

**THE WORLD BANK GROUP ARCHIVES**

**PUBLIC DISCLOSURE AUTHORIZED**

**Folder Title:** Recent Experience with Involuntary Resettlement - Urban Forum 1998 - Presentation Number 62 – Speech

**Folder ID:** 1795032

**Series:** Special Evaluation Studies

**Dates:** 10/01/1996 - 12/31/1998

**Fonds:** Records of the Office of Operations Evaluation

**ISAD Reference Code:** WB IBRD/IDA OPE-09-01

**Digitized:** 5/09/2023

To cite materials from this archival folder, please follow the following format:  
[Descriptive name of item], [Folder Title], Folder ID [Folder ID], ISAD(G) Reference Code [Reference Code], [Each Level Label as applicable], World Bank Group Archives, Washington, D.C., United States.

The records in this folder were created or received by The World Bank in the course of its business.

The records that were created by the staff of The World Bank are subject to the Bank's copyright.

Please refer to <http://www.worldbank.org/terms-of-use-earchives> for full copyright terms of use and disclaimers.



THE WORLD BANK  
Washington, D.C.

© International Bank for Reconstruction and Development / International Development Association or  
The World Bank  
1818 H Street NW  
Washington DC 20433  
Telephone: 202-473-1000  
Internet: [www.worldbank.org](http://www.worldbank.org)

**PUBLIC DISCLOSURE AUTHORIZED**

RECENT EXPERIENCE WITH  
INVOLUNTARY RESETTLEMENT  
Urban Forum 1998

1795032



The World Bank Group  
**Archives**  
1795032  
R2003-175 Other #: 17 200904B  
Recent Experience with Involuntary Resettlement - Urban Forum 1998 - Presentation  
Number 62 - Speech

DECLASSIFIED  
WBG Archives

# **Recent Experience with Involuntary Resettlement**

# Resettlement Is the Acid Test of the “New Bank”

 **The Bank’s resettlement policy symbolizes:**

 **the “human face” of the Bank’s development policies;**

 **the new focus on participation and community involvement;**

 **the emphasis on “results” of the strategic compact**

# Resettlement Is Not an “Add On”

*The old planning approach to infrastructure development is bankrupt (Narmada; Arun)*

## OLD

- ⌚ Project identification by engineers and economists
- ⌚ “Least Cost” option selected
- ⌚ External costs ignored or underestimated
- ⌚ Mitigation plans developed downstream of project appraisal

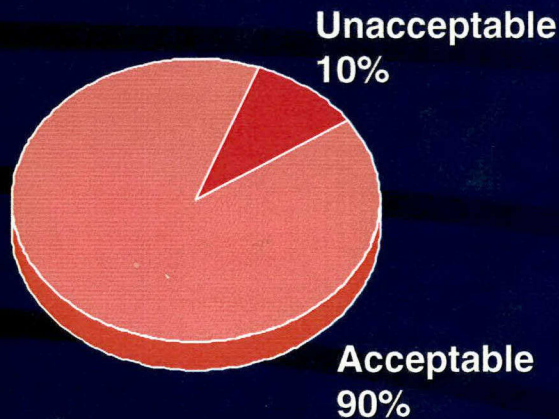
## NEW

- ⌚ Multi-disciplinary team, including NESSs
- ⌚ Alternatives reviewed in light of impact assessments
- ⌚ Public consultations regarding options leading to acceptance
- ⌚ Environmental and Social Development plan an integral part of project preparation, appraisal and implementation

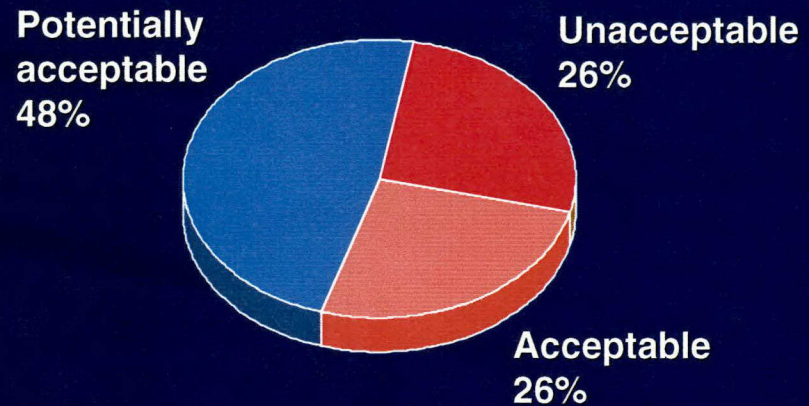
# The OED Desk Review of Large Dams

*Fifty large dam projects completed between 1960-1995*

*Under Old Policies*



*Under New Policies*



- ⌚ 90% of the projects met the standards applicable at the time of approval (prior to the guidelines).
- ⌚ One quarter meet the new policies.
- ⌚ Another half would have been feasible and economically justified had they been implemented according to the guidelines.

# The Eight Case Studies

		<u>\$M</u>	<u>Approval</u>	<u>Closing</u>	<u>Families Affected</u>
Brazil	Itaparica	132.0	11/87	12/97	9,200
		100.0	2/90	12/97	
China	Shuikou I & II	140.0	1/87	6/93	20,100
		100.0	9/92	12/96	
China	Yantan	52.0	5/86	6/94	8,900
India	Maharashtra (Krishna)	160.0	7/85	12/96	7,250
India	Upper Krishna (Karnataka)	160.0 45.0	5/89	6/97	40,400
Indonesia	Kedung Ombo	154.6	5/85	12/93	5,400
Thailand	Pak Mun	54.0	12/91	3/95	1,700
Togo	Nangbeto	15.0 15.0	6/84	6/92	1,800

Sample roughly even split between hydropower and irrigation

# Resettlement Is a Significant Feature of the Bank's Business

- ⌚ At the end of FY95, 141 active projects involved resettlement - 15% of the Bank's portfolio
- ⌚ It affected 1.9 million people
- ⌚ Large dams involve 27% of the projects and 63% of displaced people.



# A Wide Range of Outcomes

	<u>Cost per Family</u>	<u>Income Levels</u>	
China	\$24,000	Nearly doubled	<ul style="list-style-type: none"><li>• Relocation synchronized with rehabilitation</li><li>• Jobs “arranged”</li><li>• Land-based as well as service-based</li><li>• Food-grain rations</li></ul>
Indonesia	\$7,000	Mostly restored largely due to resettlers initiative	<ul style="list-style-type: none"><li>• 25% transmigrated</li><li>• Coercion</li><li>• Delayed resettlement plan</li><li>• Inadequate compensation</li></ul>
Thailand	\$12,000	Incomes restored after 2 years. Very generous compensation.	<ul style="list-style-type: none"><li>• Dam height reduced by 5 meters cutting down power benefits by one third and resettlement needs by a factor of 15</li></ul>

## A Wide Range of Outcomes (*cont'd*)

	<u>Cost per Family</u>	<u>Income Levels</u>	
India	\$3,000	Two thirds of resettlers may be worse off.	<ul style="list-style-type: none"><li>• Reservoir filling has proceeded irrespective of progress in resettlement</li></ul>
Togo	\$6,000	Resettlers worse off due to inadequate planning as regional economy declines. No compensation for trees.	<ul style="list-style-type: none"><li>• Physical relocation went well but land tenure status unclear and quality of soils poor.</li></ul>
Brazil	\$185,000 ( <i>rural</i> ) \$37,000 ( <i>urban</i> )	Outcome uncertain.	<ul style="list-style-type: none"><li>• Land based strategy foiled by poor soils and unrealistic plans.</li></ul>

# Main Findings

	<u><i>Performance</i></u>	<u><i>Issues</i></u>
<b>Compensation</b>	Usually satisfactory (except for Nangbeto)	<ul style="list-style-type: none"><li>• Shortage of materials leading to inflation.</li><li>• Lump sum vs. phased payment</li><li>• Land prices may escalate.</li><li>• Pseudo-resettlers.</li><li>• Common property (fisheries)</li></ul>
<b>Relocation</b>	Positive in Brazil, Thailand and China. Negative in Indonesia and India. Mixed in Togo.	<ul style="list-style-type: none"><li>• Synchronization is critical.</li><li>• Community involvement central.</li></ul>

## Main Findings (*cont'd*)

	<u><i>Performance</i></u>	<u><i>Issues</i></u>
<b>Physical Infrastructure</b>	Improvements everywhere evident. O&M the main problem, especially for water supply. Health and education services on the critical list.	<ul style="list-style-type: none"><li>• “Preferential” treatment of resettlers.</li><li>• Weak local authorities.</li><li>• Lack of community development.</li><li>• Nostalgia factor.</li></ul>
<b>Income restoration</b>	In three country cases, (China, Thailand, Indonesia) off-farm opportunities made the difference. In two unsuccessful cases, Brazil and Togo, regional economies were distressed.	<ul style="list-style-type: none"><li>• Regional growth crucial factor.</li><li>• Proactive role of state in “arranging jobs”.</li><li>• Land-based strategies difficult to implement.</li></ul>

# Bank and Borrower Performance

	<u><i>Bank Performance</i></u>	<u><i>Borrower Performance</i></u>
Shuikou	Substantial and well directed	Excellent
Yantan	Minimal	Excellent
Kedung Ombo	Negligible until 1989. Intensive but ineffective later.	Unsatisfactory
Pak Mun	Satisfactory	Very good
Karnataka	Minimal in Krishna I. Good at appraisal in Krishna II. Good supervision. Exercise of remedies but without effect. Loan closed	Poor

## Bank and Borrower Performance (cont'd)

	<u>Bank Performance</u>	<u>Borrower Performance</u>
<b>Maharashtra</b>	Minimal in Maharashtra I and II. Retrofitting attempted under III. Loan closed without resolution of issues.	Unsatisfactory
<b>Nangbeto</b>	Weak appraisal. Inadequate response to sociologists warning. No effective follow-up.	Marginal
<b>Itaparica</b>	Intensive involvement but poor quality at entry.	Mixed

# Lessons

- ⌚ **Results - not plans - are the appropriate touchstone for quality management.**
- ⌚ **Public sector agencies have limited implementation capacity to handle resettlement.**
- ⌚ **Early resettlement action is needed to synchronize resettlement and dam construction.**
- ⌚ **Land for land is not always the right strategy.**
- ⌚ **Realistic assessment of land options and employment diversification are needed for income restoration.**
- ⌚ **Adequate staff and supplies and capacity building at community level are needed for sustainable infrastructure and social services.**
- ⌚ **Community leadership is the key. Participation has to be tempered by realism.**
- ⌚ **Monitoring should be based on baseline studies and independent verification.**

# Recommendations

## *The Bank should:*

- ⌚ **insist on reducing the number of people affected through public consultation about alternative designs.**
- ⌚ **shift its emphasis for restoration to improvement of incomes and living standards.**
- ⌚ **dismiss demands that it choose between land for land or no dam.**
- ⌚ **unbuckle itself for the standard infrastructure project cycle and traditional instruments.**
- ⌚ **adopt results based management - which implies strong and independent M & E.**
- ⌚ **be hardnosed in assessing borrower commitment and capacity to deal with resettlement.**
- ⌚ **involve the private sector and local communities by setting standards and conditioning Bank support to results.**



# **Recent Experience with Involuntary Resettlement**

## **Resettlement Is the Acid Test of the “New Bank”**

- ◆ **The Bank’s resettlement policy symbolizes:**
  - ◆ **the “human face” of the Bank’s development policies;**
  - ◆ **the new focus on participation and community involvement;**
  - ◆ **the emphasis on “results” of the strategic compact**

# Resettlement Is Not an “Add On”

*The old planning approach to infrastructure development is bankrupt (Narmada; Arun)*

## OLD

- ◆ Project identification by engineers and economists
- ◆ “Least Cost” option selected
- ◆ External costs ignored or underestimated
- ◆ Mitigation plans developed downstream of project appraisal

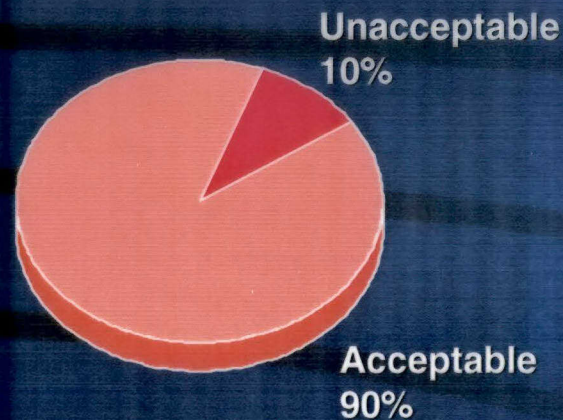
## NEW

- ◆ Multi-disciplinary team, including NESSs
- ◆ Alternatives reviewed in light of impact assessments
- ◆ Public consultations regarding options leading to acceptance
- ◆ Environmental and Social Development plan an integral part of project preparation, appraisal and implementation

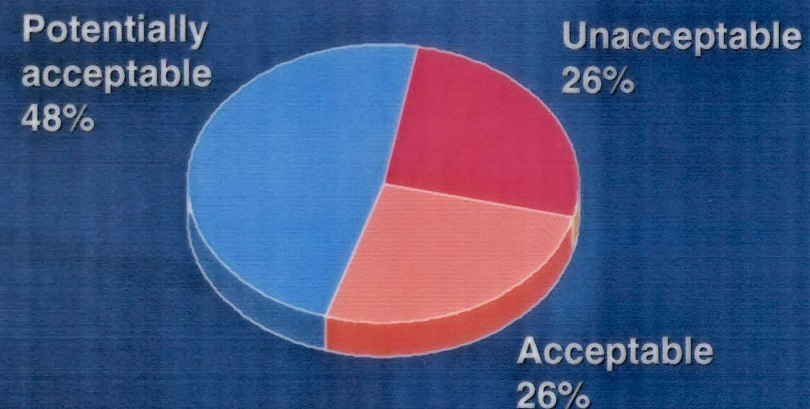
# The OED Desk Review of Large Dams

*Fifty large dam projects completed between 1960-1995*

*Under Old Policies*



*Under New Policies*



- ◆ 90% of the projects met the standards applicable at the time of approval (prior to the guidelines).
- ◆ One quarter meet the new policies.
- ◆ Another half would have been feasible and economically justified had they been implemented according to the guidelines.

## The Eight Case Studies

		<u>\$M</u>	<u>Approval</u>	<u>Closing</u>	<u>Families Affected</u>
Brazil	Itaparica	132.0	11/87	12/97	9,200
		100.0	2/90	12/97	
China	Shuikou I & II	140.0	1/87	6/93	20,100
		100.0	9/92	12/96	
China	Yantan	52.0	5/86	6/94	8,900
India	Maharashtra (Krishna)	160.0	7/85	12/96	7,250
India	Upper Krishna (Karnataka)	160.0 45.0	5/89	6/97	40,400
Indonesia	Kedung Ombo	154.6	5/85	12/93	5,400
Thailand	Pak Mun	54.0	12/91	3/95	1,700
Togo	Nangbeto	15.0 15.0	6/84	6/92	1,800

Sample roughly even split between hydropower and irrigation

## **Resettlement Is a Significant Feature of the Bank's Business**

- ◆ **At the end of FY95, 141 active projects involved resettlement - 15% of the Bank's portfolio**
- ◆ **It affected 1.9 million people**
- ◆ **Large dams involve 27% of the projects and 63% of displaced people.**

## A Wide Range of Outcomes

	<u>Cost per Family</u>	<u>Income Levels</u>	
China	\$24,000	Nearly doubled	<ul style="list-style-type: none"><li>• Relocation synchronized with rehabilitation</li><li>• Jobs “arranged”</li><li>• Land-based as well as service-based</li><li>• Food-grain rations</li></ul>
Indonesia	\$7,000	Mostly restored largely due to resettlers initiative	<ul style="list-style-type: none"><li>• 25% transmigrated</li><li>• Coercion</li><li>• Delayed resettlement plan</li><li>• Inadequate compensation</li></ul>
Thailand	\$12,000	Incomes restored after 2 years. Very generous compensation.	<ul style="list-style-type: none"><li>• Dam height reduced by 5 meters cutting down power benefits by one third and resettlement needs by a factor of 15</li></ul>

## A Wide Range of Outcomes (*cont'd*)

	<u>Cost per Family</u>	<u>Income Levels</u>	
India	\$3,000	Two thirds of resettlers may be worse off.	<ul style="list-style-type: none"><li>• Reservoir filling has proceeded irrespective of progress in resettlement</li></ul>
Togo	\$6,000	Resettlers worse off due to inadequate planning as regional economy declines. No compensation for trees.	<ul style="list-style-type: none"><li>• Physical relocation went well but land tenure status unclear and quality of soils poor.</li></ul>
Brazil	\$185,000 (rural) \$37,000 (urban)	Outcome uncertain.	<ul style="list-style-type: none"><li>• Land based strategy foiled by poor soils and unrealistic plans.</li></ul>



## Main Findings

	<u>Performance</u>	<u>Issues</u>
<b>Compensation</b>	Usually satisfactory (except for Nangbeto)	<ul style="list-style-type: none"><li>• Shortage of materials leading to inflation.</li><li>• Lump sum vs. phased payment</li><li>• Land prices may escalate.</li><li>• Pseudo-resettlers.</li><li>• Common property (fisheries)</li></ul>
<b>Relocation</b>	Positive in Brazil, Thailand and China. Negative in Indonesia and India. Mixed in Togo.	<ul style="list-style-type: none"><li>• Synchronization is critical.</li><li>• Community involvement central.</li></ul>

## Main Findings (*cont'd*)

	<u>Performance</u>	<u>Issues</u>
Physical Infrastructure	Improvements everywhere evident. O&M the main problem, especially for water supply. Health and education services on the critical list.	<ul style="list-style-type: none"><li>• “Preferential” treatment of resettlers.</li><li>• Weak local authorities.</li><li>• Lack of community development.</li><li>• Nostalgia factor.</li></ul>
Income restoration	In three country cases, (China, Thailand, Indonesia) off-farm opportunities made the difference. In two unsuccessful cases, Brazil and Togo, regional economies were distressed.	<ul style="list-style-type: none"><li>• Regional growth crucial factor.</li><li>• Proactive role of state in “arranging jobs”.</li><li>• Land-based strategies difficult to implement.</li></ul>

## Bank and Borrower Performance

	<u>Bank Performance</u>	<u>Borrower Performance</u>
Shuikou	Substantial and well directed	Excellent
Yantan	Minimal	Excellent
Kedung Ombo	Negligible until 1989. Intensive but ineffective later.	Unsatisfactory
Pak Mun	Satisfactory	Very good
Karnataka	Minimal in Krishna I. Good at appraisal in Krishna II. Good supervision. Exercise of remedies but without effect. Loan closed	Poor

## Bank and Borrower Performance (cont'd)

	<u>Bank Performance</u>	<u>Borrower Performance</u>
Maharashtra	Minimal in Maharashtra I and II. Retrofitting attempted under III. Loan closed without resolution of issues.	Unsatisfactory
Nangbeto	Weak appraisal. Inadequate response to sociologists warning. No effective follow-up.	Marginal
Itaparica	Intensive involvement but poor quality at entry.	Mixed

# Lessons

- ◆ Results - not plans - are the appropriate touchstone for quality management.
- ◆ Public sector agencies have limited implementation capacity to handle resettlement.
- ◆ Early resettlement action is needed to synchronize resettlement and dam construction.
- ◆ Land for land is not always the right strategy.
- ◆ Realistic assessment of land options and employment diversification are needed for income restoration.
- ◆ Adequate staff and supplies and capacity building at community level are needed for sustainable infrastructure and social services.
- ◆ Community leadership is the key. Participation has to be tempered by realism.
- ◆ Monitoring should be based on baseline studies and independent verification.

# Recommendations

## *The Bank should:*

- ◆ insist on reducing the number of people affected through public consultation about alternative designs.
- ◆ shift its emphasis for restoration to improvement of incomes and living standards.
- ◆ dismiss demands that it choose between land for land or no dam.
- ◆ unbuckle itself for the standard infrastructure project cycle and traditional instruments.
- ◆ adopt results based management - which implies strong and independent M & E.
- ◆ be hardnosed in assessing borrower commitment and capacity to deal with resettlement.
- ◆ involve the private sector and local communities by setting standards and conditioning Bank support to results.

62.

**Smead**  
UPC 75562  
No. 2-4920BE  
HASTINGS, MN

