is, officially, no land market active in Mozambique it is difficult to determine the rate of compensation based on market values, even though the affected land will be of intrinsic value to the DP. In such cases it is suggested that compensation be determined and agreed to on a case by case basis by the DP and the RPT. The factors to be considered will vary from one situation to another. Experts or officials from relevant sectors, such as DPOPH and DDA will need to be consulted.

Crops and vegetables

Compensation for the permanent loss of crops and vegetables will be determined on the basis of the value of the production lost. This will be the amount of crop on the land times the local market price halfway between harvests. Local market values vary considerably throughout the country and unit rates will be determined in consultation with local agricultural experts, marketing organisations and local businessmen.

Compensation for the temporary loss of or damage to crops and vegetables will be determined on a similar basis but will take into account the nature and extent of the temporary loss or the damage and the period of temporary displacement.
Fruit trees and trees of economic value

For fruit trees, other trees of economic value and perennial crops compensation will be in the form of a cash payment for the value of production lost while replacement trees come into full production. This will be the average annual yield of the tree multiplied by the unit market price of the fruit or produce and the number of years before the replacement tree comes into full production. As these parameters are variable throughout Mozambique local production and market figures will be used.

Residential houses and structures

For houses and other infrastructure the compensation value will be determined from standard unit values (e.g. cost per m²) based on current fair market prices of building materials, labour and transport, without depreciation or deduction for salvaged materials. Information regarding local unit costs will be obtained from DPOPH, and verified with local construction companies and local building material suppliers at current market rates.

Business structures and business opportunity

The loss of physical infrastructure will be determined on the same basis as that for residential houses and structures.

Compensation for loss of income and employee wages, if any, will be determined on a case by case basis, taking into consideration the degree of displacement and average earnings and expenditure for an agreed preceding period.

Once standard unit rates have been determined and agreed to by the parties involved the draft RAP preparation team will apply these rates to the total number of affected assets associated with each category of DP to determine the total value of compensation measures for the sub-project.

10 ORGANISATION, PROCEDURES AND RESPONSIBILITIES FOR IMPLEMENTATION OF RESETTLEMENT ACTION PLANS

Implementation of a RAP will primarily involve, where applicable, the physical resettlement or relocation of persons or entities displaced from their land and/or the payment of compensation for loss of assets or access to assets. For most CAEIF sub-projects it is not envisaged that there will be significant need for physical resettlement. The implementation process will vary according to the nature of a particular sub-project and the type of entitlements or compensatory measures agreed to.

There is no single agency in Mozambique that is responsible for providing resettlement and compensation for cases where people are involuntarily displaced by development projects. However, it is accepted practice that the developer assumes full responsibility for the delivery of entitlements even though a number of other actors may be involved.

A summary of the implementation process is presented in Appendix 4.

10.1 INTEGRATION OF A RESETTLEMENT ACTION PLAN INTO AN OVERALL SUB-PROJECT PLAN

Once a sub-project RAP has been approved the developer will be required to integrate the elements of the RAP into the overall sub-project plan, budget and implementation schedule.
The implementation schedule will show that no sub-project construction work (or activities that will cause displacement) will take place until all entitlements (including physical resettlement, if any) are delivered.

10.2 DETAILED DETERMINATION OF ENTITLEMENTS

It is only after the final approval for a particular sub-project has been given and after detailed survey and planning work has commenced that the final location of sub-project infrastructure is likely to be accurately known. It will therefore be necessary for the RPT to update the information contained in the RAP and to prepare a final, more detailed, inventory of DPs and the displacements to be suffered. On the basis of this detailed inventory final negotiations concerning entitlements and values will be conducted by the developer and costs determined. Final entitlements will be approved by the DTT and should not differ considerably from the estimates contained in the RAP.

10.3 ENTITLEMENT AGREEMENT CONTRACTS

For each DP the entitlements (i.e. compensation and resettlement measures) should be recorded on an entitlement contract form which should be signed by the relevant DP and the RPT. Details of entitlements due to each DP should then be entered in the asset register against the name of the recipient.

Where the RPT and a DP cannot reach agreement on entitlements due to a DP either party will be able to bring its grievance to the DTT in the first instance. Where the DTT is unable to satisfactorily resolve any grievance the aggrieved party will then be able to appeal to the Provincial Steering Committee and then to the Inter-ministerial Steering Committee at the national level, with final redress to the courts.

10.4 REPLACEMENT LAND AND RESETTLEMENT

10.4.1 Selection and allocation of replacement land

No significant amount of physical resettlement of people is envisaged for CAEIF sub-projects. However, should a RAP indicate that physical resettlement is necessary the RPT will be responsible, on behalf of the DPs or entities, to identify and acquire suitable alternative land, which should be as similar as possible, in terms of size and quality, to the original land acquired for sub-project purposes. Actual selection of land should be undertaken in consultation with the relevant local authorities and technical institutions, together with the DPs.

Once an alternative site has been selected and agreed to, the applicant should apply through the relevant local authority or community for the land to be officially allocated to the beneficiary. If the replacement land is in an area where land issues are governed by customary norms and practices suitable allocation arrangements must be made with the local administrative and traditional leadership. If the replacement land is in an area where land issues are not governed by customary norms and practices the developer will need to follow the proper procedures, on behalf of the beneficiary, for official land allocation, registration and, possibly, issue of title in terms of the Land Law and Regulations. The procedure requires an application to be made through the district administration to the Provincial Services of Geography and Cadastre.

DDA will have a role to play in registering individual land holdings and crops that will be lost in rural areas. The Provincial Services of Geography and Cadastre have a key role to play in identifying land boundaries and tenure status of affected property.
Concurrent with the process of replacement land selection, allocation and registration, the developer will need to initiate the process of having the existing land usage rights of the DPs extinguished in accordance with the Land Law. The Land Law and Regulations do not stipulate exactly what procedure has to be followed but the first step will be for the developer to apply through the relevant local authority. Depending on the size and location of the land involved, extinction of existing land rights will be undertaken through the offices of the Provincial Governor. Extinction of existing land rights should only be effective upon the allocation of alternative land.

10.4.2 Land planning and preparation

Before any person or entity to be physically resettled is displaced from land being acquired by a sub-project the DTT or applicant will ensure that any necessary or agreed land survey, land planning and land preparation work is completed. Land preparation may, for example, include land clearing, ploughing, demarcation and construction of access roads or tracks. If the applicant does not have the required expertise the developer will hire qualified personnel or public or private sector agencies to undertake the work.

10.4.3 Relocation to replacement land

The applicant will be responsible for assisting persons or entities that are required to relocate to alternative land with transport to move people and assets to the new site. No DPs or entities will be required to move to a new site unless any necessary infrastructure, as agreed in the RAP, has been constructed satisfactorily. The applicant will also be responsible for ensuring that any additional resettlement measures agreed to in the RAP are implemented or initiated. People entitled to be physically resettled will have to be relocated to the new site at least one month before sub-project construction activities can commence, or in accordance with some other time period agreed to during RAP preparation.

10.5 COMPENSATION

10.5.1 Payment of compensation

For sub-projects the most common type of entitlement is likely to be the payment of compensation, in cash or kind, for loss of assets, loss of access to assets, loss of income earning opportunities and damage to assets. It is envisaged that, in most cases, it will be more practical and more acceptable to all parties for monetary compensation to be paid. In some cases, however, it may be agreed that compensation be provided in kind, including the physical replacement of infrastructure and assets adversely affected by the sub-project.

Compensation will be paid to the beneficiaries at least one month before sub-project construction activities can commence, or in accordance with some other time period agreed to during RAP preparation.

The applicant will be responsible for paying each beneficiary compensation in accordance with the agreed entitlements listed in the entitlement contract forms and the main asset and award register. Compensation will be provided as cash or a cheque according to the preference of the beneficiary.

10.5.2 Compensation for unforeseen displacement and damage

The construction activities of individual sub-projects may lead to small amounts of additional displacement not foreseen during the preparation of the RAP. Construction activities may also cause some additional temporary or permanent damage to land and assets that cannot
be identified or quantified during RAP preparation. An example might be construction workers trampling crops or vegetables while accessing particular construction sites.

In such cases, affected parties will be required to complete a compensation claim form and submit it to the developer. The applicant will then negotiate the required compensation measures, based initially on the standard unit values determined during RAP preparation, and then obtain agreement from the DTT. Payment of compensation will be effected within one month of submission of the claim form.

10.6 CONFIRMATION OF RECEIPT OF ENTITLEMENTS

Each beneficiary will be required to sign an entitlement receipt form confirming receipt of the entitlement, whether as physical resettlement or compensation in cash or kind. The entitlement receipt form will also be signed by the applicant and witnessed by a representative from the local authority (e.g. DA) or by the local or traditional leadership.

10.7 PROGRESS MONITORING AND REPORTING

Throughout the implementation process the applicant will be required to keep records of all progress and to submit regular reports to the DTT and project staff within the Provincial Government, indicating the level of progress achieved and showing that various tasks have been completed. The DTT will verify that the progress report is a true record. The interval of progress report submission will be determined in advance in accordance with the size and nature of the compensation and resettlement exercise.

On completion of the compensation and resettlement implementation activities the DTT will issue a sub-project resettlement and compensation completion certificate to the applicant.

11 CONSULTATION WITH, AND PARTICIPATION OF, AFFECTED PEOPLE

11.1 CONSULTATION WITH DISPLACED PERSONS

Consultation with DPs will take place early in the process of draft RAP preparation. Before the baseline survey of impacts is conducted the RPT will carry out a reconnaissance survey to identify the people and communities affected by a sub-project. During the survey, comments and opinions of DPs, traditional or local leaders, local communities and local administrations will be collected and passed onto the sub-project designers and planners. Continued consultation and participation will take place during the more detailed baseline survey after the extent of sub-project affected areas is known. During the survey, every potentially affected household or business will be visited and survey results reviewed.

Compensation, relocation and rehabilitation measures will be discussed and agreed to with DPs. In developing the RAP DPs and other stakeholders will be given opportunities to review the resettlement measures, compensation policies and rehabilitation measures and to make site selection for replacement land, if necessary.

Such consultation will be continued by the developer through implementation which will include signing entitlement agreement contracts, delivering entitlements to DPs, providing replacement land and restoring any affected community structures.

During draft RAP preparation the preparation team will be required to clearly describe the consultation and participation measures to be used.
11.2 GRIEVANCES

DPs will be provided many opportunities to review baseline survey results and compensation policies during the process of RAP preparation and implementation. However, during implementation various issues might be encountered by DPs. In order to resolve concerns that may occur at any time during draft RAP preparation and implementation effectively and quickly a grievance redress system will be set up by the DTT. DPs will be handed a letter notifying them about such a mechanism once a decision to prepare a RAP has been taken.

Under the proposed grievance procedure if a DP is dissatisfied with a resettlement or compensation measure or the delivery of entitlements, he or she could voice a complaint in the first instance to the DTT, through his or her representative. This may initially be done through local leaders (e.g. tribal leaders or local government leaders). The DP will require an answer within a stated period, e.g. fourteen days. Appeal could then be made to the Provincial Steering Committee and then to the Inter-ministerial Steering Committee at the national level. DPs will have final redress to the courts.

12 MONITORING ARRANGEMENTS

Following the requirements of the WB, during compensation and resettlement implementation, and possibly for some time afterwards, both internal and external monitoring and evaluation exercises will be carried out in order to monitor progress and ensure that DPs are adequately catered for and are left in a position no worse off than they were prior to sub-project commencement. Draft RAPs will be required to list the monitoring and evaluation arrangements for individual sub-projects. Monitoring and evaluation should be part of, or be closely aligned to, the monitoring and evaluation process agreed to for monitoring of other environmental impacts in terms of the sub-project environmental management plan, where applicable.

For internal monitoring the project applicant will be required to submit regular reports to the DTT and the FMA outlining progress in relation to targets and delivery of entitlements. The monitoring should address the following:

- delivery and usage of compensation and resettlement entitlements;
- allocation of replacement land and residential plots, where applicable;
- reconstruction of new houses and other infrastructure, where applicable;
- compensation measures applied to cater for damage during construction activities;
- reported grievances and action taken;
- meetings with officials and DPs;
- problems encountered and action taken; and
- general issues related to the success of the compensation and resettlement exercise.

In addition to World Bank supervision mission, an external and independent audit will be organized to evaluate the resettlement process. The main objective will be to determine whether the objectives of the resettlement (compensation, relocation and rehabilitation) have been achieved and to assess, to the extent possible, implementation of resettlement and the restoration of the livelihoods of DPs. The external monitoring and evaluation exercise should include, but not be limited to, evaluation of:

- implementation progress;
- compensation and resettlement policies;
- delivery of entitlements, including replacement land where applicable;
- changes in livelihoods and incomes among DPs; and
• consultation with and participation of DPs and other stakeholders.

The External monitoring should preferably occur at least once a year, depending on the size and complexity of the compensation and resettlement component of the sub-projects. Ex-post evaluation should also be undertaken some time after the DPs have adjusted to their new circumstances.

13 FUNDING AND INDICATIVE BUDGET

It is not envisaged that many sub-projects will require land acquisition which will cause displacement and lead to the need to relocate and/or compensate affected people. Nevertheless, an indicative budget is provided below to ensure that funds are allocated for resettlement should the need arise. Without knowing the number of sub-projects that will be put forward, planned and implemented, it is difficult to estimate possible costs. For the purpose of the indicative budget it is assumed that an average of 50 sub-projects will be proposed per year over a five year implementation period, from Year 2 to Year 6 of the project (it is not envisaged that any sub-projects will be identified and planned during the first year. It is, therefore, assumed that some 250 sub-projects will be identified during the full project period.

Provision is included in the budget for training district and other government staff in aspects of resettlement plan preparation, implementation and monitoring. This is based on training ten staff members in Year 1 or 2 and a further ten in Year 3 (as other districts are included in the project). The estimated cost per group of ten is estimated to be US$ 7 500, calculated from ten trainees for five days at US$ 150 per day for accommodation, allowances and materials. To this is added US$ 1 500 for contracted trainer input to give a total estimated cost of US$ 9 000 per group of ten. The total estimated training cost for both groups is US$ 18 000. Funds will be provided from the Project Implementation Support or ESMF budgets.

As it is not possible to know the total number of sub-projects, the number of sub-projects that will require resettlement or the nature and extent of relocation and/or compensation required for those sub-projects that do involve resettlement, an average resettlement cost per sub-project has been assumed, based on an estimated total of 250 sub-projects. The calculation of the estimated average cost per sub-project is presented in Table 3. Resettlement costs will obviously vary from one sub-project to another (it is anticipated that most sub-projects will not involve resettlement). The costs of actual relocation and compensation will be met from individual sub-project budgets while resettlement planning, implementation support and monitoring costs will be sourced from the Project Implementation Support or ESMF budgets.

Based on the global training cost and the average resettlement cost per sub-project the total resettlement budget is estimated to be US$ 250 500 as shown in Table 4.

In order to ensure that the compensation and resettlement component will be implemented smoothly efforts will need to be made to develop realistic cost estimates during preparation of the draft RAP. It is accepted that not all eventualities will be foreseen and a reasonable contingency should be included. After approval by MICOA, the RAP budget will need to be approved as part of the overall sub-project budget.
Table 3  Estimated resettlement cost for a sub-project

<table>
<thead>
<tr>
<th>ITEM</th>
<th>ASSUMED INPUT</th>
<th>COST (US$) per sub-project</th>
</tr>
</thead>
<tbody>
<tr>
<td>RAP preparation</td>
<td>Field allowances for technical staff – 2 days @ US$ 25 per day</td>
<td>50,00</td>
</tr>
<tr>
<td>Compensation &amp; relocation</td>
<td>One house: (mud, sticks, thatch): 20m² @ US$ 6,00/m² Four mango trees: @ US$ 160,00 each</td>
<td>780,00</td>
</tr>
<tr>
<td>Relocation &amp; construction</td>
<td>Field allowances for technical staff – 2 days @ US$ 25 per day</td>
<td>50,00</td>
</tr>
<tr>
<td>supervision</td>
<td>Global</td>
<td>50,00</td>
</tr>
<tr>
<td><strong>TOTAL PER SUB-PROJECT</strong></td>
<td></td>
<td><strong>930,00</strong></td>
</tr>
</tbody>
</table>

Table 4  Indicative budget for resettlement

<table>
<thead>
<tr>
<th>ITEM</th>
<th>No.</th>
<th>RATE (US$)</th>
<th>TOTAL COSTS (US$)</th>
<th>YEARS</th>
<th>SOURCE OF FUNDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training</td>
<td>2 groups</td>
<td>9 000,00</td>
<td>18 000,00</td>
<td>1 and 3</td>
<td>ESMF and Implementation Support budget</td>
</tr>
<tr>
<td>RAP preparation</td>
<td>250</td>
<td>50,00</td>
<td>12 500,00</td>
<td>2 to 6</td>
<td>ESMF and Implementation Support budget</td>
</tr>
<tr>
<td>Compensation &amp; relocation</td>
<td>250</td>
<td>780,00</td>
<td>195 000,00</td>
<td>2 to 6</td>
<td>Sub-project budgets</td>
</tr>
<tr>
<td>Relocation &amp; construction supervision</td>
<td>250</td>
<td>50,00</td>
<td>12 500,00</td>
<td>2 to 6</td>
<td>ESMF and Implementation Support budget</td>
</tr>
<tr>
<td>Monitoring and auditing</td>
<td>250</td>
<td>50,00</td>
<td>12 500,00</td>
<td>2 to 6</td>
<td>ESMF and Implementation Support budget</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>250</td>
<td>500,00</td>
<td><strong>195 500,00</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Detailed cost estimates will be based on a comprehensive inventory drawn up during the baseline survey and the actual replacement costs. The RAP will contain detailed costs of compensation, relocation and rehabilitation with a breakdown of costs for:

- agricultural land;
- residential land;
- business land;
- houses and other infrastructure;
- business losses;
- other assets; and
- public services and facilities.

Other related costs, such as surveying, planning, consultations, supervision, miscellaneous entitlements and monitoring will also be estimated.

As part of the on-going progress reporting exercise the applicant will be required to submit details of expenditure on all aspects of implementing the compensation and resettlement component of a sub-project.
APPENDIX 1

SUGGESTED PROCEDURE FOR DRAFT RESETTLEMENT ACTION PLAN
PREPARATION, REVIEW AND APPROVAL

FMA completes preparatory tasks – screening forms, etc.

Applicant initiates environmental screening. Environmental screening forms completed by RPT and communities

Screening form submitted to DPCOA. DPCOA decides if RAP required

RAP required

No displacement OR there is displacement BUT voluntary land donations will occur

DTT establishes RAP preparation team (RPT)

No RAP required

Applicant indicates location of proposed infrastructure

RPT undertakes baseline survey, identifies DPs, determines nature of displacement & completes affected asset inventory forms and preliminary register

All DPs given letter or sub-project fact sheet

Asset inventories checked by DTT

RPT assigns potential DPs to categories

RPT determines eligibility of each category of DPs for various types of entitlements

RPT submits valuation methodology and standard unit rates to DTT for approval

RPT applies unit rates to individual categories of DPs to determine total value of entitlements

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RPT completes draft RAP report – with asset inventories

RPT submits completed draft RAP report to DTT for review

RPT submits draft RAP to DPCOA for review and approval in terms of Mozambican environmental regulations and WB requirements

Draft RAP approved.  Draft RAP not approved.

Sub-project abandoned or draft RAP amended

Approval given for sub-project start-up from a resettlement point of view
APPENDIX 2

SUGGESTED STRUCTURE OF A SUB-PROJECT DRAFT RESSETLEMENT ACTION PLAN

The following is a suggested structure for a draft resettlement action plan (RAP) which is prepared on the basis of the resettlement policy framework (RPF). Adherence to the suggested structure and the level of detail included in the draft RAP will depend on a number of factors, including:

- the size, nature and complexity of the sub-project;
- the type and degree of displacement that will occur;
- conformity of a particular sub-project to the general considerations of the RPF;
- local differences in determining eligibility criteria and evaluation of assets.

The draft RAP preparation team should constantly refer to World Bank (WB) Operational Procedures for Involuntary Resettlement (OP 4.12) to ensure that all of the requirements for a RAP are, together, contained in both the RPF and the sub-project draft RAP. Where certain requirements are not applicable to the particular situation this should be clearly stated.

Introduction

- provide a brief section on the Decentralized Planning and Finance Project (DPFP) and the background to the sub-project, referring where possible to the introduction contained in the RPF;
- refer to the guiding principles of the RPF;
- summarise the results of the environmental and social screening exercise;
- briefly describe how the sub-project draft RAP has been prepared, who has prepared it and the roles of the compensation and resettlement committee and the RAP preparation team; and
- list the procedures for draft RAP review and approval.

Description of the sub-project

- briefly describe the sub-project;
- list the sub-project components;
- describe the sub-project components that are expected to lead to the need to acquire land and affect assets and livelihoods (i.e. displacement) and the zone(s) of impact;
- describe the efforts during sub-project planning to minimise displacement and provide the results of these efforts; and
- with reference to the RPF, list any additional basic objectives and principles.

Extent and nature of potential displacement

- outline the results of any baseline socio-economic survey or census undertaken;
- give details of the population (or other entities) to be potentially displaced or affected by the sub-project together with details of potential losses (displacement) expected to be incurred;
- identify and list different categories of displaced persons (DPs), in accordance with the guidelines provided in the RPF. Explain the selection of categories;
- list the results of consultation with DPs concerning the results of the surveys and census; and
- describe the procedures for updating survey and census results.
Legal framework for compensation and resettlement

- describe any legal or regulatory issues pertaining to land rights, compulsory land acquisition, compensation, resettlement and grievance mechanisms that may differ to those described in the RPF.

Eligibility criteria for different categories of displaced persons

- define a DP and entity (e.g. groups, businesses and public bodies);
- describe the compensation and/or resettlement entitlements (packages) for each category of DPs, including additional allowances (e.g. for inconvenience, disturbance and "intangibles") – include an entitlement matrix showing the entitlements proposed for each category;
- for replacement land allocations, where applicable, provide details of quality and quantity of allocation; and
- list cut-off dates, including measures for applying cut-off dates to late additions to the list of DPs.

Evaluation of assets

- with reference to the general method described in the RPF, describe the procedure to be used for inventorying assets immediately prior to or during implementation, specific to the sub-project and its location;
- describe the method for valuing assets (e.g. replacement cost, market value, standard unit rates) and other forms of displacement, specific to the sub-project and its location; and
- describe the method for determining values and standard unit costs for each type of asset, specific to the circumstances and location of the sub-project. Include institutional responsibilities.

Resettlement sites (if applicable)

- discuss the availability of replacement land;
- identify potential (alternative) resettlement sites or replacement land, giving the results of any surveys and investigations undertaken;
- describe any consultations undertaken in relation to selection of alternative resettlement sites or replacement land; and
- record the acceptability or otherwise to DPs and local authorities of alternative potential resettlement sites or replacement land.

RAP implementation and delivery of entitlements (procedures and institutional responsibilities)

- where applicable reference need only be made to the RPF;
- explain how implementation of the RAP will be integrated into implementation of the overall sub-project (e.g. civil works);
- with reference to the general procedure described in the RPF, describe the sub-project specific procedure to be used for obtaining a detailed and final inventory of affected land and assets belonging to eligible DPs (and which will form the basis for determining and negotiating final entitlements);
- describe the method to be used to obtain a final valuation of each eligible DPs affected assets and for determining and negotiating each individual entitlement package;
explain how agreement will be reached with each eligible DP concerning the total profile of eligible losses and on the entitlement offer (compensation and/or resettlement) and how acceptance of this will be recorded;
- list the sub-project specific procedures and responsibilities for selecting, surveying, planning and allocating replacement (resettlement) land, where applicable;
- describe the procedures and responsibilities for constructing replacement infrastructure (e.g. houses) on replacement (resettlement) land;
- explain any land tenure arrangements to be made with respect to replacement land;
- describe the process and responsibilities for physically transporting individuals and their assets to replacement land (e.g. resettlement areas);
- describe the procedures and responsibilities for providing any resettlement and development assistance to relocated DPs;
- describe the method and responsibilities for actual delivery of compensation, including replacement of assets (including replacement houses on replacement land, where applicable) and payments in cash or kind;
- describe the method and responsibilities for handling additional, unforeseen losses of and damage to land and assets during construction and compensation claims in respect of such losses and damage;
- describe the method for obtaining confirmation of receipt of entitlements by DPs;
- outline the steps and responsibilities for monitoring and reporting implementation progress; and
- include a timetable for implementation (together with those responsible for each activity) and relate this to overall sub-project implementation.

Consultation and participation

- with reference to the RPF provide any specific details of measures to be taken to ensure consultation with, and participation of, DPs and other affected parties in the draft RAP planning and implementation processes; and
- in addition to that contained in the RPF describe any specific methods available to DPs for bringing forward complaints and grievances and the procedures for resolving them.

Monitoring and evaluation

- describe the procedures and responsibilities for internal monitoring of the sub-project. If there are no major changes to those described in the RPF, then reference need only be made to the RPF; and
- for external evaluation, reference to the arrangements agreed in the RPF need only be made.

Budget and cost estimates

- provide a detailed breakdown of all costs associated with implementation of the RAP and delivery of entitlements, showing who is responsible for providing funds and when.
APPENDIX 3

SUMMARY OF NATIONAL LAWS GOVERNING LAND, RESETTLEMENT AND COMPENSATION

1. POWER OF EMINENT DOMAIN

According to the Constitution of the Republic of Mozambique “The land and the natural resources located in the soil and sub-soil, in territorial waters and on Mozambique’s continental shelf, are owned by the State. The State shall decide the conditions of their exploitation and use”.

Land matters in Mozambique are governed by the Land Law (No. 19/97, approved by the Assembly of the Republic in 1997). The Land Law establishes the terms applicable to the establishment, exercise, modification, transfer and termination of the right to land use and its benefits. In accordance with the Constitution, the Land Law determines that the land is State property and cannot be sold or, in any other form alienated, mortgaged or encumbered. Subsequently, Land Law Regulations, to guide the implementation of the Land Law in rural areas, were passed by Council of Ministers Decree No. 66/98 in late 1998.

It should also be noted that implementation of the Land Law and regularisation of issues is an on-going process which will take a considerable amount of time.

2. LAND RIGHTS

2.1 Rights to use and benefit from land

The Land Law provides all Mozambican nationals (male and female), corporate persons (e.g. associations and companies) and local communities the right to use and benefit from land. The right to use and benefit from a particular piece of land may be held individually or jointly.

Certain land belongs to the public domain in which no rights of land use and benefit can be acquired, except where special licences have been issued for specific activities. Such land includes zones of total and partial protection, such as national parks, coastal zones and the banks of navigable rivers. Land occupied by certain infrastructure, such as electricity transmission lines and roads, is also considered to be a zone of partial protection. According to this provision in the law no person or entity may occupy or use such land without a special licence being granted. In practice this aspect of the legislation is often not fully complied with and people continue to occupy and use such areas.

The right to use and benefit from land is obtained either through “Occupation” or through “Authorisation” of an application. Those who hold a right by virtue of “Occupation” may either be:

- individual persons and local communities who occupy and use land in accordance with customary norms and practices, provided that such norms and practices do not contradict the Constitution; or
- Mozambican nationals who have been using land in good faith for at least ten years.

In all cases official title may be applied for and granted, and the rights registered in the national cadastre but the absence of an official title to use and benefit from land and absence of registration does not affect the rights of individuals and local communities over the land. All that a community needs to do is offer verbal proof that it has been occupying
and using the land. The rights of a community to use and benefit from the land are considered to be the same as if a title has been granted under a form of joint co-title.

Individual families are decision makers with regards to allocation and usage of land within the family. At the local level land allocation and arbitration of any disputes is the responsibility of the bairro (ward) secretaries or traditional leaders. Local people may also gain access to land through borrowing agreements which are made within the family. Those who lend land are usually the old, who are no longer able to work on their full allocation and who want to help landless friends or relatives. The borrower only has security as long as the agreement lasts.

For purposes other than settlement and cultivation the land and natural resources are usually considered to be common property. Such areas include livestock grazing areas, the surrounding bush and woodland areas where people collect or exploit natural resources, such as fuel wood, poles, thatching grass, medicinal plants, honey, wildlife, etc., and open water bodies which are used for fishing.

The Land Law recognises the legitimacy of customary law, or the rights attributed by such law (e.g. traditional usage rights) and this means that the vast majority of family sector farmers, living in rural farming areas as members of communities based on traditional norms and practices, have full rights to the land on which they have developed their economic activities, whether or not they hold a title to the land.

Many Mozambicans have settled on former colonial farms, on abandoned Sate farms and on the fringes of cities, towns and smaller rural centres, often with the tacit approval of the authorities. These people do not necessarily follow customary norms and practices but as long as they have been using and occupying the land for at least ten years, and this has not been contested during that period, they are deemed to have full rights to use and benefit from the land in question. The fact that an individual, who has, in good faith, been occupying and using the rural land for at least ten years, has not applied for official title or registration does not affect that person's rights to use and benefit from the land. If no title has been issued the right to use and benefit from the land may be proved by testimonial proof given by members of surrounding local communities or by others. Many people living in rural centres and peri-urban areas of Mozambique hold land rights under this condition of "Occupancy".

Individuals and associations may acquire rights to use and occupy land in both rural and urban areas by "Authorisation". Official authorisation for the right to use and benefit from land may be either in the form of:

- provisional authorisation, which has a maximum duration of five years for nationals or two years for foreign persons; or
- final authorisation and respective title for land use and benefit, issued after an exploitation plan submitted with the original application has been fulfilled, and subsequent registration in the National Land Cadastre.

"Authorisation" is the means whereby people and associations are able to acquire the right to use and benefit from land for "economic" activities. In the rural areas such activities generally include farming (on a commercial rather than subsistence basis), retail trading and religious purposes. In urban areas they may include a variety of commercial and industrial activities as well as residential purposes. Authorisation to use and benefit from land for the purpose of undertaking economic activities is granted for a maximum of 50 years, renewable for an equal period of time.
2.2 Transfer of land and improvements

The right to use and benefit from land (whether or not official title is held) does not give the holder the right to transfer (e.g. sell) the right to other people or bodies, but the Land Law does give title holders the right to transfer (e.g. sell or rent) infrastructure, buildings and improvements to other people, subject to authorisation from the competent authorities.

In urban areas when the infrastructure and improvements are transferred (e.g. sold) to another person or entity then the right to use and benefit from the respective land is also automatically transferred, without the need for submission of a new application for title. There is thus a form of “land market” in cities, towns and some smaller rural centres because the market price of buildings reflects attributes, such as location and quality, of the land that the buildings are situated on.

The situation in many urban centres and, possibly, some smaller rural centres is that people own their own houses, either because they have “Occupancy” or “Authorisation” rights. However, many people also rent houses from individuals and entities that own their own houses or from State institutions, such as the Administration for Immovable State Property.

2.3 Extinction of rights

In both rural and urban areas the right to use and benefit from all or part of the land, whether or not official title has been issued and registered, may be revoked and thus extinguished in the public interest. This may happen if, for example, a public road is to be constructed, a dam is to be built which will create a reservoir or some other type of development is planned for the land in question.

The Land Law clearly states that revocation, in the public interest, of the right to use and benefit from land is, however, subject to the prior payment of a just indemnification and/or compensation, particularly as the non-removable improvements on the land are supposed to revert to the favour of the State.

The Law does not refer to the procedures to be followed when land rights are to be extinguished. It does confer allocation rights on different levels of Government and, presumably, these would apply to the revocation of rights as well. Where small areas of land are involved it would appear most appropriate for Provincial Governors to deal with such issues and declare land rights to have been withdrawn from an individual, entity or community. The Law does not refer to the possibility of appeal against revocation of rights.

3. COMPENSATION AND INVOLUNTARY RESETTLEMENT

Other than stating that compensation should be paid when land is expropriated in the public interest, both the Constitution and the Land Law do not expand on issues related to compensation, in terms of the principles, forms, eligibility, valuation, adequacy, procedures, timing and responsibilities. In rural areas the fact that all land belongs to the State and that there is no land market precludes monetary compensation from being offered for the loss of land per se, and yet there is no implicit legal obligation to provide compensation by means of alternative land. In urban areas and some rural centres where land may sometimes be permitted to be transferred together with a house or buildings, the “market value” also often reflects the value of the land so that compensation covering the implicit value of the land and buildings might be possible.

There are no specific guidelines regarding compensation and fairness and principles and procedures are often drawn up and agreed to among the main stakeholders on a case by case or individual project basis. In recent cases in Mozambique, such as for the

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establishment of the Mozambique Aluminium Smelter (MOZAL) near Maputo, it has generally been accepted that where people are displaced from land the principles of fairness and good practice are applied to compensation and resettlement. For instance, it is usually accepted that replacement land is provided which is, as far as possible, equal to or superior to the land foregone in terms of size, quality and location advantages. This is in line with the requirements of the World bank (WB) Operational Procedures for Involuntary resettlement (OP 4.12).

Certain sector-specific legislation and the country’s environmental regulations also require that project developers fully compensate displaced persons (DPs) when property is expropriated.

It is sometimes problematic when only a very small portion of a DP’s land holding is required for a development project and where the loss of this small portion does not effect the overall viability or productivity of the whole land holding. Since the land cannot be freely transferred among people and there is no implicit value to the land, compensation in cash, for example, cannot be offered. At the same time it might be impractical or impossible to provide alternative small parcels of land in the immediate vicinity.

There may be a few cases where some people are occupying and using land for which they have no legal right of use and benefit. Such land may include, for example, total or partial protection zones or land for which other people and bodies have legal rights of use and benefit (i.e. rented housing and land). In some rural centres it may also be possible that people have been granted residential land by the authorities but they do not have “Authorisation” to use and benefit from the land or they have not been occupying the land in good faith for at least ten years. It has, however, been common practice in Mozambique to treat such cases in the same way as people with legal rights to use and benefit from land and this is not at variance with the WB requirement that all DPs, regardless of their tenure status, should be provided with compensation and resettlement measures.
APPENDIX 4

SUGGESTED PROCEDURE FOR IMPLEMENTATION AND DELIVERY OF ENTITLEMENTS

1. Applicant integrates RAP elements into overall sub-project plan and implementation schedule

   NO CONSTRUCTION WORK TO COMMENCE UNTIL ENTITLEMENTS DELIVERED

2. Applicant and FMA agree to activity monitoring and reporting procedure to be followed during implementation of the resettlement and compensation component of the sub-project

3. After detailed sub-project survey and planning, RPT negotiates final entitlements and values with DPs

4. DPs sign entitlement contracts

5. Applicant, DPs, local authorities and sector specialists select suitable alternative land where physical resettlement of DPs is required

6. Applicant applies to local authority (or local traditional and administrative leaders) for land to be officially allocated to resettled DPs

7. Applicant initiates process for extinction of land rights related to land involuntarily abandoned by DPs

8. Applicant ensures that any necessary land survey, land planning and land preparation work on new resettlement sites is carried out

9. Applicant pays compensation (in cash or kind) to eligible DPs in accordance with the Entitlement Contracts and agreed valuations - in good time before sub-project construction activities commence. Applicant provides cash or materials (plus transport & other costs) to enable relocating DPs to establish replacement infrastructure at the new site.

Disputes & grievances referred to DTT, Provincial Steering Committee or Interministerial Committee (National) or courts
DPs (or other entities, depending on agreements made) establish replacement infrastructure (e.g. houses) at the new resettlement site

Applicant transports relocating DPs and their assets to the new resettlement site in good time before sub-project construction activities commence

Recipients of entitlements sign entitlement receipt forms confirming receipt of entitlements (i.e. compensation and physical resettlement)

DURING CONSTRUCTION
Affected people submit ADDITIONAL compensation claim forms to the Applicant for losses or damage occurring during construction and which were not foreseen during RAP preparation

Applicant applies standard unit rates for lost or damaged assets or negotiates directly with claimants

DTT approves additional compensation claims and awards

Applicant pays compensation to claimants within one month of claim submission

Claimant signs entitlement receipt forms

ON PROJECT COMPLETION the DTT confirms that all resettlement and compensation aspects have been satisfactorily implemented and issues a completion certificate to the applicant