

ADB's Involuntary Resettlement Safeguards

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- The scope of the original Policy on Involuntary Resettlement has expanded since the issuance of the **Handbook on Resettlement** in 1998 and ADB's reorganization in 2002, which brought with it a new safeguard compliance mechanism and a new section in ADB's **Operations Manual**. Through the new de facto policy, ADB practice is now much more inclusive than the title of the policy suggests. It now focuses not only on people affected by involuntary resettlement, but also on those who experience land loss and loss of livelihood as a result of an ADB-supported project. The procedures have also become more elaborate and prescriptive over the years. Formal compliance has been stressed and requires a sign-off by the chief compliance officer on the quality of resettlement planning before loan appraisal. This has caused staff of ADB to be much more demanding of executing agencies.
- The Policy on Involuntary Resettlement is highly controversial. Many borrowers and executing agencies think that the policy is not compatible with national laws and policies, and too expensive. Some civil society organizations think that it is not sufficiently well implemented. Some staff of ADB lament that the policy is labor-intensive given staff constraints and may take resources away from other necessary and equally important project preparation tasks.

Background

The Asian Development Bank (ADB) has safeguard policies on: (i) **involuntary resettlement** (1995), (ii) **indigenous peoples** (1998), and (iii) the **environment** (2002). Since their adoption, the three policies have guided formulation and implementation of ADB's assistance programs, particularly its lending activities.

However, the evolving developmental context in which ADB operates and the experience accumulated warrant regular reviews of the policies. ADB has embarked on an update of its safeguard policies to enhance their effectiveness, and ensure their relevance to changing client needs and new lending modalities and instruments. In 2006, the Operations Evaluation Department undertook a **Special Evaluation Study on Involuntary Resettlement Safeguards** that built on the **Special Evaluation Study on the Policy Impact of Involuntary Resettlement** (2000).^{1,2}

Summary of Findings

The Special Evaluation Study relied on ADB databases and documents; questionnaire surveys of staff of ADB and executing agencies; country visits to the People's Republic of China, India, Philippines, and Viet Nam; and 16 case studies of ongoing and completed projects with resettlement conducted in the first three of these countries. Its key findings are that: (i) many projects now plan for resettlement, (ii) many people are affected by ADB-supported projects, (iii) transport projects have affected the most people by far, (iv) estimation of the number of affected persons has been weak, (v) costs have been difficult to estimate, (vi) the views of staff of ADB and executing agencies on the efficiency of the policy are mixed, (vii) the convergence between country and ADB systems is growing, (viii) the value of ADB's technical assistance in helping countries with involuntary resettlement policy or capacity

development has almost invariably been high, (ix) procedural compliance in project case studies was variable, (x) efficiency and procedural compliance is improving, (xi) most affected persons are satisfied with housing improvements, and many with compensation and economic rehabilitation., and (xii) incremental and transaction costs are high.

The study assessed that the Policy on Involuntary Resettlement is relevant to project implementation and to ADB's aim to reduce poverty. It tentatively assessed the policy as effective in terms of outcomes for affected persons, because of the limited number of countries visited and projects examined. However, it assessed inputs, processes, and systems for policy implementation as having been less efficient. Changing procedures and the organizational arrangements made to enforce the policy have gradually set the bar higher and fueled uncertainty. More resources allocated to capacity development rather than short-term compliance may yield better long-term results. Last, the study assessed ADB's policy approach as less likely to be sustainable given the high costs for ADB and clients and the widely diverging views held by stakeholders.

Recommendations

The study recommended the planned update of the policy be based on a results-based framework, and that it better indicate mandatory and non-mandatory but desirable elements. ADB should decide on the level of inclusiveness of the policy, particularly regarding secondary adverse impacts of projects on people.

- Management and the Board need to reconcile the differences between the original Policy on Involuntary Resettlement and that currently applied.
- Whatever the nature of the policy adopted, it should have a results-based framework—distinguishing desired impact, outcomes, outputs, activities, and inputs both at macro (country) and micro (project) level.
- The updated policy should highlight a set of performance standards.
- The updated policy should elaborate on the objective of greater reliance on country executing agency systems for land acquisition and resettlement safeguards.

- There should be clearer guidelines and procedures regarding the identification of resettlement operations needed.
- There should be clearer guidelines and procedures regarding compensation and assistance within resettlement operations.

The study made recommendations regarding issues of involuntary resettlement implementation.

- Formulate a time-sequenced implementation plan to complement the policy update.
- Improve involuntary resettlement monitoring.
- Deepen involvement in building country systems and capacity for involuntary resettlement.

Feedback

ADB Management's Response welcomed the study. Management noted that the findings are subject to significant limitations as described in para. 9 of the study and as highlighted in detailed interdepartmental comments on its draft. Nevertheless, Management believed that the recommendations directed at the safeguard policy update and the recommendations for involuntary resettlement implementation were highly relevant. Management emphasized that both sets of recommendations should be further reviewed and considered in the context of the safeguard policy update, including its consultation process. **Stakeholder Feedback** provided other suggestions for policy update. The **Chair's Summary of the Development Effectiveness Committee Discussions** generally endorsed the directions set out in the recommendations of the study. It advised among others that ADB recast the policy in a comprehensive results framework providing clear guidelines on the principles, degree, and approaches by which flexibility may be exercised in application of the policy.

¹ ADB. 2006. *Special Evaluation Study on Involuntary Resettlement Safeguards*. Manila. Available: <http://www.adb.org/Documents/SES/REG/sst-reg-2006-14/sst-reg-2006-14.pdf>

² ADB. 2000. *Special Evaluation Study on the Policy Impact of Involuntary Resettlement*. Manila. Available: <http://www.adb.org/Documents/PERs/sst-oth-2000-08/ses-resettlement.pdf>