

Background and Objectives

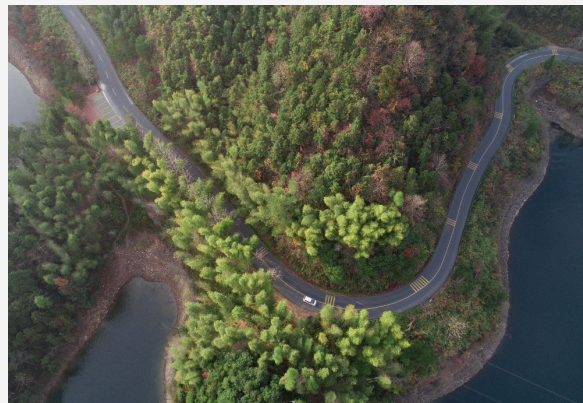
Infrastructure development projects involving land acquisition and resettlement can significantly impact communities. Negatively, they may cause economic hardships due to lost income sources and adaptation challenges, disrupt social networks, and lead to cultural dislocation and emotional distress. Inadequate living conditions can also pose health risks and environmental degradation. Positively, these projects can bring improved infrastructure and economic development opportunities, such as new roads and renewable energy facilities, benefiting both displaced and host communities.

To maximize these benefits and mitigate negative impacts, NDB Environment and Social Framework (ESF) and Environmental and Social Standard 2 Involuntary Resettlement (ESS2) require enhancement, or at least restoration of, the livelihoods of all physically and economically displaced persons relative to pre-project levels and to improve the standards of living of the displaced poor and other vulnerable groups through inclusive and sustainable development. A comprehensive Resettlement Plan is mandatory to be established and implemented, ensuring early screening, compensation at replacement costs, assistance for livelihood restoration, meaningful consultation and effective grievance mechanism.

Therefore, resettlement monitoring is crucial for the success of NDB-financed projects, ensuring objectives are met and allowing for feedback-driven adjustments. It ensures accountability, compliance, and early issue identification for timely interventions, building stakeholder trust and providing valuable insights for future projects.

This document is designed to offer practical guidance for an effective monitoring scheme, assisting project resettlement stakeholders, including project proponents, government agencies, contractors, and third-party consultants, in developing a comprehensive understanding of impacts and risks associated

with land acquisition and resettlement, monitoring methodology and implementation arrangement, challenges and lessons learned from NDB projects.



Picture of NDB's Anhui Province Roads Development Project

Methodology of resettlement monitoring

Monitoring and evaluation methods play a crucial role in tracking the progress and outcomes of resettlement and livelihood restoration initiatives in NDB financed projects. Resettlement monitoring is usually conducted both internally by the project proponents, and externally by independent parties.

Internal monitoring looks at resettlement progress and performance. It focuses on progress, cost and efficiency of the resettlement process. Typical indicators of internal monitoring include overall spending; changes of project impacts such as number of affected land and affected people, number of dwelling houses affected and replacement dwellings built; progress of compensation and relocation, e.g. number of people that moved into replacement dwellings, number of people that received compensation and restoration assistance; number of grievances and ongoing court cases etc.

External monitoring assesses performance and compliance with country system requirements and NDB ESS2, especially livelihood restoration. It generally includes regular **compliance reviews** during the implementation stage and a **completion audit** to confirm that the

commitments in the Resettlement Plan have been met, particularly those pertaining to livelihood restoration. External monitoring is typically conducted by experts who are well-versed in both government and international good practices.

The scope of **compliance reviews** normally includes evaluating overall adherence to objectives and commitments of the Resettlement Plan, as well as the requirements of country systems and NDB ESF/ESS2. It involves reviewing the delivery and implementation of compensation entitlements, ensuring compensation is at full replacement cost, assessing whether the quality of life and livelihoods of affected people are improved or restored, verifying whether non-title holders are compensated as specified in the ESS2, and reviewing the grievance redressal mechanism.



Picture of Pirapora Solar Complex in Minas Gerais State, funded under NDB's BNDES Renewable Energy Projects

Completion audits evaluate whether the resettlement and livelihood restoration programs are complete, whether their objectives have been achieved, whether commitments have been fulfilled and whether any corrective actions are necessary to reach the desired outcomes. Typically conducted one to three years after the completion of physical relocation, these audits utilize data from ongoing internal monitoring and findings from external compliance reviews.

Completion audits focus on livelihood restoration by assessing post-resettlement economic conditions against baseline data. They build on previous monitoring to evaluate housing satisfaction and compensation adequacy. An alternative strategy for resettlement completion audits involves comparing the livelihoods of affected persons with those of an unaffected control group. This approach can be combined

with pre- and post-resettlement comparisons, necessitating statistical validation. Using identical survey tools and data systems enhances the comparability of results.

The completion audit report should evaluate whether livelihoods have been improved or restored, recommending corrective measures if necessary to ensure displaced households achieve at least baseline livelihood standards. It should also assess whether physically displaced people have been successfully resettled with secure tenure and similar or improved living standards. For those who received cash compensation, the audit should verify that it covered the full replacement cost.

Completion audits should incorporate both quantitative surveys and qualitative methods to assess the satisfaction and integration of affected communities, with particular attention given to vulnerable groups.

Arrangements for Implementing Resettlement Monitoring

Resettlement monitoring should be designed as a specific part of the overall environmental and social monitoring required for the project's Environmental and Social Management Plan.

For projects involving any level of displacement, it is crucial to initiate internal monitoring promptly once displacement impacts occur. Projects that involve significant economic displacement and most cases of physical displacement should also undergo external compliance reviews and a completion audit to independently verify compliance. This is the case for many NDB projects.

Ideally the monitoring framework should be clearly defined in the Resettlement Plan prior to the resettlement, including frequency of internal monitoring, frequency and scope of external compliance reviews, as well as scope of the completion audit, including the livelihood-restoration target.

In projects with less significant displacement impacts, e.g. those only involving small scale of land acquisition and physical displacement, monitoring can be internal and allocated to staff responsible for stakeholder engagement,

leveraging their existing community relationships and local context understanding.

Challenges and Lessons Learnt

Resettlement monitoring faces challenges like low capacity of implementation agencies, limited human and financial resources, difficulties in community engagement due to access issues, inadequate coordination among stakeholders, and political and institutional barriers that delay decision-making, all of which necessitate capacity building, better stakeholder coordination, and increased community participation to address.

In NDB-financed projects, additional challenges may arise from the absence of a Resettlement Plan at the onset of the land acquisition process, lack of baseline socioeconomic data of affected communities, undeveloped livelihood restoration measures, resettlement actions taken prior to NDB's involvement, and country systems that do not mandate resettlement planning or monitoring.

In particular, discrepancies between country systems and NDB's ESF/ESS2 on resettlement monitoring present challenges, as some member countries lack legal frameworks while others only have specific land acquisition evaluation requirements. For instance, China and India mandate auditing of compensation and grievance redressal, whilst Brazil and South Africa do not always require resettlement monitoring. In addition, requirements of NDB ESS2 on land acquisition and resettlement goes beyond country systems of member countries, by requiring improved or at least restored livelihoods, engaging with affected communities, and compensating at replacement costs, among others. Addressing these discrepancies requires alignment and coordination between implementation agencies and NDB, ensuring robust and inclusive monitoring and evaluation. Pragmatic approach of resettlement monitoring and collaboration among project stakeholders are essential to bridge gaps and promote best practices in resettlement and livelihood restoration in NDB projects.

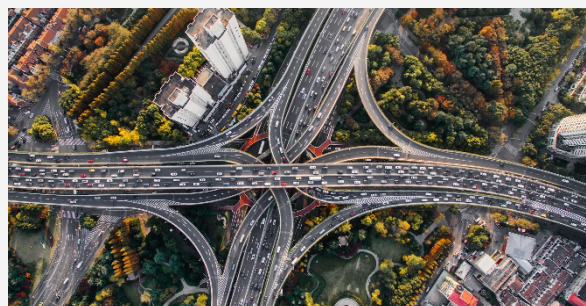
In general, effective resettlement monitoring involves establishing a comprehensive baseline of

pre-resettlement conditions and developing clear indicators and metrics to assess progress. This process includes regular and systematic data collection, active stakeholder engagement to maintain transparency and trust, and feedback mechanisms for timely issue identification and adaptive management. Capacity building for local communities and project and government staff is essential, along with regular reporting to keep stakeholders informed and accountable. Adaptive management ensures that resettlement plans can be adjusted based on monitoring findings to effectively address the evolving needs of displaced communities.

In addition, NDB's risk-based model should be applied for enhancing resettlement and livelihood restoration monitoring in NDB projects. This may include defining monitoring framework including indicators and frequencies based on project resettlement impacts and risks, adopting pragmatic methodology to assess project resettlement outcomes, and focusing on key risks to address discrepancies between country systems and NDB ESS2. The following case study showcases NDB's approach.

Cross-Cutting Issues

Cross-cutting issues that are often associated with land acquisition and resettlement include gender and gender-differentiated displacement impacts, vulnerable and marginalized groups, and indigenous people. These issues should be examined during resettlement monitoring at the standpoint how affected individuals may be disadvantaged within the framework of a resettlement program. It is essential to check that these individuals are properly consulted, fully able to participate in resettlement decisions, and have access to benefits and livelihood opportunities during the resettlement process.



Case Study

The airport project necessitated the acquisition of 1,032 hectares of land across six villages for construction purposes, impacting approximately 4,000 individuals from 800 households. The resettlement component of the project involved 932 households across four villages, with 775 households opting for replacement housing and 157 households choosing cash compensation. Additionally, the project includes an extra acquisition of 11.8 hectares for the construction of replacement dwellings, which does not require further resettlement.

The local government executed the land acquisition and resettlement process in accordance with established procedures and standards of country systems. This process commenced in early 2017, prior to NDB's involvement in 2019, and was largely completed by September 2020, including the disbursement of compensation. Affected communities transitioned into replacement housing in phases from 2021 to 2022. It is important to note that no resettlement monitoring framework or socioeconomic baseline database was established during this process.

NDB requested the project sponsor to commission a qualified third-party resettlement consultant to conduct a resettlement completion audit. The audit included comparing pre- and post-resettlement socioeconomic data of affected households, assessing income and livelihood restoration initiatives completed by the project sponsors and local government (e.g. employment, community development, pensions and rentals), validating replacement cost compensation, and investigating grievance and court cases.

According to the resettlement completion audit, the living standards and livelihoods of the affected households have generally improved.

Family incomes have increased as individuals, no longer engaged in agricultural duties, have secured employment in the airport development zone or at the project construction site, following the job training provided by the government. Additionally, rental income and pension benefits contributed to the family income, assuring stable income for affected families, especially those without workforce. Monitoring indicated that government compensation rates exceed replacement costs by approximately RMB 200, thus fulfilling the critical requirements of NDB ESS 2.

Useful Tools and Resources

Good Practice Handbook on Land Acquisition and Involuntary Resettlement

<https://www.ifc.org/content/dam/ifc/doc/2023/ifc-handbook-for-land-acquisition-and-involuntary-resettlement.pdf>

By:
International
Finance
Corporation
(IFC)

The Handbook offers detailed guidelines on resettlement planning, monitoring and reporting. It includes templates for essential documents like a scoping checklist, household survey questionnaire, census form, asset inventory sheet, compensation agreement, Resettlement Action Plan and Livelihood Restoration Plan.

Handbook on Resettlement: A Guide to Good Practice

<https://www.adb.org/documents/handbook-resettlement-guide-good-practice>

By: Asian
Development
Bank (ADB)

The Handbook provides detailed guidance on planning and managing resettlement in development projects. It includes policy frameworks, stakeholder consultation, data collection methods, and monitoring and evaluation.

Resettlement Guidance and Good Practice

<https://www.ebrd.com/documents/environment/pdf-resettlement-guidance-and-good-practice.pdf>

By: European
Bank for
Reconstruction
and
Development
(EBRD)

The document shares EBRD's experiences and provides practical information to address displacement impacts. It describes a process that facilitates the consideration of all stakeholder views and respects legal requirements.

