

# **MODULE 2**

**PLANNING LAND ACQUISITION  
AND INVOLUNTARY  
RESETTLEMENT**

## I. Overview

The planning process lays the foundation for the implementation and monitoring of the land-acquisition and resettlement steps. Sound planning enables the project to meet the key objectives defined in the RAP or LRP. During planning, affected households and communities should also have the opportunity for informed participation, so that the mitigation of adverse project impacts is appropriate and the potential benefits of resettlement are sustainable. These mitigation measures provide compensation for loss of assets, livelihood restoration, and so forth. The planning process culminates with the development and finalization of an implementable RAP or LRP.<sup>5</sup>

## II. Key Objectives of the Planning Process

The planning process builds and elaborates in much greater detail on the scoping stage described in [Module 1. Scoping of Land-Acquisition Impacts](#). It includes SE and baseline studies, as well as livelihood-restoration planning, which for the clarity of this handbook are addressed in separate modules ([Module 3. Stakeholder Engagement](#); [Module 4. Baseline Data Collection](#); [Module 5. Livelihood Restoration and Improvement](#); and [Module 6. Implementation of the Resettlement Program](#)). This module focuses on the planning process.

Based on initial information gathered in the scoping and assessment outlined in [Module 1. Scoping of Land-Acquisition Impacts](#). The following are the key objectives of the resettlement-planning process:

- Quantify, describe, and categorize project impacts on land, resources, and people.
- Identify and categorize households, individuals, and assets that will be affected.
- Describe socioeconomic conditions and livelihoods prior to the project to (i) establish a baseline, against which changes caused by resettlement can be monitored and the effectiveness of livelihood restoration can be assessed, and (ii) gain a better understanding of impacts to livelihoods, addressed in detail in [Module 4. Baseline Data Collection](#).
- Define eligibility rules. (Who will be entitled to compensation?)
- Define entitlements for compensation and livelihood restoration.
- Define engagement and grievance management strategies (addressed in detail in [Module 3. Stakeholder Engagement](#)).
- Consult on proposed entitlements and negotiate them with the affected community (and host community, if relevant).

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<sup>5</sup> See [Appendix H. Annotated Table of Contents for a Livelihood Restoration Plan](#).

- Define livelihood-restoration strategies (addressed in [Module 5. Livelihood Restoration and Improvement](#)), discuss them with the affected community, and come to an agreement.
- Define processes and procedures to implement land acquisition and resettlement, including compensation measures and relocation activities, resettlement budget, and schedule.
- Discuss these processes with key stakeholders, particularly the affected community, including women, vulnerable groups, and involved government agencies.
- Document the planning process in a RAP, LRP, or a combination of both.

### III. Key Tasks of the Planning Process

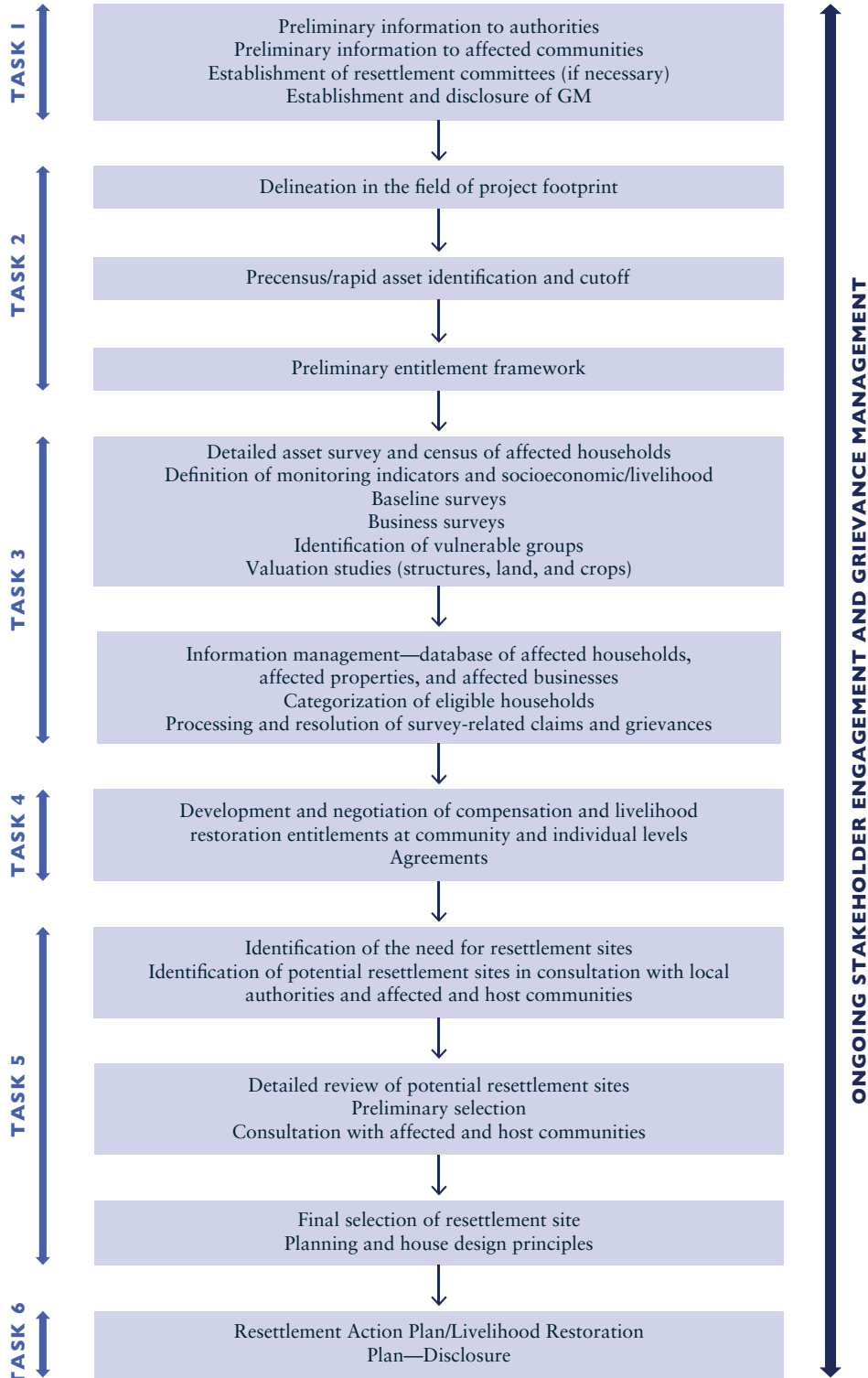
Planning resettlement involves a number of tasks, as illustrated in figure 2.1. The order shown in the figure is not necessarily chronological, and some of the following tasks must be conducted in parallel:

- *Task 1:* Perform preparatory activities, including providing preliminary information on displacement impacts to authorities and affected persons; establishing provisional consultation committees (taking cognizance of the local social and political context); and establishing and disclosing a grievance mechanism (GM). (These activities are also described in [Module 1. Scoping of Land-Acquisition Impacts](#).)
- *Task 2:* Delineate the affected footprint in the field, defining aspects of the area of influence that could result in economic or physical displacement impacts, and declaration of a cutoff date for compensation eligibility to prevent influx or encroachment, with concurrent implementation of a preliminary census and rapid asset survey to establish eligibility at the cutoff date, in consultation with affected groups, including complex eligibility issues.
- *Task 3:* Conduct field surveys, including census, asset inventory, and socioeconomic surveys, along with associated information management and SE (see [Module 4. Baseline Data Collection](#)).
- *Task 4:* Establish compensation entitlements and livelihood-restoration benefits, engagement at community level on these entitlements, and negotiation at community, household, or individual levels as appropriate.
- *Task 5:* Select resettlement sites and planning for site development and housing, in consultation with the affected community and host community.
- *Task 6:* Develop implementation approach and arrangements, preparation of RAP/LRP documentation, and disclosure.

SE occurs throughout the process (see [Module 3. Stakeholder Engagement](#) for details).

See also [Appendix I. Template for Terms of Reference: Scoping Process for a RAP/LRP](#) and [Appendix J. Template for Terms of Reference: Preparation of a RAP/LRP](#).

**Figure 2.1. The RAP/LRP Process**



## IV. Task 1: Make Preliminary Contacts, and Establish a Committee and Grievance Mechanism

### IV.A. Preliminary Contacts and Consultation

- With local authorities, typically mayors and/or district heads, as well as contacts at national and/or regional levels, which are also required in many jurisdictions
- With the affected community(ies):
  - Disclose the extent of potential land impacts to the community as well as the standards to which land acquisition and resettlement will be implemented. This engagement must be prepared and managed with caution. In most cases, a first meeting will be held with community leaders and elders. In situations where the community leaders and elders are all men, every effort must be made to ensure the information is shared with women in the communities through women's groups or other avenues. In addition, and unless the local political or social context would not allow, it is also important that the message be communicated to the entire community in a public meeting. Providing a leaflet or other handout is a useful way to support this process.<sup>6</sup> Information concerning the cutoff date, census, and asset surveys must follow within a short time to avoid speculative occupation of the footprint, and the timing of disclosure of the footprint must be given appropriate thought (see section [V. Task 2: Cutoff Date and Optional Precensus Survey](#) of this module).
  - To minimize community anxiety, it is also important to convey information about the anticipated schedule of land acquisition, particularly where there is physical displacement. Where there are uncertainties beyond the project control (e.g., investment decisions, permitting, or government agreements), it is important to be transparent with communities. Again, every effort must be made for this information to be made available to all groups in the communities, including women.
  - Where it is uncertain whether the project will go ahead at the time these contacts with communities are established, this needs to be made clear and explained to communities.

<sup>6</sup> It should be kept in mind, however, that alternative methods may be necessary to reach women and vulnerable groups, who may have lower levels of literacy or speak only the local language or dialect.

## IV.B. Engagement Framework and Resettlement Committee

The scoping stage will have provided information to enable preparation and tailoring of the Stakeholder Engagement Plan to focus on land-acquisition and resettlement-related activities as presented in [Module 1](#).

[III.E. Engaging with Stakeholders](#) and [Module 3. X. Content of a Stakeholder Engagement Plan](#).

In many settings, the establishment of one or several committees is a useful tool—albeit not mandated by PS5—for engaging with the affected community. The provisional consultation committees should be appropriate within local social and political contexts as well as broadly representative (women and men, elders and youth) and be established prior to the commencement of field surveys. See [Module 4. IV. The Census](#) to [VII. Livelihood Baseline Research and Surveys](#).

## IV.C. Grievance Mechanism

The GM, described in detail in [Module 3. Stakeholder Engagement](#), must be established by the project proponent before the start of any significant field activity and before starting the surveys aimed at identifying affected assets and affected persons. The GM must be broadly communicated to affected persons and communities.

## V. Task 2: Cutoff Date and Optional Precensus Survey

### V.A. Delineating Project Footprint

Starting surveys and declaring a cutoff date require the project footprint (the actual area of land that is required to build and operate the project) to be defined with a reasonable level of certainty:

- Make sure that the project footprint (including the boundaries of the project footprint and ancillary facilities) is clearly defined by project planners and engineers, as the RAP team must have this information to plan and start surveys.
- Define the area of influence with a focus on aspects that may cause physical or economic displacement or impact natural resources used by communities.
- Optimize the footprint jointly between RAP, project planning, and engineering teams (see [Module 1. III.H. Identifying the Proposed Project Footprint and Area of Influence](#)).

- Where communities are divided by the proposed delineation into affected and unaffected sections, review the footprint limit carefully and consult with government and the communities themselves on potential expansion of the footprint to avoid or minimize severance of communities.
- Show the footprint boundaries to community representatives, but only once the following conditions are met:
  - These boundaries are known with a reasonable level of certainty, to avoid loss of community trust if changes need to be made at a later stage.
  - The cutoff date has been disclosed or will be shortly thereafter. This can be done immediately after finalizing definition of the project footprint. The implementation of surveys and the planning process can then proceed.
- Take a long-term view of community viability in reviewing the footprint in consultation with affected communities, looking at the following points, among others:
  - It may be necessary to resettle people that are outside of the direct project footprint if a community’s social cohesion would be affected by a partial relocation.
  - Residences that are not in the direct project footprint may need to be relocated because their agricultural land or other sources of livelihoods are affected and they might become economically unviable should they not be relocated.
- The project footprint often changes over the course of the project. When this happens, manage the change with care: if people were surveyed based on a first delineation but end up outside of the final footprint, they may expect compensation and it may be necessary in such cases to compensate the related disturbance and impacts to livelihood, subject to negotiation.

## V.B. Cutoff Date

The cutoff date is the date after which any new structures, trees, crops, and other immovable assets will no longer be counted or measured for compensation purposes. The intent of the cutoff date is to avoid opportunistic settlement or construction of new structures by existing households (in the expectation of compensation) in the area earmarked for project use. Key considerations include the following:

- If a cutoff (sometimes called a “moratorium”) is provided by local legislation (usually the case where eminent domain procedures are applied), make sure that the cutoff date as mandated by local legislation (usually the date at which a certain legal act is taken) can correspond to the cutoff date required by PS5 (the date at which the census and asset surveys are completed). Typically, the date of publication of a declaration of public interest (or similar

eminent domain–related act) will become the cutoff date. The additional requirement of PS5 is to ensure that the cutoff date and its conditions (e.g., no erection of new structures, no planting of new trees and crops) are disclosed, which is not always mandated by local legislation. Aligning the declaration of public interest mandated by local laws with the cutoff date disclosure required by PS5 calls for careful coordination with government agencies and must be planned well in advance.

- Where no cutoff date is envisioned in local legislation or if eminent domain procedures are not used, a project-specific cutoff disclosure process must be established, with government endorsement if possible (see box 2.1 for an example).
- Where a government cutoff date, such as a declaration of public interest, has been established in the past but not disclosed or enforced, a new cutoff date will need to be established to meet PS5 requirements.
- The cutoff date must not prevent the registration of individuals or groups who have legitimate claims to land, assets, or the use of natural resources in the project footprint, including those who might be absent when the cutoff date is declared. Such groups might include the following:
  - Absentee families or family members who may be engaged in seasonal or migrant labor elsewhere in-country or internationally
  - Seasonal users such as transhumance pastoralists, herders, hunters and trappers, foragers, and fisherpeople
  - People separated from their land and assets due to conflict (internally displaced persons [IDPs] or refugees)
  - Other absentees such as those in military service, in the hospital, in prison, or studying elsewhere
- The cutoff must be broadly communicated to ensure that all affected persons, and any person seeking to settle in the area, are informed.
- Upon announcement of the cutoff date, affected persons might suspend normal livelihood activities and expect immediate compensation. It is important that they be encouraged to continue these activities until compensation measures have been agreed and they have been given notice to stop project-affected livelihood activities.

Where there is no strict legal requirement with regard to the cutoff date, it can be practical to adopt a “rolling” cutoff date approach, whereby the cutoff is specific to each property: it is the date on which the inventory of this given property was undertaken and signed off by the relevant owner(s). Where this approach is adopted, the sponsor must still make sure that the surveys are undertaken within a relatively short period of time to avoid discrepancies and valuation-consistency issues.



## Box 2.1. Cutoff Date, Census, and Avoiding Speculation

Tenke-Fungurume Mining built a large copper and cobalt mine and processing plant between 2007 and 2010 and currently operates them in the Lualaba province of the country. Speculation was identified up front as a potential risk because of the general poverty of communities and of known precedents in the area.

Tenke-Fungurume Mining was relatively successful in avoiding speculation by taking the following measures:

- Land access is organized in successive phases; each of these phases covers about three years of mining construction and expansion. Any significant land access phase is covered by a stand-alone Resettlement Action Plan.
- For each phase, a *restriction zone* is delineated to cover the direct footprint of mining operations and related facilities, as well as safety buffers. In a restriction zone, dwellings are prohibited, and all residents must be physically displaced and relocated.
- After delineation of a restriction zone, a cutoff is declared, confirmed by an act of the local authority, and is publicly disclosed in a general meeting of the potentially affected population with the local authority present.
- An inventory of affected assets and a census of affected persons are conducted immediately after the cutoff (starting on the same day as the meeting just mentioned). In the interest of moving swiftly, rather than embarking into a full, detailed census (which would take time, thereby allowing people to erect structures and plant trees and crops opportunistically), the company organizes a rapid precensus, whereby assets (structures and fields) are identified, numbered, and marked in the presence of community leaders and local authorities, and owners/users are identified on a preliminary basis. The company makes sure that the precensus can be conducted in a few days at most (generally one to two days). The precensus starts immediately once the cutoff date has been declared and preliminary lists of affected assets and affected persons can be established. Mistakes or gaps in the precensus can be corrected later when the full census is undertaken or through the grievance mechanism.

The establishment of restrictions on activities such as construction, agricultural activities, and home improvements after the establishment of cutoff dates can represent a hardship for affected households and communities. Often there are delays between the cutoff date (and the subsequent establishment of restrictions) and the development of the project, including the actual delivery of compensation. The declaration of a cutoff date must be carefully planned so that the resettlement planning (particularly asset surveys) and the move follow within a reasonable period of time. While it is important not to start land acquisition too late to have sufficient time to plan and implement resettlement adequately, it is as important not to start too early or without absolute certainty about the implementation of the main project.

Where delivery of compensation does not proceed (or occurs only after a protracted period), project proponents should consider specific compensation in recognition of the disturbance, restriction of use, and opportunity cost that the delay entails. To minimize disruption to households and communities, it is good practice for the cutoff to have a validity of one year. Three years should be a maximum, after which an update of the census and eligibility for compensation is warranted. Households and communities cannot be left in a state of uncertainty that could cause even more economic, social, and psychological disturbances than the move itself.

### **V.C. Precensus (or Rapid Asset Survey)**

The cutoff will be meaningful and useful only if the project moves swiftly thereafter to undertake an inventory of affected assets and a census of eligible households and assets. In complex situations where there are many affected assets and people, the inventory and census (see [Module 4. Baseline Data Collection](#)) may be a lengthy exercise, and in these cases it can be useful to undertake a precensus (also called “rapid asset survey”) to establish an initial list of eligible households within a short time (from one to several days). This will not necessarily be exhaustive (e.g., some absentee landowners may be missed), but it can be useful when there is a high risk of speculation. Box 2.1 describes an example of the implementation of cutoff and precensus. The necessity of undertaking a precensus survey needs to be assessed at the scoping stage.

An interesting and relatively inexpensive complement to asset surveys is to arrange a flyover with an unmanned aerial vehicle (UAV or “drone”) at the cutoff date to capture visible existing assets. For the most complex projects, arranging these data into a geographic information system should be considered at these early stages.

### **V.D. Validity of Cutoff Date and Subsequent Changes**

Managing the cutoff requires continuous engagement with affected households. Life does not stop because a cutoff date has been declared: people marry or divorce, they pass away, and children are born. Good practice is to take a relatively flexible approach to such changes by allowing project eligibility rules to accommodate them to the extent reasonable, while keeping an eye on potential speculation and gender implications (where marriages or divorces may be triggered by attempts to dispossess women of their compensation). Once the cutoff is agreed with community representatives, it is good practice to disclose

the project policy on any changes to eligibility criteria for compensation (such as taking new households, structures, crops, and so forth into consideration, and attached conditions). This transparency will minimize opportunistic claims.

Where surges in marriages or divorces are observed, this could be a strategy on the part of affected persons to create new households in order to maximize entitlements. A sudden divorce could also be a strategy to dispossess the female spouse of her share of the compensation. Changes to lists of eligible households and individuals after the cutoff should always be reviewed with community representatives (resettlement committee) to avoid fraudulent claims.

Another recurrent issue is that of repairs to houses after the cutoff: Are they allowed or not? Will they be considered for compensation or not? This is particularly an issue in monsoon-type climates where it is customary to repair houses every year after the rains end. Households should be able to appeal the cutoff date limitations where it can be demonstrated that post-cutoff repairs or improvements were absolutely needed in the period between cutoff and displacement.

## **V.E. Complex Eligibility Issues**

### **V.E.i. Establishing ownership**

Where ownership is officially registered, identifying the owner of an affected property usually entails acquiring cadastral information for affected land plots and identifying owners (and/or co-owners) from such cadastral information. In some jurisdictions, ownership information may be out of date (e.g., where the registered owner is deceased and the inheritors have not been registered), and in such cases the baseline surveys should seek to identify current ownership information and potential discrepancies with registered ownership. Validation of updated ownership information by community committees and/or local authorities is often a useful step. Certain legal processes may have to be followed such that updated information gets registered in the cadastre, which is usually a mandatory step for compensation to be paid to the actual owners. Projects will always benefit from facilitating such processes to avoid further legal difficulties. This would typically involve providing legal support free of charge to reregister properties and paying for registration fees and duties.

Where ownership is based on customary or other informal rights, ownership information is absent from official cadastral data. In such cases, surveys should be conducted with community representatives who will validate customary or informal ownership. The same applies to unregistered renters, informal sharecroppers, free occupiers, and so forth.

### V.E.ii. Joint ownership and associated gender sensitivities

Most jurisdictions accommodate joint ownership of properties, whether land or houses. Where two or more owners jointly own an affected plot of land or a building, these co-owners will jointly receive the compensation, which must be split between them, either equally or according to the number of shares they hold in the affected property. If the co-owners jointly decide that the compensation should be in the form of a resettlement property, the co-owners become co-owners of the replacement resettlement property. The process of co-owner consent can be protracted where co-owners are many, do not agree among themselves, and/or do not live in the community. Another issue with co-ownership is that the shares of each may be insufficient to purchase a replacement property, with resulting risks of homelessness, if compensation is paid in cash.

Where spouses live on an affected property, and regardless of who is the registered or recognized owner (individual or joint ownership), the project should, at a minimum, seek the consent of all spouses to the proposed compensation. Many countries mandate such consent, but even where it is not compulsory, it should be sought. In such cases, house replacement is preferable to monetary compensation to ensure that all spouses and household members benefit from the compensation. Women's as well as men's preferences in terms of compensation mechanisms, such as replacement land or alternative access to natural resources rather than cash, should be discussed. Unfortunately, there are many examples of the male spouse misusing cash compensation to the detriment of the wife or wives and children:

- Buying nonessential items (vehicles)
- Investing the money in a business that has low chance of success
- Leaving the household to create a new household with a younger wife and abandoning the older wife and her children

However, even in cases where the formal agreement of the female spouse(s) to the form of compensation is required, such formal agreement is often not sufficient to ensure that women's circumstances are not worsened by the resettlement. More substantial awareness and empowerment training for women and men prior to compensation being delivered is needed to ensure that informed decisions are made. Titling the replacement house in both spouses' name can provide a degree of security for the wife and promote gender equity, and is a requirement of PS5. Where compensation in kind (e.g., a replacement house) is not feasible, sharing cash compensation equally between the spouses, or depositing it in a joint account is also a requirement of PS5. Where national law and tenure systems do not recognize the rights of women to hold or contract in property, measures should be considered to provide women as much protection as possible, with the objective to achieve equity with men (PS5, footnote 17). See box 2.2 for related

issues. In many parts of the world, married women individually own property, crops, and land. Failure by the project proponent to recognize this ownership right can lead to the woman's loss of power, livelihood, and financial resources.

The compensation process should include measures to ensure that documentation of ownership or occupancy, such as title deeds and lease agreements, and compensation (including the bank accounts established for payment of compensation) are issued in the names of both spouses or of single women heads of households, as relevant to each situation.

### **Box 2.2. Examples of Gender and Vulnerability Issues Linked with Co-ownership**

In a project in the Caucasus region, an elderly woman was found to live in a property that she co-owned with her two sons (equal shares), both living in cities. When asked in what form she would like to be compensated, she refused to give a clear answer and kept saying that she would accept whatever decision her sons would make, either a resettlement house in the area or cash compensation. It became clear that the sons were willing to receive cash compensation, which could have led to the mother being unable to replace her home. In addition, her way of life (with backyard agriculture critical to her livelihood) suggested that she might become impoverished if she was relocated to an urban environment. Engagement with the two sons and the mother with the support of local authorities led to a better solution, whereby the mother got a small resettlement property close to the project area, thereby allowing her to keep her way of life, while the two sons received some cash compensation.

#### **V.E.iii. Community ownership**

Affected areas of land may be communally owned, with no individual usage rights. This is often the case for land that is not arable, such as rangelands, pasture, forests, woodlots, and wetlands. And, in indigenous and peasant communities all land (residential and agricultural) may be communally owned. These pieces of land may be critical to livelihoods, particularly where they provide grazing areas, timber or fuel wood, nontimber forest products (NTFPs), or other “ecosystem provisioning services” as defined in PS6, paragraph 2. Where access to sufficient arable land is problematic, such communal natural resources are all the more important to livelihoods of the most vulnerable members of the population, who may hold no land and might receive no compensation as a result. It is therefore important to recognize the significance of communally owned land when considering resettlement sites, which should have similar natural resources and the potential for similar provisioning services nearby. It is also important in devising community entitlement and

compensation systems. Considerations may include compensating communities for land they hold or use through in-kind measures. Box 2.3 provides an example of community compensation in Georgia.

### **Box 2.3. Compensating Community-Based Organizations for Pastureland in Georgia**

In Georgia's high altitude Tsalka district, pipeline-affected land is mainly pastureland used for grazing and is usually community held. In order to compensate for this land, the project supported the establishment of legally registered CBOs, which have the legal ability to receive compensation and use it for community purposes. CBOs were established by all residents, who then designated a board of trustees. Most CBOs decided to use part of the money for community purposes, such as repairing a water system or a section of road, and share the remainder with all members through a cash payment.

Land affected by the pipeline corridor was reinstated and returned to the communities after the end of construction, so it could continue to be used for grazing with no significant long-term livelihood impacts.

#### **V.E.iv. Transient, seasonal, and nomadic communities**

Such communities may include seasonal workers who are present only temporarily in the affected area (e.g., at the time of harvest), transhumant or nomadic herders, seasonal fisherpeople, hunters, other seasonal workers, and so forth. Such groups may be affected by the loss of land or other natural resources, but usually they hold no recognizable rights and are often missed at the time of planning compensation and resettlement entitlements. In addition, there may be opposition from local sedentary communities or local authorities to concede any entitlement to compensation to them.

It is important to identify such communities at the scoping stage. At the planning stage, consultations must be conducted with all relevant stakeholders (including both the transient and sedentary communities as well as local authorities) to ensure that impacts are minimized, mitigated, or compensated. This may include one or several of the following measures:

- Ensure access to resources (e.g., reinstate transit routes through or around the project footprint).
- Identify alternative natural resources (and negotiate with host communities to secure such resources).
- Introduce fodder crops as a partial substitution to lost grazing land (although this will usually require time, effort, and precautions).

- Develop livelihood-restoration measures for individuals (particularly seasonal workers that may have to find another job or seasonal fisherpeople who lose direct income) who may be economically displaced.

### V.E.v. Complex land rights

Customary land rights can be very complex, with two or more layers of rights over the same piece of land, particularly where shifting slash-and-burn (swidden) agricultural systems are used or where there is an overlap of farming and grazing rights, such as in the following cases:

- The community may have an overall customary ownership right managed by a council of elders or a land chief.
- Individual farmers are given a usage right by the community (or lineage) for a given period of time (typically one slash-and-burn cycle of a few years), and then the land returns to community management during the time it is left fallow.
- Fallow land, although not cultivated at the time it is taken and perhaps not held in individual ownership (and therefore not automatically eligible for compensation or replacement), is important as a reserve of land and a way to manage soil fertility.
- The temporary farming right may be allocated to an extended family or clan, but within that group the land is then split between different households or individuals for cultivation; sometimes two systems may coexist, with some land used at a broad family level under the leadership of an elder, while other land is allocated to households or individuals within the group.
- Different areas within the same community may be managed differently. For example, there may be land where a slash-and-burn system is used, which falls under management modalities just described, while better and permanently used land is allocated to households or individuals on a permanent basis and could be sold or inherited.
- In some jurisdictions, all agricultural and forest land is deemed as property of the state, with communities or farmers awarded only usage rights. Where the state may have only recently deemed such land to be state property, this may be disputed by local communities used to long-standing traditional means of control of the land.
- Nomadic or transhumant herders may have customary and temporary grazing rights recognized (or not) by sedentary communities and/or the administration.

Failing to recognize this complexity when devising a land-compensation system may result in compensating the wrong beneficiaries (or only some of

the right ones) and entail serious misunderstandings and conflict, which can be extremely difficult and time consuming to resolve. It is therefore particularly important to understand land tenure, management, and transmission systems in detail as part of the baseline studies (see [Module 4. V. The Land and Assets Inventory](#)).

### V.E.vi. Mortgages and liens

Where a property is held with an outstanding mortgage or other lien, the mortgage holder will seek to enforce it and obtain repayment at the time of the transaction with the project. The resulting issue is that most of the compensation will be used to repay the debt, and affected homeowners may be left without a home. The best course of action in such situations is the following:

- Identify mortgages or liens early.
- Negotiate with the bank or other entity holding the mortgage and seek a tripartite agreement whereby the mortgage can be transferred to a replacement property.
- Allow for additional time to solve these issues.

Where land acquisition is undertaken by a state entity, some jurisdictions may withhold compensation unless the affected persons have cleared all arrears due to the state, particularly outstanding tax payments. Where this is the case, legal advice is needed, particularly where compensation is in the form of a resettlement package, and negotiations must take place such that the affected persons are not left without compensation or shelter while the issue is resolved.

### V.E.vii. Voluntary land donations

Voluntary land donations by communities or individuals can be problematic since they result in land being used by a project without compensation being paid. Land donations should generally be avoided, but could be considered acceptable under exceptional circumstances following key principles:

- The process is free of coercion.
- Land donors have been informed about the project and the choices available to them, including the option to refuse the land donation.
- The size of land donated is relatively small and no impacts to livelihoods are expected as a result of the donation (i.e., land is, has been, and would remain unused, or the size is insignificant), whether to landowners or to land users (be they informal).
- No physical displacement is expected from the land donation.
- For community or collective land, users and occupiers have been informed and have consented to the donation.



- The donor community will benefit from the project.
- Consultations and agreements reached are transparent and recorded.

### V.E.viii. Illicit livelihood activities

A project can affect activities that are both illicit (and/or environmentally harmful) and yet essential to local livelihoods. Typical examples include the following:

- Crops used for the production of illicit substances (e.g., cannabis, coca, opium)
- Fishing or hunting protected species (e.g., sturgeon in the Caspian Sea, seals in Arctic seas)
- Illicit logging in a primary forest
- Illicit mining activities
- Nonpermitted agricultural activity (e.g., shrimp farms on land designated for rice paddies)

Compensation for displacement of illicit activities would be tantamount to recognizing and/or encouraging these and is therefore usually rejected by governments. Impacts to illicit activities should be addressed through alternate livelihood-restoration activities, rather than compensation.

This raises difficulties:

- Substitute legal activities may be less profitable than the illicit ones they replace.
- Involved individuals or groups may be unwilling to come forward, as they may fear arrest or retaliation from criminal groups.

Specialist advice should be sought, and government engagement is key. Sometimes it may be possible to find a trusted individual or NGO that can act as intermediary to negotiate with those who are unwilling or unable to come forward.

### V.E.ix. Deceased persons

When an eligible person dies between the cutoff and the delivery of compensation, normal practice is to conform to relevant legislation, with the entitlement delivered to the legitimate inheritors. While traditional authorities will play a role in determining inheritors, a judicial decision should preferably be sought to avoid fiduciary risks to the project (e.g., compensation delivered to the wrong individuals). Again, gender implications must be verified and dealt with.

- In some jurisdictions or traditions, the spouse might be excluded from the succession and could be left with no compensation as a result, even though he or she was affected. A good solution in such cases is to seek a family agreement whereby the spouse of the deceased receives the usufruct (usage right) of the resettlement house for the rest of his or her life, while the ownership remains with the inheritors.

- Be aware that if inheritors prefer to receive the entitlement in cash, particularly if there are many of them or if they do not live in the community, and efforts to convince them to grant the usage of a resettlement house to the spouse(s) of the deceased fail, this could leave the spouse without a shelter. The project may then have to treat the spouse as a vulnerable person in order to ensure access to benefits from a specific entitlement.

### V.E.x. Renters, leaseholders, and nonpaying renters

Renters may be difficult to determine as landlords may be reluctant to identify them, and may even evict them as surveys start, as they feel that having renters might reduce their overall compensation. In other situations, there may be a surge in renter numbers when an influx of people realize that renters could be eligible for compensation. Proper community information and ground truthing of information are critical. There are multiple types of nonowner residents and land users. These range from someone renting a home with a defined lease, to people being allowed by the owner to lease land in exchange for cash or a portion of crops, to nonfamily members being given free temporary shelter in the family house, to complex leaseholder arrangements such as is found in Uganda (*kibanja* rights). Each of these situations needs to be assessed and understood in the cultural context to be able to define the eligibility (and subsequent entitlements) for each category of renter or leaseholder (see box 2.4). The GM needs to have substantiation procedures in place to ascertain who is a renter and who is not.

Compensation and allowances for this category of affected persons can include a range of mitigation, including moving allowances, cash equivalent of a few months of rent support while finding replacement rental properties, and support applying for mortgages.

Good practice is to facilitate the renters' moving process by compensating them for the cost of moving. This typically involves both the direct cost of moving belongings and the cost of securing a new rented dwelling, which often requires a deposit. Compensation is thus meant to cover these expenses. The project should help secure housing for vulnerable renters.

### V.E.xi. People with no recognizable legal right to land

Most government regulatory frameworks do not recognize compensation for displaced people with no recognizable legal right to land. Often communities themselves will not recognize these land users as having rights. The rightful landowners may remove them from the land prior to the precensus. Yet,

## Box 2.4. Providing Assistance to Renters During Resettlement

The Anglo-American Group, with its subsidiaries Kumba Iron Ore Limited (Kumba) and Sishen Iron Ore Company (Propriety) Limited, undertook a substantial relocation program in order to enable the western expansion of the Sishen Iron Ore Mine in the Northern Cape Province of South Africa.

Following prefeasibility and feasibility study phases, which involved extensive consultation with the affected community of Dingleton, the provincial government, and local municipal authorities, a decision was made in December 2013 to relocate the town of Dingleton to a resettlement site named Siyathemba in the town of Kathu, 23 kilometers from Dingleton.

A census of the Dingleton community revealed that out of 680 affected households, 47 percent were private homeowners and 53 percent were renters, most of whom were staying with and renting rooms or backyard dwellings from homeowners.

Initially, it was envisaged that these renters would relocate with their landlords to their new homes in Siyathemba, and thus no specific provision was made to provide separate accommodations for renters. However, it was subsequently found that many homeowners did not want to take their renters with them, since they could find higher paying renters in Kathu.

Dingleton renters experienced difficulties in finding alternative accommodations, and some renters were members of vulnerable households who could not afford higher rents in Kathu. Therefore, in order to support renters during the resettlement process, a renters' information desk was established in Dingleton to undertake the following:

- Register and address renter concerns and grievances.
- Identify immovable assets eligible for compensation erected or owned by renters.
- Interview renters and homeowners to identify renters not moving with homeowners to the Siyathemba resettlement site in Kathu.
- Assist renters with finding alternative rental accommodations. (This required understanding their preferred rental property requirements, such as location, accommodation type, number of rooms, rental rates, and periods.)
- Source and advertise alternative rental accommodations in Kathu and other nearby towns. (This included providing affected Dingleton homeowners with an opportunity to register available rental stock at their new homes in Siyathemba.)
- Prepare rental information booklets for potential rental properties (see photographs in this box).
- Make appointments for renters to visit alternative rental properties and provide renters with transport to appointments.
- Host training workshops with homeowners and renters on lessee and lessor rights.
- Assist renters with signing lease agreements.

*(Box continued on next page)*

## Box 2.4. (Continued)

- Assist renters with moving logistics and transportation, including informing renters of moving schedules, packing moveable assets and furniture, childcare for minors, and the transportation of livestock.
- Host roadshows on weekends in Dingleton to assist with information dissemination, dialogue, transparency, and building relationships with renters.
- Undertake regular surveys to monitor the relocation of renters in Dingleton.

During 2014–16, the renters' information desk employed and trained 12 Dingleton staff members, operated six days per week, and supported the relocation of 297 renter households to alternative rental accommodation. This was achieved by adopting a proactive approach to engaging and building relationships with renters. Key to the success of this office were weekly feedback meetings with Kumba's core resettlement team and the appointment of a team of local Dingleton fieldworkers to regularly engage with and provide feedback to renters.

**DINGLETON RESETTLEMENT RENTAL DESK RELEASES NEW PROPERTIES AVAILABLE FOR RENT IN SIYATHEMBA**



**Biki Cassela**  
Rental Desk Officer

The rental desk can provide information on rental stock available in Kathu and the surrounding areas.

They are open Monday to Friday from 9am to 4 pm.

**R 1 500 1 BEDROOM TO RENT IN KATHU**



A brand new building in excellent condition is available to rent with an outside toilet and shower. Suitable for single or couple. Price negotiable. C 078 668 6438.

**1 BEDROOM AVAILABLE TO LET**



A new and spacious room with an outside toilet and shower is available to rent. Suitable for a couple or single person. C 082 430 1650.

Rental desk resources.

**KATHU RENTAL STOCK**



**RENTAL DESK**  
create your future

**JULY 2016**  
**NOW LETTING**

Starting from R1000.00 per month

There are many properties available to rent in Kathu this month. The rental desk can help you get in touch with the owner or agent.

Rental stock availability.

experience has demonstrated that people with no rights to the land can be among the most vulnerable people and often have limited financial resources. Care must be taken to identify and compensate them so as to reduce their vulnerability without favoring them over legal owners. PS5 requires that the project offer affected persons with no recognizable legal right to land a choice of options for adequate housing with security of tenure so that they can resettle legally without having to face the risk of forced eviction.

Assets owned by illegal land users are often extremely limited; their houses may be constructed with temporary material and often have dirt floors. Often, if they are offered only cash compensation for their house's raw material, they will be unable to construct a house with minimum standards in another location with security of tenure. Standards for a replacement house should, at a minimum, include security of tenure, adequate space, and protection of people from cold, dampness, heat, rain, wind, and other hazards to health (including disease vectors). For this reason, projects should make efforts to ensure that measures are taken to improve informal land users' security of tenure and reduce their vulnerability and provide relocation assistance sufficient for them to restore their standard of living at an adequate alternative site. Options for providing security of tenure would depend on national law and tenure systems but could include the following:

- A title deed to land owned by the client
- A title deed to land donated by the local government
- Communal titles
- A pay-to-own arrangement sponsored by a housing agency (if financially viable for the displaced household)
- A long-term leasing or occupancy arrangement
- Cooperative housing

## VI. Task 3: Baseline Surveys

Baseline surveys are addressed in [Module 4. Baseline Data Collection](#).

## VII. Task 4: Developing and Negotiating Compensation Packages

### VII.A. Entitlement Matrix

The entitlement matrix defines the proposed compensation, allowance, and livelihood-restoration packages and links compensation entitlements to types of impacts and categories of affected persons. Typically, the following criteria should be considered and combined as needed:

- Physical and economic displacement, which will typically give rise to different entitlements
- Permanent loss of land or temporary occupation
- Loss of formal ownership rights or loss of informal usage rights
- Owners of agricultural land or tenants and sharecroppers
- Owners of businesses or operators and employees
- Landlords or tenants
- Nonresidents or residents (nonresidents could include landlords renting their properties out or transhumant or nomadic communities using the land only at certain periods)

Entitlements may include the following:

- A resettlement package that, depending on circumstances, may include a plot of replacement residential land with a house, an apartment, and/or a plot of land, or any combination of these
- Cash compensation as mandated by local law
- Allowances that supplement mandatory compensation, intended to bridge gaps in local legislation against the full replacement cost requirement of PS5
- Other allowances to cover the cost of moving, registration, reestablishment of utilities, changing identification documents, enrolling children in new schools, discomfort and disturbance, and so forth
- Assistance in the form of noncash packages, such as training for livelihood restoration

Table 2.1 provides an example of an entitlement matrix.

**Table 2.1. Illustrative Entitlement Matrix (based on an example in Central Africa)**

AFFECTED ASSET OR RIGHT HOLDER	ELIGIBILITY CONDITIONS	ENTITLEMENTS		
		COMPENSATION/RESETTLEMENT	ALLOWANCES	LIVELIHOOD RESTORATION
<p><b>Homeowners with title</b></p> <p>Ownership of a residential plot of land and house</p>	<p>At the time of the census, they occupy a building on a residential land plot and hold a title to this plot and building</p>	<p>Replacement house on a residential plot with electricity and water supply located either at resettlement site one or two</p> <p>Eligibility to rooms as follows:</p> <ul style="list-style-type: none"> <li>• Three-room house in replacement of a two-room house or less</li> <li>• Five-room house in replacement of three- and four-room houses</li> <li>• Any additional room beyond four is compensated either in cash or in building materials</li> <li>• Replacement house standard as follows:</li> <li>• Concrete floor, ceilings, brick partitions, internal doors, metallic entry door, metallic windows, Aluzinc roof</li> <li>• Improved inside finish</li> <li>• Double-ventilated improved pit latrine</li> <li>• Residential plot of 400 to 450 square meters</li> <li>• Security of tenure: full perpetual property title</li> <li>• Salvaging of materials from the affected structure</li> <li>• Assistance to move personal belongings and other movable assets</li> </ul>	<p>Discomfort allowance</p> <p>Moving allowance</p> <p>Transition allowance</p>	<p>Applicable to those in this category whose livelihoods are also affected (either affected agriculture or affected businesses)</p>

*(Table continued on next page)*

**Table 2.1. (Continued)**

AFFECTED ASSET OR RIGHT HOLDER	ELIGIBILITY CONDITIONS	ENTITLEMENTS		
		COMPENSATION/RESETTLEMENT	ALLOWANCES	LIVELIHOOD RESTORATION
<p><b>Informal settlers<sup>a</sup></b></p> <p>Informal occupation of a residential plot with dwelling built by the occupant</p>	<p>Found at the time of the census to be occupying a residential dwelling unit but without title to the land</p>	<p>Compensation for the affected structure at full replacement cost (with no depreciation deduction). No compensation for land. Cash enhancement to ensure the ability to acquire a plot of land with security of tenure and be able to construct a house with minimum standards</p> <p>OR</p> <p>A choice of options of resettlement housing with security of tenure at site one or two</p> <p>Concrete floor, ceilings, brick partitions, internal doors, metallic entry door, metallic windows, Aluzinc roof</p> <p>Improved inside finish</p> <p>Double-ventilated improved pit latrine</p> <p>Residential plot</p> <p>Security of tenure: full perpetual property title</p> <p>Salvaging of materials from the affected structure</p> <p>Assistance to move personal belongings and other movable assets</p>	<p>Discomfort allowance</p> <p>Moving allowance</p> <p>Transition allowance</p>	<p>Applicable to those in this category whose livelihoods are affected (either affected agriculture or affected businesses)</p>

<sup>a</sup> PS5 applies to this category of people who have no legal right or claim to the land they occupy or use.

*(Table continued on next page)*



**Table 2.1. (Continued)**

AFFECTED ASSET OR RIGHT HOLDER	ELIGIBILITY CONDITIONS	ENTITLEMENTS		
		COMPENSATION/RESETTLEMENT	ALLOWANCES	LIVELIHOOD RESTORATION
<p><b>Tenants</b></p> <p>Tenancy or free-of-charge occupation of a residential dwelling</p>	<p>Found at the time of the census to be renting a residential dwelling unit in agreement with the landlord</p>	<p>Rental reestablishment compensation equal to, for example, 12 months of rent of a one-room apartment of at least a similar standard in the nearest town times the number of rooms occupied in the affected dwelling by the affected tenants</p>	<p>Moving allowance</p>	<p>n.a.</p>
<p><b>Farmers</b></p>	<p>At the time of the census, must be recognized by local community, authorities and/or resettlement committee as the customary owner of an affected agricultural field</p>	<p>Replacement land of similar agricultural potential close to the resettlement site on a square meter per square meter basis</p> <p>Compensation for annual crops per project rates at full replacement cost, revised annually</p> <p>Compensation for perennial crops per project rates at full replacement cost, revised annually</p>	<p>Land replacement assistance:</p> <p>Replacement land preparation allowance, paid in cash, based on the cost of clearing and cultivating a piece of land of equal surface area</p> <p>Transitional allowance</p>	<p>Eligibility of two household members to one livelihood-restoration package (two packages per household)</p>

*(Table continued on next page)*

**Table 2.1. (Continued)**

AFFECTED ASSET OR RIGHT HOLDER	ELIGIBILITY CONDITIONS	ENTITLEMENTS		
		COMPENSATION/RESETTLEMENT	ALLOWANCES	LIVELIHOOD RESTORATION
Businesses	At the time of the census, must be recognized as the owner of an affected business—a business operating on an affected piece of land	<p>Compensation in cash for any immovable structures belonging to the business per replacement rates for structures</p> <p>Compensation for moving heavy equipment or the like</p> <p>Compensation or replacement of land if land is formally held</p> <p>Assistance for business relocation to a proper agreed site</p>	Allowance for loss of business income during the reestablishment period, equal to three months of net income	Eligibility of one household member to one livelihood-restoration package

*(Table continued on next page)*

**Table 2.1. (Continued)**

AFFECTED ASSET OR RIGHT HOLDER	ELIGIBILITY CONDITIONS	ENTITLEMENTS		
		COMPENSATION/RESETTLEMENT	ALLOWANCES	LIVELIHOOD RESTORATION
Business employees	At the time of the census, must have a formal job with an affected business owner or be recognized by the census and validated by the resettlement committee as an informal employee of an affected business	n.a.	Allowance for loss of income during the business reestablishment period or for termination of contract, equal to three to six months (depending on the duration of disruption) of net income as evidenced by pay documentation interviews	n.a.

*(Table continued on next page)*



**Table 2.1. (Continued)**

AFFECTED ASSET OR RIGHT HOLDER	ELIGIBILITY CONDITIONS	ENTITLEMENTS		
		COMPENSATION/RESETTLEMENT	ALLOWANCES	LIVELIHOOD RESTORATION
Vulnerable people	Must be recognized as vulnerable following a participatory identification and screening process involving the resettlement committee or a specific vulnerability committee	<p>Entitlements in respect of impacts per each of the applicable lines above</p> <p>Specific attention during the consultation and negotiation process, with individual sessions at home as warranted</p> <p>Additional assistance during the moving and reestablishment process</p> <p>Counseling and monitoring for a certain period of time after the move</p> <p>Liaison with government social welfare agencies to enlist relevant households into existing support programs</p>	In addition to the allowances provided in each applicable category: transitional in-kind assistance (food aid, health support, and health insurance, as the case may be)	At least one livelihood-restoration package per household regardless of the magnitude of the impact
Community facilities (school, health center)	Found at the time of the census	Reconstruction to applicable government standards	n.a.	n.a.

*(Table continued on next page)*

**Table 2.1. (Continued)**

AFFECTED ASSET OR RIGHT HOLDER	ELIGIBILITY CONDITIONS	ENTITLEMENTS		
		COMPENSATION/RESETTLEMENT	ALLOWANCES	LIVELIHOOD RESTORATION
Places of worship	Found at the time of the census	Reconstruction to improved standards in consultation with communities and religious authorities	n.a.	n.a.
Cultural sites	Found at the time of the census	Relocation by the custodian(s) with cash compensation for material expenses and ceremonies	n.a.	n.a.
Graves	Found at the time of the census	Relocation in conformance with sanitary standards and regulations pertaining to next-of-kin authorization  Requires consultation with families, communities, religious authorities, and other relevant stakeholders	n.a.	n.a.

Note: Entitlements are provided as examples only, as these are context specific. n.a. = not applicable.



## VII.B. Valuation and Compensation Rates

### VII.B.i. Overview

PS5 requires that any compensation be calculated at “full replacement cost.” Per PS5, full replacement cost is current market value plus transaction costs and land preparation costs (for agricultural land) and does not include depreciation.<sup>7</sup>

The key challenge in determining replacement cost is that, in developing and emerging countries, there is often no functional real estate market, particularly for land and structures located in rural areas. Thus, assessors find it difficult to identify comparable transactions on which to base their appraisal. Government agencies often use rates meant to be market based, but these may be outdated or miss local specificities. Cadastral values that are mandated for compensation in some jurisdictions are also usually inadequate, as, frequently, are government valuation rates for annual and perennial crops. For any significant land-acquisition program, it is therefore advisable to undertake a valuation study addressing land, structures, and crops, as well as ancillary costs such as moving, and to use local assessors under the supervision of a specialist well versed in international policies.

It is critical that affected persons know and understand how compensation rates were calculated. It is important to communicate this information in a way that is comprehensible to all affected persons.

Table 2.2 illustrates how to determine full replacement cost in the framework of a valuation study for different types of assets.



<sup>7</sup> PS5, footnote 4 to the objectives states that “replacement cost is defined as the market value of the assets plus transaction costs. In applying this method of valuation, depreciation of structures and assets should not be taken into account.”

**Table 2.2. Compensation at Full Replacement Cost in Practice**

TYPE OF ASSET	WITH FUNCTIONAL REAL ESTATE MARKET	WITHOUT FUNCTIONAL REAL ESTATE MARKET
Land	<p>Comparative method: Value of similar<sup>a</sup> land in comparable transactions in the past six months</p> <p>Land registry offices usually hold information on recent land transactions. In some countries, these data may be publicly available on the website of the land registration agency.</p> <p><i>Plus</i></p> <p>Cost of land preparation to a similar or better condition (may involve clearing, leveling, plowing, access)</p> <p><i>Plus</i></p> <p>Transaction costs (registration, taxes, time lost, cost of transport)</p>	<p>National benchmarks (using areas with functional real estate markets if such exist)</p> <p>International benchmarks (using similar areas in neighboring countries with similar socioeconomic settings)</p> <p>Income method: value of land assessed indirectly (income capitalization method)</p> <p>The method is based on an assessment of future income (net operating income) expected from the land, divided by the capitalization rate (typically the long-term interest rate)</p> <p><i>Plus</i></p> <p>Cost of land preparation to a similar or better condition (may involve clearing, leveling, plowing, access)</p> <p><i>Plus</i></p> <p>Transaction costs (registration, taxes, time lost, cost of transport)</p>

<sup>a</sup> For agricultural land: similar in general location, soil and land capability, agronomic potential, and access. Land may be categorized (arable, arable irrigated, pasture, fallow, barren, etc., as relevant). For residential or commercial land: similar in location and economic potential.

(Table continued on next page)



**Table 2.2. (Continued)**

TYPE OF ASSET	WITH FUNCTIONAL REAL ESTATE MARKET	WITHOUT FUNCTIONAL REAL ESTATE MARKET
Buildings	<p>Value of similar<sup>b</sup> building in similar transactions in the past six months, with the building assessed in the comparison meeting, at a minimum, “adequate housing” criteria</p> <p><i>Plus</i></p> <p>Transaction cost (registration, taxes, time lost, cost of transport)</p>	<p>Value of the acquisition or reconstruction of a similar structure (make inquiries with contractors or real estate agents, if such exist, assessing value of construction materials and labor rates), taking consideration of upgrades required to meet “adequate housing” criteria</p> <p><i>Plus</i></p> <p>Transaction costs (registration, taxes, time lost, cost of transport)</p>
Annual crops	Value of the produce on the market multiplied by average yield in the area (assessed by experienced agronomists)	
Perennial crops	<p>Cumulative loss of income experienced between the removal of the tree and its future reinstatement to a similar level of production</p> <p><i>Plus</i></p> <p>Cost of replanting (see table 2.3)</p>	

<sup>b</sup> Similar in location, type of construction, age, and level of amenities and finish.

(Table continued on next page)



**Table 2.2. (Continued)**

TYPE OF ASSET	WITH FUNCTIONAL REAL ESTATE MARKET	WITHOUT FUNCTIONAL REAL ESTATE MARKET
Businesses	<p>Loss of income experienced between the occurrence of the impact and the time that the business can reasonably be expected to be reinstated (typically three to six months for small businesses in emerging economies)<sup>c</sup></p> <p><i>Plus</i></p> <p>Cost of physical relocation of equipment and structures, if applicable, and any legal (reregistration) and other costs</p>	
Transaction costs	<p>Costs of registration of new property, reestablishment of utilities at new site, and reestablishment of forms of identity and other legal documents (make inquiries with official agencies and utilities), and indirect costs of transportation and lost time to take care of formalities</p> <p>Look at tax implications of the transaction for the affected households and offset any negative tax effect. If relevant, look at agricultural subsidy implications and offset any negative effect.</p>	
Moving costs	<p>Cost of transportation of personal belongings (assess average volume to transport and nature of assets)</p> <p>Take account of any animals or agricultural equipment and storage of agricultural produce that may need to be moved. Inquire with moving companies, if available, or truck or van rental companies and add the cost of workforce and lost time.</p>	

<sup>c</sup> Consideration may need to be given to barriers to reestablishing a business for women. The relocation may result in the closure of a business that a woman cannot restart because she does not have access to financial support or a new location for her business, or because her domestic situation has changed since she first started the business. The woman may have started her business despite discriminatory laws and/or social norms that prohibit women from engaging in income-generating activities. These laws and social norms may be strengthened as a result of the resettlement.

## VII.B.ii. Land

Two methods are commonly used to approach market value:

1. The *comparative method* bases the determination of the value of a plot of land on “analogue” transactions, that is, recent transactions on similar pieces of land in similar areas. The value of similar transactions is usually approached through information available in the land register. This can work when the number of recent transactions is sufficient to derive a meaningful average or median value. At least five comparable transactions are usually needed to achieve a reasonable level of confidence, while ten would be ideal in most situations. This is generally possible in countries with sophisticated land markets and in urban or suburban areas of developed and emerging economies. However, it is often difficult or impossible in less developed economies and traditional rural areas, where land markets are not active enough and/or most transactions are not registered. Note that using transaction values from the land registry may result in arriving at values lower than true values, as transactions are often underdeclared for tax reasons. Data from the land registry should be compared to actual transactions on the ground to bridge this potential gap.
2. Where the comparative method cannot be used, the *income method* can be substituted. The method is based on an assessment of future income expected from the land (such as agricultural or rental income) divided by the discount rate (typically the long-term interest rate). Results of the income method should be reviewed with caution by comparison to a national baseline, as it often provides underestimated results.

Pastureland and forestland are often even more complex to value than cultivated agricultural or residential land, particularly where land is held by communities under customary regimes and is not considered a commodity that can be sold or purchased. In the absence of local benchmarks and national guidelines, it is generally fair to consider that the value of pastureland is in the range of 10 to 30 percent of the value of cultivated agricultural cropland located in the same area. This should be considered with some caution however: in arid countries, the value of pastureland suitable only for very extensive animal husbandry may be even lower than this rule of thumb, while in areas where pastureland is intensively used and optimized, the value may be higher. The income method can be used to provide benchmarks of the difference in value, but, once again, results should be analyzed with caution.

The following actions are recommended when considering land valuation:

- Consider national regulations closely, checking whether they comply with the replacement cost requirement. It is better to use national regulations with add-ons than devising completely new valuation methodologies that local

regulators, valuers, and affected persons may not be familiar with and may not accept.

- Use a sound categorization of land. Either use categories provided by relevant national regulations or usual valuation practices, or devise a simple categorization that makes sense and can be explained in a transparent manner (e.g., residential, arable irrigated, arable nonirrigated, pasture, forest, barren). Time spent on categorizing land properly is never lost, as a disputed categorization will result in numerous grievances. Using local expertise and multiple field observations is key.
- Use the comparative method wherever reasonably possible. Where there are no functional real estate markets, resort to national or even international benchmarks. Use the income method only with caution and subject to a critical review of outcomes: run sensitivity tests to assess the influence of changes in net operating income and capitalization rates.
- Make sure that methodologies used to arrive at rates, as well as the rates themselves, are transparent to affected persons and that any differences can be explained simply and clearly.
- To the extent reasonable, simplify the structure of rates to arrive at more or less uniform values: for example, one rate for all affected pastureland in a given district, one rate for all nonirrigated arable land, and so forth.

### VII.B.iii. Restrictions to land

There are no generally accepted methodologies to estimate the difference in value between unrestricted land and restricted land. This particularly applies to projects that use land for construction but return land at the end of the construction with certain restrictions on use. It also applies to buffer or sanitary zones around industrial facilities. This land can be used, but certain types of usage are restricted: for example, it may be prohibited to build a structure or drill a well on restricted land along a pipeline route, or it will be impossible to grow high trees under a transmission line. Note that compensation for the restriction comes in addition to compensation for temporary use and for any lost crops during construction, and should be calculated separately.

Some jurisdictions do have guidelines, and it is advisable to use these where they provide reasonable estimates of the loss in value. In the absence of such guidelines, it is also generally possible to use common sense to estimate the loss in value caused by restrictions:

- For example, if it becomes impossible to grow trees in an area where land was overwhelmingly used for orchards, the loss in value will be very significant. An assessment based on the average annual loss of income and an adequate capitalization rate can be devised.

- In contrast, tree height restrictions on land used for grazing entail few or no impacts to livelihoods, and the loss in value will be lower.
- Where land becomes unavailable for construction as a result of project restrictions but can be farmed, the value of the restriction can be estimated as the difference in value between built-up land and agricultural land.

“Orphan” land (also referred to as “severed” or “unviable”) is land that is not directly located within the project’s direct footprint but becomes uneconomic as a result of land acquisition and should be acquired and compensated for as a result. There are guidelines in the legislation of many countries with regard to orphan land. In general, such land should be compensated in full. In terms of process, affected persons should be informed that orphan land can be eligible for compensation under certain conditions, and in such situations they should be able to lodge a specific claim for review by the project or the relevant agency. The project will generally benefit from establishing and disclosing clear criteria for eligibility of orphan land to acquisition and compensation.

#### VII.B.iv. Buildings

Traditional buildings built by residents or by local contractors (such as mud huts with thatched roofs that are common in many areas of rural Africa) can be valued through an estimate of the cost of labor and construction materials, while modern buildings should be valued on a case-by-case basis, as follows:

- Interview local contractors building traditional houses and the project-affected persons (PAPs) to determine the amount of labor required and any cash expenses (such as roofing, beams, thatching grass, nails, or poles).
- Check local market prices for essential building materials such as bricks, cement, corrugated iron roofing sheets, carpentry items, and so forth.
- Categorize existing structures in a few generic groups and assign an average replacement cost (or a unit area value) to each category.<sup>8</sup>
- Use a similar approach to obtain replacement costs for traditionally built ancillary structures, such as granaries, bread ovens, storage racks, poultry houses, animal sheds, and so forth.
- For modern structures with features such as concrete walls, tiles, interior plumbing, and so forth, obtain the full replacement cost based on detailed bills of quantities typically used by real estate valuers after having verified that unit rates are up-to-date and no depreciation coefficients are used.
- Where the use of a predefined bill of quantities issued by central valuation boards or similar agencies is mandatory, make sure that unit rates are up-to-date and depreciation coefficients are not used.

<sup>8</sup> For example, category 1: raw bricks, thatch roof; category 2: fired bricks, thatch roof; category 3: raw bricks, corrugated metal roof; category 4: fired bricks, corrugated metal roof.

- If depreciation has been included, eliminate it and update rates as warranted, and use the bill of quantities with “as new” unit rates for the building components.

Where affected buildings do not meet “adequate housing” criteria (e.g., absence of toilet, substandard construction materials), the evaluation of full replacement cost should consider upgrades needed to meet such criteria. Guidance on adequate housing criteria is available on the website of the Office of the UN High Commissioner for Human Rights.

### VII.B.v. Nonperennial crops

To value nonperennial crops (both annual crops and biennial or triennial crops such as tubers), the following approach is commonly used:

- Compensate based on the gross market value of the harvest.
- Identify local market price in a survey of the closest markets where affected persons sell their crops.
- Monitor price fluctuations over a one-year cycle or so (or use secondary data when available from national economic statistics institutes) and take fluctuations into account when computing the crop market value.
- Update crop compensation rates on a yearly basis to take account of price fluctuations. Use the same approach for biennial or triennial crops such as tubers or forage crops, simply multiplying the annual gross product by the number of cycles lost.
- Where crops are mixed (more than one crop planted together in one field), investigate typical crop mixes (e.g., maize 40 percent and beans 60 percent) used by farmers and devise rates for these mixes based on average estimates of ground covered by each of the crops in the mix multiplied by the average yield of each crop, or an estimate of the combined yield of the mix based on local expert opinion.
- If applicable (if replacement land is provided), include a land-preparation allowance in the compensation for crops.

### VII.B.vi. Perennial crops

The calculation of the full replacement cost for perennial crops (e.g., fruit trees) requires consideration, not only of the production of the crop over one year, but also the cost of reestablishing the crop (seedlings, soil preparation, fertilizer, pest control, etc.), as well as the lost income during the period needed to reestablish the crop, that is, for the tree to achieve the same productive level. The following formula components can be used:<sup>9</sup>

<sup>9</sup> Note that local legislation may mandate different methodologies. If such is the case, these calculation

- A: Selling price of fruit, in monetary units per kilogram (kg)
- B: Yield (in kg per tree per year)
- C: Average time required to reestablish the tree to its previous production level, in years
- D: Value of lost production, in monetary units:  $D = A \times B \times C$
- E: Cost of seedling and planting (seedling, soil preparation, and initial fertilization) at the new location, in monetary units
- F: Cost of labor and inputs required to maintain the crop during the time needed to reestablish it to its previous production level (fertilizer, pest control, pruning, etc.), in monetary units

The compensation amount G (in monetary terms) is determined by application of the following formula:

$$G = D + E + F, \text{ with } D = A \times B \times C \quad (2.1)$$

The parameters in the compensation formula are commonly obtained as follows:

- A (price) is obtained by a survey of regional markets and direct interviews with affected farmers.
- B (yield) is sourced from local agronomists or agricultural extension workers to obtain the yield per tree.
- C (reestablishment time) can be obtained from secondary agronomic references, usually available from research institutes and confirmed by the local agronomists.
- D: For the purpose of calculating D (value of lost production), affected trees are often categorized in three or four categories (e.g., seedling, young nonproductive, and adult productive), each of these being assigned a different value of C in years.
- E (cost of planting) and F (cost of maintenance, including labor, during reestablishment period) are estimated based on crop agronomic requirements and interviews with affected farmers and local agronomists.

Table 2.3 provides an example of calculation of compensation rates for trees (from a project in Armenia).

Opportunistic planting of trees to obtain compensation is not uncommon, and box 2.5 provides an example of handling this issue.

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methods should be assessed against the “replacement cost” requirement of PS5.



**Table 2.3. Example of Tree Compensation Calculation (Armenia)**

SPECIES	CATEGORY	AGE CATEGORY	SELLING PRICE OF FRUIT (US\$ PER KG)	YIELD (KG PER TREE PER YEAR)
			A	B
Apricot	Seedling	0–3 years	2.00	n.a.
	Young nonproductive	4–5 years	2.00	n.a.
	Young productive	6–7 years	2.00	20
	Adult productive	8 years and more	2.00	50
Apple	Seedling	0–2 years	0.40	n.a.
	Young nonproductive	3–4 years	0.40	n.a.
	Young productive	5–6 years	0.40	30
	Adult productive	7 years and more	0.40	70
Plum	Seedling	0–2 years	0.50	n.a.
	Young nonproductive	3–4 years	0.50	n.a.
	Young productive	5–6 years	0.50	10
	Adult productive	7 years and more	0.50	25
Pear	Seedling	0–2 years	0.50	n.a.
	Young nonproductive	3–4 years	0.60	n.a.
	Young productive	5–6 years	0.60	30
	Adult productive	7 years and more	0.60	70
Peach	Seedling	0–3 years	0.60	n.a.
	Young nonproductive	4–5 years	1.50	n.a.
	Young productive	6–7 years	1.50	20
	Adult productive	8 years and more	1.50	40
Mulberry	Seedling	0–3 years	0.80	n.a.
	Young nonproductive	4–5 years	0.80	n.a.
	Young productive	6–10 years	0.80	10
	Adult productive	11 years and more	0.80	20
Walnut	Seedling	0–3 years	3.00	n.a.
	Young nonproductive	4–5 years	3.00	n.a.
	Young productive	6–10 years	3.00	20
	Adult productive	11 years and more	3.00	50

Note: Row one refers to variable in equation 2.1. kg = kilogram; n.a. = not applicable.



REESTABLISHMENT PERIOD (YEARS)	VALUE OF LOST PRODUCTION (US\$)	COST OF SEEDLING (US\$)	CUMULATIVE COST OF LABOR, IRRIGATION, FERTILIZERS, AND OTHER MAINTENANCE OVER THE REESTABLISHMENT PERIOD (US\$ PER TREE)	TOTAL (US\$)
C	D = A × B × C	E	F	G = D + E + F
3	n.a.	3.00	41	44
5	n.a.	3.00	68	71
7	280	3.00	96	379
8	800	3.00	109	912
2	n.a.	3.00	27	30
4	n.a.	3.00	55	58
6	72	3.00	82	157
7	196	3.00	96	295
2	n.a.	3.00	27	30
4	n.a.	3.00	55	58
6	30	3.00	82	115
7	88	3.00	96	186
2	n.a.	3.00	27	30
4	n.a.	3.00	55	58
6	108	3.00	82	193
7	294	3.00	96	393
3	n.a.	3.00	41	44
5	n.a.	3.00	68	71
7	210	3.00	96	309
8	480	3.00	109	592
3	n.a.	3.00	41	44
5	n.a.	3.00	68	71
10	80	3.00	137	220
11	176	3.00	150	329
3	n.a.	3.00	41	44
5	n.a.	3.00	68	71
10	600	3.00	137	740
11	1,650	3.00	150	1,803

## Box 2.5. Managing Risks of Opportunistic Tree Planting

SCPC<sup>a</sup> is currently expanding gas transport capacity through the new South Caucasus Pipeline Expansion Project route in Georgia and acquired land for this purpose between 2012 and 2016. The following policy was applied for tree compensation:

- Compensation rates were carefully established and peer reviewed to respect the full replacement cost criterion and avoid any under- or overcompensation.
- While rates were established on a per tree basis, they were associated with maximal plantation densities, resulting in a maximal rate per hectare that cannot be exceeded: if the planting density was clearly above established agronomic standards, the plantation was still compensated based on the maximal agronomically reasonable density.
- Seedlings were compensated based on a flat rate basis that covered the direct cost of planting (subject to the maximal density criterion mentioned).

This policy has generally been successful, resulting in minimal levels of opportunistic planting and associated grievances.

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<sup>a</sup> A consortium of national and international oil and gas companies and owner of the South Caucasus pipeline.

### VII.B.vii. Businesses

Business compensation includes compensation for land, buildings, and other immovable assets owned by the business and is based on the same rules as those applied to households (full replacement cost). The specificity of businesses is that compensation should also offset business losses (lost income) during the transition period, as well as the cost of reestablishing the business elsewhere, if applicable, which may be significant for mid-size and large businesses.

The general principle for business-loss compensation is to assess income losses incurred during disruption of business activities and the down period required to reestablish the business elsewhere (often between three and twelve months)<sup>10</sup> or on a joint assessment if the business is informal. For the smallest businesses (kiosks, roadside stalls, etc.), an approach similar to that for traditional structures (see section VII.B.iv. *Buildings* of this module) is advisable to simplify the process. Small businesses can be categorized, and a general income estimate is calculated for each broad category, with a reasonable top-up to cover any unforeseen losses. Box 2.6 shows an example of such an approach.

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<sup>10</sup> With the possibility to use an income average over the previous three years.

## Box 2.6. Compensating Impacts to Small, Roadside Businesses

Baseline surveys of a major bridge project crossing a lagoon and access roads on both sides in densely settled areas indicated that businesses affected by the project could fall into three categories.

*Microbusinesses* usually consist of a woman on the streetside selling prepared food or small, everyday items such as soap, phone cards, and so forth, with no immovable structure.

*Small formal businesses* are typically, but not always, family owned and family operated. In the most complex situations, a salaried operator may take care of the business on behalf of the business owner in premises owned by a third person. Such businesses include stationery and photocopying shops, small restaurants or bars, tailors, and so on. These businesses would usually be operated in small structures (registered or not), not necessarily owned by the same person as the owner or operator of the business. Most of these businesses have some employees or apprentices.

*Large formal businesses* are usually owned and/or operated by limited liability companies and include such businesses as filling stations, large restaurants, supermarkets, maintenance workshops, and so on. All of these businesses have employees.

After consultation with business owners and operators of all three categories, the RAP provided the following entitlement principles:

- Microbusinesses were compensated at a uniform flat rate, assuming an average net income of about US\$5 per day and a disruption period of one month (total compensation US\$150).
- Small formal businesses were compensated based on a three-month disruption period, generally assumed to be sufficient to identify and secure suitable premises to relocate the business (except in a few cases where this period was extended, such as a small sawmill that required more space than others). The monthly income was calculated based on records, if these were usable, or on a self-declaration by the owner. In addition, any immovable objects or structures were compensated based on a replacement cost appraisal. Business operators received a moving allowance. Employees were compensated based on a three-month salary allowance paid directly to them. Finally, assistance to relocate was provided by the resettlement unit (contacts with estate agents, joint visit of proposed premises, business planning in the new location, etc.).
- Large formal businesses were addressed through case-by-case negotiations, with lawyers typically involved and fairly complex land tenure situations.

While the microbusinesses usually took their cash and were satisfied, the second category of small businesses proved difficult to manage, generating a significant number of grievances. This was mainly because the initial census had not fully identified the intricacies of business ownership and operation, which proved much more complex than expected. When the census staff contacted businesses, they would typically interview the business operator and fail to identify that other stakeholders could be affected, such as the owner of the premises, the owner of the land, the owner of the business itself, employees, and so forth. This highlights the importance of identifying all interests in businesses at the time of conducting the census.

These losses also need to be evaluated for business employees, which are typically calculated at the monthly salary times the number of months needed until the business is reestablished and the employee is fully employed again. Typically, this could range from three to six months or until the business is able to reestablish itself.

Project construction, such as laying down water pipelines in urban areas, can cause temporary or partial impacts to businesses. Assessing the loss in these cases is complicated and requires determining the potential impacts to the business during the time that it is closed or that business is reduced. The same principles just listed are followed while estimating the period and extent of disruption.

### VII.B.viii. Value update and inflation

It is not unusual for large-scale projects to have an inflationary effect on the area, particularly as compensation for land and assets takes place. Land values can increase significantly after the footprint of the project is defined and, in some cases, those compensated last cannot afford to acquire replacement land equivalent to their original plot.

As a general rule, in projects where land acquisition and compensation may take place over several years (or where land-acquisition implementation is delayed), compensation rates should be updated annually, at a minimum, depending on the rate of inflation. This is particularly necessary for crop rates, as the value of most crops can fluctuate significantly in relation to fluctuations in both world and local markets. Sometimes an update will also be necessary if market prices have changed between the initial surveys and the actual payment of compensation. Box 2.7 provides an example of the rate update process followed by a mining project in Central Africa.



## Box 2.7. Price Monitoring and Compensation Rates Update

The Tenke-Fungurume mining project in the Democratic Republic of Congo (2006 to present) established a set of rates applicable to crops, trees, and structures as well as certain improvements and developments on land, such as clearing and plowing (land per se is not compensated as it is deemed state property). These rates, particularly those applicable to crops, were based on a detailed agronomic study (to establish yields) and market monitoring (to establish selling prices).

While the agronomic study is a “one-off” (notwithstanding annual variability, it is assumed that average yields do not change significantly over time), the market survey is an ongoing exercise: prices are monitored in a number of markets neighboring the mine concession area four times a year to capture the extent of seasonal variations, and a rate update is produced yearly, with updated rates made publicly available. In addition, the company pays compensation in U.S. dollars rather than in Congolese francs to protect affected persons from currency depreciation.

## VII.C. Land-for-Land or Cash Compensation

PS5 states, “Where livelihoods of displaced persons are land-based, or where land is collectively owned, the client will, where feasible, offer the displaced land-based compensation” (paragraph 9). Resettlement research and experience indicates that cash compensation often puts displaced households at risk of impoverishment and can lead to aggravated gender gaps and risks, as described in sections [V.D. Validity of Cutoff Date and Subsequent Changes](#) and [V.E.ii. Joint ownership and associated gender sensitivities](#) of this module.

A few countries have legislation that explicitly allows land-for-land compensation. Where this is not the case, legal means can usually be found to accommodate land-for-land transactions (e.g., exchange agreements or double sale-purchase agreements).

There are situations when cash compensation for impacts to housing, access to land, and livelihoods might be assessed to be manageable,<sup>11</sup> such as in the following cases:

- There is an active land and real estate market that will allow people to replace their lost assets (as long as they have been valued at replacement cost), and affected persons are able to access this market and be treated fairly by potential sellers.

<sup>11</sup> PS5, footnote 21 states, “Payment of cash compensation for lost assets may be appropriate where (i) livelihoods are not land-based; (ii) livelihoods are land-based but the land taken for the project is a small fraction of the affected asset and the residual land is economically viable; or (iii) active markets for land, housing, and labor exist, displaced persons use such markets, and there is sufficient supply of land and housing.”

- Some households may have alternative housing or alternative land available, in which case it may be acceptable for them to receive cash in lieu of the land-for-land compensation package.
- In linear projects, impacts on a household's overall land holdings may be benign or temporary (particularly pipelines and transmission lines), and cash may be acceptable for a majority of affected landowners.
- Social circumstances are such that cash will not be used to settle debts or meet immediate (or less immediate) needs.
- A gender-impact analysis has been conducted that demonstrates that cash compensation will not adversely affect the circumstances of women and children in the household.

Mixed approaches (part land-for-land, part cash) can be useful in some cases, particularly where there are large land plots that are partly used and/or where there is a realistic potential for intensification of farming.

Where replacement land is deemed not to be available, the livelihood-restoration strategy should further address this issue by providing alternatives that take account of the needs of the vulnerable and women. There are few success models for this approach. Retraining farmers to run small businesses or work in factories is challenging. Project proponents are responsible for ensuring that affected persons can sustainably replace their livelihoods, and this can be time consuming and risky where replacement land is not available.

For large projects involving several successive phases of land acquisition (e.g., large mining developments) over long periods, a long-term overview of overall land availability may need to be established from the early stages (even if there are uncertainties), such that the resettlement site selection and livelihood-restoration strategy are driven by long-term land needs and availability.

It is common that in early stages of consultations, communities express a preference for cash compensation. There can be a range of reasons for this:

- A majority of people in the community need cash for urgent needs (this could include food, school fees, settling debts, etc.) and see the compensation as an opportunity to solve these issues in the short term, without necessarily considering longer-term implications.
- An influential part of the community (quite often the men) believe that they will be able to invest the cash profitably, although they may in fact have limited experience of such investments, while the less vocal part (typically the women) realize the benefits of in-kind compensation but are not listened to.

- There has been deficient in-kind compensation in the past (e.g., poor quality resettlement houses, low potential agricultural land, low quality agricultural equipment), and people in the community are aware of these deficiencies.

In such cases, projects can do the following:

- Ensure that the risks of cash compensation are understood by the community (through participatory methods, such as role playing, providing real life examples, and offering financial training).
- Put in place inclusive decision-making processes and ensure that all stakeholders are heard and listened to, including women.
- Seek to convince affected persons that quality and timeliness of in-kind compensation is a project priority. Provide examples of in-kind compensation, such as model houses, or start with those most willing to choose in-kind compensation to convince others.
- Take time, as experience shows that community views evolve over time.

Replacing community land may be challenging or impossible, as it may entail redefinition of community territories. Other approaches, preferably including community in-kind compensation, need to be developed for such cases.

Compensation could be in the form of community facilities built by the project and/or local authorities, with support from NGOs.

## VII.D. Timing of Payments

Delivery of compensation must be prior to the impact. This is a fundamental principle, and RAPs or LRPs must substantiate the mechanisms that are put in place to ensure it is respected, including in government-led land acquisition. Exceptions to this rule may be acceptable in the following cases:

- Where a payment in installments is deemed more conducive to proper use of cash, explicitly and formally consulted upon with the community, and accepted by each recipient by means of a specific payment agreement that clearly indicates the timing and amounts of successive installments
- Where legal difficulties are experienced (absentee landowner, succession, ownership dispute before court, etc.), as long as due process has been followed under the control of a judge, notary, or similar officer, and the compensation monies are deposited into a dedicated escrow account (such account preferably remaining under the control of an independent party, such as a judge or notary), with a proven mechanism to effect payment immediately upon resolution of the legal problem

Where a delay occurs between valuation and compensation payment, particularly if in the interim economic conditions have changed (e.g., inflation), the value of the compensation should be reviewed and updated, if needed, to reflect the new conditions.

## VII.E. Consultation and Negotiation

This is described in detail in [Module 3. Stakeholder Engagement](#) particularly in section [VI.C. Affected Communities and Households](#).

## VIII. Task 5: Selecting and Planning Resettlement Sites and Housing

### VIII.A. Resettlement Site Selection

#### VIII.A.i. Process

Resettlement site selection is an iterative process, which includes the following steps:

- Preliminary identification by the project team (or consultants) in consultation with affected communities of several potential alternative sites
- Preliminary technical and economic studies of these sites (availability of water, geotechnical characteristics, cost of access infrastructure, etc.)
- Preliminary consultation with diverse groups of people within host communities
- Validation of a final list of potential resettlement sites
- Consultation with relevant local authorities and affected community(ies), including visits of selected sites with the relevant resettlement committees
- Screening to ensure the site will not be needed in future project expansion

#### VIII.A.ii. Key criteria

The selection of resettlement sites is often based predominantly on size and planning criteria. However, unsuitable resettlement sites have been an important factor in failed resettlements, mainly because people were unable to restore their livelihoods. Livelihood restoration must therefore be included in the review as one of the key drivers. Livelihood restoration and development should also contribute to increased social harmony in the affected communities, including improved gender equality.

Key criteria for selection of resettlement sites in both rural and urban contexts are shown in table 2.4.



**Table 2.4. Key Criteria for Selection of Rural and Urban Resettlement Sites**

<b>CRITERION</b>	<b>RURAL</b>	<b>URBAN</b>
Livelihoods	Land sufficient in size and potential to restore livelihoods (arable, grazing, forest, and/or fishing access as applicable) without any significant secondary displacement	Distance from and access to employment areas where affected persons are employed
	Safe access to agricultural extension services and markets	Public transport availability, affordability, and safety
	Access to alternative livelihoods, including project employment for men and women, if relevant	Access to alternative livelihoods, including project employment for men and women, if relevant
	Security of tenure for residential land and agricultural land and agronomic potential of agricultural land	Potential for security of tenure for houses or apartments
	Proximity to location from which income is derived	Ability of wage earners to continue to access their place(s) of work
Planning and construction	Size of residential area	Size of residential area and/or apartments
	Geotechnical characteristics, slope, and drainage	Access to sustainable water and power
	Availability of water for drinking and other uses	Equal access to sustainable education and health services for men and women. Access to schools for children
	Access to sustainable power and fuel supplies	Spatial planning and building permits potential
	Equal access to sustainable education and health services for men and women; access to schools for children	
	Spatial planning and building permits potential	
	No anticipated need for site to be displaced again in the future (i.e., located away from ore deposits or planned infrastructure)	No anticipated need for site to be displaced again in the future (i.e., located away from areas of planned urban development)

*(Table continued on next page)*

**Table 2.4. (Continued)**

CRITERION	RURAL	URBAN
Sociocultural	Sociocultural compatibility between resettled and host communities	Sociocultural compatibility between resettled and host communities/ neighborhoods
	Impacts to local political balance	Impacts to local political balance
	Impacts to gender norms and roles, including positive impacts on gender equality and reduced risks of GBV	Impacts to gender norms and roles, including positive impacts on gender equality and reduced risks of GBV
	Impacts to demographic balance between administrative subdivisions	Impacts to demographic balance between administrative subdivisions
	Access to religious and sacred sites, including cemeteries	Access to religious sites, including cemeteries
	Ceremonies that may be required according to local customs  Proximity and/or access to schools and clinics	
Environmental <sup>a</sup>	No impacts to protected areas, critical habitats, or protected species	Located away from potential environmental and health risks that affect both/either men and/or women
	Long-term climate change resilience (away from potential sea-level rise risks, inundation resilience, etc.) and consideration of natural disaster risks (such as landslides, flooding, etc.) which might be exacerbated by climate change	Long-term climate change resilience (away from potential sea-level rise risks, inundation resilience, etc.) and consideration of natural disaster risks (such as landslides, flooding, etc.) which might be exacerbated by climate change
	Manageable impacts to land and land use	
	No health or environmental impacts from project or other factors to the resettlement site	

<sup>a</sup> Consideration of environmental impacts of the site and to the site will need coordination between the RAP and ESIA teams.

In rural areas, it is advisable to propose an option between two or more resettlement sites with different characteristics from a livelihood perspective:

- One or more urban resettlement site(s) where resettlers may have employment or small business opportunities (or one that is close to project employment opportunities)
- One or more rural resettlement site(s) for those who prefer agriculture-based livelihoods

Where several communities are displaced, it may be socially unacceptable to resettle different communities to one site for sociopolitical, religious, tribal, clan, or other cultural reasons. Also, the impact of resettlement on the balance of traditional and political power is often an important determinant of communities' and leaders' responses to proposed resettlement sites. Certain locations may have specific significance to communities and their leaders from a political power perspective (for instance, shifting to the territory of different political parties or traditional foes).<sup>12</sup>

### VIII.A.iii. Agreement

The project will offer displaced persons choices among feasible resettlement options, and their preferences with respect to relocating in preexisting communities and groups will be taken into consideration. Obtaining the displaced community's agreement to the proposed resettlement sites as well as to site development options (infrastructure, level of equipment, type of water and electricity service, etc.) is desirable. The local administration's and the host community's agreement, and the project must follow any permitting and spatial planning processes mandated by local legislation.

Where impacts to host communities are significant, it is advisable to establish a host committee—comprising a diversity of people from the communities, ensuring gender representation—to negotiate the trade-offs and seek formal agreement on the development of a resettlement site in the territory of the host community. Any benefits targeting the host community should be covenanted in the formal agreement documentation.

The outcomes of the site selection exercise and associated consultation must be documented in the RAP.

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<sup>12</sup> When making their decision on preferred choice of site, community leaders may take into account the potential impacts to existing gender norms and roles. For example, they may perceive that resettlement to a more urban area increases the likelihood that women will spend more time involved in income-generating activities and will neglect their household and family responsibilities. They may not be supportive of changes to existing gender roles and responsibilities. It is important, therefore, that decisions are made based on consultations with a diversity of people in the communities, including women. Some training and awareness raising may be required before the decision is made in order to help community leaders understand the benefits of greater gender equality for their community.

### VIII.A.iv. Environmental and permitting aspects

Environmental impacts of resettlement sites have to be assessed. Whether they are assessed within the ESIA or RAP exercise depends on the respective timing of both exercises. For large resettlement sites, local regulations may require a specific environmental impact assessment or ESIA.

Permitting processes may be quite demanding in some jurisdictions, and the required time periods need to be factored into the overall project development schedule.

## VIII.B. Security of Tenure

Resettled people who have formal legal rights to the land or assets that they occupy or use, as well as those who do not have formal legal rights to land or assets but have a claim to land that is recognized or recognizable under national law, will be offered security of tenure that is equivalent or improved to what they have (PS5, paragraphs 21 and 22). Persons with no legal right or claim to the land or assets they occupy or use must be offered a choice of options for adequate housing with security of tenure so that they can resettle legally without having to face the risk of forced eviction (PS5, paragraph 22). Security of tenure is also an important element of “adequate housing.” Options for providing security of tenure will depend on whether people have a legal right or claim to the land and assets being acquired, national law, and local tenure systems, but may include the following:

- A title deed to land acquired in a sale purchase or exchange agreement (the cost of which should be covered by the project sponsor)
- A title deed to land provided by the local government
- Particularly in urban resettlement, a pay-to-own scheme sponsored by a housing agency or a cooperative housing arrangement (for persons with no recognizable legal right or claim to the land they occupy, renters, etc.)
- A long-term leasing or occupancy arrangement if a full and perpetual ownership title is not achievable (i.e., for people who did not legally own the land and assets they use or occupied the land under rental or informal arrangements)

The following activities should be undertaken to achieve security of tenure:

- Include the description of the process required to achieve security of tenure in the legal review done at the scoping stage, which depends on the legal framework of the jurisdiction.
- Where practical, seek the allocation of an officially registered full title of perpetual ownership.

- In jurisdictions where land is the property of the state, consider formalized and officially registered long-term leases or occupancy permits: “long-term” is ideally a 99 or 49-year lease, or as long as the legal framework will allow.
- Issue documentation of ownership or occupancy, such as title deeds and lease agreements, in the names of both spouses wherever possible.
- Provide assistance to affected persons in registering their resettlement property (e.g., negotiate a one-stop shop with the relevant authority).
- Cover all costs of providing titles to resettled people, including hidden costs such as transport and time lost (see section [VII.B. Valuation and Compensation Rates](#) of this module).

## VIII.C. Resettlement Site Planning

### VIII.C.i. General

The factors presented in table 2.5 should be considered when planning resettlement sites. It is paramount to consult on potential plans with resettlement committees and in focus groups representative of the different layers of the affected population.



**Table 2.5. Key Factors to Consider When Planning Resettlement Sites**

<b>BOTH URBAN AND RURAL SITES</b>	<b>RURAL</b>	<b>URBAN</b>
<ul style="list-style-type: none"> <li>• Compliance with local planning regulations and norms (size of residential plots, size of plots for community facilities, size of reserved space for expansion, width of streets, etc.)</li> <li>• Compliance with all criteria of adequate housing</li> <li>• Infrastructure technical options that are proven in the local context</li> </ul>	<ul style="list-style-type: none"> <li>• Space for tree plantations, woodlots, and orchards in the resettlement site</li> <li>• Space for gardens in the resettlement site, adjacent to each residential plot or as allotments</li> <li>• Commercial spaces (for instance, dedicated strips along streets or central marketplaces)</li> <li>• Space for cultural facilities that support diverse cultural needs</li> </ul>	<ul style="list-style-type: none"> <li>• Safe access to public transport, including new stops if required</li> <li>• Safety of children when accessing schools (protected paths and crossings)</li> <li>• Access to emergency services and fire safety</li> <li>• Commercial spaces (for instance, at ground level of apartment blocks)</li> <li>• Playgrounds and recreation spaces</li> </ul>
<ul style="list-style-type: none"> <li>• Flood protection and erosion potential, with consideration of climate change resilience where relevant</li> <li>• Cultural factors, such as how and where people cook (inside or outside)</li> <li>• Security of women and girls</li> <li>• Location and safety of existing and proposed public facilities, particularly education, health, and transportation (also police, justice, administration, and others)</li> </ul>	<ul style="list-style-type: none"> <li>• Availability of mobile phone network</li> <li>• Feasibility and long-term sustainability of reticulated piped water supply versus wells or boreholes</li> <li>• Feasibility and long-term sustainability of connection to electricity grid versus autonomous power source (e.g., solar)</li> <li>• Sanitation (autonomous in situ solutions such as dry latrines or septic tanks versus piped sewerage systems)</li> </ul>	<ul style="list-style-type: none"> <li>• Connection to networks (telephone, electricity, drainage, drinking water, sewerage)</li> <li>• Potential for additional apartments or houses to be sold on the market to people other than the displaced households, and related potential for public-sector involvement in the development of the site</li> <li>• Space efficiency (to minimize footprint and cost) by considering smaller residential plots and semidetached or terraced houses, potentially two-storied, and separating subsistence gardens (on an allotment model) from the built-up areas: replacement housing or gardens should be of equivalent size as the original, at a minimum</li> </ul>

### VIII.C.ii. Resettlement without a resettlement site

A common approach in resettlement is to select, plan, and build a dedicated site for physically displaced people. However, alternative approaches (like a so-called in-fill resettlement, based on the purchase of existing homes, or the construction of new homes within the built-up fabric of the community) can also be considered, particularly where the number of displaced people is relatively low, in urban settings, or for linear projects like roads or pipelines. In-fill resettlement can have various benefits, including the following:

- Enhancing the social mix and achieving a better integration of the resettlers in the broader community
- Achieving easier and quicker (and sometimes cheaper) implementation
- Creating opportunities where resettlers fit into new developments constructed by the private sector predominantly meant for other people

Consider the following when assessing the feasibility of in-fill resettlement:

- Can the number of displaced people be accommodated in existing properties?
- Does the timing of availability of properties match the timing of displacement?
- Do the characteristics and location of available properties match the socioeconomic characteristics of the displaced population?
- Are there opportunities for improving gender equality as a result of the resettlement, in both displaced and host communities?
- Does consultation show that there is overall interest for this type of solution?
- Will the displaced households be able to maintain their family and community support networks?
- Will the displaced households and/or the host community face increased risks of GBV?
- Will access to employment, education, and health facilities be maintained or improved compared to the pre-resettlement situation?
- What is the cost compared with that of a developing a specific resettlement site?

### VIII.D. Housing Design

Key factors to consider when designing housing are presented in table 2.6. Here, too, consultation is essential, giving attention to the views of different groups within the affected population (men and women, young adults and children, etc.). Construction and display of model houses allow affected persons a good opportunity to understand the nature of replacement housing.

**Table 2.6. Key Factors to Consider in Resettlement Housing**

<b>BOTH URBAN AND RURAL</b>	<b>RURAL</b>	<b>URBAN</b>
<ul style="list-style-type: none"> <li>• Compliance with local regulations and norms</li> <li>• Construction materials and techniques that are proven in the local context and can be handled by local contractors</li> <li>• Consideration of all criteria defining adequate housing</li> </ul>	<ul style="list-style-type: none"> <li>• Changes in way of life that the house design may entail, particularly for cooking, and access to drinking water and toilets (e.g., flush toilet versus dry latrine) and cultural acceptability of these changes</li> </ul>	<ul style="list-style-type: none"> <li>• Social, cultural, and gender acceptability of house or apartment layout</li> <li>• Balconies</li> <li>• Electrical safety</li> <li>• Gas safety</li> </ul>
<ul style="list-style-type: none"> <li>• Access to water, energy, and sanitation</li> <li>• Social and cultural appropriateness (internal and external layout)</li> <li>• Security of women and girls</li> <li>• Accessibility for people with disabilities</li> <li>• Security and risks of theft</li> <li>• Fire safety</li> <li>• Cost and ease of maintenance, including availability of spare parts</li> <li>• Reasonable improvement over previous housing</li> <li>• Involvement of local contractors in design, construction, and maintenance</li> <li>• Guarantee period of no less than one year—more as warranted by technical sophistication of houses</li> <li>• Climatic factors and energy efficiency, particularly in terms of ventilation and heating (as relevant to the local climate)</li> </ul>	<ul style="list-style-type: none"> <li>• Privacy</li> <li>• Cultural and gender acceptability of house layout</li> <li>• Storage space for farm produce</li> <li>• Inclusion of electricity in the house where there was none before (Is the cost manageable for resettled people?)</li> <li>• Proximity to neighbors</li> </ul>	<ul style="list-style-type: none"> <li>• Technical solutions for heating or cooling in apartment blocks, including access to source of energy and maintenance cost, capabilities for maintenance, and availability of spare parts</li> <li>• Elevator maintenance and cost where elevators are required, capabilities for maintenance, and availability of spare parts</li> <li>• Storage space</li> <li>• Parking space if relevant</li> </ul>



## VIII.E. Self-Build

In some cases, and in consultation with the affected community, projects may elect to provide support to resettlers to build the replacement house themselves. Table 2.7 provides guidance on why and how this can be a good solution and the risks that it may entail. See also [Module 6. V.A. Models for Organizing Site Development and Housing Construction](#).

**Table 2.7. Advantages and Disadvantages of Self-Build Solutions**

ADVANTAGES	DISADVANTAGES	MITIGATIONS
<ul style="list-style-type: none"> <li>• Resettlers plan and build for themselves and take responsibility and ownership.</li> <li>• Local contractors and workers from the community get work.</li> <li>• Resettlers choose the location.</li> </ul>	<ul style="list-style-type: none"> <li>• Potential for misuse of compensation, with the risk that not enough money remains available to build the resettlement house</li> <li>• Occupational health and safety issues at the work site</li> <li>• Quality issues (potential for substandard design and construction)</li> <li>• Aesthetics</li> <li>• Risk that schedules are not met</li> <li>• Design of houses not suitable and/or unsafe for women and girls (e.g., kitchens are an afterthought)</li> <li>• Vulnerable people may be unable to self-build without project assistance</li> <li>• Reputational risks for the project if the replacement houses are poorly constructed or not durable</li> </ul>	<ul style="list-style-type: none"> <li>• Make sure arrangements were made through consultation and are clear to all in the community, including to women and vulnerable groups.</li> <li>• Pay house compensation in installments as construction progresses.</li> <li>• Provide approved designs and specifications.</li> <li>• Ensure designs have been developed, or at least reviewed, through a gender lens.</li> <li>• Provide approved materials.</li> <li>• Provide trained builders.</li> <li>• Provide construction assistance, training, and supervision.</li> <li>• Make contingencies for vulnerable people (e.g., have the project build for them) and those not meeting construction deadlines (e.g., the project takes over and completes the house—conditions for this to be discussed with and agreed by the community beforehand).</li> </ul>

## VIII.F. Temporary Accommodation

Putting displaced people in temporary accommodations to make way for construction of the project construction while resettlement housing is still being planned and built must be avoided for several reasons:

- People move twice rather than once, and experience double the disruption as a result.
- Compensating the additional disruption in cash will usually not offset the psychological and livelihood impacts and can result in numerous and difficult grievances.
- The double displacement can aggravate stress within a family and contribute to increased risks of domestic violence.
- Livelihood-restoration activities cannot start until people are in their final accommodation, and are protracted as a result.
- More generally, the process of starting a new life in the final resettlement location is delayed, which is particularly detrimental to children and the more vulnerable members of the community.

Therefore, projects must avoid temporary accommodation and adapt their construction, land access, and resettlement schedules to prevent it.

However, temporary relocation for a few weeks or months may be acceptable in the event of temporary impacts such as noise, dust, vibration, and safety issues during project construction. The cost of moving temporarily and then returning home should be covered entirely by the project, while reasonable compensation for the disruption should be negotiated.

## VIII.G. Public Facilities

### VIII.G.i. Health, education, and other services

Depending on local standards for health and education services, specific facilities may have to be built at resettlement sites. Key guidance for such facilities includes the following:

- Check whether it is feasible and sustainable to strengthen the capacity of existing neighboring facilities rather than building new dedicated structures. Abide by applicable facility allocation maps and service levels prescribed by relevant ministries.
- Use designs prescribed (or at least accepted) by national authorities for schools, clinics, health posts, police stations, and so forth.
- Include equipment (e.g., furniture for schools, basic medical equipment for health posts or clinics) per national requirements and standards.

- Consider the needs of a diversity of people within host communities when designing new facilities or upgrades to existing structures, including, for example, the needs of girls in regard to toilet use.
- Make sure beforehand that personnel to operate and maintain the facilities can be allocated and paid for by relevant authorities (e.g., ministries or departments in charge of education or health). Establish agreements with these agencies to clarify their responsibilities in design, construction, and operation of the facilities paid for by the project.
- Transfer the facility formally at the end of the guarantee period to the relevant authority.

### VIII.G.ii. Water, sanitation, and power

In rural areas, an array of technical solutions can be considered for drinking water, sanitation, and a power supply. In urban areas, choices are more restricted, as networks are usually already established and readily available. The key driver to the identification of the most adequate technical solutions for water supply, sanitation, and electricity supply is long-term sustainability. The most critical factors that must be considered when reviewing solutions are shown in table 2.8.



**Table 2.8. Key Factors to Consider in the Supply of Water, Sanitation, and Power to Resettlement Sites**

UTILITY SERVICE	DESCRIPTION
All services	<ul style="list-style-type: none"> <li>• Cost of investment</li> <li>• Cost of operations for resettled people, particularly compared to the pre-resettlement situation</li> <li>• Sustainability of maintenance and financial arrangements, involvement of users in management, and associated training</li> <li>• Ease of maintenance</li> <li>• Local availability of maintenance skills</li> <li>• Potential for involvement of the local private sector (and users) in maintenance and management</li> <li>• Accessibility for men, women, and children</li> <li>• Adequacy of supply for the number of people served</li> <li>• Specific affordability approaches for vulnerable people</li> </ul>
Drinking water	<ul style="list-style-type: none"> <li>• Chemical and bacteriological quality of water</li> <li>• Taste of water (which may be different from what people are used to)</li> <li>• Training requirements along the water production and distribution chain</li> </ul>
Sanitation	<ul style="list-style-type: none"> <li>• Cultural adequacy and acceptability</li> <li>• Environmental and health impacts</li> <li>• Safety and gender aspects</li> </ul>
Electric Power	<ul style="list-style-type: none"> <li>• Safety</li> <li>• Reliability</li> <li>• Energy efficiency</li> </ul>

### VIII.H. Gender Considerations

The design of resettlement housing and villages can have implications for women and girls that are often invisible to planners, particularly if women are underrepresented on resettlement committees or not directly consulted. Resettlement village designs can disrupt social networks and options for childcare; resettlement sites can increase women’s burden by being farther removed from fields, from sources of fuel, or other means of earning livelihoods. Most of these issues can be avoided if direct consultation with women includes the following:

- Site visits with women to the proposed resettlement sites
- Visits to the schools and clinics near the proposed resettlement sites
- Consultation with women on the design of the replacement housing, including kitchen design
- Consultation with women onsite design and the place where families will be relocated within the resettlement village

## VIII.I. Handover

Handover of resettlement sites to competent municipal authorities is an important factor for long-term sustainability and should be considered at the commencement of site selection and planning. For example, if a local municipality is expected to take over garbage collection at a resettlement site, it must be involved in the design and location of garbage collection sites. The same applies to street maintenance, public lighting, drainage, sewage, and so forth. Handover is addressed in further detail in [Module 6. VIII. Task 2: Physical Displacement—Handover of Resettlement Sites and/or Apartment Buildings](#).

## VIII.J. Graves and Graveyards

Relocation of graves and graveyards is always sensitive and should be avoided wherever possible. If relocation is unavoidable, the following points should be used as guidance:

- Engage the community on the acceptability of disturbing and moving graves and seek its views on an appropriate relocation site and necessary precautions and ceremonies. (Note that in some cases, depending on the religious beliefs and customs, the community may prefer the graves not to be relocated despite them being permanently impacted.)
- Review local permitting and sanitary regulations applicable to the transfer of human remains and engage relevant experts (cultural and sanitary experts and specialized accredited contractors).
- Seek to identify next of kin and obtain their permission. (Many countries have specific legal requirements in this respect.)
- Consult with relevant religious authorities to understand what rites and rituals are necessary at the time of the transfer.
- Locate new graves or graveyards in compliance with applicable sanitary and spatial planning regulations and in consultation with affected and host communities.

See box 2.8 for an example where relocation was warranted and managed in a way that was acceptable to the community.

## Box 2.8. Grave Relocation

Land acquisition for a project in South Asia required the resettlement of a rural village. The resettlement included the relocation of 16 graves of former village residents. In addition to the consultation with affected families and the local religious leaders, the project management sought the guidance of Islamic scholars and imams on the appropriate procedures for relocating the remains of the deceased, including obtaining a fatwa (religious opinion) from the Islamic institutions in the country. Under the supervision of local religious persons and family members, the company arranged for the disinterment and transfer of remains of the deceased to a new graveyard near a shrine of a Pir (religious personality) that is being protected by the project from construction traffic impacts.



Disinterment of graves.



Prayer ceremony prior to interment.

## IX. Task 6: Preparing RAP/LRP Documentation

### IX.A. Documentation and Disclosure

The purpose of a RAP is to specify all resettlement arrangements and the measures for avoiding, minimizing, or compensating losses or other negative social impacts resulting from resettlement. It establishes the basis for the agreement with the affected parties. The RAP outlines institutional arrangements, legal frameworks, entitlement frameworks, resettlement consultation processes, GMs, budgets, and so forth and will essentially provide a blueprint for conducting the resettlement.

The preparation of the RAP begins with the scoping process and continues through the conduct of socioeconomic studies. One of the challenges with a RAP is finalizing it to a reasonable level of accuracy while many details, including the number of affected persons, are still being worked on.

The draft RAP is based on outcomes of the noted tasks, including the ongoing consultation exercise through resettlement committees or other avenues where committees are deemed unsuitable in the local social or political context. The RAP is issued for consultation with key stakeholders including PAPs and government prior to being finalized.

[Appendix G. Annotated Table of Contents for a Resettlement Action Plan](#) presents a template table of contents for a RAP.

The RAP is generally meant for institutional stakeholders such as government, project sponsors, and lenders, and it is often difficult for affected persons to use and understand. RAPs can be bulky and complex and include baseline chapters and other details that may not interest affected persons, especially if some details concern other communities (as might be the case in linear projects that affect many different communities over a long distance). Engaging affected persons will usually require a simpler summary document to be disclosed, such as preparing a guide to land acquisition and compensation (GLAC)<sup>13</sup> mentioned in [Module 3. Stakeholder Engagement](#) and specific events at the time of disclosure, including public meetings and smaller forums such as focus groups to discuss specific aspects in the RAP or LRP. For nonliterate populations, a pictorial representation can be helpful.

## IX.B. RAP or LRP?

In accordance with PS5, a RAP is required where physical displacement is expected, whereas an LRP is warranted where the project entails only economic displacement. While most of the substance of these documents is similar, the focus of each is different:

- RAPs focus on physical planning, resettlement sites, and housing and amenities
- LRPs focus on livelihoods impacts and livelihoods restoration for the affected persons

Most projects that entail physical displacement also cause economic displacement. In such cases, the RAP should address livelihood restoration as well and should meet the objectives for both a RAP and an LRP. The RAP and LRP could also be produced as separate stand-alone documents for ease of use during implementation. Physical relocation is almost always completed early, before the close-out of livelihood-restoration programs, which might continue for several years and require updates to the livelihood-restoration components

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<sup>13</sup> A GLAC is a simple summary outlining key steps of the land acquisition and compensation process. A GLAC is not a PS5 requirement but is a good approach for effective communication and disclosure of land acquisition and RAP processes and outcomes to the affected persons.

of the documentation, hence the interest in producing the RAP and LRP as separate documents. The RAP or LRP becomes the key document that guides the resettlement and livelihood-restoration program and is subject to monitoring.

### **IX.C. Plan or Framework?**

The general rule is that a full RAP should be submitted and disclosed with the ESIA. However, a Resettlement Framework (rather than a full RAP) can be acceptable as a first step to the further development of a RAP, but only when the project footprint is not fully determined at the time the planning document has to be disclosed. The framework should present all compensation and entitlement principles as well as implementation arrangements but can be complemented later by details on impacts when the footprint is known and the census and surveys have been implemented.

A framework is also useful where a project will have successive phases (e.g., phased development of a mine, toll road, or large agricultural concession). The Resettlement Framework will establish common policies and principles, while each subsequent RAP will address the impacts of a specific phase based on these common policies and principles with details of resettlement and livelihood-restoration measures.

It is also possible to submit a RAP for the components that are fully defined and a resettlement framework for those that are not, with a full RAP prepared at a later stage when RAP aspects are more defined.

Approaches to documentation submission planning should be consulted on with stakeholders such as government and lenders.

### **IX.D. Change Management**

RAPs, LRPs, and Resettlement Frameworks should include a section on change management that describes processes to be followed where changes occur. No project is implemented strictly according to initial plans, and there are always changes to the footprint, schedules, and/or legislation, as well as changes resulting from monitoring and evaluation of approaches that are eventually found not to work. The change management sections should describe the following:

- Consultative processes regarding changes to be followed to engage affected and host communities as well as other stakeholders (government, lenders, civil society, etc.)



- Documentation, disclosure, and approval processes, including lenders’ requirements
- Definition and assessment of impacts based on the changes to determine whether a RAP or LRP addendum is required

## IX.E. Incremental Land Acquisition

Projects often have to undertake limited incremental land acquisition for various purposes in the course of implementation and after the RAP or LRP has been submitted. This may not necessarily need to be covered by a supplemental RAP or LRP as long as the following conditions are met:

- Impacts are limited (no physical displacement, benign economic displacement affecting both limited numbers of people—for example, less than 20 households—and small tracts of land—for example, less than five hectares).<sup>14</sup>
- General processes defined in the RAP or LRP (including engagement, grievance management, baseline surveys, compensation entitlements, and eligibility to livelihood restoration, among others) are strictly followed for such incremental land acquisition.
- The same parties (i.e., the project itself) involved in the main land-acquisition exercise are also those responsible for incremental land acquisition.
- There are no or very limited cumulative impacts (e.g., landowners and land users affected by incremental land acquisition have not been affected before).

## IX.F. What the RAP Is Not

A RAP or LRP is not simply a document meant to “check a box” in the process of financing, permitting, and due diligence. It is a participatory planning process, with consultation and negotiation at the forefront, primarily with affected persons but also with other stakeholders. Once the RAP is finished and disclosed, the work has only started.

As a result, the boundary between RAP/LRP preparation and RAP/LRP implementation is not always easy to define. For example, negotiating and finalizing individual compensation agreements can be considered as part of either planning or implementation, depending on the project’s financial and contractual structure. It is therefore important that there be no disconnect between planning and implementation, in either time or resources. Project finance milestones (such

<sup>14</sup> Numbers are given for general guidance and may vary significantly depending on context.

as a final investment decision) often require separating implementation activities from studies, but continuity in land-acquisition and resettlement activities should be sought as much as is practical.

It is essential that the RAP/LRP process be phased consistently with key project milestones (feasibility, final investment decision, financial close, etc.). Communities find it difficult to understand when there is a sudden surge in activity (the RAP surveys, consultation on resettlement options), followed by the project disappearing for months (sometimes years) while decisions are being prepared and made. Where such discontinuities are unavoidable, they should be honestly explained to communities and presence should be maintained to the extent practical to provide community liaison, address concerns and grievances, and monitor and mitigate rumors or speculative occupation.

## X. Schedule and Budget

### X.A. Implementation Strategies and Schedule

Defining implementation strategies is important to resettlement planning and must be reflected in the RAP or LRP. This is discussed in [Module 6. Implementation of the Resettlement Program](#).

The RAP or LRP must include an implementation schedule (see example in table 2.9). The following information should be presented:

- Main resettlement tasks
- Start date, duration, and planned completion date for each task (including initial engagement and consultation)
- Any important dependencies between tasks
- The relation of resettlement activities to the general project construction schedule

The schedule should also include key consultation and negotiation milestones and the duration of livelihood-restoration activities, as well as the timing of external monitoring reviews and, where applicable, the RAP completion audit. Climatic factors may have to be considered (e.g., rainy season impeding construction work or surveys).

Resettlement tasks should be integrated in the project master schedule so that the project management team remains aware of the project timing for clearance of particular plots of land. Ongoing coordination and clear communication between the resettlement team and the project management team are critical. There are several information-management tools that can be utilized to assist this process.

In developing the schedule, the RAP planners should be mindful of seasonal factors affecting displaced communities, including, for example, the school year and the agricultural calendar.

Schedules should provide displaced families sufficient time to move into their replacement dwellings and resolve any serious defects well ahead of the onset of winter or the rainy season. Organizing moves is a time-intensive activity for the RAP team, and it can be beneficial to plan moves in successive waves.

For projects that involve a phased resettlement through the life of the project, the scheduling for future resettlement planning, implementation, and livelihood restoration should be broadly described in framework documents.



**Table 2.9. Example of a RAP Implementation Schedule**

#	ITEM	RESPONSIBLE PARTY	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10
1	Negotiations with affected persons											
1.1	Consultation on compensation entitlements, including resettlement	Project										
1.2	Cutoff	Project or Govt.	★									
1.3	Census, inventory, socioeconomic surveys	Project										
1.4	Handover of asset inventory sheets	Project										
1.5	Grievance and mistake redress, and associated changes to database	Project										
1.6	Handover of compensation sheets	Project										
1.7	Negotiations on resettlement entitlements and signoff	Project										
1.8	Handover of compensation agreements	Project										
1.9	Grievance redress in regard to compensation agreements	Grievance committee										
1.10	Final identification of vulnerable people	Project										
1.11	Establishment of final entitlement list	Project										
2	Development of resettlement site											
2.1	Consultation on resettlement site selection, incl. host communities	Project										
2.2	Site allocation by government authorities	District planning office										
2.3	Delineation of site and general plan	Project										
2.4	Preparation of bidding documents (earthmoving and access)	Project										
2.5	Preparation of bidding documents for house construction	Project										
2.6	Contract award	Project										
2.7	General earthmoving and access	Contractor										
2.8	House construction	Contractor										
2.9	House commissioning	Contractor										
2.10	Construction of mosque and church	Contractor										
2.11	Construction of three classroom block	Contractor										
2.12	Drilled wells	Contractor										
2.13	Plantations and embellishment	Community										

Note: M = months; stars = milestones

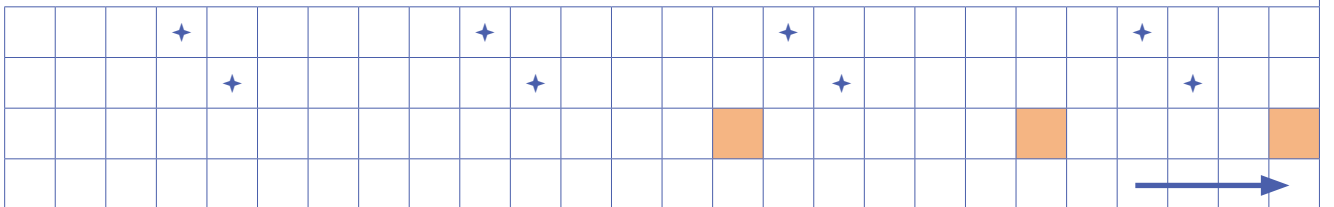
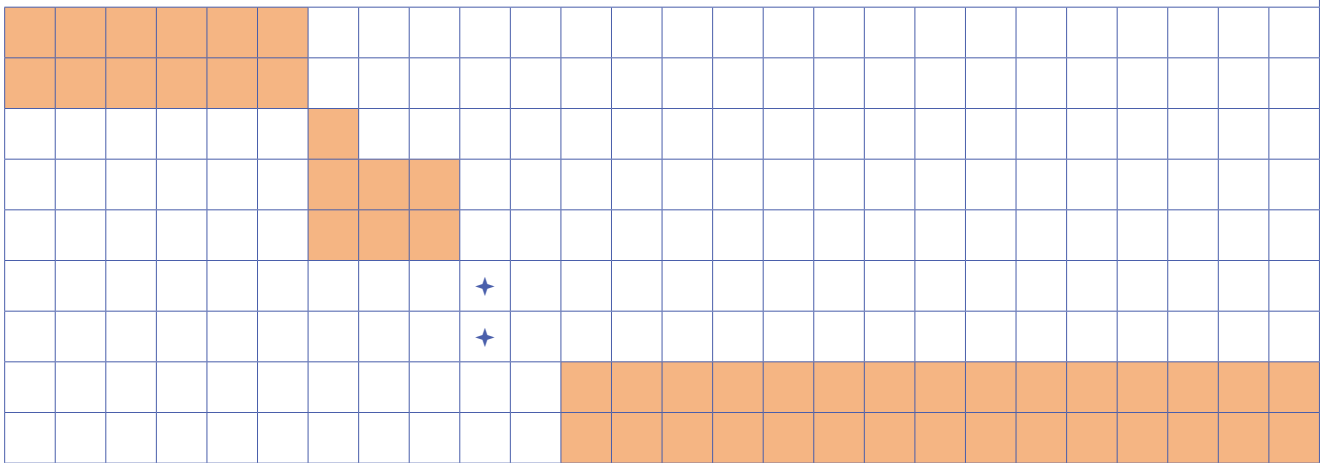
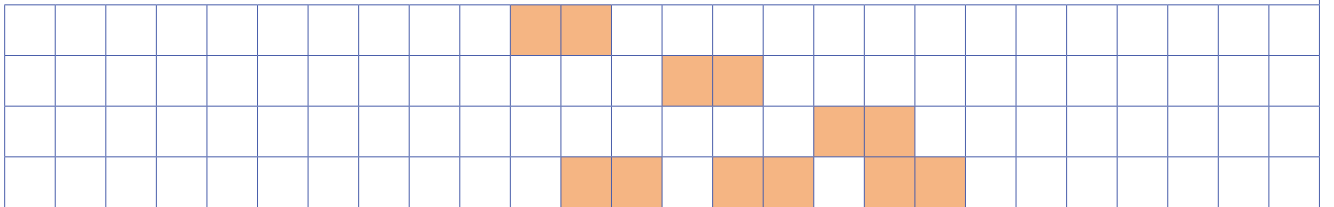
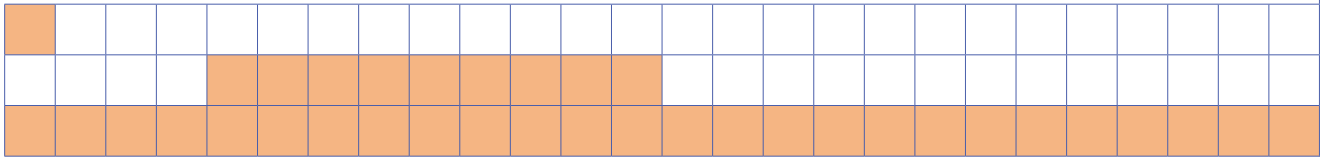
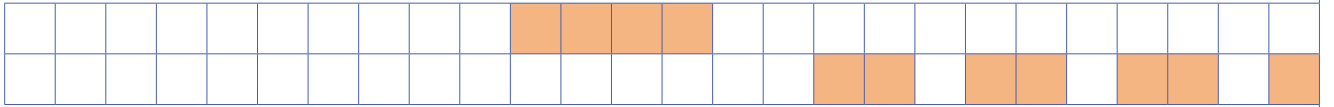


**Table 2.9. (Continued)**

#	ITEM	RESPONSIBLE PARTY	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10
3	<b>Cash compensation for crops</b>											
3.1	Payment of initial cash compensation	Project										
3.2	Payment of further cash compensation installments	Project										
4	<b>Engagement and consultation</b>											
4.1	Consultation onsite layout, house design, and public facilities	Project										
4.2	Monitoring of construction by Resettlement Committee	Resettlement committee										
4.3	Grievance management	Grievance committee										
5	<b>Move</b>											
5.1	Residents move—1st wave	Project										
5.2	Residents move—2nd wave	Project										
5.3	Residents move—3rd wave	Project										
5.4	Salvaging and demolition	Community										
6	<b>Livelihood Restoration</b>											
6.1	Identification of alternative agricultural land for replacement	Project										
6.2	Consultation and negotiations around replacement agric. land	Project										
6.3	Allocation and preparation of replacement agricultural land	Project/District agric.										
6.4	Detailed feasibility study for alternative farming methods	Consultant										
6.5	Detailed feasibility study for business support	Consultant										
6.6	Recruitment of NGO to lead agricultural program	Project										
6.7	Recruitment of NGO/microfinance to lead business support program	Project										
6.8	Implementation of agricultural program	Impl. Partner										
6.9	Implementation of business support program	Impl. Partner										
7	<b>Monitoring and evaluation</b>											
7.1	Internal monitoring reports	Project		★						★		
7.2	Periodic compliance reviews	External reviewer			★						★	
7.3	Monitoring surveys	Consultant										
7.4	Completion audit (well after completion of livelihood restoration)	External reviewer										

Note: M = months; stars = milestones

M11	M12	M13	M14	M15	M16	M17	M18	M19	M20	M21	M22	M23	M24	M25	M26	M27	M28	M29	M30	M31	M32	M33	M34	M35	M36
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## X.B. RAP/LRP Budget

Land acquisition and resettlement are costly, and costs are often underestimated. Two key factors are that (i) land is increasingly becoming a scarcer and a costly commodity all over the world, including in developing countries, and (ii) adequately resourcing a land-acquisition and resettlement program is costly, as it is a labor-intensive activity. Typical orders of the magnitude of costs are shown in table 2.10.

The RAP or LRP must present a comprehensive budget showing all costs associated with resettlement planning and implementation. If relevant, the budget should be broken down to show annual expenditures for each item for the period from commencement of RAP planning until the end of the RAP completion audit. This breakdown will be used for monitoring inputs as described in [Module 7. "Monitoring"](#). The budget should itemize provisions for the following (see the example of itemization in table 2.11):

- Land acquisition and compensation:
  - Annual crops
  - Perennial crops and trees
  - Dwellings and other structures
  - Communal infrastructure
  - Cultural heritage, including graves
  - Forest and state or municipal land, if relevant
  - Business downtime and relocation
  - Relocation assistance and allowances
  - Private and communal land
- Replacement site development:
  - Land acquisition
  - Site planning, engineering, and architectural design
  - Site preparation
  - Infrastructure
  - Housing and facilities construction
  - Host community compensation or trade-offs
- Livelihood restoration and improvement, including, for example, agricultural reestablishment and development programs, support to nonagricultural income-generating activities (including for women), microfinance and support to small and medium enterprises, and so forth
- Permitting and approvals
- Statutory fees, registration costs, and replacement land titling



- Monitoring and evaluation:
  - Internal monitoring
  - External monitoring
  - RAP/LRP completion audit
- Internal staffing and inputs:
  - Cost of staffing the program
  - Inputs such as vehicles for staff
- Consulting fees:
  - Surveying
  - Legal fees
  - Appraisal and valuation studies
  - RAP specialists
  - Architects and engineers
  - Geographic information systems and data management
  - Socioeconomic survey and monitoring consultants
  - Other specialists (soil and land capability specialists, agronomists, land-use planners, livelihood specialists, microfinance experts, etc.)
- Contingencies (typically in the range of 10 to 20 percent)



An example of itemization in a RAP budget (summary for presentation in a publicly disclosed RAP) is shown in table 2.11. Note that amounts are highly context specific and are shown here only for the purpose of demonstrating the type of itemization that is typically adopted for a RAP.

Where a RAP or LRP covers only a small number of displaced people or enterprises, cost data should be aggregated in such a way that entitlements of individual households or entities cannot be easily discerned, to protect privacy. In some cases, disclosing the detailed budget may not be desirable, and in those cases, it can be replaced by lump sums per overall activity or just a total amount, while the detailed amounts are kept confidential.

Resettlement expenditure very often extends beyond the project construction phase. Provision must be made to fund livelihood restoration, RAP monitoring, and completion audit activities through operations budgets for reasonable periods, perhaps two to five years, after construction completion.

Where land-acquisition and resettlement activities are funded from more than one source, the sources for each component of the budget should be clearly identified, especially where the government has responsibility for particular resettlement activities (land acquisition and associated compensation, for example). Where a private project sponsor is the source of funds for a government-run resettlement program, it may be possible for the client to organize direct disbursement of compensation to affected persons or enterprises based on a specific agreement with the government. This reduces administrative delays and the risk of resettlement funds being dissipated before they reach beneficiaries. It can also help ensure that compensation payments reach women and vulnerable groups fairly.

The RAP should also describe compensation channeling provisions and mechanisms to ensure payments are timely and delivered prior to impacts. This is particularly important for payments to women, as these payments are more likely to have a direct impact on children. In a limited number of cases, landowners may not be found or are deceased, there are legal ownership disputes, or unforeseen impacts occur such as damage to adjacent crops during road construction. The RAP should describe mechanisms to ensure that compensation monies that cannot be paid beforehand remain available (typically in an escrow account) and are paid as soon as barriers to payment are resolved.

**Table 2.10. Ranges of Land-Acquisition and Resettlement Costs  
(in U.S. dollars<sup>a</sup>)**

FACTOR	DEVELOPING ECONOMIES		NEWLY INDUSTRIALIZED ECONOMIES	
	RURAL	URBAN	RURAL	URBAN
Arable land (\$ per square meter)	0.2 to 5.0	n.a.	0.2 to 20.0	n.a.
Grazing land (\$ per square meter)	0.1 to 2.0	n.a.	0.1 to 2.0	n.a.
Residential land (\$ per square meter)	1 to 10	5 to 200	1 to 20	10 to 1,000
80-square-meter apartment (\$)	30,000 to 60,000	40,000 to 100,000	40,000 to 100,000	80,000 to 200,000
100-square-meter detached house on 300-square-meter residential plot <sup>b</sup> (\$)	20,000 to 80,000	50,000 to 200,000	50,000 to 120,000	100,000 to 300,000
Average cost of resettlement of one physically displaced household <sup>c</sup> (\$)	50,000 to 150,000	50,000 to 250,000	80,000 to 250,000	150,000 to 400,000

*Note:* These figures are sourced from various experts' experience in different jurisdictions and should be used with caution and considered as "usual" ranges only. Site-specific circumstances tend to be unique, and exceptions often happen. n.a. = not applicable.

<sup>a</sup> Dollar figures are based on 2020 estimates.

<sup>b</sup> This considers the cost only of the house itself and does not include resettlement site development or public facilities.

<sup>c</sup> This includes replacement of housing, livelihood-restoration activities, and implementation costs.

**Table 2.1 I. Example of a RAP Budget (in U.S. dollars)**

#	ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL PRICE
1	Development of the resettlement site and house construction				
1.1	General works				
1.1.1	Site survey and delineation	Unit	1	20,000	20,000
1.1.2	Delineation of individual land plots	Unit	1	20,000	20,000
1.1.3	General earthmoving at site	Unit	1	250,000	250,000
1.1.4	Construction of access road	Kilometer	2.2	200,000	440,000
1.1.5	Construction of bridge	Unit	1	100,000	100,000
1.1.6	Construction of trunk street	Kilometer	1.5	250,000	375,000
1.1.7	Construction of secondary streets	Kilometer	2.1	90,000	189,000
1.1.8	Storm water collection network	Kilometer	7.2	40,000	288,000
1.2	House construction				
1.2.1	Two-room house	Unit	150	20,000	3,000,000
1.2.2	Three-room house	Unit	20	27,000	540,000
1.2.3	Four-room house	Unit	30	34,000	1,020,000
1.2.4	Five-room house	Unit	20	41,000	820,000
1.2.5	Double ventilated pit latrine	Unit	120	10,000	1,200,000
1.3	Public facilities				
1.3.1	Mosque	Unit	1	120,000	120,000
1.3.2	Three-classroom school	Unit	1	130,000	130,000
1.3.3	Ventilated pit latrines for school	Unit	4	10,000	40,000
1.3.4	Drilled wells with hand or foot pump	Unit	8	15,000	120,000
1.3.5	Waste skips on concrete platforms	Unit	10	2,000	20,000
1.3.6	Solar lighting systems	Unit	220	1,500	330,000
1.3.7	Health center	Unit	1	80,000	80,000
1.3.8	Dedicated area for resettlement of businesses	Unit	1	80,000	80,000
1.3.9	Plantations and embellishment	Unit	1	300,000	300,000
1.4	Land titles				
1.4.1	Preparation and delivery of land titles	Unit	120	500	60,000
	<b>Subtotal 1: Site Development</b>				<b>9,542,000</b>

*(Table continued on next page)*

Table 2.11. (Continued)

#	ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL PRICE
2	<b>Cash compensation</b>				
2.1	Moving allowance				
2.1.1	Households	Unit	220	200	44,000
2.2	Incomplete and other structures compensated in cash				
2.2.1	Compensation for additional rooms beyond five	Unit	20	1,500	30,000
2.2.2	Incomplete structures	Unit	30	2,000	60,000
2.2.3	Ancillary structures	Unit	450	200	90,000
2.3	Annual crops				
2.3.1	Garden crops in homesteads	Square meter	120,000	12	1,440,000
2.4	Trees				
2.4.1	Cashew	Tree	38,000	60	2,280,000
2.4.2	Banana	Tree	12,000	4	48,000
2.4.3	Palm	Tree	9,000	20	180,000
2.4.4	Mango	Tree	8,000	70	560,000
2.4.5	Citrus	Tree	2,600	125	325,000
2.4.6	Others	Tree	2,000	40	80,000
2.5	Land redevelopment allowance				
2.5.1	Land redevelopment allowance	Hectare	115	1,000	115,000
2.6	Businesses				
2.6.1	Compensation for loss of business income	Unit	80	1,000	80,000
2.6.2	Compensation to business employees	Person	45	500	22,500
	<b>Subtotal 2: Cash compensation</b>				<b>5,354,500</b>
3	<b>Assistance to vulnerable people</b>				
3.1	General allocation for assistance to vulnerable people	Unit	1	100,000	100,000
	<b>Subtotal 3: Assistance to vulnerable people</b>				<b>100,000</b>
4	<b>Livelihood restoration</b>				
4.1	Fruit tree seedlings	Seedling	5,500	3	16,500
4.2	Money management training	Unit	1	15,000	15,000
4.3	Soil preparation at resettlement site	Hectare	35	20,000	700,000

(Table continued on next page)

**Table 2.11. (Continued)**

#	ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL PRICE
4.4	Credit line at agricultural cooperative bank	Unit	250,000	1	250,000
4.5	Small agricultural equipment dotation	Household	220	1,200	264,000
4.6	Agricultural training	Household	220	800	176,000
4.7	NGO to oversee agricultural livelihood activities	Unit	1	280,000	280,000
4.8	Support to nonagricultural IGAs	Household	220	1,200	264,000
	<b>Subtotal 4: Livelihood Restoration</b>				<b>1,965,500</b>
<b>5</b>	<b>Implementation</b>				
5.1	Company staff and vehicles	Throughout planning and implementation			2,016,000
5.2	Consultants	Throughout planning and implementation			570,000
5.3	External monitoring				
5.3.1	External compliance reviews	Month	25,000	4	100,000
5.3.2	Completion audit	Month	25,000	2	50,000
5.3.3	Completion socioeconomic survey	Unit	30,000	1	30,000
5.3.4	Air and other transport	Mission	4,000	12	48,000
5.4	Vehicles and other means				
5.4.1	Vehicles	Month	2,000	180	360,000
5.4.2	Computers	Unit	1,000	25	25,000
5.4.3	GIS equipment	Unit	5,000	1	5,000
5.4.4	GPS and other field equipment	Unit	20,000	1	20,000
	<b>Subtotal 5: Implementation</b>				<b>3,914,000</b>
<b>6</b>	<b>Contingencies</b>				
6.1	Contingencies 10%		20,876,000	10%	2,087,600
	<b>Subtotal 6: Contingencies</b>				<b>2,087,600</b>
	<b>GRAND TOTAL</b>				<b>22,963,600</b>

*Note:* Includes 220 physically displaced households and 200 economically displaced households in West Africa. Unit values are context specific and can vary greatly, even in the same region.

## XI. Do's and Don'ts

Table 2.12 lists the do's and don'ts for planning land acquisition and resettlement.

**Table 2.12. The Do's and Don'ts of Resettlement Planning**

DO'S	DON'TS
<p>Give sufficient time to the planning process.</p> <p>Undertake phased resettlement planning with due consideration of the overall project cycle.</p> <p>Give proper attention to valuation issues and use adequate expertise with understanding of both local and international requirements for this purpose.</p> <p>Gather socioeconomic information that is necessary and manage it as it is gathered.</p> <p>Manage expectations, rumors, concerns, and grievances.</p> <p>Understand sociopolitical dynamics within communities and consider community representation accordingly.</p> <p>Seek to facilitate representation of diverse affected groups and engage these representatives throughout the planning process.</p> <p>Look at gender impacts of the proposed compensation strategy.</p> <p>Consider all impacts, including the less obvious ones such as natural resources (pasture, forest, wetlands, water bodies, sea), transient groups, and informal or temporary users.</p> <p>Consider livelihood restoration and improvement that must drive resettlement site selection and planning.</p> <p>Use proven and simple construction techniques for resettlement site development and house building.</p> <p>Engage government around its role in the land-acquisition and resettlement process, particularly where expropriation may be used.</p> <p>Conduct ongoing coordination with internal stakeholders (management, engineers, construction).</p>	<p>Start too late.</p> <p>Start too early—it is preferable to avoid long gaps between planning and implementation that result in more community disruption.</p> <p>Start planning without a reasonably well-defined and certain project footprint.</p> <p>Start planning without a well-defined and specific engagement strategy that accommodates community decision-making processes and times, as well as all groups within the communities, including the vulnerable.</p> <p>Offer temporary accommodation unless this absolutely cannot be avoided.</p> <p>Request land donations unless they are conducted in alignment with the guidance on voluntary land donations in this handbook.</p> <p>Regard the RAP/LRP as only a document or a box to check—it is part of a process that continues with implementation and monitoring.</p> <p>Underresource planning (too small of a team or a team without adequate skills).</p>

