



HINDUSTAN ZINC  
Zinc & Silver of India

# Sustainability Framework

## Guidance Note 04

### Land Acquisition and Resettlement Management

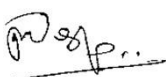
Hindustan Zinc Limited





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## 1. INTRODUCTION

### 1.1. Who is this Guidance Note aimed at?

All HZL subsidiaries, operations and managed sites, including new acquisitions, corporate offices and research facilities and to all new and existing employees and contractor employees. This document supports the HZL Framework (in particular the HZL Technical Standard TS03 on *Land Acquisition and Resettlement Management*) and provides guidance that is most likely to be applicable in the exploration and planning and evaluation phases of the project lifecycle. This document has been adopted from the parent company Vedanta's Sustainability framework.

### 1.2. What is the aim of this Guidance Note?

This Guidance Note has been developed to enable HZL to implement land acquisition and resettlement in a manner that avoids potential negative impacts and risks and creates opportunities for positive economic and social development at any HZL Operation.

This Guidance Note is intended to support the HZL Technical Standard TS03 on *Land and Resettlement Management*, which establishes specific requirements related to land acquisition and resettlement management for the different business units of HZL and the process to be followed whilst handling land and resettlement related issues. The requirements are in conformity with the HZL Social Policy and international standard requirements.

This Guidance Note aims to provide some basic interpretation and guidance on applying specific elements including:

- Physical and Economic Displacement;
- Compensation and Benefits for Displaced Persons;
- Resettlement and Livelihood Restoration Planning and Implementation; and
- Private Sector Responsibilities under Government-Managed Resettlement.

When poorly planned and managed, land acquisition and resettlement has the potential to result in long-term hardship for, and the impoverishment of, affected people and communities, as well as environmental damage and adverse socio-economic impacts in the areas to which affected people are displaced. Such impacts can also translate into risks to the company including: (i) loss of access to international financing; (ii) reputational damage; (iii) loss of social licence to operate; (iv) cost escalations; and (v) slippages to project schedules.

### 1.3. What issues does this Guidance Note address?

HZL recognises that issues of land acquisition, restrictions on land access or use, and/or resettlement are associated with a range of adverse impacts for people and communities. These include loss of land, assets, jobs and homes, increased food insecurity and increased morbidity and mortality rates. Resettlement can take the form of physical displacement (relocation or loss of shelter) and/or economic displacement (loss of assets or access to assets, leading to loss of income sources or livelihoods). As such, HZL supports best practice in this area, which recommends minimising land acquisition involving resettlement as far as possible, and requires that potential resettlement and livelihood issues are identified at the earliest stage (e.g. as part of a pre-feasibility risk screening exercise or at the screening stage of an Environmental and Social Impact Assessment (ESIA)) and prior to commencement of any

projects requiring land acquisition and resettlement or resulting in loss of livelihoods amongst Affected Communities.

The overarching themes that shall guide all HZL's land acquisition and resettlement are as follows:

- HZL shall avoid, and when avoidance is not possible, minimise resettlement by exploring alternative project designs.
- HZL shall avoid forced eviction.<sup>1</sup>
- HZL shall anticipate and avoid, or where avoidance is not possible, minimise adverse social and economic impacts from land acquisition or restrictions on land use by: (i) providing compensation for loss of assets at full replacement cost and for any temporary loss of livelihood; and (ii) ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation and the informed participation of those affected.
- HZL shall improve, or restore, the livelihoods and standards of living of displaced persons.
- HZL shall improve living conditions among physically displaced persons through the provision of adequate housing with security of tenure at resettlement sites.
- HZL shall give particular attention to the requirements and needs of vulnerable groups, in light of their potentially disadvantaged status.
- HZL shall ensure that all aspects of the land acquisition and resettlement process are comprehensively documented (e.g. through meeting minutes, signed compensation payment receipts etc) and that accurate records of all dimensions of the land acquisition and resettlement process are maintained by HZL.

### 1.4. How should this Guidance Note be used?

This Guidance Note is intended to reflect good practice and provide the basis for continual improvement of sustainability issues across HZL. Where this Guidance Note is not used, operations will need to demonstrate (and document) how an equivalent process is in place and how the management of land acquisition and resettlement processes achieves good practice and is compliant with international best practice.

The Guidance Note draws upon, and refers the reader to, the following references:

- HZL Social Performance Policy;
- HZL Human Rights Policy;
- HZL Management Standard MS09: New Projects, Planning Processes and Site Closure;
- HZL Technical Standard TS03: Land and Resettlement Management;
- HZL Technical Standard TS04: Grievance Mechanisms;
- HZL Technical Standard TS05: Stakeholder Engagement;
- HZL Technical Standard TS08: Conducting ESIs to International Standards;
- HZL Technical Standard TS22: Indigenous Peoples;
- IFC Guidance Note 5 - V2: Land Acquisition and Involuntary Resettlement; and
- IFC's Handbook for Preparing a Resettlement Action Plan<sup>1</sup>

<sup>1</sup> Forced evictions have historically been associated with human rights violations in developing country contexts and should be avoided wherever possible. Although forced evictions are not illegal as long as they are in compliance with national law and the IFC Performance Standards, and consistent with international human rights principles, they should only be implemented as a last resort and HZL should avoid direct involvement in forced evictions. In the event of forced evictions taking place, HZL should consider employing a third party to monitor the procedure in order to manage associated reputational and operational risks.



The Guidance Note is structured as follows:

- *Section 2*: Planning for Resettlement and Livelihoods Restoration;
- *Section 3*: Developing a Resettlement Action Plan or a Livelihoods Restoration Plan;
- *Section 4*: Implementing the RAP or LRP;
- *Section 5*: Private Sector Responsibilities under Government-Managed Resettlement; and
- *Section 6*: Monitoring and Evaluation.

At the end of the Guidance Note there is information on Definitions and Related Documentation, as well as the following annexes:

Annex A: Example Structure of Resettlement Action Plan (RAP) or Livelihoods Restoration Plan (LRP)

Annex B: Template for compiling an inventory of affected land and assets

Annex C: Example Structure of Entitlement Matrices

Annex D: Example of a Compensation Plan

Annex E: Example of a Livelihoods Plan

<sup>1</sup> [http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p\\_resettle/\\$FILE/ResettlementHandbook.PDF](http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p_resettle/$FILE/ResettlementHandbook.PDF)

## 2. PLANNING FOR RESETTLEMENT AND LIVELIHOODS RESTORATION

This section sets out the steps that need to be taken when planning for resettlement and livelihoods restoration, as follows:

- Establishing the need for resettlement; and
- Avoiding or minimising resettlement or associated loss of livelihoods.

### 2.1. Establishing the need for resettlement

The need for resettlement shall be established as early as possible in the planning stage of a HZL project – this should be established as a pre-feasibility risk screening exercise or as part of the screening exercise of an ESIA. See Figure 1.2 which illustrates where resettlement activities should take place in relation to the overall project cycle.

To determine whether or not resettlement will be required, the following questions shall be asked during the screening process:

- Are there any people or communities residing within the project's area of influence?
- Are there any people or communities using the land within the project's area of influence for cultivation purposes?
- Are there any people or communities using the land within the project's area of influence for business or other economic purposes?
- Is there any private land or privately-owned assets within the project's area of influence?
- Are there any natural resources or provisioning eco-system services within the project's area of influence that are used by people / communities – such as forests (for construction materials and fuel wood, food or medicinal plants), pastoral land (for livestock grazing) etc?
- Are there any communal facilities situated within the project's area of influence – such as schools, hospitals etc?
- Are there any sites of cultural value situated within the project's area of influence – such as religious buildings, graveyards, sacred areas etc?

If the answer is “yes” to any of the questions above, then resettlement may be required and this will need to be planned for and implemented following the process outlined in Figure 1.1.

The screening exercise gives an idea about the area of influence. However, the same is determined with the advice of environmental specialists during a social and environmental impact assessment.

It is recognised that land acquisition does not always result in the loss of livelihoods or loss of income. In these cases, fair compensation should be paid for the acquired land and lost assets on such land, as appropriate, at their replacement cost.<sup>2</sup> Assets may include, but are not limited to, pasture, fruit trees, medicinal plants, firewood, non-timber forest products, croplands, fallow lands fish stocks, buildings, wells, water supplies, fencing and constructed road ways. Some relocation assistance may

<sup>2</sup> PS5 defines “replacement cost” 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. Market value is defined as the value required to allow Affected Communities and persons to replace lost assets with new assets of similar value.



also be required (e.g. provision of either practical help with removal or payment of relocation and transitional costs)

It should also be noted that local communities' continued use of land or assets on the land (e.g. water resources) may not be incompatible with HZL's needs. For example, it may be possible for HZL to accommodate the traditional rights of nomadic and/or indigenous or tribal peoples to access or use land, while maintaining a safe and healthy working environment. By looking for ways to accommodate existing land use patterns within the design and operation of the project, it may be possible to minimise economic displacement of people and reduce the need for compensation.

### 2.2. Avoiding or minimising resettlement

Note that the first priority in land acquisition and resettlement planning is to explore alternative project designs that avoid the need for any resettlement. However, if resettlement proves to be unavoidable – that is, where suitable alternative project sites are not available or the cost of developing those sites is prohibitive – smaller changes to the project's design and associated area of influence shall be taken to minimise the project's resettlement impacts. For example, where feasible, adjustments shall be made to the routing of project roads to ensure that they cause the resettlement of as few households as possible, or affect commercial land rather than subsistence small holdings etc.

#### ***Figure 1.1: Key Resettlement Steps***



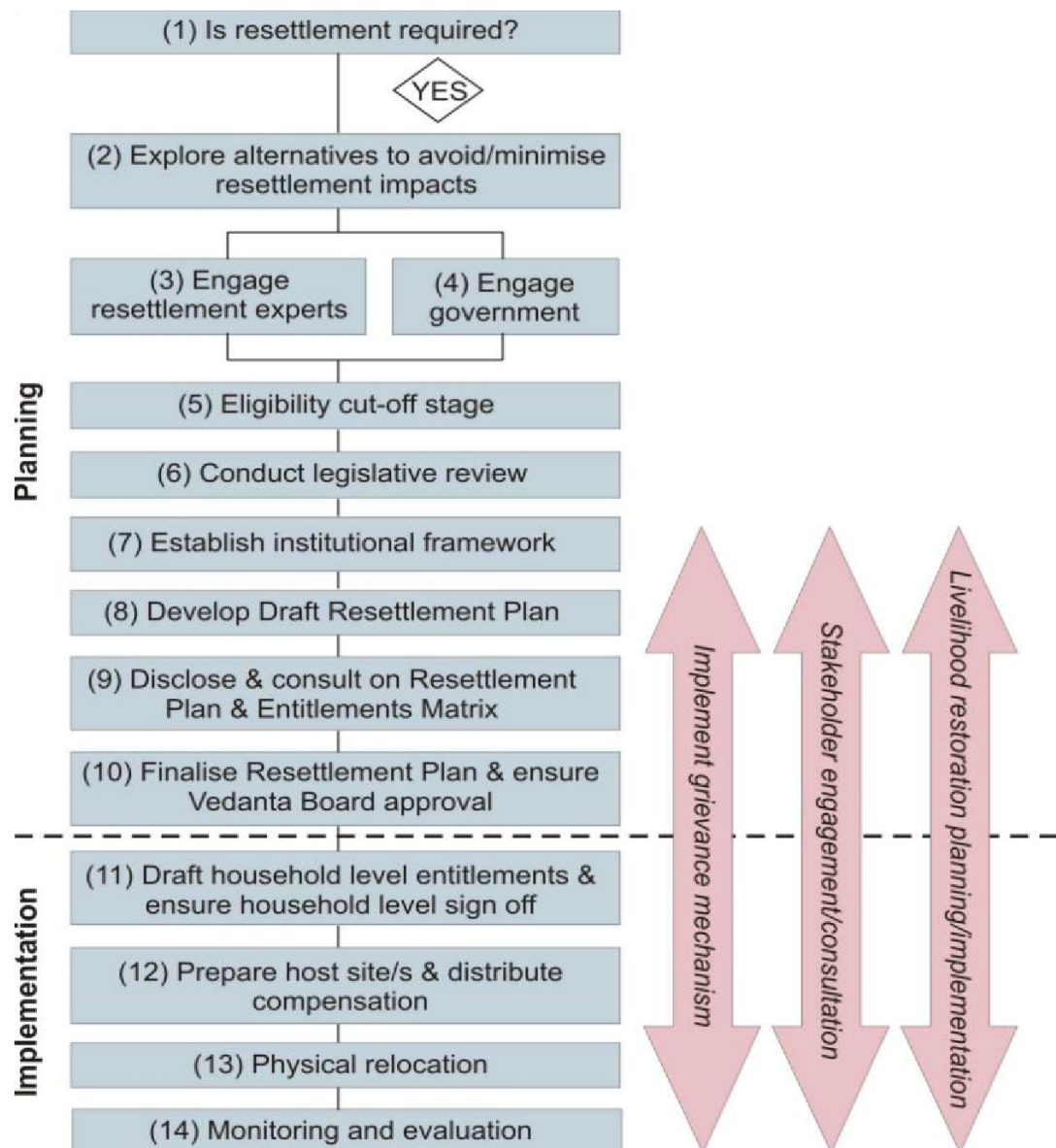
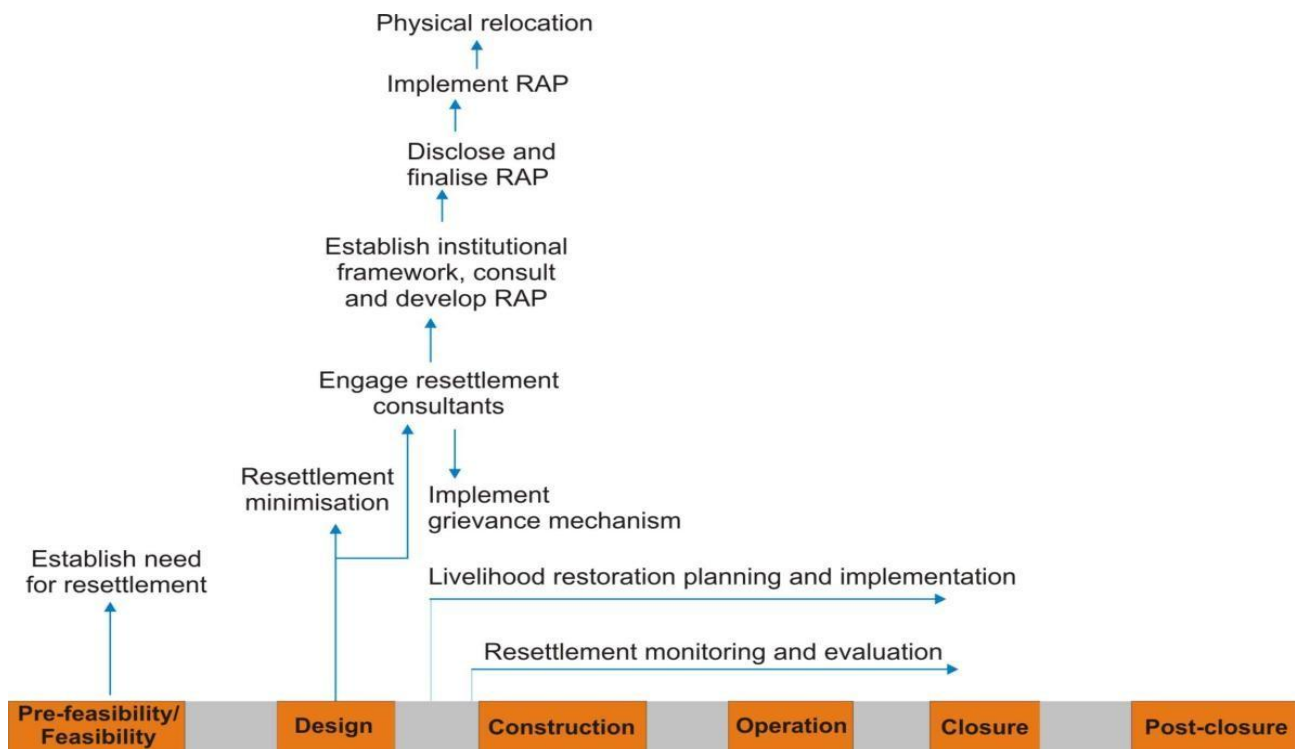


Figure 1.2 shows how these key resettlement steps fit into the broader project cycle.

### 1.1. Figure 1.2: The Project Cycle: Resettlement Activities



### 3. DEVELOPING A RESETTLEMENT ACTION PLAN OR A LIVELIHOODS RESTORATION PLAN

Once it has been established whether the project is likely to result in physical or economic displacement of people, or both, it will be necessary to draw up a plan to manage the process such that any negative impacts are avoided or minimised. A Resettlement Action Plan (RAP)<sup>3</sup> is required where a project will cause physical displacement of communities, and a Livelihoods Restoration Plan (LRP) is required where a project will cause economic displacement. The two may be integrated in the case of both physical and economic displacement.

Development of a RAP/LRP requires the following steps:

- Set up a data repository;
  - Engage resettlement experts;
- Conduct legislative review;
- Establish institutional framework;
- Develop draft RAP/LRP including Stakeholder Engagement Plan and Grievance Mechanism;
- Conduct census, asset inventory and socio-economic survey;
- Establish a date for eligibility cut-off (to prevent speculative occupation of project land etc.)
- Develop entitlement matrix; □ Consult on entitlement matrix; and
- Finalise RAP/LRP.

These steps are discussed in this section.

<sup>3</sup> If the full details of the Project and the extent of physical displacement is not yet clear, a Resettlement Framework should be drawn up, outlining general principles compatible with this standard (e.g. setting out HZL's approach to compensation). The Framework should be converted to a RAP once more details about the physical displacement are known. This approach helps to ensure that the same standards are applied at the outset of a project as at the end, so that all affected persons are treated equally.



### 3.1. Setting up a data repository

Before embarking on implementation of the RAP or LRP, it will be necessary to develop an Information Systems platform that can be used as a data repository and a means through which to demonstrate the progress of the implementation process and also to monitor it.

### 3.2. Engaging resettlement experts

Land acquisition and resettlement planning requires specialist knowledge and experience. It will therefore probably be necessary to commission a specialist resettlement consultancy to develop, and possibly to assist with implementation of, the RAP or LRP. HZL will need to develop appropriate Terms of Reference for such a consultancy, based on the process outlined in this document.

### 3.3. Conduct legislative review

With the assistance of the resettlement consultants, the next step is to prepare to engage with the National Government on the specifics of the land acquisition and resettlement process. This preparation process shall begin with a review of all the National legislation relevant to the land acquisition and resettlement activities associated with the project, including legislation applicable to land expropriation and compensation for affected assets. In addition, relevant international standards on involuntary resettlement shall be compared with National legislation. Differences between current National legislation and relevant international standards shall be identified and strategies to address any gaps shall be considered. It is fundamental that all HZL's land acquisition and resettlement complies with both relevant international standards and National legislative requirements. Please contact HZL Sustainability Office for further advice.

### 3.4. Establish institutional framework

Whether the resettlement process is led by HZL or the host Government, it will be necessary to establish clear channels of communication between HZL, the Government and communities. HZL should work with the Government to jointly establish an institutional framework for land acquisition and resettlement. This institutional framework will have two levels of management:

1. **A Steering Committee** shall constitute the highest organisational level in the land acquisition and resettlement setting and shall meet periodically to:
  - ensure Project-Government alignment at a senior-level on the land acquisition and resettlement process;
  - provide overarching guidance on strategic and practical land acquisition and resettlement issues and concerns, as they arise, and make key associated decisions;
  - act as a forum for ensuring the resolution of land acquisition and resettlement-related problems; and
  - instigate independent resettlement reviews, as and when necessary.
2. **A Working Group** shall be responsible for planning and carrying out all of the land acquisition and resettlement-related activities on the ground. In particular, the Working Group shall be responsible for:



- facilitating all consultation and engagement with affected communities;
- assisting with the Resettlement Plan socio-economic fieldwork (see below), as well as all other key aspects of the process, including household negotiations, the physical relocation itself, resettlement monitoring etc (see below);
- coordinating all those participating in the land acquisition and resettlement process on the ground, including Government actors, external consultants and experts, contractors, Community Organisations, NGOs etc; and
- ensuring conflict resolution, addressing grievances and alerting the Steering Committee to any additional problems.

Minutes shall be kept in a clear and transparent manner for all Steering Committee and Working Group meetings and shall be open to the scrutiny of the wider community.

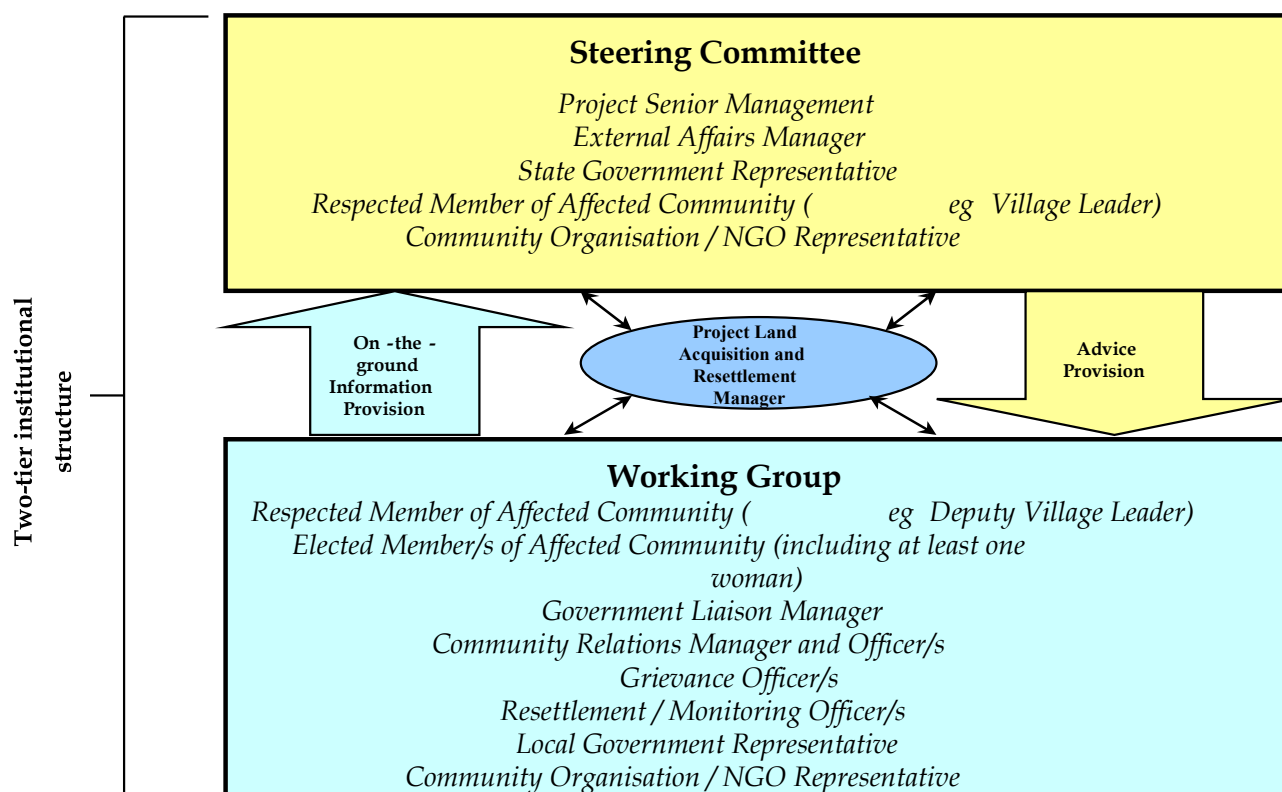
HZL should appoint a Land Acquisition and Resettlement Manager who should sit on both the Steering Committee and the Working Group, in order to ensure that the two stay aligned and connected. Figure 1.3 outlines who else may sit on the Steering Committee and the Working Group; however, the exact composition of each will vary from project to project.

HZL may also wish to consider appointing some or all of the following:

- Grievance officer(s), responsible for dealing with day-to-day grievances;
- Community Liaison Officer(s), responsible for high-level negotiation and consultation with affected communities, for facilitating public meetings and for supervising Resettlement Officers (see below); and
- Resettlement Officer(s), responsible for providing affected people with general land acquisition and resettlement support and guidance, and for monitoring the success of the RAP or LRP

HZL may also wish to engage a local NGO or Community Organisation that will facilitate the implementation of the RAP. This would be Project specific and may depend on the size of the population to be physically relocated. Whether HZL or an NGO facilitate the resettlement, there will need to be adequate training in place to ensure that it is carried out in accordance to national law and international standards.

**Figure 1.3: Example of an Institutional Framework**



### 3.5. Develop draft RAP or LRP

The draft RAP or LRP should be developed on the basis of:

- A census survey of all affected families;
- An inventory of affected assets;
- A socio-economic survey to establish the baseline conditions; and
- Consultation with stakeholder groups, especially those who stand to lose land, to determine the impacts and seek their preferred mitigation /compensation package.

An example structure of a RAP and LRP is provided in *Annex A*.

Whether a project results in the physical or economic displacement of people, or both, the number and range of potential claimants can be large and complex. They may include those with legally recognised rights to land, those with customary claims to land or use of land, those with no legally recognised rights to land or use of land, and seasonal natural resource users such as hunters or herders. This can make the calculation of compensation extremely complex.

For this reason, as part of the risk assessment related to land acquisition and resettlement (see Section 2.1), it is necessary to identify and consult with all potentially affected individuals and communities to obtain information about land titles, claims and use.

Once the land to be acquired is known, a detailed socio-economic census of displaced persons in the affected area should be undertaken, together with an inventory of affected land and assets. This should be planned and executed in consultation with the affected individuals or communities, both as a courtesy and in order to maximise the completeness and accuracy of the census and survey. This will also help to avoid disputes at a later stage. An example template of an inventory of affected land and assets is provided in *Annex B*.

The census and inventory should be carried out by qualified professionals with experience of managing displacement of peoples, and should identify:

- The number of households likely to be affected, and the total number of individuals within each household;
- The nature of the likely project impacts (e.g. loss of homesteads; loss of, or loss of access to, land and assets; loss of access to economic and social networks);
- Affected households' assets (including land) and the nature of their entitlements in relation to land and other assets; and
- The nature and extent of land or assets to be lost (size and quality of dwellings, land, assets).

The date of completion of the census and inventory represents an eligibility cut-off date, beyond which individuals taking up residence in the area are not eligible for compensation or resettlement assistance. (Allowance should be made, however, to accommodate members of a community who may be absent due to migrant work elsewhere, or those who use local resources on a seasonal basis, such as nomadic herders.) The establishment of a cut-off date can be difficult, especially when the project is spread over a large area, and the census survey takes a long period of time. The cut-off date must be determined in alignment with the national government and should be well communicated, documented and disseminated to the Project affected persons. The time between the cut-off date and compensation should be minimised, and affected persons should be compensated in the event of any delays which may negatively impact on them, e.g. if food crops are not planted in anticipation of a move which is subsequently delayed.

While the resettlement consultants shall lead this socio-economic fieldwork process, considerable support from HZL will be required, including: (i) the provision of a detailed and accurate project description that identifies the footprint of the project; (ii) high resolution maps of the areas to and from which people will be displaced, including population maps, land use maps etc; (iii) available National census data covering the affected communities; (iv) relevant information from the Land Cadastre; (v) logistical and other support necessary to carry out the socio-economic fieldwork; (vi) the identification and employment of an appropriate Community Organisation or NGO Partner to help support the socio-economic fieldwork, particularly in relation to vulnerable groups etc.

### 3.6. Develop Stakeholder Engagement Plan

Effective land acquisition and resettlement planning requires sensitive and regular engagement and consultation with a wide range of stakeholders. Such engagement and consultation helps to: (i) ensure that all stakeholders are aligned at the project's institutional level in terms of the land acquisition and resettlement process to be followed; (ii) ensure that Government stakeholders are supportive of the project and thus that bureaucratic hurdles can be accommodated in a smooth and timely manner; (iii) provide project information to affected communities, to ascertain their perspectives, to ensure that resettlement impacts are understood and to ensure that avenues are found to minimise / mitigate negative resettlement impacts and facilitate social development; and (iv) manage public expectations concerning the resettlement impacts (both positive and negative) of the project, to facilitate affected community support of the project and thereby diminish the project's social and financial risks.



While the resettlement consultants shall provide detailed guidance on how resettlement-related consultation and engagement might best be carried out, HZL shall assist in the development of a Stakeholder Engagement Plan (SEP, also known as a Public Consultation and Disclosure Framework) in order to ensure that it is aligned with HZL's broader strategy for stakeholder engagement.

Depending upon the sensitivity of the project, the project management group may decide to engage an oversight panel of prominent independent experts who can provide an opinion publicly on the stakeholder engagement and the new project development process in order to enhance company's reputation.

Key components of an SEP are outlined in the box below. This is taken from the HZL Technical Standard TS 05: Stakeholder Engagement, which contains more information on stakeholder engagement.

- Country and regional specific regulations and requirements for public consultation;
- An inventory of key stakeholders, their relationship to the project and potential/actual impact;
- A schedule for the disclosure of project information;
- A summary of the types of engagement methods to be used (e.g. formal and informal meetings, project posters, pamphlets, events, etc);
- Prompts for review and evaluation of the Stakeholder Engagement Plan to incorporate project learning, any incident close-outs and feedback from stakeholders;
- Estimated budget for consultation activities (including resources, meetings, transportation, subsidies for poor and vulnerable groups to attend public meetings, distribution of materials etc);
- Roles and responsibilities for carrying out engagement activities;
- Protocols for recording the minutes of meetings;
- Measures and timelines for reporting and recording any engagement activities;
- Key project messages which will be communicated to stakeholders; and
- Common questions and answer briefing sheets to prepare communities and project employees for planned and unplanned stakeholder consultation.

*Source: HZL Technical Standard TS5: Stakeholder Engagement*

### 3.7. Develop Grievance Mechanism

A grievance mechanism should be established (preferably in consultation with communities, to ensure that it is culturally appropriate) and publicised proactively by HZL in the course of stakeholder engagement. Grievances should be recorded and addressed promptly, and responses should be communicated transparently to the complainant. The grievance mechanism will never result in any kind of retribution and will not impede access to other remedies or alternative recourse. Grievances should be treated internally as 'incidents' and should be recorded, tracked, investigated, where necessary, and communicated appropriately across the business in order that lessons can be learnt to avoid future risks to the business. See also HZL Technical Standard TS04 *Grievance Mechanisms*.

### 3.8. Develop budget and schedule

The RAP or LRP must include a detailed land acquisition and resettlement/livelihood restoration budgets and associated implementation schedule. Companies commonly underestimate the actual costs of land acquisition and resettlement planning and implementation, and the time required to

undertake it, which then tends to lead to delays in project schedules, failure to disperse funds to affected people in a timely manner and a range of other problems. It is thus crucial that HZL, with the assistance of the resettlement consultants, gives considerable attention to the budgeting and time management dimension of land acquisition and resettlement planning. While the resettlement consultants shall delineate the main lines of the budget and shall be able to provide estimated costs associated with compensation provision and livelihood restoration, HZL will need to contribute considerably to this budget in terms of determining operations and personnel costs.

### 3.9. Develop entitlement matrix and calculate compensation

In accordance with HZL Technical Standard TS03 Land and Resettlement Management and international best practice, the loss of land or other assets should be compensated, and the living conditions of physically displaced persons should be restored, or where possible improved. This includes providing adequate housing with security of tenure at resettlement sites.

It should be noted that while many countries have legally defined rates of compensation for crops and sometimes land, these are not always up-to-date and therefore may not represent an accurate or full replacement value. An independent market valuation study should therefore be commissioned to establish the market value of land and assets and determine their replacement costs.<sup>4</sup> This may be done through primary surveys, engagement with government and/or benchmarking against previous transactions in the area. The valuation method for determining replacement cost should be documented and included in the RAP and/or Livelihood Restoration Plan.

The Resettlement Action Plan should develop a compensation framework that specifies all forms of asset ownership or use rights among the affected population, and the project's strategy for the provision of compensation. The compensation framework should include:

- eligibility criteria for compensation and resettlement assistance;
- a description of the methodology used to value losses;
- the proposed types and levels of compensation to be paid; and
- how and when compensation will be paid.

In addition, an entitlement matrix should be prepared that identifies: (i) all categories of affected people; (ii) all types of loss associated with each category; and (iii) all options for the types of compensation and resettlement assistance to which each category is entitled.

Examples of entitlement matrices are provided in *Annex C*, and an example of a compensation plan is provided in *Annex D*.

Preference should be given to compensation in kind where possible, such that loss of land is compensated for with replacement land, livestock or other assets. This is particularly important where those being compensated rely on land-based livelihoods. Where compensation in land is not the preference of the displaced persons, or is not possible, cash compensation may be considered, but non-land-based options should also be explored, e.g. finding employment or assistance in establishing businesses.

<sup>4</sup> IFC PS5 defines “replacement cost” 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. Market value is defined as the value required to allow Affected Communities and persons to replace lost assets with new assets of similar value. Rates should be adjusted for inflation annually, at a minimum.



IFC PS5 provides the following definitions of replacement costs for land and assets (see box below):

*Agricultural or pasture land:* land of equal productive use or potential, located in the vicinity of the affected land or the new housing site, plus the cost of preparation to levels similar to or better than those of the affected land, and transaction costs such as registration and transfer taxes or customary fees. In situations where blocks of replacement land are identified in areas not immediately adjacent to affected land, establish the difference between present and potential land use should be established to ensure that replacement land is of equivalent potential. Typically this requires an independent assessment of land capacity and/or carrying capacity (e.g. soils surveys, agronomic capability mapping). Compensation for affected land with land of less productive potential may prevent the restoration of livelihoods and require a higher cost of inputs than prior to displacement. Land-based compensation strategies are the preferred form of compensation for agriculturally-based households.

*Fallow land:* market value of land of equal productive value in the vicinity of the affected land. Where value cannot be determined or land for land compensation is not feasible, in-kind communal compensation is recommended.

*Land in urban areas:* the market value of land of equivalent area and use, with similar or improved infrastructure and services preferably located in the vicinity of the affected land, plus transaction costs such as registration and transfer taxes.

*Houses and other structures (including public structures such as schools, clinics and religious buildings):* the cost of purchasing or building a replacement structure, with an area and quality similar to or better than those of the affected structure, or of repairing a partially affected structure, including labour, contractors' fees and transaction costs such as registration, transfer taxes, and moving costs.

*Loss of access to natural resources:* The market value of the natural resources, which may include wild medicinal plants, firewood, and other non-timber forest products, meat or fish. However, cash compensation is seldom an effective way of compensating for lost access to natural resources and every effort should be made to provide or facilitate access to similar resources elsewhere, thereby avoiding or minimizing the need for cash compensation.

Source: IFC Performance Standard 5 (Guidance Note)

Where other types of assets are replaced (e.g. fruit trees, water resources or communal buildings), it is important that these are of equivalent or greater value, are culturally appropriate and can be sustainably maintained by the community.

## *Vulnerable groups*

It should be noted that physically displaced persons with no recognizable legal right or claim to the land they occupy, are entitled to adequate housing with security of tenure. Such individuals tend to be among the most vulnerable groups in society. Persons with no recognizable legal right or claim are not entitled to compensation for land, but they should be compensated for the structures that they own and occupy, and for any other improvements to land at full replacement cost.

In addition, they should be offered resettlement assistance sufficient to restore their standards of living at a suitable alternative site. Details of these individuals and their status and entitlements should be

documented in the RAP. If it is not clear whether a group is deemed vulnerable or not, then the advice of a social specialist/expert should be sought.

HZL shall respect human rights, which means to avoid infringing on the human rights of others and address adverse human rights impacts business may cause or contribute to. In alignment with each of the IFC's Performance Standards, HZL has a Human Rights Policy and has developed a Human Rights Guidance Note which details elements related to human rights dimensions that a project may face in the course of its operations. Due diligence against these Performance Standards and Human Rights Guidance Note will enable Operations to address relevant human rights issues associated with projects.

In accordance with international best practice, provision should be made in the event that affected communities of Indigenous Peoples or Tribal Populations are to be relocated from their communally held traditional or customary lands under their use.<sup>5</sup> Lastly, it should be noted that there is a risk of reinforcing power imbalances in gender relations where payment of compensation is concerned. If compensation is paid directly to the 'head of household', this will typically exclude women from the transaction. Since women tend to make up a disproportionately large number of the poor, this would have the effect of reinforcing their economic and social disadvantages. It may be difficult to avoid this scenario if, for example, only male heads of household are legally recognised or only men can legally own land. As far as possible, the existing economic power of women should be established and consultation should be carried out to determine how best to avoid reinforcing any gender imbalances or further disadvantaging women.

### 3.10. Consult on entitlement matrix

The findings of the independent market valuation study and the replacement costs identified should be shared with the Affected Communities, such that they have the opportunity to reflect and raise comments or concerns. Following consultation, the communities' and authorities' agreement to the market valuation and replacement costs should be documented, to avoid disputes at a later date. An entitlement matrix should be developed to reflect the compensation payable to named individuals. Again, this should be provided to Affected Communities and local authorities and their agreement documented. Refer to Annex C.

### 3.11. Finalise RAP/LRP

After the disclosure and consultation period, the resettlement consultants shall finalise the

<sup>5</sup> Indigenous Peoples and Tribal Populations tend to be among the most marginalised and vulnerable members of a population. Indigenous Peoples are described by the IFC as social groups with identities distinct from dominant groups in national societies. There is no universally accepted definition of 'Indigenous Peoples', nonetheless the IFC refer to groups of people possessing the following characteristics: (i) Self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; (ii) Collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories; (iii) Customary cultural, economic, social, or political institutions that are separate from those of the mainstream society or culture; or (iv) A distinct language or dialect, often different from the official language or languages of the country or region in which they reside. As such, particular care should be taken to ensure that they are not further disadvantaged. Special provision may be needed in cases where, for example, cultural identity is bound up with landscape (e.g. it may be necessary to find ways to allow those communities to continue to access the land), or where indigenous land uses differ from those of nonindigenous groups (e.g. nomadic, where rights of access to land become a bigger issue than for farming). These issues will need to be reviewed on a case-by-case basis where indigenous or tribal groups are identified.



Resettlement Plan, which should be submitted to the company's senior management Board. In cases where resettlement is jointly, i.e., by the company Government led, the host Government will also need to sign-off. The resettlement consultants shall then draft individual household-level entitlements.

If the project is independently financed by IFC or depending upon the financing arrangements, the RAP/LRP may have to go to IFC or a financial institution for approval.

### 3.12. Disclosure of displacement eligibility and entitlements

It is necessary to disclose the process by which eligibility for compensation has been decided, the rates of compensation payable, and the method by which compensation due has been determined.

Affected people's acceptance of the compensation and livelihood restoration measures to be provided, should be sought through an iterative engagement process. The draft individual household-level entitlements should be distributed to the relevant households. These should delineate options in terms of host sites, housing designs, stand (yard) size, human and livestock water source locations, farmland types and suitability as well as livelihood restoration priorities etc. Considerable effort<sup>6</sup> shall then be put into ensuring that affected people understand the reality of the different options from which they have to select their preferences.

This intensive engagement process shall not only involve the affected people themselves, but shall also be supported by the Community Organisation or NGO, if applicable, as well as a range of other relevant experts where necessary, including architectural experts to assist with building design, agricultural experts to conduct soil analysis, water analysis etc. In addition, where necessary, it is recommended that HZL engages an independent financial adviser to provide advice to affected people on the pros and cons of the different options, how they shall invest and manage the cash aspects of their compensation provision, how to open a bank account etc.

Once individual affected people have made their decisions, HZL shall finalise the individual household-level entitlements, making clear the choices that each household has made, and shall then ensure that each household signs off on the entitlements formulated for them. This sign-off process shall help to avoid community demands for additional compensation further down the line and shall be monitored by an external auditor to ensure transparency.

Once the entitlements have been signed off, host site preparation, bulk infrastructure, house and community facility construction and livelihood restoration planning and implementation shall intensify. HZL shall engage the relevant sub-contractors to facilitate this process, and shall then ensure that the sub-contractors' progress is monitored very closely.

Special provision should be made for Indigenous Peoples or Tribal Populations and vulnerable or "at risk" groups. More detailed information on consultation and engagement with affected communities is provided in HZL's Technical Standards TS04, TS05, TS08 and TS22 and their accompanying Guidance Notes. Key points to note include:

<sup>6</sup> For instance, it is recommended that model versions of the housing options (i.e. "show houses") are constructed and standard sizes demarcated. HZL shall then organise host site visits in order to enable affected people to make their decisions in an informed manner.

- Consultation should be undertaken as early on in the process as possible, and in a culturally sensitive and appropriate manner; and
- Meetings should be minuted, taking care to document any concerns or grievances raised, and agreements or commitments made.

With regard to bona fide 'Indigenous Peoples' (as per IFC definition) or Tribal Populations, attempts should be made as early as possible to:

- Identify any bona fide Indigenous Peoples or Tribal Peoples in the project area, as part of initial stakeholder identification;
- Identify potentially sensitive sites, landscapes or resources that will need to be managed in accordance with community norms; and
- Obtain Free Prior and Informed Consent (FPIC)<sup>7</sup> of any Affected Communities of bona fide Indigenous Peoples during exploration activities if those activities include impacts on these people's land and natural resources or cultural heritage, and/or impacts requiring resettlement.

#### 4. IMPLEMENTING THE RESETTLEMENT ACTION PLAN OR LRP

Once the Resettlement Plan has been finalised and the individual household-level entitlements have been drafted, HZL will need to lead the Resettlement Plan implementation process, or alternatively engage the resettlement consultancy to do so. Another option is for HZL to appoint an appropriate Community Organisation or NGO to lead this livelihood restoration and development phase, if feasible. Engaging a relevant Community Organisation or NGO can help to facilitate the participation of affected communities, enabling them to express their perspectives to HZL with ease and confidence. If this option is pursued, it must be ensured that the relevant Community Organisation or NGO has the expertise to take on this livelihood restoration and development role in an effective manner, and also has the ability to manage and / or avoid longer term affected community dependency on the Company. This may require HZL to provide intensive capacity building for the Community Organisation or NGO.

If HZL leads the implementation process, it must be ensured that the Company has sufficient institutional capacity to achieve this in an appropriate manner. Implementing a Resettlement Plan is often difficult and requires those that are directing it to have excellent project management, administrative and logistics skills, as well as the ability to coordinate a whole range of subcontractors, impose rigorous quality control etc. Due to these complexities, appointment of an external implementing agency is often preferred. However, even if this option is taken, HZL should make a dedicated resource available to monitor resettlement implementation on a daily basis during the first year.

##### 4.1. Making payment of compensation

As this extensive engagement and site preparation process nears completion; that is, once replacement housing and community facilities have been constructed to the correct standard, once replacement agricultural land has been prepared etc, HZL shall provide the agreed

<sup>7</sup> There is no universally accepted definition of FPIC consent, therefore for the purpose of this document, it refers to consent established through good faith negotiation between the HZL and the Affected Communities of bona fide Indigenous Peoples.

compensation and house and land ownership documents to the affected people. These shall be provided prior to the relocation of affected people, the demolition of houses and the acquisition of land etc. The way in which these elements of the compensation are administered to affected people will partly depend on if HZL is leading the land acquisition and resettlement process, or if they are participating in a Government-led land acquisition and resettlement process. However, whether or not the Government plays a role in compensation delivery (see Section 5), HZL shall ensure that those eligible for it are given advanced notice of the date, time and place of compensation delivery.

As a general rule, compensation for lost land and assets should be provided, and where possible people should have been resettled and had their moving allowances paid to them, before HZL takes possession of this land or assets. However, in some circumstances it may be acceptable to delay payment, for example where compensation for damage to crops or other assets can only be determined after Project activities are under way or have been completed.

Disbursement of compensation will depend on the nature of the compensation:

- Where those affected have legal or customary entitlement to the land or assets being compensated, new entitlement documents should be drawn up for the replacement land or assets and all necessary signatures and stamps (e.g. of the landholder, HZL's representative, local government official etc.) should be obtained;
- Where those affected have no legal or customary entitlement to the land or assets, documentation of the replacement land or assets to be used or inhabited should be provided. This documentation should describe the replacement land or assets and name all affected individuals;
- 'Squatters' or people who are residing on or otherwise occupying land in violation of local or national laws: shall not be entitled to compensation for loss of land. However, they shall be entitled to compensation for any improvements made to the land (such as structures, perennial crops and trees), as well as to resettlement assistance if they occupied the project area before the established cut-off date;
- Where compensation is being made in cash, assistance with opening bank accounts for the individuals concerned should be provided, and documentation given as evidence of cash payments made.

When making compensation payments, receipts should be obtained from all those receiving payment and retained for auditing purposes. In cases where recipients are illiterate, culturally appropriate alternative forms of communication and signature can be obtained (e.g. finger printing). The process of disbursement should be monitored by representatives from HZL and from the affected communities. It may also be appropriate to employ a registered auditing firm to monitor compensation payments.

As noted in Section 3.8, there is a risk of reinforcing power imbalances in gender relations where payment of compensation is concerned. It may be possible to redress this to some extent, for example by putting both spouses' names on a bank account.

### 4.2. Relocation

After the compensation and ownership documents have been distributed, affected people shall be given assistance to enable them to relocate.

Relocation shall only take place once individual household structures are complete and once community services and infrastructure are in place. In consultation with the affected people,

adequate<sup>8</sup> support and facilities shall be provided to ensure that the physical relocation takes place smoothly. Additional measures may be required for vulnerable groups<sup>9</sup> such as emergency healthcare for the elderly or for pregnant women. The type of resettlement assistance required should be identified through timely consultation with the displaced persons and should be documented in the RAP. Security measures shall also be put in place to ensure that nobody moves into the vacated houses subsequent to the physical relocation and prior to the demolition process.

#### 4.3. Restoring livelihoods

Having completed the physical move, further attention shall be given to finalising and implementing the livelihood restoration and development dimension of the Resettlement Plan. Care shall be taken to provide additional livelihood restoration and development support to vulnerable households such as female-headed households and the elderly. Relevant experts in the particular livelihood restoration required shall be appointed to be on site for at least a year, in order to provide appropriate technical training, institutional capacity building, mentoring and advice to the affected community and to help them re-establish and enhance their livelihoods.

It is important to be aware of the different approaches required depending on whether livelihoods are land-based, wage-based or enterprise-based:

*Land-based livelihoods:* Preference should be given to land-based resettlement strategies for physically or economically displaced persons whose livelihoods are land-based.

- Providing assistance with acquiring or accessing replacement land; physical preparation of farmland; fencing for pasture or cropland; agricultural inputs (seeds etc); veterinary care; access to credit; and transportation.

*Wage-based livelihoods:* Where displacement has caused wage earners to lose their jobs, assistance in finding new employment may be required.

- Providing wage earners with assistance with training or finding jobs. It may be necessary to arrange access to small-scale credit for enterprise start-up; and to provide compensation in the event that wages are interrupted by displacement. It may be necessary to provide new housing and transportation to work from their new place of residence. HZL may also be able to assist by requiring that its subcontractors provide jobs for displaced persons.

<sup>8</sup> For example, boxes, containers and bubble wrap shall be provided to enable affected people to pack up their possessions in a way that ensures that they do not get damaged during the move. Trucks shall also be provided to transport belongings, additional vehicles shall be provided to transport the affected people themselves and appropriate cages, ramps and other facilities shall be provided to ensure that livestock is transported safely and appropriately.

<sup>9</sup> The IFC's PS5 defines "vulnerable groups" as including people who, by virtue of gender, ethnicity, age, physical or mental disability, economic disadvantage or social status may be more diversely affected by displacement than others and who may be limited in their ability to claim or take advantage of resettlement assistance and related development benefits. Vulnerable groups in the context of displacement also include people living below the poverty line, the landless, the elderly, women- and children-headed households, Indigenous Peoples, ethnic minorities, natural resource dependent communities or other displaced persons who may not be protected through national land compensation or land titling legislation.



*Enterprise-based livelihoods:* Entrepreneurs whose businesses have been displaced may require help with credit or training to establish or expand their businesses.

- Providing or arranging access to credit or training. HZL may be able to further assist by procuring goods and services locally.

The Resettlement Plan shall provide a detailed description of the arrangements that will be made to fulfil the requirement to improve, or at least restore, means of income earning capacity, productivity levels and associated livelihoods of affected communities to pre-project levels. Indeed, compensation alone does not guarantee this restoration or improvement of affected people's economic conditions. Accordingly, the Resettlement Plan must directly address this major livelihood restoration challenge and provide a thorough account of how the resettlement will be managed as a development initiative. It must focus on how incomes based on land or natural resources will be restored and improved (in the case of rural resettlement) and how wage-based or enterprise-based livelihoods will be restored and improved (in the case of urban resettlement).

An example of a Livelihoods Restoration Plan is provided in *Annex E*.

## 5. PRIVATE SECTOR RESPONSIBILITIES UNDER GOVERNMENT-MANAGED RESETTLEMENT

Governments often take the lead in land acquisition and resettlement processes, even where these are project-related. Some countries may have national legislation governing the process, though this may be out of date and/or inconsistent with the requirements of the IFC's Performance Standard 5 (and therefore with HZL's TS03 Land and Resettlement Management). HZL is required to ensure that resettlement carried out on its behalf meets national laws as well as the requirements of its own TS03, which may require supplementing the Government's efforts in various ways. These include making or arranging for the payment of supplementary allowances in cash or in kind, to arranging for the provision of dedicated support services. These gaps and measures should be addressed in a Supplemental Action Plan.

In the event that a government agency has presented HZL with an unoccupied project site, whose prior residents or land users were displaced, it will be necessary to determine whether resettlement was carried out in accordance with the HZL Framework and in particular, the HZL Management Standard MS03 *New Projects, Planning Processes and Site Closure*, HZL Technical Standard TS03 *Land and Resettlement Management* and this Guidance Note, and if not, what corrective actions are required to address the situation. More guidance on the factors governing this evaluation is provided in the box below.

Under such circumstances, the following factors should be considered: (i) the length of the intervening period between land acquisition and project implementation; (ii) the process, laws and actions by which the resettlement was carried out; (iii) the number of people affected and the significance of the impact of land acquisition; (iv) the relationship between the party that initiated the land acquisition and the client; and (v) the current status and location of the people affected. If corrective action is feasible and would improve the standard of living of the displaced people, the client should undertake corrective measures prior to the implementation of the project.

Source: *IFC Performance Standard 5 (Guidance Note)*

In some cases, compensation is paid via government agencies and it will be necessary to collaborate with these agencies to ensure payments are made promptly. Where this cannot be done due to government policy or practice, interim measures to provide resettlement assistance or restore lost income should be explored.

Forced evictions have historically been associated with human rights violations in developing country contexts and should be avoided wherever possible. Although forced evictions are not illegal as long as they are in compliance with national law and the IFC Performance Standards, and consistent with international human rights principles, they should only be implemented as a last resort and HZL should avoid direct involvement in forced evictions. In the event of forced evictions taking place, consideration should be given to employing a third party to monitor the procedure in order to manage associated reputational and operational risks.

## 6. MONITORING AND EVALUATION

The RAP shall provide details of the project's arrangements for monitoring and evaluating the resettlement process. While the resettlement consultants can provide guidance as to the means through which monitoring, evaluation and reporting shall be carried out, the implementation of this is the direct responsibility of HZL. More details as to the technical logistics of carrying out monitoring, evaluation and reporting are provided below.

1. The final phase of the land acquisition and resettlement process entails the monitoring of affected people and the evaluation of this process and its outcomes. The key objectives of resettlement monitoring are: (i) to provide feedback on RAP implementation and to identify problems and successes as early as possible in order to allow the timely adjustment of implementation arrangements; and (ii) to ensure and to enable HZL to demonstrate that the resettlement process is being managed appropriately and sensitively. Monitoring shall be fully integrated into the overall project management process and, where relevant, shall be aligned with lender requirements.
2. The Working Group shall play the key role in the resettlement monitoring process and shall be chiefly responsible for its functioning. The Resettlement Officers shall lead the monitoring process, supported by the remainder of the Working Group. The Steering Group shall play a more supervisory role in the resettlement monitoring process.
3. Monitoring shall be initiated at an early stage in the land acquisition and resettlement process, shall cover all affected communities (i.e. displaced, remaining and host communities) and shall continue for approximately three years. During this period, the intensity of the process shall vary. For example, before and immediately after relocation, monitoring requirements shall be significantly higher than they shall be two years later. There shall be three key components of a monitoring plan; namely:
  - (i) performance monitoring;
  - (ii) impact monitoring; and
  - (iii) external audits

These three components constitute two parallel sub-systems: (i) an internal monitoring subsystem: consisting of performance monitoring and impact monitoring, that shall be operated by HZL; and (ii) an external monitoring sub-system: consisting of external audits, that shall be operated by an independent



and suitably qualified third party, such as legitimate NGO or adequately trained representatives of the relocated communities.

## DEFINITIONS

Definitions of key terms used in this document are shown in the following table.

Term	Definition
Asset	An item or resource that can be owned or used to produce positive economic value
ESIA	Environmental and Social Impact Assessment – a formalised process designed to identify, assess and document environmental and social impacts associated with a project, along with the mitigation measures and management arrangements for ensuring such measures are implemented.
Environmental and Social Management System	The structured framework that provides the arrangements for managing the environmental and social aspects throughout the lifetime of the project.
Full Replacement Cost	The replacement cost is the market value of the assets plus transaction costs e.g. for agricultural land, it is the pre-project or pre-displacement, whichever is higher, market value of land of equal productive potential or use located in the vicinity of the affected land, plus the cost of preparing the land to levels similar to those of the affected land, plus the cost of any registration and transfer taxes. Full replacement cost applies to land, buildings and other assets displaced by project activities.
Grievance	A concern, complaint or feedback raised by any stakeholder either affected by or interested in company operations. Both concerns and complaints can result from either real or perceived impacts of a company's operations.
ICMM (International Council on Mining and Metals)	The International Council on Mining and Metals (ICMM) was established in 2001 and seeks to drive performance improvement through its members which comprise mining and metals companies as well as national and regional mining associations and global commodity associations.
IFC (International Finance Corporation)	Member of the World Bank Group that finances and provides advice to private sector ventures and projects in developing countries.
Impact Assessment	The stage in the ESIA in which the potential positive and negative impacts on the various environmental and social receptors identified during the baseline data collection phase are assessed to determine their significance.



Term	Definition
Indigenous Peoples	There is no universally accepted definition of “Indigenous Peoples.” Indigenous Peoples may be referred to in different countries by different terms. For implementation of this Guidance Note, the term “Indigenous Peoples” will be that defined by authorities in the country of operation. In the event that the term is not used or clearly defined, the IFC definition will apply. IFC defines Indigenous Peoples as “a distinct social and cultural group possessing the following characteristics in varying degrees: (i) self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; (ii) collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories; (iii) customary cultural, economic, social, or political institutions that are separate from those of the mainstream society or culture; (iv) or a distinct language or dialect, often different from the official language or languages of the country or region in which they reside. Third party experts can be useful resources to assist in the identification of Indigenous Peoples, ensuring the application of definitions by authorities in the country of operation, or in applying the IFC definition.
International Standards	The environmental and social Performance Standards set out by the International Finance Corporation to which the HZL Sustainability Framework has been audited to meet.
Involuntary Resettlement	Resettlement is involuntary when it occurs without the informed consent of the displaced persons or if they give their consent without having the power to refuse resettlement.
Land Expropriation	Process whereby a public authority, usually in return for compensation, requires a person, household, or community to relinquish rights to land that it occupies or otherwise uses.
Livelihoods Restoration Plan	A document specifying the procedures that a resettlement which involves economic displacement shall follow and the actions that will be taken to compensate affected people and communities
Morbidity	Incidence of disease or ill health in a population.
Mortality	Incidence of death in a population.

Operation(s)	A location or activity that is operated by a HZL Company and its subsidiaries. Locations could include exploration activities, mines, smelters, refineries, wind farms, offices including corporate head offices and research and development facilities.
Project Affected Household	All members of a household, whether related or not, operating as a single economic unit, who are affected by a project.
Project Area of Influence	Includes the primary project site(s) and related facilities that Septa Energy or its contractors develop or control; associated facilities that are not funded as part of the project (funding may be provided separately by a client or a third party including the government), and whose viability and existence depend exclusively on the project and whose goods or services are essential for the successful operation of the project; areas potentially impacted by cumulative impacts from further planned development of the project; and areas potentially affected by impacts from unplanned but predictable developments caused by the project that may occur later or at a different location. The project area of influence does not include potential impacts that would occur without the project or independently of the project
Replacement costs	Costs are equal to 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. Market value is defined as the value required to allow Affected Communities and persons to replace lost assets with assets of similar value. The valuation method for determining replacement cost should be documented and included in applicable Resettlement and/or Livelihood Restoration plans
Resettlement Action Plan	A document specifying the procedures that a resettlement should follow and the actions that will be taken to compensate affected people and communities.
Stakeholder	Persons or groups that are directly or indirectly affected by a project as well as those that may have interests in a project and/or the ability to influence its outcome, either positively or negatively. This can refer to shareholders, lenders, employees, communities, industry, governments and international third parties.
Stakeholder Engagement	An umbrella term encompassing a range of activities and interactions between HZL and its stakeholders over the life of a project that are designated to promote transparent, accountable, positive, and mutually beneficial working relationships.  Stakeholder engagement includes stakeholder identification and analysis, information disclosure, communication, problem/conflict anticipation and prevention, ongoing consultation, formation of partnerships, construction of grievance resolution mechanisms, negotiated problem solving, employee involvement in project monitoring, regular reporting forums and procedures, and other related management activities.



Transaction Costs	A cost incurred in making an economic exchange (buying or selling).
Vulnerable Groups	Individuals or groups within the project area of influence who could experience adverse impacts more severely than others based on their vulnerable or disadvantaged status. This vulnerability may be due to an individual's or group's race, sex, language, religion, political, or other opinion, national or social origin, property, birth or other status. In addition other factors should be considered such as gender, age, ethnicity, culture, sickness and infirm, physical or mental disability, poverty or economic disadvantage, family set-up (e.g. single parent family) and dependence on unique natural resources.

**RELATED DOCUMENTATION**

A summary of the references and supporting documents relevant to this document is provided in the following table.

<b>HZL Framework Doc. Ref./Source</b>	<b>HZL Framework Document name</b>
POL 01	Social Performance Policy
POL 02	Human Rights Policy
TS03	Land Acquisition and Resettlement Management
TS04	Grievance Mechanisms
TS05	Stakeholder Engagement
TS08	Conducting ESIAs to International Standards
TS22	Indigenous Peoples
MS09	New Projects, Planning Processes and Site Closure
<b>IFC Performance Standards Doc. Ref. /Source</b>	<b>IFC Performance Standards Document Name</b>
Performance Standard 1	Assessment and Management of Environmental and Social Risks and Impacts
Guidance Note for PS1	Assessment and Management of Environmental and Social Risks and Impacts
Performance Standard 5	Land Acquisition and Involuntary Resettlement
Guidance Note for PS5	Land Acquisition and Involuntary Resettlement
Performance Standard 7	Indigenous Peoples
Guidance Note for PS7	Indigenous Peoples
Handbook	Handbook for Preparing a Resettlement Action Plan
Good Practice Note	Addressing Grievances from Project-Affected Communities
<b>United Nations Doc. Ref. /Source</b>	<b>United Nations</b>
<a href="http://www.idpguidingprinciples.org/">http://www.idpguidingprinciples.org/</a>	UN Guiding Principles on Internal Displacement

## Annex A – Example Structure of Resettlement Action Plan (RAP) or Livelihoods Restoration Plan (LRP)

There are a number of ways a RAP or LRP can be structured, but one example is shown below. This is taken from the Guidance Note for IFC PS5. More detailed guidance can be obtained from IFC's Handbook for Preparing a Resettlement Action Plan.

Note that Sections 13 and 14 will not apply to a Livelihoods Restoration Plan. Note also that a Resettlement Policy Framework will contain much of the information provided in a RAP, but is drawn up before the details of the communities to be settled (exact numbers of households, particular needs of vulnerable individuals etc) are known.

### OUTLINE OF A RESETTLEMENT ACTION PLAN or LIVELIHOODS RESTORATION PLAN

1. *Description of the project:* General description of the project and identification of the project area.
2. *Potential impacts:* Identification of
  - a) the project component or activities that give rise to resettlement;
  - b) the zone of impact of such component or activities;
  - c) the alternatives considered to avoid or minimize resettlement; and
  - d) the mechanisms established to minimize resettlement, to the extent possible, during project implementation.
3. *Objectives and studies undertaken:* The main objectives of the resettlement program and a summary of studies undertaken in support of resettlement planning / implementation, e.g. census surveys, socio-economic studies, meetings, site selection studies...etc.
4. *Regulatory Framework:* relevant laws of the host country, client policies and procedures, performance standards.
5. *Institutional Framework:* political structure, NGOs.
6. *Stakeholder Engagement:* Summary of public consultation and disclosure associated with resettlement planning, including engagement with affected households, local and/or national authorities, relevant community based organizations and NGOs and other identified stakeholders, including host communities. This should include, at a minimum, a list of key stakeholders identified, the process followed (meetings, focus groups etc), issues raised, responses provided, significant grievances (if any) and plan for ongoing engagement throughout the resettlement implementation process.
7. *Socioeconomic characteristics:* The findings of socioeconomic studies to be conducted in the early stages of project preparation and with the involvement of potentially displaced people, including results of household and census survey; information on vulnerable groups, information on livelihoods and standards of living; land tenure and transfer systems, use of natural resources, patterns of social interaction, social services and public infrastructure.
8. *Eligibility:* Definition of displaced persons and criteria for determining their eligibility for compensation and other resettlement assistance, including relevant cut-off dates.
9. *Valuation of and compensation for losses:* The methodology used in valuing losses to determine their replacement cost; and a description of the proposed types and levels of compensation under local law and such supplementary measures as are necessary to achieve replacement cost for lost assets.
10. *Magnitude of displacement:* Summary of the numbers of persons, households, structures, public buildings, businesses, croplands, churches etc to be affected.
11. *Entitlement framework:* showing all categories of affected persons and what options they were/are being offered, preferably summarized in tabular form.
12. *Livelihood Restoration measures:* The various measures to be used to improve or restore livelihoods of displaced people.
13. *Resettlement sites: including site selection, site preparation, and relocation,* alternative relocation sites considered and explanation of those selected, impacts on host communities.



14. *Housing, infrastructure, and social services:* Plans to provide (or to finance resettlers' provision of) housing, infrastructure (e.g., water supply, feeder roads), and social services (e.g., schools, health services); plans to ensure comparable services to host populations; any necessary site development, engineering, and architectural designs for these facilities.
15. *Grievance procedures:* Affordable and accessible procedures for third-party settlement of disputes arising from resettlement; such grievance mechanisms should take into account the availability of judicial recourse and community and traditional dispute settlement mechanisms.
16. *Organizational responsibilities:* The organizational framework for implementing resettlement, including identification of agencies responsible for delivery of resettlement measures and provision of services; arrangements to ensure appropriate coordination between agencies and jurisdictions involved in implementation; and any measures (including technical assistance) needed to strengthen the implementing agencies' capacity to design and carry out resettlement activities; provisions for the transfer to local authorities or resettlers themselves of responsibility for managing facilities and services provided under the project and for transferring other such responsibilities from the resettlement implementing agencies, when appropriate.
17. *Implementation schedule:* An implementation schedule covering all resettlement activities from preparation through implementation, including target dates for the achievement of expected benefits to resettlers and hosts, and implementing the various forms of assistance. The schedule should indicate how the resettlement activities are linked to the implementation of the overall project.
18. *Costs and budget:* Tables showing itemized cost estimates for all resettlement activities, including allowances for inflation, population growth, and other contingencies; timetables for expenditures; sources of funds; and arrangements for timely flow of funds, and funding for resettlement, if any, in areas outside the jurisdiction of the implementing agencies.
19. *Monitoring, evaluation and reporting:* Arrangements for monitoring of resettlement activities by the implementing agency, supplemented by independent monitors to ensure complete and objective information; performance monitoring indicators to measure inputs, outputs, and outcomes for resettlement activities; involvement of the displaced persons in the monitoring process; evaluation of the impact of resettlement for a reasonable period after all resettlement and related development activities have been completed; using the results of resettlement monitoring to guide subsequent implementation.



## Annex B: Example template for compiling an inventory of affected land and assets

Household No K-044	Date	Coordinates: 044-339										
Village: K												
Parcel No		Land/Holding Type						Tenure	Observations	Land taken (ha)	Net prod (\$/year)	Market Value (\$)
		Rain-fed (ha)	Irrigated (ha)	Pasture (ha)	Fishpond (ha)	Woodlot (ha)	Household (ha)					
	Net return/yr/ha (\$)	230	690	140	765	240						
	Value per ha (\$)	700	1200	375	1125	1500	375					
K-044-01		1.65						Owner		0	642	1926
K-044-02		4.34						Owner		0	1123	3369
K-044-03		2.79						Owner		0	822	2466
K-044-04			1.88					Owner		1.88	454	1362
K-044-05			1.04					Owner		1.04	427	1281
K-044-06				7.03				Owner		7.03	998	2994
K-044-07					0.66			Owner		0.66	113	762
K-044-08			1.76					Coowner	50% with HHK-037	1.76	489	1467
K-044-09				3.56			1.54	Owner		3.56	554	1662
K-044-10		2.23						Owner		6.99	576	1728
TOTAL		11.01	4.68	10.59	0.66	0	0			25.36	6198	19017
% taken		0.20	100%	100%	100%	0	100%					
Value lost/production (\$)		576	1370	1552	113	0	0				3611	10833
Replacement cost (\$)		1728	4110	4656	762	0	0				11256	33768



## Annex C – Example Structure of Entitlement Matrices

### Example 1

Affected People Category	Type of Loss	Government Compensation Provision	Project Entitlement	Eligible Group
Agricultural land occupier (customary right of land occupancy)	Permanent Acquisition of 15m Right Of Way (ROW)	No compensation for the loss of land itself	Compensation of land at market value.	Land owner
	Permanent Acquisition of cultivated land within 15m ROW	Land improvement only	1) Cash compensation for land improvements (as defined by national law). 2) Clearance allowance in cash to prepare replacement land for farming. 3) Transitional support for loss of income for one year	Land user (i.e. people who are farming the land, if different from the land owner)
	Temporary use of Land of cultivated land within 10m ROW	None	1) Land rental (i.e. loss of income) for an 18 month period to allow construction; 2) Improvement of the land as defined by national laws; 3) Clearance allowance in cash to prepare replacement land for farming; and 4) Transitional support for loss of income for one year	Land user (i.e. people who are farming the land, if different from land owner)
Crop/tree cultivator	Standing crops/trees	Cash value of the standing crops and trees, as per government rates.	Cash compensation.	Crop/tree owner
Asset Owner	Structures and asset	Cash value of the asset, as per government rates.	Cash compensation.	Asset owner
Water User	Water surface (incl. swamp)	Cash value of unmovable traps and nets only	1) Cash compensation for unmovable traps and nets 2) Transitional support for loss of income.	Water user
Community Members Dependent on Communally Held Lands Resources / Assets	Permanent Acquisition of 15m ROW	No compensation for loss of land	Compensation of land at market value.	Community
	Permanent Acquisition of cultivated land within 15m ROW	Land improvements only	1) Cash compensation for land improvements; 2) Clearance allowance in cash to prepare replacement land for farming. 3) Transitional support for loss of income for one year	Community



Affected People Category	Type of Loss	Government Compensation Provision	Project Entitlement	Eligible Group
	Temporary use of Land of cultivated land within 10m ROW	None	1) Land rental (i.e. loss of income) for an 18 month period to allow construction; 2) Improvement of the land as defined by the laws; 3) Clearance allowance in cash to prepare replacement land for farming; and 4) Transitional support for loss of income for one year.	Community
	Communal asset, crops and trees	Cash value of the asset, as per the government rates.	Cash compensation.	Community
	Communal Cultural Property (i.e. shrines)	Cash value of the shrine, as per the government rates	Cash compensation.	Community
	Water surface (incl. swamp)	Cash value of unmovable traps and nets only	1) Cash compensation for unmovable traps and nets based on market value. 2) Transitional support for loss of income.	Community
	Access road	None	Cash compensation for the cost of road construction at replacement value	Community
All	Loss of income	None	Livelihood restoration measures include 1. land-based schemes, including agricultural training, agricultural intensification, better storage techniques and adding value to agricultural produce; 2. Wage-based schemes to provide permanent or temporary employment opportunities to affected communities; and 3. Village infrastructure schemes to assist community access to better road.	All affected community members
Vulnerable groups			1)An appropriate additional transitional allowance will be provided to vulnerable households, in monthly instalments, over a six month period; and 2)Preferential provision of: (i) skills training; and (ii) Project employment.	Vulnerable groups

## Example 2

Affected People Category	Type of Loss	Entitlements				
		Compensation for Loss of Structures	Compensation for Loss of Assets	Compensation for Loss of Income	Moving Allowance	Other Assistance
Property owners	Loss of land	No compensation Sign wayleave agreement Land use restrictions	Crops, trees and fencing at Government schedule plus 20%			
	Loss of structure, residential or business	Compensation at replacement value For opportunity cost of demolition/reconstruction, lump sum cash payment of \$50	Compensation for lost assets, e.g. water points, latrines etc. at replacement cost	For lost rental income, lump sum cash payment of 3 months' rent, up to \$95 For lost business income, lump sum payment up to \$125	Lump sum cash payment of \$15 Only one payment if residence and business combined at same location	
Tenants	Loss of rental accommodation	No loss of structure so no compensation, and no entitlement to accommodation at new site	No loss of assets	No loss of income	Lump sum cash payment of \$15 Only one payment if residence and business combined at same location	Lump sum payment of 3 months' rent up to \$95, in lieu of termination of rental agreement
Squatters	Loss of land	Relocation to resettlement site of choice and provision of plot for fee of \$40	Crops, trees and fencing at Government schedule plus 20%	For lost business income, lump sum payment up to \$125	Crops, trees and fencing at Government schedule plus 20%	

Source: IFC Handbook for Preparing a Resettlement Action Plan

## Annex D – Example of a Compensation Plan Template

Type of Loss	Eligibility	Compensation policies	Compensation Budget
E.g. Structure	E.g. Households with winter/spring corral within 500m from rail alignment	E.g. All structures, including pound (stall, stockyard), storeroom (outhouse), and barn (shelter, stall) will be reconstructed at the new place at the expense of the Project proponent.	E.g. The Project will compensate for full market value of the affected structures without deducting for depreciation. All transaction costs, as well as costs related to relocation of householders, will be fully paid by the Project proponent.



## Annex E – Example of a Livelihoods Plan

Component	Action	Beneficiaries	Responsible Agencies	Estimated Cost	Expected Outcomes
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### Physical and Economically displaced Households

Training program I	Seek to collaborate with programmes by third parties, such as NGOs, to organize training for young herders and women on such topics as sustainable pasture management, livestock productivity, livestock breeding, how to process raw materials and market/sell processed goods.	Young herders and women of physical and economically displaced households		Training costs	Equip affected people of working age with the skills necessary to improve their productivity and livelihood restoration.
Employment Improvement	Offer jobs (e.g, rail construction - earthworks) to Project affected people at working ages. Male members of the affected households will be involved in the construction of new pounds (stall, stockyard) and wells at certain remuneration. Local small entrepreneurs will be selected for construction work.	Physical and economically displaced households	Project proponent	Management time	Allow buy-in of Affected Peoples (APs), which will create additional income both for APs and micro businesses.
Support to Education I	Involve herder children in scholarship programs; a selection procedure will apply to maintain competitiveness.	Children of physical and economically displaced households Women and local micro business of physical and economically displaced households.  Physical and economically displaced households	Project proponent	Investment	Reduce education cost for eligible children from Project displaced households
Support to productivity and community cohesion	In kind support - providing herders with hay and fodder, feeding bottles.  Seek to collaborate with third parties' programmes to support herders' initiative to organize cooperatives and partnerships.		Project proponent	Costs of hay and fodder, plus transportation costs  Management time	Such in-kind items will support livelihood and income of the affected women and micro business.  This will promote community cohesion post-resettlement and increase community productivity

## Host Communities and physical and economically displaced households

Component	Action	Beneficiaries	Responsible Agencies	Estimated Cost	Expected Outcomes
Training Program II	Seek to collaborate with others' programmes to conduct training for herders	Host communities, physical and economically displaced households		Training costs	Improve skills for herders
Improving public facilities in resettlement areas	Cooperate with local micro-enterprises and SMEs, entrepreneurs and herders to dig wells for the affected households	Host communities, physical and economically displaced households	Project proponent	Costs of construction materials and manpower	Maintain and seek to improve water supply for the affected households
	Cooperate with local micro enterprises and SMEs and entrepreneurs to support Centre reparation/renovation	Host communities, physical and economically displaced households	Project proponent	Investment	Allow buy-in of APs and promote community cohesion
Support to Education II	In cooperation with NGOs, develop and distribute distance training materials for young children of pre-school age and school students who dropped out of school.	Host communities, physical and economically displaced households		Cost for developing distance training materials, printing and training costs.	Build capacity of kindergarten and school teachers; provide distance learning program to children who dropped out of school
Support to Community Health	A team of general physical practitioners to visit herders for medical check ups.	Host communities, physical and economically displaced households	Project proponent	Costs of medical staff	Allow buy-in of APs and promote community cohesion
	Collaborate with NGOs, including local Red Cross for health and hygiene training	Host communities, physical and economically displaced households		Training costs	Herders' attitude towards personal health and hygiene will be changed.
Support to productivity	Veterinary services will be provided for herds, in medium and long term	Host communities, physical and economically displaced households	Project proponent	Costs of veterinary services	This will help herders to increase herd health conditions and increase productivity

## Support to Vulnerable Groups

Support to vulnerable groups	Preferential treatment for livelihood support activities in addition to all economic entitlements	16 female headed households 5 persons with disabilities 1 orphan 6 persons with chronic illness	Project proponent	Investment	Extent of vulnerability will be minimized
	Preferential treatment for livelihood support activities in addition to all economic entitlements	Poor households	Project proponent	Investment	Extent of vulnerability will be reduced