



FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

**ETHIOPIAN ELECTRIC POWER CORPORATION (EEPCO)
Additional Financing for Energy Access Project**



**DRAFT
RESETTLEMENT/REHABILITATION
POLICY FRAMEWORK
(RPF)**

**EEPCo, Power System Planning
February 2010**

LIST OF ACRONYMS AND ABBREVIATIONS

ADLI	Agricultural Led Industrialization
ARCCH	Authority for Research and Conservation of Cultural Heritage
BP	Bank Procedures
CBO	Community Based Organization
EA	Environmental Assessment
EAP	Energy Access Project
EPA	Environmental Protection Authority
EEPCo	Ethiopian Electric Power Corporation
EIA	Environmental Impact Assessment
ESIA	Environmental and Social Impact Assessment
FDRE	Federal Democratic Republic of Ethiopia
GCRC	Gross Current Replacement Cost
GDP	Gross Domestic Product
HIV/AIDS	Human Immuno Deficiency Virus/Acquired Immuno Deficiency Syndrome
ICS	Inter-connected System
IDA	International Development Association
IEC	Information, Education and Communication
MoFED	Ministry of Finance and Economic Development
MoME	Ministry of Mines and Energy
NGO	Non-Government Organization
OP	Operational Policy
PAPs	Project Affected Persons
PIU	Project Implementation Unit
PSDP	Power Sector Development Programme
PSP	Power System Planning
RAP	Resettlement Action Plan
ROW	Right of Way
RPF	Resettlement Policy Framework
SCS	Self-contained System
SE	Supervision Engineer
SIA	Social Impact Assessment
STDs	Sexually Transmitted Diseases
TOR	Terms of Reference
UNAIDS	United Nations Joint Programme for HIV/AIDS
WB	World Bank

PREFACE

The Ethiopian Electric Power Corporation (EEPCo) is implementing the Additional Financing for Energy Access Project in urban and rural towns in the country, in the aim to enhance the livelihoods of the population.

The implementation, however, is expected to induce positive and negative social impacts; e.g. job creation, income generation from selling food to workers, loss of strips of land for electric pole erections and HIV/AIDS. The RPF has been prepared to safeguard against adverse social impacts of project operations. The RPF provides the necessary institutional and policy framework to mitigate adverse social impacts during project implementation.

The objective of the Resettlement/Rehabilitation Policy Framework (RPF) is to clarify resettlement principles, organizational arrangements and criteria to be applied in the implementation of the Additional Finance for Energy Access Project. The implementation of the Project resettlement plan should be consistent with the policy framework.

The RPF will be valid for all rehabilitation and upgrading of the distribution system executed by EEPCo, irrespective of the source of funding, be it from the FDRE or international donors.

The policy framework is the result of reviews of various project documents and legal and policy documents, such as the Constitution of the Federal Democratic Republic of Ethiopia (FDRE) and World Bank Operational Policy (OP/BP 4.12) on Involuntary Resettlement.

Table of contents

List of acronyms and abbreviations

Executive summary	i-vi
Preface	I
1. Introduction	1
1.1. Objective of the policy framework.....	1
1.2. Project components	1
2. Legal framework for expropriation and compensation.....	2
2.1. Expropriation law.....	6
2.2. Compensation law.....	6
2.3. EEPCo’s strategy for expropriation and compensation.....	8
2.4. WB operational policies and procedures for involuntary resettlement (OP 4.12 and BP 4.12)	8
3. Institutional framework	10
3.1. Federal and Regional environmental organs	10
3.2. Sectoral environmental organs	10
3.3. EEPCo’s organizational structure /framework.....	11
4. Operational procedures	13
4.1. Institutional arrangement	13
4.2. Planning principles and process.....	14
4.2.1. Project identification	14
4.2.2. Work flow chart.....	16
4.2.3. Project preparation.....	17
4.2.4. Project implementation.....	19
5. Socio-economic background of PAPs	20
5.1. Socio-cultural and economic landscape of PAPs	20
5.2. Socio- cultural affiliations	20
5.3. Land use	21
5.4. Economic activities	21
5.5. Housing condition.....	22
6. Social impacts	23
6.1. Impacts on economic activities.....	23
6.2. Impacts of additional finance for energy access project.....	24
6.3. Impacts on housing	25
6.4. Impacts on cultural heritage	25
6.5. HIV/AIDS	26
7. Valuation procedures	28

7.1. Organization procedures for delivery of entitlements.....	28
7.2. Method of valuation	28
7.3. Basis of valuation	29
7.4. Establishment of property valuation committees and compensation procedures	30
8. Eligibility criteria	33
8.1. Land tenure	33
8.2. Severity of impacts	34
8.3. Relocation	34
8.4. Cut off date	34
8.5. Grievance redress mechanisms	35
8.6. Broad entitlement categories	35
8.6.1. Agricultural title holders	35
8.6.2. Non-agricultural title holders	36
8.6.3. Common properties.....	36
8.6.4. Entitlement matrix	36
9. Implementation and reporting	38
9.1. Implementation of the RPF.....	38
9.2. Roles and responsibilities of major actors	38
9.3. Health and safety	40
9.4. HIV/AIDS prevention	40
9.5. Reporting procedure	42
10. Sources of funding	43
11. Consultation and participation processes	44
11.1. Data collection phase	44
11.2. Planning phase	45
11.3. Implementation phase	46
11.4. Monitoring and evaluation phase	46
12. Monitoring and evaluation arrangements	48
13. Estimated budget	50
14. Clearance and disclosure of RPF.....	51
15. References	52
16. Annexes	
16.1. World Bank policies and procedures OP 4.12 & BP 4.12	
16.2. Social clauses	

EXECUTIVE SUMMARY

Introduction

The purpose of the RPF is to clarify the policies, principles and procedures that will govern the mitigation of adverse social impacts induced by the Additional Financing for Energy Access Project.

It is found useful to have a policy document establishing principles and procedures that will govern the mitigation of adverse social impacts induced by additional Financing for Energy Access Project operations, to share with various stakeholders in the Power sector.

The rationale for preparing this RPF is that:

- a) The Project components are not expected to have significant social impacts. However, since one cannot be sure whether environmental impacts will or will not occur in all the project components, it is proposed that precautionary measures be taken to ensure that planned activities do not affect livelihoods of the surrounding population.
- b) EEPCo found it useful to have a policy document establishing principles and procedures that will govern the mitigation of adverse social impacts induced by the Project operation to share with various stakeholders in the power sector, and
- c) Ensure that investments are carried out in an environmental and socially sustainable manner.

The current Ethiopian situation reveals that only 33% of the population has access to electricity.

The population's limited access to electricity constitutes a major barrier to economic development and to the provision of social services in rural areas. To overcome this situation the government of Ethiopia is contemplating to supply reliable power supply to urban and rural towns.

In light of this, the government of Ethiopia contemplates to rehabilitate the distribution system and enhancing the generation capacity through the additional Financing for Energy Access Project.

The Implementing Agency

Ethiopian Electric Power Corporation (EEPCo) is the implementing agency under the Ministry of Mines and Energy.

Project Components

The project components under the Additional Financing for the Energy Access Project are:

- 1 Urban Distribution Rehabilitation (seven cities)
- 2 Substations Upgrading and Rehabilitation (19 substations)
- 3 Intensification of Connection in Urban and Rural Towns, and
- 4 Drilling of Four Deep Geothermal Wells at Aluto Langano

Background

In Ethiopia, there are about 3,367 towns and villages that are electrified, of which 90 % of the generated energy comes from (ICS) and the rest 10 % is from Self-contained system (SCS).

Access and reliable supply of electricity could contribute and make a real difference in improving the lives of poor people and enhance socio-economic development. Lack of access to electricity constrains development and affects the progress of a country. Therefore, improving access to electricity is thus essential to bring development to a nation and improve the lives of the population by using it as a poverty reduction instrument.

Through the rural electrification program the access to electricity has reached 33% in 2009 from 15% in 2005/2006. The programme will underpin Ethiopia's Sustainable Development and Poverty Reduction Programme and Agricultural Led Industrialization (ADLI) strategy. In other words, the program will play a crucial role in helping to achieve the Millennium Development Goals.

The implementation of the project components under the Additional Financing for Energy Access Project might create adverse social impacts on the lives of the population living in the project areas. Consequently, to minimize the adverse social impacts, such as loss of property and assets, income loss, involuntary resettlement and relocation, EEPCo has designed this resettlement/ rehabilitation policy framework.

The overall purpose of the Resettlement Policy Framework (RPF) is to clarify the principles for the mitigation of adverse social impacts, such as involuntary resettlement and relocation induced by project implementation.

The Project components are not expected to have significant negative impacts because of the fact that the rehabilitation of the distribution system will take place in existing distribution lines, substations and existing geothermal field. However, since the project components will be carried out in different parts of the country, one can not be sure whether project components affects the surrounding population, therefore, EEPCo can only prepare a generic Resettlement Policy Framework (RPF) at this time.

The operational objective of the resettlement /rehabilitation policy framework is to provide guidelines to stakeholders and partners participating in mitigating adverse social impacts of the project and to ensure that PAPs will not be impoverished by the adverse social impacts of the Project.

EEPCo's Power System Planning (PSP) comprises of Sociologists and Environmentalists to monitor and properly address adverse environmental and social impacts in its power sector development works and make power generation, transmission and distribution services environmentally and socially sound and sustainable.

On the basis of the government's policies and proclamations and with due consideration of the experiences of different stakeholders, including the international aid agencies, EEPCo has developed an environmental guideline for the electric power sector. The guideline is used as EEPCo's operational manual, which helps to properly address adverse environmental and social issues by avoiding or minimizing them.

EEPCo's Resettlement/Rehabilitation Policy Framework /RPF/ clarifies the policies and guidelines for resettlement and compensation, the legal framework for expropriation of land, as per the FDRE constitution and other related proclamations and World Bank policies on involuntary resettlement, including valuation methods. RPF also clarifies how to mitigate adverse social impacts, such as HIV/AIDs, loss of income, etc.

The RPF will ensure that Project Affected Persons (PAPs) are:

- a) Compensated for loss of assets at replacement cost;
- b) Assisted in case of resettlement/relocation;
- c) Have their income earning capacity restored, and
- d) Have their living conditions improved in relation to the situation, prior to resettlement or relocation.

Baseline Environment

Ethiopia is sub-divided into nine Regional Administrations and two Metropolitan City Administrations under the Federal Government.

However, the Regions do not have the same environment. The country has topographic and altitudinal diversity, different climate, vegetation, wildlife, geology, human settlement and occupation in different parts.

Analysis of Alternatives

There are several alternatives to the Project under consideration including the “do-nothing” –base case-scenario. The alternatives may be diesel generation, wind energy and solar energy. However, all these scenarios have their own limitations that make them less feasible and sustainable than the proposed Project.

Strategic Environmental Impact of the Project

The Project is formulated to provide the communities of the country with reliable electric supply at low cost. However, all the locations of these towns are not known at this stage; thus the predicted impacts are more of generic and sectoral type.

Positive Impacts

The Project is a development project designed for the benefit of the population in the project area, and is likely to have the following overall positive impacts

- *Relieve pressure on biomass resource of the country and thereby reduce the loss of the biodiversity by providing alternative source of energy.*
- *Improve access to social services (education, health, water supply, etc...)*
- *Stimulate economic development*
- *Provide job opportunities thereby create income generation means for the respective communities in the project areas.*

Negative Impacts

As a result of the planned construction activities, potential negative environmental impacts are likely to occur and the impacts may include initiation and aggravation of soil erosion, loss of vegetation, air, and water and soil pollution.

During the construction works, dust emission may be produced. Similarly, noise pollution arising from construction works may disturb the neighboring communities and local fauna temporarily.

The major negative impacts anticipated in this regard include expropriation of land along the distribution routes and the area preparation of geothermal fields. That is, the farmers and urban dwellers may lose their crops, houses, and other properties forever.

Although it is proposed that the distribution line would follow as much as possible, the existing road network, the lines may traverse, in some cases looking for shorter distances, culturally sensitive sites like graveyards, archaeological sites, etc.

As a result of the existence of PCB chemicals in transformers and capacitors, an environmental impact of these chemicals is also anticipated during the project life.

Proposed Mitigation Measures

To mitigate any potential negative environmental impacts, EEPCo should:

- *Influence the adaptation of a route with minimum effect on the bio-physical as well as the socioeconomic and cultural environment.*
- *ensure the safe disposal of creosote-treated poles at its storage facilities;*
- *employ and deploy manual labor to maintain the access roads and right-of-ways, as appropriate,*
- *regularly monitor the rehabilitation and upgrading of substations to avoid any oil or waste water leakages*
- *include Environmental and Social Clauses for Contractors (Annex 2) in the contract documents and monitor their implementation;*

In addition:

- *The compensation for land and properties should be implemented as per Proc. 455/2005 and the provisions in the RPF.*
- *Project affected people should be consulted and be involved in decision-making at different stages of the Program.*
- *PCB-free transformers and capacitors should be ordered and the import process be followed strictly prior to project implementation.*

Environmental Cost Estimate

The total budget estimated for compensation payment and for environmental management for the Project is about USD 1,189,000.00 (16,157,083.20 million Birr)

The cost estimates are based on the cost of the initial Energy Access Project and adding inflation rate of 18.9% (November 2009 Non Food inflation rate):

The estimated cost for periodic environmental monitoring is about USD 23,072.20 (313,523.51 Birr)

1. INTRODUCTION

1.1. Objectives of the Policy Framework

The overall purpose of the RPF is to clarify the policies, principles and procedures that will govern the mitigation of adverse social impacts induced by the Additional Financing for Energy Access Project operations.

EEPCo is the implementing Agency for the Additional Financing for Energy Access Project.

The policy framework is also valid for any rehabilitation and upgrading of distribution system irrespective of the source of funding, be it from the FDRE or international donors.

The key objective of the framework is to provide EEPCo with a first operational instrument in addressing resettlement/rehabilitation operations in order to ensure that Project Affected Persons (PAPs) are compensated as per the GoE's and the World Bank's policies and will not be impoverished by the adverse social impacts of the project.

The policy framework will ensure that: a) Project Affected Persons (PAPs) are compensated for loss of assets at replacement cost; b) PAPs are assisted in case of resettlement/relocation; c) their income earning capacity is restored, and d) their living conditions are improved in relation to the situation, prior to resettlement or relocation.

Through the rural electrification program the access to electricity has reached 33% in 2009. In 2005/2006 electricity access was only 15%. The Additional Finance for Energy Access Project will strengthen Ethiopia's Sustainable Development and Poverty Reduction Programme and Agricultural Led Industrialization (ADLI) strategy. In other words, the Project will play a crucial role in helping to achieve the Millennium Development Goals.

The rationale for preparing this RPF is that:

- a) The Project components are not expected to have significant negative social impacts. However, since one cannot be sure whether Social impacts will or will not occur in all the project components, it is proposed that precautionary measures be taken to ensure that planned activities do not affect livelihoods and lives of the surrounding population.
- b) EEPCo found it useful to have a policy document establishing principles and procedures that will govern the mitigation of adverse social impacts induced by the Project operation to share with various stakeholders in the power sector, and
- c) Ensure that investments are carried out in an environmental and socially sustainable manner.

1.2. Project components

The project components under the Additional Financing for the Energy Access Project are:

1. Urban Distribution Rehabilitation (seven cities)
2. Substations Upgrading and Rehabilitation (19 substations)
3. Intensification of Connection in Urban and Rural towns, and
4. Drilling of Four Deep Geothermal Wells at Aluto Langano

Urban Distribution Rehabilitation (seven cities)

The main objective of the Urban Distribution Rehabilitation is to rehabilitate and expand the distribution network in the target seven cities to ensure safe system operation and enable connection of new customers.

The Urban Distribution Rehabilitation covers seven major cities namely: Adama (Nazareth), DireDawa, Bahir Dar, Jima, Dessie, Awassa and Mekele.

The revised Urban Distribution Rehabilitation Design Report (April 2008) prepared by EEPCO identified the following major works:

- I. Concrete pole foundation civil works and pole erection
- II. Line stringing
- III. Underground 15 kV cable constructions
- IV. Switching Station erection
- V. Transformers and Compact substation installation
- VI. Replacement bare low voltage conductors with insulated conductors (area bundled conductors)
- VII. Replacement of existing medium voltage conductors with insulated wire (XLPE)

The ESIA study of Urban Distribution Rehabilitation has indicated that significant environmental and social impacts are not expected because the rehabilitation activities will all take place within the existing distribution system.

The Urban Distribution Rehabilitation focuses on rehabilitating existing distribution systems of seven major cities with the following interventions:

- Replacement of 5,000 wooden poles by concrete poles (low voltage),
- Replacement of 4,000 wooden poles by concrete poles (medium voltage),
- Replacement of 260 km medium voltage overhead lines,
- Replacement of 160 km low voltage overhead lines,
- Laying 100 km underground cable,

- Installation of 150 pole mounted transformers (50kVA-315kVA),
- Installation of 30 compact substations (500kVA-630kVA).

The Purpose of the Urban Distribution Rehabilitation is:

- Enhance reliable power supply,
- Reduction of voltage drop and power loss,
- Supply of electricity to new customers, and
- Enhance aesthetics of the cities (by replacing old wooden poles with new concrete poles and installation of underground cable)

The concrete poles to be used are normally about 8-12 meters high. This type of transmission normally follows the road network except for bends and a curve where it is more economical to make shortcut if that is technically feasible.

Causal labor will be recruited from the construction area thus providing employment opportunity to the local communities. No camp or other temporary facilities are required.

The main structural intervention is the erection of concrete poles. However, the flexibility in the positioning of distribution poles and the relatively low costs of changing line direction mean that the alignment can be modified to avoid displacing any households, hence avoiding any land acquisition or resettlement of households. However, crop damage may occur during construction and a compensation plan will be prepared.

Substations Upgrading and Rehabilitation (19 substations)

The Substations Upgrading and Rehabilitation focuses on upgrading and rehabilitating existing 19 substations in different parts of the country.

The Names of the Substations are indicated below.

1. Kaliti I 230/132/45/15 kV substation
2. Sebeta I 230/132//45/15 kV Substation
3. Gefersa 230/132/66/45/15 kV Substation
4. Cottobe 132/45/33/15 kV Substation
5. Wereghenu 132/15 kV Substation
6. Kaliti II 132/15 kV Substation
7. Kaliti North 132/15 kV Substation

8. Addis North Substation –Construction of new 15 kV bays
9. Arba Minch Substation - Construction of new 15 kV bays
10. Debre Markos 230/66/15 kV Substation
11. Adwa 132/15 kV Substation
12. Maychew Substation
13. Awassa 132/15 kV Substation
14. Nefas Silk 132/15 kV GIS Substation
15. Addis West 132/15 kV GIS Substatiion
16. Dabat 66/15 kV Substation
17. Dire Dawa I 132/15 kV; 2 x 31.5 MVA Transformers
18. Dessie 132/66/15 kV; 2 x 25 MVA Transformers
19. Alamata Substation- Upgrading

Substation Upgrading and Rehabilitation works will be carried out on existing substations and hence negative environmental and social impacts are not anticipated in this project component.

Intensification of Connection in Urban and Rural Towns

The purpose of the third project component, Intensification of Connection in Urban and Rural Towns, is to increase electricity penetration to more households. The main works in this component is connecting new customers from the existing distribution line. In addition to this construction of medium and low voltage distribution lines will be the other main component of the project. However, this project component is not expected to induce significant environmental and social impacts since connections will be made from the existing low voltage line. Where medium and low voltage lines construction required the construction will take place on existing road structure thus environmental and social impacts considered as minimum.

Drilling of Four Deep Geothermal Wells at Aluto Langanu

The purpose of the drilling of four deep geothermal wells at Aluto Langanu is to increase the capacity of the geothermal power plant. Four deep wells will be excavated in this project component with the following main activities.

- Drill well site preparation (near existing wells, an area of 170m X 75m),
- Drilling 2,500 m deep wells using circulating water, and
- Maintenance of existing access road (about 14 km).

The exploration of geothermal resource will be near the Aluto Langano Geothermal Pilot Power Plant area, which is located within the central-southern part of the main Ethiopian Rift with an impermeable pre-Cambrian basement rock of metamorphic and granitic nature. The Precambrian rocks of the Aluto volcanic complex are however affected by active axial and transverse faults and fractures. These rocks exhibit several surface manifestations including fumaroles, ground water, hot and warm springs, and altered grounds.

Aluto Langano Geothermal Power Plant is located at 200 km south of Addis Ababa and started to operate in 1998. Two generation units supply 7.3 MW in total, about 3.5 each. The Aluto Langano pilot plant was out of operation up to February 2009. The major reason is assumed to be maintenance.

2. LEGAL FRAMEWORK FOR EXPROPRIATION AND COMPENSATION

2.1. Expropriation Law

The Federal Democratic Republic of Ethiopia by signing the credit agreements for the Additional Finance for Energy Access Project with the International Development Association (IDA) committed itself to abide by the World Bank policy on involuntary resettlement. Thus, the legal framework of the Project is based on the Constitution of FDRE as transcended into EEPCo's procedures and World Bank Operational Policies (OP/BP 4.12) on involuntary resettlement.

According to the Constitution of the Federal Democratic Republic of Ethiopia (FDRE), land is a public property and cannot be subject to sale or to other means of exchange. In other words, alienating land by sale, mortgage or any form of transfer with respect to land is prohibited. Ownership of land is vested on the State while citizens have only usufruct rights over land.

The right regarding the latter may be considered "private property" and any interference of the usufruct right, such as expropriation, shall entail compensation. A usufruct right gives the user of the land the right to use the land and the right to benefit from the fruits of her/his labor. This may include crops, trees, etc. found on the land or any permanent works (such as buildings, etc.).

This is clearly provided in Article 40.7;

"Every Ethiopian shall have the full right to the immovable property he builds and to the permanent improvements he brings about on the land by his labour or capital."

The FDRE Constitution further states, among other things, that the owner of such rights is entitled to compensation and that the particulars shall be determined by law. Article 40.8 in turn strengthens this by stating that private property may be compensated if expropriated by the government for public purposes.

The expropriation of land holdings set out in the FDRE Constitution and in the proclamation 455/2005 is mostly in agreement and in line with World Bank policies (OP and BP 4.12).

2.2. Compensation Law

The Additional Finance for Energy Access Project must include an effective and sustainable resettlement strategy, offering adequate compensation and incentives for loss of land and other sources of livelihood (e.g., loss of income, crop, trees, housing and other structures) and for investments made on land by PAPs in accordance with the law.

The Constitution of the Federal Democratic Republic of Ethiopia (FDRE) has several provisions which have direct policy, legal and institutional relevance for the appropriate

implementation of the resettlement/rehabilitation plans prepared by development projects and programmes.

Article 44 No.2 of FDRE Constitution states that:

“All persons who have been displaced or whose livelihoods have been adversely affected as a result of state programs have the right to commensurate monetary or alternative means of compensation, including relocation with adequate state assistance.”

The Constitution also guarantees people whose livelihood is land based and pastoralists the right to have access to land as well as protection against eviction from their possession (Article 40.4 and 40.5).

Article 40.8 also states that;

“Without prejudice to the right to private property, the government may expropriate private property for public purposes subject to payment in advance of compensation commensurate to the value of property.”

In July 2005, the Government of Ethiopia has issued a new proclamation, “Proclamation to provide for the expropriation of land holdings for public purposes and payment of compensation”, No. 455/2005. This new proclamation has several articles on the determination of compensation, compensation for displacement, valuation procedures, establishing property valuation committees, and on complaints and appeals. The proclamation gives power to Woreda and urban administrations to expropriate and use land for public services.

Part two, article 3, No.1 of the proclamation No. 455/2005 states that:

“A Woreda or an urban administration shall, upon payment in advance of compensation in accordance with this proclamation, have the power to expropriate rural or urban landholdings for public purpose where it believes that it should be used for a better development project to be carried out by public entities, private investors, cooperative societies or other organs, or where such expropriation has been decided by the appropriate higher regional or federal government organ for the same purpose.”

Proclamation No. 455/2005 also provides displacement compensation for rural land holdings. Part Three of article 8 states that:

“A rural landholder whose land holding has been permanently expropriated shall, in addition to the compensation payable under article 7 of this proclamation, be paid displacement compensation which shall be equivalent to ten times the average annual income he secured during the five years preceding the expropriation of the land.”

The proclamation also states that in urban areas, PAPs will be provided with a plot of land (land for land compensation) for their expropriated land to be used for the construction of house and also be paid compensation for displacement.

2.3. EEPCo's Strategy for Expropriation and Compensation

It is the objective of EEPCo to avoid or reduce to a minimum level, the detrimental environmental and social impacts and effects of the project operations, on the livelihood of those people to be served by the Project components. However, if adverse social impacts induced by project operations are inevitable, EEPCo's Resettlement/Rehabilitation Policy Framework /RPF/ stresses that PAPs should be consulted and compensated for loss of their properties and other inconveniences.

To achieve the social mitigation goal, EEPCo will allocate a yearly budget for compensation payment expected during project implementation. EEPCo in consultation with Woreda administrations for rural areas and with municipalities for the town sections shall establish property valuation committees as per proclamation 455/2005, article 10, and number 1-3. To implement compensation payments for the PAPs, projects may initiate the establishment of more than one property valuation committee.

The compensation estimate and amount is and will be calculated by EEPCo's legal division and Power System Planning Social experts in concert with the property valuation committees. The payment is and will be effected by the Project office.

2.4. World Bank Operational Policies and Procedures for Involuntary Resettlement (OP 4.12 and BP 4.12)

World Bank Operational Policy (OP 4.12) and Bank's Procedures (BP 4.12) on involuntary resettlement serve as operational guidelines for IDA-funded projects (Annex 1).

The World Bank, in its Operational Policy (OP 4.12) states the overall policy objectives of involuntary resettlement as follows:

- a. Involuntary resettlement should be avoided where feasible, or minimized, exploring all viable alternative project designs.
- b. Where it is not feasible to avoid resettlement, resettlement activities should be conceived and executed as sustainable development programs, providing sufficient investment resources to enable the persons displaced by the project to share in project benefits. Displaced persons should be meaningfully consulted and should have opportunities to participate in planning and implementing resettlement programs.
- c. Displaced persons should be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher (For more details, refer to Annex).

EEPCo commits itself to adopt OP/BP 4.12 as working documents in the implementation of resettlement and rehabilitation of PAPs. The commitment of EEPCo to comply with the requirements of World Bank's Operational Policies (OP 4.12) and Bank's Procedures (BP

4.12) has been demonstrated, not only in the ongoing implementation of the Energy Access Project but also in the implementation of other projects, such as the Universal Electricity Access Program undertaken by the Ethiopian Electric Power Corporation.

In case of conflicts between the FDRE law and Bank Policy, Bank policy will prevail as the Resettlement/Rehabilitation Framework and will be part of an international credit agreement between the Government of Ethiopia and the Bank.

3. INSTITUTIONAL FRAMEWORK

3.1. Federal and Regional Environmental Organs

In order to implement the legal requirements at different hierarchy, it was found mandatory that institutional arrangement should be made.

To this effect, the establishment of the Environmental Protection Authority /EPA/ was realized with Proclamation No. 9/1995. Later, the re - establishment of the Federal EPA, along with the Regional Bureaus, was made through Proclamation No. 295 / 2002 to "... ensure that all matters pertaining to the country's social and economic development activities are carried out in a manner that will protect the welfare of human beings as well as sustainably protect, develop and utilize the resource bases on which they depend for survival".

The EPA and the Regional environmental organs, inter alia, have the following major duties and responsibilities.

- a) To prepare environmental protection policy and laws; and upon approval follow up their implementation.*
- b) To prepare directives and systems necessary for evaluating the impact of social and economic development projects on the environment ; monitor and supervise their implementation ; and*
- c) to prepare standards that help in the protection of soil, water and air as well as the biological systems they support and follow up their implementation.*

3.2. Sectoral Environmental Organs

Following the establishment of the Federal EPA and the Regional Environmental Protection Bureaus, establishment of environmental units within Sectoral Ministries was proposed as a positive and proactive measure to consider environmental protection while appraising and implementing projects. That is, mainstreaming environmental protection through undertaking the correspondent environmental management activities at different stages of the project cycle. The

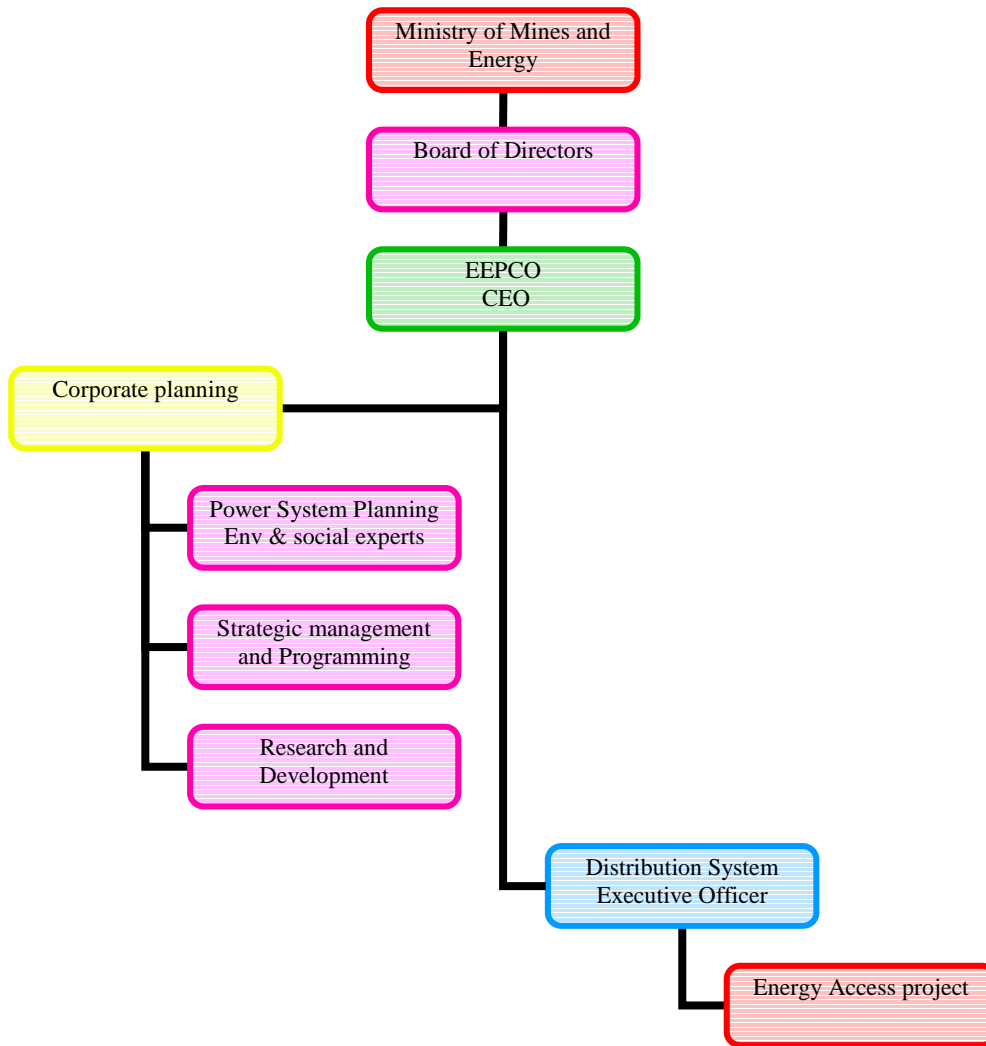
Sectoral environmental monitoring units have a direct functional relationship with the EPA.

3.3. EEPCo's Organizational Structure/Framework

The Ethiopian Electric Power Corporation (EEPCo) is engaged in the business of electricity generation, transmission, distribution, sales and other related activities. Presently EEPCo's main supply is from the interconnected system (ICS), which is mostly supplied from hydropower plants, and the self contained system (SCS) which consists of mini-hydropower plants and a number of isolated diesel generating units which are widely spread over the country.

EEPCo is organizationally structured under the Ministry of Mines and Energy and operationally, it is sanctioned by a Board of Directors. EEPCo's Board of Directors is composed of higher level Government officials including two Ministers. The organizational structure of Power System Planning /PSP/ Experts within EEPCo is depicted as follows:

The Power System Planning /PSP/ Environmental and Social Experts are responsible for addressing major environmental and social issues in power sector development works and ensuring that power generation, transmission and distribution services are environmentally and socially sound and sustainable. PSP Experts are responsible for monitoring the environmental and socio-economic impacts in different power projects, to ensure that contractors are complying with the technical specifications stated in the contract agreement.



Organizational Structure of Energy Access Project and Power System Planning

|

4. OPERATIONAL PROCEDURES

4.1. Institutional Arrangement

EEPCo is the implementing agency of the Additional Finance for Energy Access Project.

Within EEPCo, the Power System Planning Social Experts will be the responsible body for the preparation and implementation of resettlement and rehabilitation activities.

The Power System Planning comprises Environmentalists and Sociologists and the office reports to Corporate Planning.

The implementation of the project and the mitigation of adverse social impacts, will therefore be executed by EEPCo and be subject to EEPCo's operational procedures and Resettlement/Rehabilitation Policy Framework in conjunction with Ethiopia's Environmental Policy; the World Bank's Operational Policy on Involuntary Resettlement requirements (for World Bank funded projects) and the potential requirements of other donors.

EEPCo's operational procedures cover three phases of the project cycle. These are:

- Project identification;
- Project conception/preparation; and
- Project launching/implementation.
- Project Monitoring & Supervision

It will be the responsibility of PSP in the MoME to conduct an ESIA to identify the social & environmental impacts of the project. The potential impacts regarding resettlement/rehabilitation requirements will be identified in the ESIA as a separate Resettlement Action Plan (RAP) at the project preparation phase, as this is the phase that defines most of the actions that need to be taken during project implementation.

Stakeholders include a range of actors: Government institutions and organizations at Federal, Regional and Woreda level; Multilateral and Bilateral organizations, Private Enterprises (national and international); Non-governmental Organizations (NGOs) and PAPs.

The key stakeholders include the Ministry of Mines and Energy (MoME), Ministry of Finance and Economic Development (MoFED), EEPCo, Regional Governments, the Environmental Protection Authority (EPA), the Authority for Research and Conservation of Cultural Heritage (ARCCH) and the PAPs.

PAPs and the other key stakeholders will be consulted at the very early stage of the project identification cycle in order to assure that adverse social impacts are identified and addressed properly and if required RAPs are prepared. Among the stakeholders; MoME and ARCCCH will participate in the preparation of mitigation measures for adverse social and cultural impacts that might be identified in the implementation of the project. MoME will provide clearance and no-objection to the TOR for the study of ESIA and ESIA/RAP reports. It will be the responsibility of the Environmental & Social experts within the PSP to prepare and submit the draft TOR and ESIA report to MoME for its clearance.

4.2. Planning Principles and Process

The Power System Planning (PSP) is responsible for the preparation of mitigation measures for adverse social and environmental impacts. The PSP is accountable for planning and monitoring while the Project office will be responsible for the implementation of the expropriation/compensation procedures.

The PSP will provide the general direction and guidelines in the planning process of acquisition of land and compensation tasks, facilitate and coordinate mitigation measures for the adverse social impacts within the projects and monitor and document the implementation process of RAP.

The Project office is responsible for the identification of towns in the project component i.e., the Intensification of Connection in Urban and Rural Towns. It is also responsible for conducting a household census of Project Affected Persons (PAPs), establishing compensation committees, assessing and establishing compensation rates, providing compensation payment for PAPs and carrying out resettlement or relocation of PAPs as per the RAP.

Woredas and Urban Administrations (or Municipalities) will facilitate land acquisition required for the project as per proclamation No. 455/2005, Part Two, article 3.

“A Woreda or an urban administration shall, upon payment in advance of compensation in accordance with this proclamation, have the power to expropriate rural or urban landholdings for public purpose where it believes that it should be used for a better development project to be carried out by public entities, private investors, cooperative societies or other organs, or where such expropriation has been decided by the appropriate higher regional or federal organ for the same purpose.”

4.2.1. Project Identification

At project identification phase, Social Screening/Social Impact Assessment (SIA) of the project will be conducted with the aim of determining whether or not a project(s) would require detailed Resettlement Action Plans (RAP) as specified in the World Bank (WB) Operational Policies. According to the WB guidelines, the Energy Access Project is classified

as Category B that means the Project will not have large scale social and environmental impact.

The principles of compensation/rehabilitation will be triggered wherever there will be land acquisition, loss of income, loss of assets, loss of access to assets, or adverse social impacts including loss of resources of livelihood. If the SIA findings reveal that project operations will cause involuntary resettlement or that 10% of assets will be affected, a Resettlement Action Plan (RAP) has to be prepared. However, if less than 200 persons are affected; an abbreviated RAP will be prepared. The RAP must also receive final approval from the MoME and World Bank prior to compensation and commencing project activities.

The World Bank Operational Policy (OP 4.12) addresses involuntary resettlement of PAPs. The policy states:

“Bank experience indicates that involuntary resettlement under development projects, if unmitigated, often gives rise to severe economic, social, and environmental risks: production systems are dismantled; people face impoverishment when their productive assets or income sources are lost; people are relocated to environments where their productive skills may be less applicable and the competition for resources greater; community institutions and social networks are weakened; kin groups are dispersed; and cultural identity, traditional authority, and potential for mutual help are diminished or lost.”

EEPCo’s Power System Planning (PSP) is responsible for the preparation of Terms of Reference (TOR) for consultancy services regarding ESIA and RAP. The TOR is supposed to be prepared in line with EEPCo’s Environmental Guideline and the Resettlement/Rehabilitation Policy Framework.

The MoME will be responsible for the final approval of the Terms of References (TOR) prepared by PSP for the consultancy services regarding ESIA and RAP and the World Bank will provide clearance. The PSP and the World Bank will also review the Resettlement Action Plan (RAP) and the Environmental and Social Impact Assessments (ESIA) for projects implemented by EEPCo. Monitoring reports of subprojects carried out by PSP shall also be submitted to MoME for its appropriate review.

RAP must also receive final approval from the World Bank & MoME prior to compensation and commencement of project activities.

The main issues to be addressed by the EIA or SIA will include: demography, land tenure and land use, socio-economic structure, identification of PAPs, public consultations with PAPs, identification of the adverse social impacts of the project, preparation of mitigation measures for adverse social impacts and preparation of reinforcement measures for positive impacts.

4.2.2. Project Preparation

Clear identification of PAPs is extremely useful in the planning process of a RAP. The World Bank’s safeguards policy OP. 4.12 on involuntary resettlement specifies:

“A draft resettlement plan that conforms to this policy is a condition of appraisal (see Annex A, paragraphs. 2 - 21) for projects referred to in paragraph 17(a) above. However, where impacts on the entire displaced population are minor, or fewer than 200 people are displaced, an abbreviated resettlement plan may be agreed with the borrower (see Annex A, paragraph 22). The information disclosure procedures set forth in paragraph 22 apply.” (See OP. 4.12. Annex 1).

The final number of PAPs is confirmed after the detailed design work preparation is finalized. The alignment of the center line of the distribution line will be the most critical work that will determine the size of PAPs. Any estimation of the number of PAPs before the design of the center line must be considered as preliminary work. Projects would therefore benefit from establishing the center line of the distribution immediately. That would not only advance and enhance the reliability of a RAP but it would also help the project office to better prepare the relocation plan and compensation estimates.

The first objective of the SIA will be to determine whether the adverse impacts of project operations trigger involuntary resettlement and the preparation of a resettlement action plan (RAP). Among the tasks to be considered in the TOR of the RAP are: the number of PAPs, an analysis of host community’s willingness to accommodate PAPs, an analysis of PAPs willingness to be relocated to identified areas, an analysis of the capacity of the receiving area(s) to sustain additional population under the conditions introduced by the resettlement operations.

One of the key activities to be conducted at this stage is a socio-economic survey that serves as a background for the RAP. A household census survey will be conducted, describing the extent of the social impacts, thus identifying households affected by the project as well as preliminary identification of resettlement sites. The boundaries of land owned by the various groups affected should also be described. The household survey will contain general household data such as:

- List of all affected households;
- Information on family size, gender and age;
- Educational background;
- Occupation for each member of the household;
- Land ownership, tenure arrangements, inheritance regulations;
- Sources of income
- Inventory of wealth indicators: Land size, house type/size, crop type/annual/ perennial, number and type of livestock;
- Means and ownership of transportation;
- Distance to market places, work places, schools, and health facilities; and

- Network of social and religious institutions;

The survey would estimate the extent to which the affected families will experience loss of assets, including control over resources, as well as infrastructure and social services available and disturbed or affected by the project. The survey should further describe Woreda and Kebele level organizations and institutions, traditional village councils, religious groups, etc., that could later participate in the planning and implementation of the resettlement options. Expected changes in demography and health impacts should also be addressed. At this stage, all PAPs will be listed in order to avoid an influx of people trying to take advantage of the compensation and rehabilitation. A cut off date will be proclaimed. That means, a date from which eligibility for compensation will be terminated. New inhabitants coming to the project affected areas will not be considered for compensation.

The household census survey and the preparation of a RAP for Bank funded projects will be carried out by independent professionals (consultants). The TOR for the preparation of the RAP will be drafted by EEPCo's PSP, and its focus will be on the following:

- Technical design alternatives to avoid resettlement
- Land tenure, household survey; socio-economic baseline study;
- Selection of resettlement area and provision for alternative sites
- Organizational structures;
- Participation of both resettled and host communities, including also community institutions or organizations from both groups and NGOs;
- Plan and design of development assistance to cover both project affected persons (PAPs) and host community;
- Impact on marginal groups, old people, women, ethnic minorities and pastoralists;
- Cultural identity and preservation;
- Compensation valuation and schedule for implementation,
- Housing, including criteria for house plot allocation, infrastructure and social services;
- State of natural resources, land suitability and carrying capacity at resettlement site estimated at least two generations ahead taking into account population and livestock growth, as well as water availability and water quality;
- Immediate as well as foreseen health implications at resettlement site in relation to water-borne diseases, nutrition, environmental hygiene, availability of clinics or other health extension services, hazardous chemicals, toxic wastes, food contamination and the working environment; possibilities and constraints regarding assimilation or integration of resettled into host communities;
- Staff requirements, staff training needs, necessary equipment,

- Cost estimation, budget, and synchronized resettlement implementation action plan with the distribution line implementation schedule;
- The RAP will provide specific compensation rates and standards, and;
- Monitoring and evaluation procedures.

4.2.3. Project Implementation

At the launching of each town's electrification "project", stakeholders will be consulted to establish planning principles and work arrangements that aim at the identification and mitigation of adverse social impacts to be induced by project operations. Prior to the commencement of civil works, social impact assessment/baseline study, valuation of properties and payment of compensation will be effected. Civil works and compensation will not begin until a RAP has been properly prepared and final approval given by EPA and the World Bank. Progressively, all PAPs will be consulted in the process, be it in the context of resettlement/compensation, in the context of mitigating adverse impacts on religious and cultural heritages, or in the context of mitigating other project-related social impacts.

Likewise, prior to project launching, Regional Governments, Zonal and Woreda Administrations will be consulted by EEPCo as per the established procedures. That is, EEPCo will present the project to Regional, Zonal and Woreda Administrations.

The Project office will consult with relevant Woreda prior to implementation of the Project.

After the mobilization phase, the Project Manager will be requested to elaborate distribution line or the right-of-way reports. The report should present all obstacles identified in the corridor line after completion of the detail design. The RAP will be carried out parallel to the project construction schedule. Compensation of PAPs will be paid prior to land acquisition.

The PIU will be responsible for the day to day implementation of the RAP and it will work in close collaboration with Woreda and Urban Administrations, and with Kebele Administration in the rural areas. The PIU will be reporting its progress to PSP.

5. SOCIO-ECONOMIC BACKGROUND OF PAPS

5.1. Socio – Cultural and Economic Landscape of PAPS

The Additional Finance for Energy Project planned and designed to cover most of the regions of Ethiopia; and consequently, it will affect the various social and cultural landscapes of the country. Social Assessments will be conducted in projects that have been screened to have major social impacts in terms of compensation and relocation of project affected persons.

The majority of the Country's population is principally engaged in agricultural activities (farming and livestock keeping). Most of the populations living in the presumed project areas are engaged, in small-scale farming and livestock keeping, in small-scale trade and business, in informal businesses, such as selling of food and local drinks, marketing of agricultural produces, etc.

Since most parts of the country are rural, and about 85% of the population is dependent on a land-based economy (predominantly crop farming), the erection of poles for the power transmission line or acquisition of the right-of-way may include damage to crops and trees, and demolition of a few houses and fences.

During the preparation of the projects, socio-economic surveys will be conducted in order to establish: detailed information about categories of PAPS, the extent of impacts, provides the basis for determining eligibility and for estimating resettlement/rehabilitation costs and establishing baseline information for monitoring and evaluation.

5.2. Socio -Cultural Affiliations

Culture is defined as a reflection of the socio-economic condition of a particular society/community. Different cultural practices and forms could influence the socio-economic development of a society in either a positive or negative way.

Religion is also another important social activity that plays an important role in the life of a given community/society. In Ethiopia, Christianity and Islam are the two major religions that are practiced widely. Both religions play a significant role in the life of the population. Other religions include traditional religion, animism, and Judaism.

Ethnically, the country is divided into several different ethnic groups that are estimated to number over 80. The major ethnic groups include: the Oromo, Amhara, Sidama, Wolayta, Somali, Gurage, Kembata, Hadiya, and Tigrawie. The Oromo and Amhara are estimated to comprise more than 50% of the country's total population.

Language-wise, Amharic is the most widely spoken language, followed by Oromifa. Amharic, which has its own script, is also the official language of the country. Similar to the

number of ethnic groups, the number of languages is estimated to number over 80 in Ethiopia.

5.3. Land Use

In Ethiopia, most of the country is rural and about 85% of the population is dependent on land-based economic activities, predominantly on crop farming.

The different land use patterns in Ethiopia include land for agriculture use, mainly for crop farming (cereal and cash crops). Cereal crops are the major form of crop farming in Ethiopia and occupy the largest proportion of agricultural land. Agriculture takes the largest share and this is a manifestation of the fact that the sector is dominant in the country's economic sphere. Agricultural land is highly fragmented and the landholding size for farm households on an average is less than 2.5 hectares. Grazing land also occupies a large proportion, mostly in pastoral areas. Forest areas occupy less than 4% of the country's land area.

Industrial areas and settlements (urban and suburban areas) occupy a very small proportion of the country's land area. In urban areas, land is mainly used for the construction of different types of buildings for private and public services.

Energy Access Project creates improved accessibility of electricity for various land use practices and enhances development activities. Furthermore, reliable electric supply also enhances the performance of the existing land use pattern. Due to electricity, new and improved technologies, such as irrigation pumping, poultry farming, animal husbandry, and preservation of products, etc. can be introduced; which will improve or promote agricultural production and productivity.

5.4. Economic Activities

Economic activity involves the production of goods and/or services for sale or exchange and production of certain products for consumption and sale. The populations living in the Project areas are engaged in different types of economic activities, mainly agricultural, but also small-scale trade and business.

The economic activities undertaken in rural areas are mainly agriculture and livestock keeping. As agriculture is the main stay of the majority of the Ethiopian population, people in the rural areas are involved in this sector. Agricultural activities mainly include farming and cattle rearing which is termed as mixed-farming. This activity is widely practiced in the middle and highland areas of the country. In the lowland areas, on the other hand, rearing of cattle is the major form of livelihood for the pastoral nomads.

In agriculture, the farming of cereal crops, such as teff, maize, sorghum, millet, wheat and barley, accounts for the major share of output. The second largest agricultural output is cash crops, such as coffee, chat, and different types of fruit. Urban inhabitants located in the project areas are mainly engaged in various types of small trade and business, and employed in public and private enterprises.

5.5. Housing Condition

Housing is one of the basic needs for human beings. Housing condition (standard and quality) is one of the manifestations that shows the economic growth of a country, since it has a direct relationship to the economic development and wealth of a nation.

The condition of houses in rural Ethiopia is observed to meet a very low or poor standard. This difference is quite common even within an area which signifies the economic disparity among inhabitants. The type and quality of construction materials used in house construction vary from place to place depending on the availability of construction materials, on the climatic condition of the area, etc. In rural areas, houses are constructed from wood and mud and covered with thatched /grass roof; and in urban areas, houses are mainly constructed from mud and wood and covered with corrugated iron sheet.

6. SOCIAL IMPACTS

General

The adverse social impacts induced by the different construction works will be monitored and mitigation measures planned. The detail design of the project will be carried out taking into account the mechanisms to reduce the adverse social impacts. Each project has and will provide a report on the distribution line (or Right of Way) after mobilization. Those reports will identify: number and type of houses to be affected and or relocated, land acquisition report for the Right of Way (ROW), loss of assets and loss of access to assets and services, and the number and location of persons to be affected by project operations.

The impacts of Project operations on land acquisition will be limited in scope and time. Project operations will disturb, but not impair, the sources of livelihoods of the beneficiary populations. After the erection of the electric poles, farmers will continue to have access to their farmland and continue their farming activities. Also, farmers will still have ownership and access to their farmland and crops in the right of way.

There will be temporary disturbance to homes, services and businesses during the upgrading and or construction of new distribution lines in the urban areas. The RAP will include these temporary encumbrances and mitigation measures.

The positive social impacts include the creation of short-term job opportunities and skill transfer to the local people. In the long term, the availability of a regular and reliable supply of electricity will contribute to the development and growth of small scale businesses, which in turn will create employment opportunities and increase income. Social service delivery institutions would provide improved services; new skills and knowledge could also be transferred to the area; and local market opportunities developed.

6.1. Impacts on Economic Activities

Ethiopia is a country with significant agro-ecological and cultural diversity. Substantial variations amongst regional states are observed in terms of size and density of population, settlement pattern, natural resources and in areas of economic activity.

Agriculture is the backbone of Ethiopia's economy; small-scale family farming is the dominant mode of production. Nearly 85% of the economically active population is engaged in agricultural activities. The sector contributes about 45% to the national GDP.

The availability of reliable electric power has direct impact on the economic activities of the population either in the urban or rural towns. The principal objective of the Project in a given area is to promote socio-economic development. Electricity creates a new economic sphere

by attracting investment projects and other socio-economic activities, which were absent in an area.

Over the long term, the availability of a regular and reliable supply of electricity would contribute to development and growth. Small-scale businesses would increase, which in turn would create employment opportunities and increase income. The growth and development of small-scale businesses and enterprises will include the establishment of agro-processing industries, commercial enterprises and irrigation facilities.

Social service delivery institutions will also provide improved services. New skills and knowledge could also be transferred to the area. Market opportunities could be developed; and in general, improved living condition will be created and maintained.

6.2. Impacts of Additional Finance for Energy Access Project

Socio-economic and Cultural

Land Expropriation-short term

The principal impact during the implementation of the project is the taking of land temporarily for stores and equipment yards and experience shows that when there project delay occurs, project proponents sometimes do not compensate for the additional time (for delay).

There will also be land acquisition for supply of electricity in the urban areas. This may also include the temporary loss of access to homes, businesses and services.

Land Expropriation-Long term

The planned routing of distribution lines follows the urban road systems. The poles are erected near the edge of the road and would be sited, as far as possible; to avoid any needs for resettlement. However, much of the land on the periphery of the cities could be farmland and during construction there will inevitably be some crop damage.

Drilling of deep Wells at Aluto Langanu may also trigger social impacts during geothermal field preparation period.

Beside and beyond crop damage, the major negative impact anticipated in this regard is expropriation of land due to access roads and the area for the new substations to be constructed, if there would be any. That is, the farmers and urban dwellers may lose their crops, houses, and other properties forever.

When expropriation of land and properties is done, the rate of compensation sometimes may not be adequate to restore, if not better, therefore preparation of Abbreviated Resettlement Action Plan must be done prior to the implementation of the Project.

Health and Safety

The major impact on health and occupational safety is related to the work force engaged in construction and operation of rehabilitation of the distribution system and preparation of geothermal fields.

Such Project involves mobilization of labor force. Although the Distribution Rehabilitation is designed to use the local labor force, the risk of the transmission of communicable disease like STDS and HIV/AIDS in the work sites is expected (may be minimum).

During the operation phase of the project, impacts are mainly related to electrocution (electric shock).

6.3. Impacts on Housing

Most houses in rural Ethiopia are made from wood and mud having thatched /grass roofs. In urban centers, most houses are constructed from wood and mud, bricks and hollow blocks having corrugated iron sheet roof. In general, the standard of housing construction in Ethiopia is very low and poor in quality. In most parts of rural Ethiopia, all the members of a household and the livestock share the same room.

The construction of distribution lines may cause demolition of houses that are located in the ROW or in the corridor line. In places where there is estimated to be a large number of houses that would be affected by the construction and operation of the distribution line, it will be shifted and designed in a way to minimize the impact on PAPs.

Most houses to be affected by the Project are located in the ROW or corridor line. The affected houses will be compensated as per the law and rehabilitated by local authorities and the project office.

6.4. Impacts on Cultural Heritage

Ethiopia is one of the few countries in the world which is known for its long history and rich cultural heritage. Archeologically, it is considered as the birth place of mankind. One of the oldest humanoids, “Lucy”, is to be found in Ethiopia, in a place called Hadar, located in Afar Regional State.

Archaeological sites, marketplaces, historical and religious structures are forgotten, imbedded in cities, hidden in villages, lost along the coastal lines, drowned along river basins and buried along major transportation axes where new roads and new cities are built along the distribution line. There is, therefore, reason to be cautious when constructing distribution lines in the Project operations.

During surveying of the route alignment cultural, historical, religious and archeological sites will be avoided. When there is “chance findings” the contractor will immediately inform EEPCO on such findings and EEPCO will inform the Authority for Research and Conservation of Cultural Heritage (ARCCH) for further investigation.

“Chance Findings” during the exploration of geothermal fields may also be occurring. In the same way ARCCH will be informed for further investigation

6.5. HIV/AIDS

The Ethiopian Government issued a policy, which calls for an integrated effort involving a multi-sectoral response, to control the epidemic. The Ethiopian Government’s HIV/AIDS policy urges communities at large, including government ministries, woreda level government institutions, and the civil society to assume responsibility for carrying out HIV/AIDS awareness and prevention campaigns.

In line with this policy, EEPCo has taken the initiative to develop and implement an HIV/AIDS awareness and prevention strategy. The strategy will comprise three phases:

- (a). Awareness creation campaign for EEPCo’s management personnel.
- (b). Awareness creation educational programme and campaign to be organized for EEPCo district staff and projects (2,000 persons);
- (c). Continuation and consolidation of awareness creation and education programme and campaign for domestic and international contractors and their work force.

The overall objective of the EEPCo's HIV/AIDS awareness creation strategy is to contribute to reducing HIV/AIDS infection and incidents. This will not only contribute to strengthening national efforts to halt the epidemic but also support international initiatives to stop the spread of the disease.

Operational Objectives

The operational objectives are:

- To promote continuous sectoral, gender related information, education and communication (IEC) messages about HIV/AIDS infection, protection, counseling and care;
- To increase availability and accessibility of condoms;
- To establish a sectoral policy that will safeguard human and civic rights and avoid discrimination of EEPCo staff who are infected with HIV/AIDS;
- To contribute to the national efforts in establishing indicators that will ensure effective monitoring and evaluation.

EEPCo's strategy on HIV/AIDS was prepared in 2005, and following its preparation, a number of workshops were held to familiarize its staff with the objectives of the strategy. EEPCo has now received funding support from the National HIV/AIDS Prevention and Control Office for the implementation of the HIV/AIDS strategy.

Operational Objectives

The operational objectives are:

- To promote continuous sectoral, gender-related information, education and communication (IEC) messages about HIV/AIDS infection, protection, counseling and care;
- To increase availability and accessibility of condoms;
- To establish a sectoral policy that will safeguard human and civic rights and avoid discrimination of EEPCo staff who are infected with HIV/AIDS;
- To contribute to the national efforts in establishing indicators that will ensure effective monitoring and evaluation.

7. VALUATION PROCEDURES

7.1. Organizational Procedures for Delivery of Entitlements

The organizational procedures for delivery of entitlements show the procedures to be adopted in the delivery of entitlements for PAPs. The PSP will facilitate organizational procedures for delivery of entitlements according the FDRE Proclamation No.455/2005 and World Bank operational policy on involuntary resettlement (OP 4.12). The principle of replacement cost will apply for the compensation of project affected asset and property.

Woreda Administrations, Municipalities and Rural Kebele administrations; will provide all administrative and organizational procedures for the delivery of entitlements for PAPS in consultation with the project office. Compensation payments will be made either in cash or by cheque, following agreement to be made with individual PAPs. Disbursements will be ensured by the project office and will take place in the presence of the compensation committee.

7.2. Method of Valuation

EEPCo will employ two methods, which can be used to conduct valuation of properties for PAPs. These are replacement cost and compensation cost.

Replacement Cost

The replacement-cost approach is based on the premise that the costs of replacing productive assets that have been damaged because of project activities or improper on-site management can be measured. These costs are taken as a minimum estimate of the value of measures that will reduce the damage or improve on-site management practices and thereby prevent damage. The approach involves direct replacement of expropriated assets and covers an amount that is sufficient for asset replacement, net depreciation, moving expenses and other transaction costs. This minimum value is then compared to the cost of the new measures. Within the Project, this is arrived at by analyzing current construction costs relative to design, materials employed, workmanship and final finish of the subject properties.

In line with the principles of “equivalent reinstatement” if the premises to be reinstated require repair, a deduction to reflect this should be made. The deduction for repairs is made in accordance with the principle that the reinstated property should as far as possible be equal to the property being reinstated.

With regard to land and structures, "replacement cost" is defined as follows:

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,
- the cost of land preparation to levels similar to those of the affected land, and
- the cost of any registration and transfer taxes.

For land in urban areas:

- it is the pre-project or pre-displacement, whichever is higher with similar or improved public infrastructure facilities and services and located in the vicinity of the affected land,
- the cost of any registration and transfer taxes.

For houses and other structures:

- it is the market cost of the materials to build a replacement structure with an area and quality similar to or better than the affected structure, or to repair a partially affected structure,
- the cost of transporting building materials to the construction site,
- the cost of any labour and contractors' fees, and
- the cost of any registration and transfer taxes.

In case of temporary loss of assets, services and livelihood the compensation cost will be determined through a consultative process with the PAPs. In determining the replacement cost, depreciation of the asset and the value of salvage materials are not taken into account, nor is the value of benefits to be derived from the project deducted from the valuation of an affected asset. Where domestic law does not meet the standard of compensation at full replacement cost, compensation under domestic law is supplemented by additional measures so as to meet the replacement cost standard.

7.3. Basis of Valuation

The basis of valuation is Gross Current Replacement Cost (GCRC). Gross Current Replacement Cost is defined as the estimated cost of erecting a building as new having the same gross external area as that existing with the site works and services on a similar piece of

land and also lost income. The valuation process will also consider the use of “compensation value” for affected properties.

“Compensation value” is defined as “the amount to be paid to the leaseholder which is calculated as an amount which is above the gross current replacement cost, including the costs for the inconvenience caused to the leaseholders by relocation and to enable the same leaseholders to build slightly better houses than what they currently occupy”.

Compensation Approach

The compensation approach is based on the willingness of owners of a resource to give up their rights to that resource. In general, the issue of compensation will address four questions: what to compensate for (e.g. land, structures, business, fixed improvements or temporary impacts, lost income); how to compensate; when to compensate; and how much to compensate. Following EEPCo’s practice, compensation is only paid to the PAPs after a written consent of the PAPs.

Compensation for land structures, business, fixed improvements and other temporary impacts are based on, among other things, market valuation, productivity valuation, negotiated settlements, material and labor valuation, disposition of salvage materials and other fees paid. It should be noted that lack of license or permit will not be a bar to compensation. Because, even squatters have construction costs relative to design, materials employed, workmanship and final finish.

If relocation of business becomes necessary, access to customers and suppliers should be assured. In addition, workers losing employment in the process of relocating should be entitled to transitional income support.

Compensation for temporary impacts should include but not be limited to the following:

- Compensation equivalent to lost income required for the duration of impact;
- Compensation equivalent to lost income required for loss of access; and ,
- Physical restoration of assets (or access) required prior to return.

In addition, PAPs will be entitled to transitional assistance which includes moving expenses, temporary residence (if necessary), employment training and income support while awaiting employment and should have an option for full compensation if duration of impact is to exceed two years. In preparing the valuation, average costs will have to be assumed. It should be noted that costs of construction vary from one locality to the other.

7.4. Establishment of Property Valuation Committees and Compensation Procedures

The EEPCo, in consultation with Woreda Administration offices and Municipalities shall establish a Property Valuation Committee. The establishment of a property valuation committee will be in line with proclamation No. 455/2005, Article 10.

The following are proposed valuation committee members either in rural or urban areas. In rural areas the valuation and compensation committee members may include:

1. Woreda Administrator
2. Agriculture and Rural development office head
3. Kebele Administrator
4. Representative of PAPs
5. Representative of the project office

In urban areas:

1. Head of the Municipality or Urban Administration
2. Town planner/surveyor
3. Representative of PAPs
4. Representative of the Project office

The amount of compensation will be determined according to proclamation No. 455/2005, Part Three, Article 7. The amount of compensation will be paid at a replacement cost and also taking into account World Bank requirements. All compensations will be effected ahead of the civil works.

The environmental unit of the project office will carry out household census of project affected persons and identify the impact and affected property.

The following methodology and procedures are suggested for the valuation of compensation rates for crops and trees.

- Cash compensation is paid for loss of crops and trees that are found on the land that has been acquired. The relevant agricultural office of the locality considered establishes the compensation rates. In accordance with the EEPCo procedures and in consultations with Woreda Administrations, the project office and EEPCo's PSP execute the expropriation and the compensation for the loss of crops and trees. The decisions taken will be, as is the practice, documented with meeting protocols and receipts upon payment. The documents will, as usual, be available at municipalities and Woreda government offices and at EEPCo.
- Compensation rates for loss of crops and trees will be based on market values and cover a cash value of the loss estimated until the new crop or tree comes to maturity. The process and the necessary actions to be taken will be concluded after consultations with Woreda Administrations and EEPCo.

Unit Rates of Compensation for Loss of Crops:

- a. Measure the size of land for each type of crop (in square meter or hectare),

- b. Quantify the amount of agricultural production in kg per hectare or per m²,
- c. Obtain current market price for each crop type, and
- d. Calculate the amount of compensation payment based on the type, size and quality for each type of crop production

Compensation Rates for Loss of Trees:

Compensation for trees will take into account the distinction between various types of trees and their economic values; fruit trees versus non-fruit trees, etc. Fruit trees will be compensated for the value of lost production until another tree comes to the same stage of productivity.

- a. Number and type of trees (fruit bearing and non-fruit bearing),
- b. Age of the tree,
- c. Market price for each type of tree,
- d. Sum of the stream of incomes from the tree, and
- e. Sum of the discounted benefits

Compensation Rates for Loss of Housing and Other Structures:

Likewise, compensation procedures and rates for loss of houses and other structures is established in consultations between EEPCo, Municipalities, Woreda Administrations, Kebele Administrations and PAPs. The project office executes the expropriation/compensation procedures in consultation with: EEPCo's PSP, the entitled Project Affected Persons (PAPs) and the Local Government authorities (municipalities, woreda and kebele administrations).

The unit rate established for houses, verandas, fences, and storage could be worked out using the following criterion:

- a. Area or size of the affected building (estimate the rate per m²),
- b. Identify type and quality of the material used for the construction of the house and other structures,
- c. Estimate the cost of construction,
- d. Number of rooms and facilities available,
- e. Labour cost (skilled and unskilled),
- f. Current market value of the house, and

g. Demolishing and transportation cost.

8. ELIGIBILITY CRITERIA

In the Resettlement Action Plan (RAP), there shall incorporate a clear definition of the project affected persons (PAPs) by socio-economic and gender category; household or family; the cut-off-dates for eligibility for compensation; the assets to be compensated at replacement cost and others.

Land ownership and severity of impacts determine eligibility for resettlement entitlements.

8.1. Land Tenure:

- In Ethiopia land is a public property
- According to Proclamation No. 455/2005, part one, article 3, "*Land holder means an individual, government or private organization or any other organ which has legal personality and has lawful possession over the land to be expropriated and owns property situated thereon*".
- In the same Proclamation, part two, article 3(1), clearly states "*A Woreda or an Urban Administration shall, upon payment in advance of compensation in accordance with this proclamation, have the power to expropriate rural or urban land holdings for public purpose where it believes that it should be used for a better development project to be carried out by public entities, private investors, cooperative societies or other organs or where such expropriation has been decided by the appropriate higher Regional or Federal government organ for the same purpose*".
- The land acquisition by non-land owners may be qualified for alternative forms of assistance.
- Non-owners like renters and business are eligible for relocation and other assistance in finding a new location, compensation at replacement value for any immovable assets, compensation for loss of income during transition, assistance for physical transfer and follow-up services.
- People without titles or use right (e.g. squatters, encroachers) will be eligible for specific assistance. They typically claim use rights.
- Ownership after occupation of unused or unprotected land. They are likely to have invested in structures or land improvements that are eligible for compensation

8.2. Severity of Impacts

EEPCo would comply compensation at replacement costs just according to Proclamation No. 455/2005, article 7 and the policies of the World Bank, to perform proper compensations for all lost asset:

- If a land holder who's holding is to be expropriated, he shall be entitled to payment of compensation for his property situated on the land and for permanent improvements he made to the land.
- The amount of compensation for property situated on the expropriated land shall be determined on the basis of replacement cost of the property.
- Those PAPs whose livelihoods are land based and who are losing their significant portion of productive agricultural land would be allowed to have options to choose either cash compensation or land to land compensation.
- Where commercial or industrial activities are disrupted following partial occupation of land, the affected enterprise would be entitled to the cost of reestablishing its activities elsewhere.
- If partially affected structure can no longer serve its normal function, compensation at replacement cost (including, provision of a compatible building site), or compensation for all costs of complete restoration is required.

8.3. Relocation

PAPs will be relocated preferably in their own land holdings or in a place close to the area where they were residing. The RAP will address the requirement for residential plots and will be implemented on the basis of providing options for relocation:

- **Option 1**, PAPs may choose self relocation with compensation for their structures and related assistance, and
- **Option 2**, the PIU will find access to resettle PAPs on appropriate site.

8.4. Cut-Off-Date

The Ethiopian Proclamation No. 455/2005, clearly states the cut off dates for land acquisition, removal of houses and structures and compensation payments.

- Any entitled landholder who has been served with an expropriation order shall handover the land to the local (Woreda) or urban administration within 90 days from the date of payment of compensation.

- Where there is no crop, perennial crop or other properties on the expropriated land, the title holder shall handover the land to the Woreda or Urban administration within 30 days from the date of receipt of the expropriation order.

8.5. Grievance Redress Mechanisms

Grievances are first preferred to be settled amicably whenever possible. That is, positive discussions are made to convince the affected PAP in the presence of elders, local administration (municipalities, woreda and kebele administration) representatives or any influential person in the locality.

According to proclamation N0.455/2005, Article 11, sub article 1:

“In rural areas and in urban centers where an administrative organ to hear grievances related to urban landholding is not yet established, a complaint relating to the amount of compensation shall be submitted to the regular court having jurisdiction.”

In urban areas, a PAP who is dissatisfied with the amount of compensation may complain to an administrative organ and if the PAP is still not satisfied, may appeal to the regular appellate court or municipal appellate court within thirty days from the date of the decision.

8.6. Broad Entitlement Categories

Based on the predicted impacts and the broad entitlement framework, the affected persons in each project would be entitled to the following types of compensation and assistance:

- Compensation for loss of land, crops, trees,
- Compensation for structures (residential/commercial) and other immovable assets,
- Assistance for loss of business/ wage income,
- Assistance for relocation and resettlement, and
- Rebuilding and/or restoration of community resources/ facilities.

8.6.1. Agricultural Title Holders

The majority of the population in the project area depends on agriculture.

- According to the Constitution of the Federal Democratic Republic of Ethiopia (which entered into force on August 21st 1995), the right to ownership of rural and urban land as well as of all natural resources, in the Government and in the people of Ethiopia.

- The Constitution guarantees the rights of farmers to obtain agricultural land without payment and the protection against eviction from their possession.
- Any agricultural title holder will be entitled for land to land compensation where substitute land is confirmed by the local administrations.
- For those PAPs losing some of their agricultural lands, they will be paid cash compensation for the lost plot of land and keep maintaining their livelihood with the remaining land.
- There is also an option of getting full compensation for PAPs losing their agricultural land permanently for properties situated on the land and permanent improvements made to such land where there is no enough agricultural land to replace.

8.6.2. Non-Agricultural Title Holders

The replacement cost of the residential or commercial structures will be calculated as per the value decided by the property valuation committee that would be established under Proclamation No. 455/2005.

8.6.3. Common Properties

During the design phase, all efforts will be made to avoid acquisition of common properties. However, in unavoidable cases, some common properties need to be acquired for the project.

- All common properties that can be replaced will be relocated within the localities in consultation with the local communities.
- The loss of forest lands, which are impossible to relocate, will be compensated in consultation with concerned forest department.

8.6.4. Entitlement Matrix

Property	Types of Loss	Unit of Entitlement	Mitigation measures	Entitlement and Description
Private	Agricultural land	Household	<ul style="list-style-type: none"> - Provide equal size and quality of agricultural land , or - Cash compensation where there is land scarcity. 	<ul style="list-style-type: none"> - In Ethiopia, land is public property. - Any interference on the usufruct right shall entail compensation.
Private	Crop production	Household	<ul style="list-style-type: none"> - Compensation payment for crop losses (for annual and perennial 	<ul style="list-style-type: none"> - The compensation payment shall be performed as per the Proclamation No. 455/2005.

			crops).	
Private	Demolition of residential houses	Household	<ul style="list-style-type: none"> - Compensation payment. - Re-route the power line to minimize the number of affected houses. 	The compensation payment shall cover an amount that is sufficient for asset replacement, net depreciation, moving expenses and other transaction costs.
Private	Demolition of kiosks, flour mill, shops, tea rooms, etc	Household	<ul style="list-style-type: none"> - Cash compensation payment 	
Public	Loss of cultural heritage	Public	<ul style="list-style-type: none"> - Re-route the power line. - Salvage the movables. 	Guideline and TOR for the screening or assessment of cultural heritage and historical sites will be developed in consultation with ARCCH*.
----	HIV/AIDS	-----	<ul style="list-style-type: none"> - Create awareness. - Promote prevention campaign. - Recruit employees from the local community. 	<ul style="list-style-type: none"> - Provision of VCT services on sites. - Allocate adequate budget for the control of HIV/AIDS endemic.

NB:

ARCCH* = Authority for Research and Conservation of Cultural Heritages

9. IMPLEMENTATION AND REPORTING

9.1. Implementation of the RPF

Power System Planning (PSP) Experts of EEPCo will be responsible to ensure that the ESIA and or RAPs are prepared in compliance of the Resettlement Policy Framework (RPF). PSP experts will also be responsible for periodic monitoring of the project to ensure compliance with the proposed mitigation measures.

Energy Access Project will establish Compensation Implementation Team responsible for implementing the compensation and where needed resettlement of PAP's. The Unit will be consisting of professionals with appropriate disciplines.

The implementation of RPF will be exercised in different stages of the projects, preconstruction, construction and operation phases.

9.2. Roles & Responsibilities of Major Actors

The principal actors involved in the management and monitoring of environment and social concerns related to the implementation of the Program are the following:

- *the Energy Access Project,*
- *the PSP,*
- *the Contractor, and*
- *the Supervision Engineer (SE)*

However, it is recognized and obvious that:

- *the Community,*
- *the MoME,*
- *EPA and*
- *local NGOs (as required) are also components of other stakeholders who may play an affirmative role in the process of the Program implementation*

The major roles and responsibilities of each of the actors are presented in the following sections.

The Energy Access Project

The Energy Access Project is the owner of the Project that undertakes the overall contractual follow-up to ensure a successful implementation of the RPF.

The core responsibility of the Energy Access Project is that it makes sure that the principles and policies including compensation of project affected persons are applied as stipulated in the RPF; that is, compensations are made at replacement costs and as per the provision in Proclamation No. 455/2005. The Project office establishes an exclusive team/s to implement compensation. The composition of the compensation team/s should be as suggested in this RPF.

Power System Planning (PSP)

The role and responsibility of the PSP mainly focuses on: writing of ESIA ToR, review of ESIA and RAPs and periodic monitoring of the Program; that is, to ensure that the proposed mitigation measures have been implemented. Overall coordination on reporting will be ensured by the PSP.

The Contractors

The Contractors of the Project are responsible to undertake the construction works as per the design and the EMP (abide by contract documents).

The Contractors, will prepare and submit their environmental protection plan (EPP) after approval by the respective SE.

The Supervision Engineer (SE)

The SE is responsible for the day-to-day monitoring of the Project implementation. They are essentially the proxies of the PSP at each subproject.

The SE approves or rejects, as the case may be, the proposals and undertakings of the contractor in relation to the requirements of the contract documents.

The Community

The Communities will be consulted by the other stakeholders to ensure the overall project acceptability without which the Project would not be sustainable.

In general, the community will be involved at different stages of the Program implementation, from the identification of adverse impacts, mitigation and up to decision-making level. Also, the voices of the communities will be reflected in the monitoring and evaluation reports.

Authority for Research and Conservation of Cultural heritage (ARCCH)

The Authority will be informed whenever there are significant cultural heritage sites in the project areas for further investigation. It will be the responsibility of the ARCCH to adequately mitigate any “chance finds” as per the guidelines in the ESMF.

Ministry of Mines and Energy (MoME)

Ministry of Mines and Energy is the regulatory body delegated to approve the ESIA document, give approval and monitor the performance of development projects.

The EPA

As the EPA is the Federal Competent Agency (CA), it mainly involves in the form of providing technical assistance.

Local NGOs

In project areas where there exists NGOs involved in energy-related interventions, the EEPCo may approach the NGOs for their possible support for the implementation of the RAPs and other mitigations to ensure the sustainability of the Program. NGOs are important specifically during the operation phase of the Program.

9.3. *Health and Safety*

The contractor through out the construction period will be required to use appropriate vehicles and comply with legal gross vehicle and axle load limits. They are also required to respect the standard driving speed limit.

The contractor should minimize road safety hazards and inconvenience to other road users by taking all appropriate measures during the construction periods.

During operational phase safety orientation in schools and other areas along the power line will further minimize impacts on the local communities.

9.4. HIV/AIDS Prevention

The Ethiopian Government issued a policy, which calls for an integrated effort involving a multi-sectoral response, to control the epidemic. The Ethiopian Government's HIV/AIDS policy urges communities at large, including government ministries, woreda level government institutions, and the civil society to assume responsibility for carrying out HIV/AIDS awareness and prevention campaigns.

In line with this policy, EEPCo has taken the initiative to develop and implement an HIV/AIDS awareness and prevention strategy. The strategy will comprise three phases:

- (a). Awareness creation campaign for EEPCo's management personnel (310 Managers in Addis Ababa);
- (b). Awareness creation educational programme and campaign to be organized for EEPCo district staff and projects (2,000 persons);
- (c). Continuation and consolidation of awareness creation and education programme and campaign for domestic and international contractors and their work force.

The overall objective of the EEPCo's HIV/AIDS awareness creation strategy is to contribute to reducing HIV/AIDS infection and incidents. This will not only contribute to strengthening national efforts to halt the epidemic but also support international initiatives to stop the spread of the disease.

Operational Objectives

The operational objectives are:

- To promote continuous sectoral, gender-related information, education and communication (IEC) messages about HIV/AIDS infection, protection, counseling and care;
- To increase availability and accessibility of condoms;
- To establish a sectoral policy that will safeguard human and civic rights and avoid discrimination of EEPCo staff who are infected with HIV/AIDS;
- To contribute to the national efforts in establishing indicators that will ensure effective monitoring and evaluation.

EEPCo's strategy on HIV/AIDS was prepared in 2005 and following its preparation a number of workshops were held to familiarize its staff with the objectives of the strategy. EEPCo has now received funding support from the

National HIV/AIDS Prevention and Control Office for the implementation of the HIV/AIDS strategy.

9.6. Reporting Procedure

During the implementation of the Project, reports mainly originate from the SEs who is after the day-to-day progress of the works.

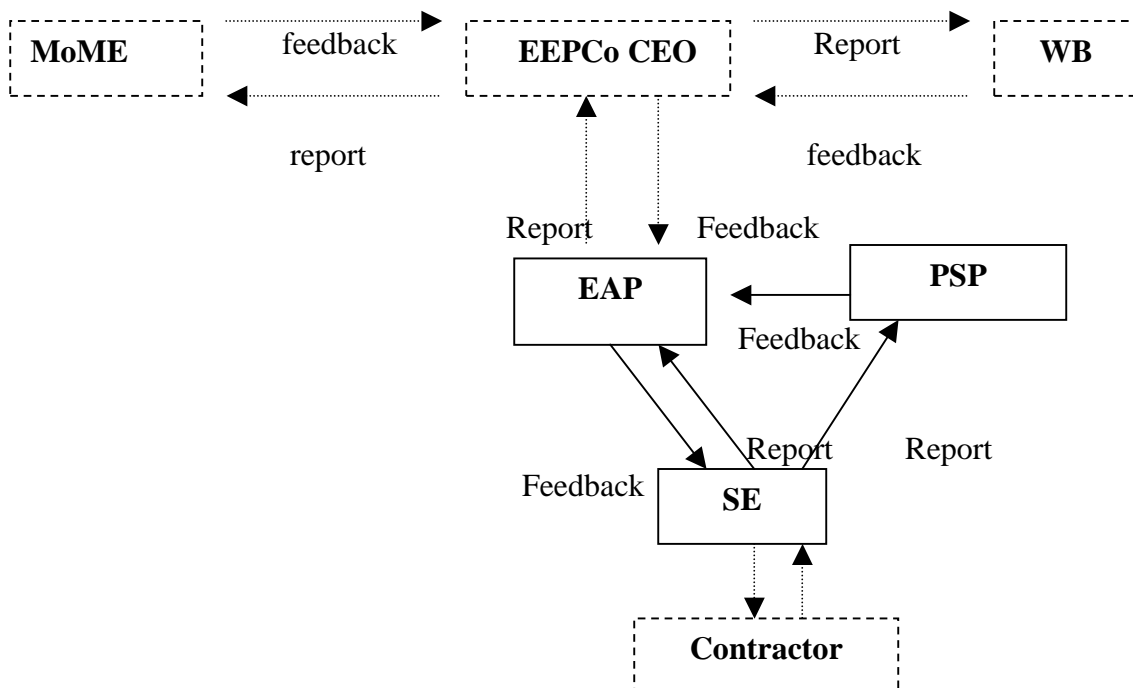
The SE's submits reports to the Project office, the PSP and for their follow-up and review and comment on the reports.

EEPCo will submit copies of reports to the MoME (critical reports of critical sites calling for the attention of the MoME) for the prompt action of the latter.

EEPCo will submit copies of reports to the donor-WB.

The feedback of reports from Energy Access Project (EAP) and PSP should be provided to the SE's within the time stipulated in the contract documents.

Figure 2: summarizes the reporting procedure/flow within EEPCo as well as between EEPCo and other pertinent stakeholders.



10. SOURCES OF FUNDING

As stated in the Constitution of FDRE, people affected by development projects have the rights to be compensated and resettled wherever the situation compels. This forms the bottom line for the commitment of the Government towards compensation and resettlement /rehabilitation.

EEPCo will allocate budget for the implementation of compensation payment for the expropriated property by the distribution line. EEPCo has had prior experience with paying compensation for crop loss and for planning purposes; it has used a value of US\$115 per kilometer of line. EEPCo will update the compensation estimate in consultation with property valuation committees that is to be established according to proclamation No. 455/2005 and pay compensation before the construction of a particular Project component.

Once the budget is approved and transferred to the project account, the implementation will be undertaken through coordinated effort and involvement of EEPCo's Finance and Legal Divisions, PSP and Corporate Planning Divisions.

The valuation and estimate of property is to be done by a committee, established in accordance with article 7 of proclamation No. 455/2005. The Finance Division is responsible for processing the estimated fund and finally the compensation payment will be disbursed through the Project office.

11. CONSULTATION AND PARTICIPATION PROCESSES

Relocating or compensating people implies communication or dialogue with the stakeholders. After completion of the design or the design review, PAPs will be consulted individually and in groups, depending on the context. The consultation and participation process will include four phases: i) data collection; ii) preparation and planning of operations; iii) implementation of operations; and iv) monitoring and evaluation.

The PSP Experts of EEPCo are responsible for coordinating the public participation and consultation process.

11.1. Data Collection Phase

In the data collection phase, the following organizations and groups are identified as the major actors for its implementation.

- EEPCo's PSP Experts (monitoring)
- The project office (compensation/rehabilitation),
- Agriculture and Rural Development Offices located at Woreda level (for agricultural data),
- Municipalities (housing data),
- Kebele Administration (household data), and
- PAPs (provision of other relevant data)

The above actors will constitute the main task force in the data collection phase. This process will include consultations with PAPs and other relevant stakeholders. The data collected will serve as an instrument for the monitoring of the social mitigation measures to be implemented.

PAPs, including woreda administration and sector offices (Agriculture desk, Municipality, the Police, and other relevant Offices) will be consulted through individual and group meetings to share information about the project. For example, owners of properties in the right-of-way will be informed about actions to be taken and the rehabilitation or the resettlement measures anticipated in order to prepare them for the possible changes. In such meetings, PAPs will be involved and shall participate in the data-collection phase by providing socio-economic information about their livelihoods. Their inputs will be integrated into the project implementation process, from the planning to the evaluation phase.

The data collection phase will include two major processes:

- i) Execution of the social impact assessment (to be initiated/completed at project

launching); and

- ii) Establishment of the presumed RAP for projects that would require it (to be initiated or completed before erection works).

11.2. Planning Phase

Planning and coordination of the tasks of the various actors is the key to successful implementation of the expropriation/compensation arrangements. PAPs will be encouraged to participate in the planning and implementation of the intended programme/project. Community Based Organizations (CBO) also will take part in the programme/project. The following are the major actors proposed to participate in the planning process.

- EEPCo's PSP Experts (monitoring),
- The Project office (compensation/rehabilitation),
- Municipality and Woreda Administration (planning),
- PAPs (planning inputs, sounding board and advice-giving),
- CBOs locally based,
- Federal /Regional EPA, and
- Other concerned bodies as required

To achieve that goal, workshops will be organized with the above mentioned stakeholders and other relevant government agencies, at project launching and at the commencement of every project identified as having adverse social impacts.

The above stakeholders will be requested to participate in the decision making process and provide inputs in the area of their expertise in order to establish a coherent work plan. Also, PAPs will be consulted in an aim to obtain their positions on issues at stake. The requirements of their work programs /business activities will be incorporated into the expropriation /compensation plans.

The workshops will focus on:

- a) Taking stock of the legal framework for compensation;
- b) Settling institutional arrangements and mechanisms for payment of compensation;
- c) Defining tasks and responsibilities of each stakeholder, and
- d) Establishing a work plan.

The above workshops and other similar workshops would contribute to building the capacity of PAPs, woreda and municipal authorities, and technicians.

11.3. Implementation Phase

As stipulated in the Ethiopian legal framework and the WB Safeguard Policies, development projects should not impoverish the people within the project areas. Rather, the PAPs should gain from the projects and one aspect of their achievement is that adequate compensation should be effected prior to project implementation.

EEPCo and local government administrations (woreda, municipality, and kebele authorities) and agencies will conduct the execution of the expropriation /compensation operations. PAPs will be consulted about the compensation arrangements prepared. Amount of cash compensation for the affected property and crops will be presented to each eligible PAP for consideration and endorsement before cash payment or land for land compensation can be effected.

On this basis, therefore, the Project office should assign a team, responsible for the effective and efficient implementation of the compensation estimated as per the valuation methods /techniques.

The actors in the implementation phase and their roles include:

- EEPCo PSP Experts (planning, coordination and monitoring)
- The project office (compensation /rehabilitation)
- The Ministry of Finance and Economic Development (procurement of funds)
- EEPCo's project office (execution of compensation)
- Woreda administration and municipality (facilitating the process of payment of compensation, valuation and compensation committee meetings, and land for land compensation)
- PAPs (endorsement of arrangements)

11.4. Monitoring and Evaluation Phase

EEPCo will organize project completion workshops with government agencies, NGOs and representatives of PAPs after completion of the expropriation /compensation operations.

After completion of all expropriation /compensation operations, PAPs will be consulted about their views through a household survey to be carried out by an external consultant employed for the purpose. The objective of the household survey is to assess those mitigation

measures taken to address the adverse social impacts and also to assess the implementation of the RAP and compensation payment. In general, the survey will assess the impact created by the project on the livelihood of PAPs.

Likewise, the municipality and other woreda administration also will be consulted to provide their assessments of the impacts of the social mitigation measures applied.

Actors:

- The PSP of EEPCo (planning, coordination and monitoring)
- Municipality and woreda administrations (monitoring and evaluation)
- PAPs and NGO's or private consultants wherever required (evaluation)
- Federal /Regional EPA

The findings of the survey and the workshops will be presented in the Project Completion Report, which will be established by the EEPCo.

12. MONITORING AND EVALUATION ARRANGEMENTS

Monitoring and evaluation will be a continuous process. The EEPCo will continuously take stock of all expropriation compensation reports and discuss it on regular basis.

After completion of the resettlement /rehabilitation operations, it is expected that PAPs will have a better or improved way of life compared to their prior resettlement situation. Therefore, resettlement /rehabilitation operations need to be monitored with regard to performance and compliance with the above objective.

The Actors in the monitoring and evaluation process include:

- The PSP of EEPCo (for planning, coordination and monitoring)
- Municipality and woreda administration (for monitoring and evaluation)
- PAPs and NGO's or private consultants as required (for evaluation)
- Federal /Regional EPA

Since resettlement /rehabilitation is the by product of construction activities, the principal actor of the resettlement /rehabilitation operations will be EEPCo, in close co-ordination and co-operation with municipality and woreda authorities. However, in the case of large-scale resettlement projects, EEPCo may conduct the monitoring through a consultant or an NGO who might have experience in the preparation of a Resettlement Action Plan (RAP).

The frequency of monitoring may vary, depending on the magnitude and complexity of the operations. Field visits by EEPCo will be conducted at least once a month. Municipalities and woreda administrations will conduct their own monitoring, but when possible, this will be done together with EEPCo. MoME will be the responsible body to review the results of the monitoring and evaluation.

12.1. Monitoring Principles

For each project with adverse social impacts, a monitoring and an evaluation plan of the mitigation measures will be established. The scope of the plan will, however, take into account the size of the social impacts to be mitigated while respecting the basic monitoring principles.

The plans will describe:

- The internal monitoring process,

- Key monitoring indicators (provide a list of monitoring indicators, which would be used for internal monitoring),
- Institutional (including financial) arrangements,
- Frequency of reporting and content for internal monitoring, process for integrating feedback from internal monitoring into implementation,
- Financial arrangements for external monitoring and evaluation, including process for awarding and maintenance of contracts for the duration of resettlement,
- Methodology for external monitoring,
- Key indicators for external monitoring, focusing on outputs and impacts,
- Frequency of reporting and content for external monitoring and process for integrating feedback from external monitoring into implementation, and
- Analysis of the environmental and social performance or record of each sub-project

The PSP Experts of EEPCo, following the plan described, will conduct internal monitoring. The concerned local administration (either woreda or municipality) will also conduct its own monitoring in collaboration with the EEPCo.

External monitoring will be conducted through WB supervision missions. Classic WB supervision mission (twice a year) will be sufficient to monitor progress in the mitigation of adverse social impacts. Given the limited social scientific capacity of the EEPCo, the World Bank supervision missions should be coupled with capacity building inputs from an international resettlement expert. This would ensure: progress on the ground; strengthened analytical capacity and safeguarding of proper documentation of operations executed and the progress made.

Before closure of the mitigation of adverse social impacts, EEPCo will consult a local NGO to conduct an evaluation of the mitigation measures executed. The evaluation report will be used as a planning instrument to correct pending issues and suggest a post-project monitoring period with the aim of ensuring that PAPs have not been subject to impoverishment induced by the EEPCo's project operations.

13. ESTIMATED BUDGET

The total budget estimated for compensation payment and for environmental management for the Project is about USD 1,189,000.00 (16,157,083.20 million Birr)

The cost estimates are based on the cost of the initial Energy Access Project and adding inflation rate of 18.9% (November 2009 Non Food inflation rate):

The estimated cost for periodic environmental monitoring is about USD 23,072.20 (313,523.51 Birr)

14. CLEARANCE and DISCLOSURE of RPF

The RPF document will be submitted to the Ministry of Mines and Energy (MoME) for their review and approval.

The disclosure of RPF will be released on EEPCo's website and the World Bank and announced on the Ethiopian newspapers to the public.

15. REFERENCES

1. Ethiopian Electric Power Corporation: Universal Electric Power Access Programme, 2005.
2. Ethiopian Roads Authority: Resettlement/Rehabilitation Policy Framework, December 2001.
3. Federal Negarit Gazeta: Federal Democratic Republic of Ethiopia, Proclamation No.455/2005, A proclamation to provide the expropriation of land holdings for public purposes and payment of compensation, July 2005.
4. Federal Negarit Gazeta :Federal Democratic Republic of Ethiopia, Council of Ministers Regulation No. 18/1997, Ethiopian Electric Power Corporation Establishment Regulations, 1997.
5. World Bank: World Bank Operational Manual; Operational Policies (OP 4.12), December 2001.
6. World Bank: World Bank Operational Manual; Bank Procedures (BP 4.12), December 2001.
7. Federal Democratic Republic of Ethiopia: The Constitution of Federal Democratic Republic of Ethiopia, 1995.

16. ANNEXES

16.1 Annex 1

World Bank Policies and Procedures OP 4.12 & BP 4.12

BP 4.12 December
2001

These procedures were prepared for use by World Bank staff and are not necessarily a complete treatment of the subject.

Involuntary Resettlement

Note: OP and BP 4.12 together replace OD 4.30, *Involuntary Resettlement*. This OP and BP apply to all projects for which a Project Concept Review takes place on or after January 1, 2002. Questions may be addressed to the Director, Social Development Department (SDV).

1. The planning of resettlement activities is an integral part of preparation for Bank-assisted. During project identification, the task team (TT) identifies any potential involuntary resettlement under the project. Throughout project processing, the TT consults the regional social development unit, Legal Vice Presidency (LEG) and, as necessary, the Resettlement Committee (see para. 7 of this BP).
2. When a proposed project is likely to involve involuntary resettlement, the TT informs the borrower of the provisions of OP/BP 4.12. The TT and borrower staff:
 - (a) assess the nature and magnitude of the likely displacement;
 - (b) explore all viable alternative project designs to avoid, where feasible, or minimize displacement;
 - (c) assess the legal framework covering resettlement and the policies of the government and implementing agencies (identifying any inconsistencies between such policies and the Bank's policy);
 - (d) review past borrower and likely implementing agencies' experience with similar operations;
 - (e) discuss with the agencies responsible for resettlement the policies and institutional, legal, and consultative arrangements for resettlement, including measures to address any inconsistencies between government or implementing agency policies and Bank policy; and
 - (f) discuss any technical assistance to be provided to the borrower (see OP 4.12, para. 32).
3. Based on the review of relevant resettlement issues, the TT agrees with the Regional social development unit and LEG on the type of resettlement instrument (resettlement plan, abbreviated resettlement plan, resettlement policy framework, or process framework) and the scope and the level of detail required. The TT conveys these decisions to the borrower and also discusses with the borrower the actions necessary to prepare the resettlement instrument, agrees on the timing for preparing the resettlement instrument, and monitors progress.

4. The TT summarizes in the Project Concept Document (PCD) and the Project Information Document (PID) available information on the nature and magnitude of displacement and the resettlement instrument to be used, and the TT periodically updates the PID as project planning proceeds.
5. For projects with impacts under para. 3 (a) of OP 4.12, the TT assesses the following during project preparation:
 - (a) the extent to which project design alternatives and options to minimize and mitigate involuntary resettlement have been considered;
 - (b) progress in preparing the resettlement plan or resettlement policy framework and its adequacy with respect to OP 4.12, including the involvement of affected groups and the extent to which the views of such groups are being considered;
 - (c) proposed criteria for eligibility of displaced persons for compensation and other resettlement assistance;
 - (d) the feasibility of the proposed resettlement measures, including provisions for sites if needed; funding for all resettlement activities, including provision of counterpart funding on an annual basis; the legal framework; and implementation and monitoring arrangements; and
 - (e) if sufficient land is not available in projects involving displaced persons whose livelihoods are land-based and for whom a land-based resettlement strategy is the preferred option, the evidence of lack of adequate land (OP 4.12, para. 11).
6. For projects with impacts under para. 3 (b) of OP 4.12, the TT assesses the following during project preparation:
 - (a) the extent to which project design alternatives and options to minimize and mitigate involuntary resettlement have been considered; and
 - (b) progress in preparing the process framework and its adequacy in respect to OP 4.12, including the adequacy of the proposed participatory approach; criteria for eligibility of displaced persons; funding for resettlement; the legal framework; and implementation and monitoring arrangements.
7. The TT may request a meeting with the Resettlement Committee to obtain endorsement of, or guidance on, (a) the manner in which it proposes to address resettlement issues in a project, or (b) clarifications on the application and scope of this policy. The Committee, chaired by the vice president responsible for resettlement, includes the Director, Social Development Department, a representative from LEG, and two representatives from Operations, one of whom is from the sector of the project being discussed. The Committee is guided by the policy and, among other sources, the *Resettlement Sourcebook* (forthcoming), which will be regularly updated to reflect good practice.

Appraisal

8. The borrower submits to the Bank a resettlement plan, a resettlement policy framework, or a process framework that conform with the requirements of OP 4.12, as a condition of appraisal for projects involving involuntary resettlement (see OP 4.12, paras. 17-31). Appraisal may be authorized before the plan is completed in highly unusual circumstances (such as emergency recovery operations) with the approval of the Managing Director in consultation with the Resettlement Committee. In such cases, the TT agrees with the borrower on a timetable for preparing and furnishing to the Bank the relevant resettlement instrument that conforms with the requirements of OP 4.12.
9. Once the borrower officially transmits the draft resettlement instrument to the Bank, Bank staff—including the Regional resettlement specialists and the lawyer—review it, determine whether it provides an adequate basis for project appraisal, and advise the Regional sector management accordingly. Once approval for appraisal has been granted by the Country Director, the TT sends the draft resettlement instrument to the Bank's InfoShop.6 The TT also prepares and sends the English language executive summary of the draft resettlement instrument to the Corporate Secretariat, under cover of a transmittal memorandum confirming that the executive summary and the draft resettlement instrument are subject to change during appraisal.
10. During project appraisal, the TT assesses (a) the borrower's commitment to and capacity for implementing the resettlement instrument; (b) the feasibility of the proposed measures for improvement or restoration of livelihoods and standards of living; (c) availability of adequate counterpart funds for resettlement activities; (d) significant risks, including risk of impoverishment, from inadequate implementation of the resettlement instrument; (e) consistency of the proposed resettlement instrument with the Project Implementation Plan; and (f) the adequacy of arrangements for internal, and if considered appropriate by the TT, independent monitoring and evaluation of the implementation of the resettlement instrument. The TT obtains the concurrence of the Regional social development unit and LEG to any changes to the draft resettlement instrument during project appraisal. Appraisal is complete only when the borrower officially transmits to the Bank the final draft resettlement instrument conforming to Bank policy (OP 4.12).
11. In the Project Appraisal Document (PAD), the TT describes the resettlement issues, proposed resettlement instrument and measures, and the borrower's commitment to and institutional and financial capacity for implementing the resettlement instrument. The TT also discusses in the PAD the feasibility of the proposed resettlement measures and the risks associated with resettlement implementation. In the annex to the PAD, the TT summarizes the resettlement provisions, covering, inter alia, basic information on affected populations, resettlement measures, institutional arrangements, timetable, budget, including adequate and timely provision of counterpart funds, and performance monitoring indicators. The PAD annex shows the overall cost of resettlement as a distinct part of project costs.

12. The project description in the Loan Agreement describes the resettlement component or subcomponent. The legal agreements provide for the borrower's obligation to carry out the relevant resettlement instrument and keep the Bank informed of project implementation progress. At negotiations, the borrower and the Bank agree on the resettlement plan or resettlement policy framework or process framework. Before presenting the project to the Board, the TT confirms that the responsible authority of the borrower and any implementation agency have provided final approval of the relevant resettlement instrument.

Supervision

13. Recognizing the importance of close and frequent supervision to good resettlement outcomes, the Regional vice president, in coordination with the relevant country director, ensures that appropriate measures are established for the effective supervision of projects with involuntary resettlement. For this purpose, the country director allocates dedicated funds to adequately supervise resettlement, taking into account the magnitude and complexity of the resettlement component or subcomponent and the need to involve the requisite social, financial, legal, and technical experts. Supervision should be carried out with due regard to the Regional Action Plan for Resettlement Supervision.
14. Throughout project implementation the TL supervises the implementation of the resettlement instrument ensuring that the requisite social, financial, legal, and technical experts are included in supervision missions. Supervision focuses on compliance with the legal instruments, including the Project Implementation Plan and the resettlement instrument, and the TT discusses any deviation from the agreed instruments with the borrower and reports it to Regional Management for prompt corrective action. The TT regularly reviews the internal, and where applicable, independent monitoring reports to ensure that the findings and recommendations of the monitoring exercise are being incorporated in project implementation. To facilitate a timely response to problems or opportunities that may arise with respect to resettlement, the TT reviews project resettlement planning and implementation during the early stages of project implementation. On the basis of the findings of this review, the TT engages the borrower in discussing and, if necessary, amending the relevant resettlement instrument to achieve the objectives of this policy.
15. For projects with impacts covered under para. 3(b) of OP 4.12, the TT assesses the plan of action to determine the feasibility of the measures to assist the displaced persons to improve (or at least restore in real terms to pre-project or pre-displacement levels, whichever is higher) their livelihoods with due regard to the sustainability of the natural resource, and accordingly informs the Regional Management, the Regional social development unit, and LEG. The TL makes the plan of action available to the public through the Info Shop.
16. A project is not considered complete—and Bank supervision continues—until the resettlement measures set out in the relevant resettlement instrument have been implemented. Upon completion of the project, the Implementation Completion Report (ICR) evaluates the achievement of the objectives of the resettlement instrument and lessons for future operations and summarizes the findings of the borrower's assessment referred to in OP 4.12, para. 24.12. If the evaluation suggests that the objectives of the resettlement instrument may not be realized, the ICR assesses the appropriateness of the

resettlement measures and may propose a future course of action, including, as appropriate, continued supervision by the Bank.

Country Assistance Strategy

17. In countries with a series of operations requiring resettlement, the ongoing country and sector dialogue with the government should include any issues pertaining to the country's policy, institutional, and legal framework for resettlement. Bank staff should reflect these issues in country economic and sector work and in the Country Assistance Strategy.

1. "Bank" includes IDA; "loans" includes credits, guarantees, Project Preparation Facility (PPF) advances, and grants; and "projects" includes projects under (a) adaptable program lending; (b) learning and innovation loans; (c) PPFs and Institutional Development Funds (IDFs), if they include investment activities; (d) grants under the Global Environment Facility and Montreal Protocol for which the Bank is the implementing/executing agency; and (e) grants or loans provided by other donors that are administered by the Bank. The term "project" does not include programs under adjustment operations. "Borrower" also includes, wherever the context requires, the guarantor or the project implementing agency.

2. See OP 4.12, *Involuntary Resettlement*.

3. Unit or department in the Region responsible for resettlement issues.

4. The Bank satisfies itself that the borrower has explored all viable alternative project designs to avoid involuntary resettlement and, when it is not feasible to avoid such resettlement, to minimize the scale and impacts of resettlement (for example, realignment of roads or reduction in dam height may reduce resettlement needs). Such alternative designs should be consistent with other Bank policies.

5. Such actions may include, for example, developing procedures for establishing eligibility for resettlement assistance; conducting socioeconomic surveys and legal analyses; carrying out public consultation; identifying resettlement sites; evaluating options for improvement or restoration of livelihoods and standards of living; or, in the case of highly risky or contentious projects, engaging a panel of independent, internationally recognized resettlement specialists.

6. See BP 17.50, *Disclosure of Operational Information* (forthcoming) for detailed disclosure procedures.

7. For projects with impacts covered under para. 3 (b) of OP 4.12, the analysis referred to in (b) and (d) above is carried out when the plan of action is furnished to the Bank (see para. 15 of this BP).

8. In case of resettlement policy framework, the borrower's obligation also includes preparing a resettlement plan in accordance with the framework, for each sub-project giving rise to displacement, and furnishing it to be the Bank for approval prior to implementation of the sub-project.

9. See OP/BP 13.05, *Project Supervision*.

10. The Plan is prepared by the regional social development unit in consultation with the TTs and Legal.

11. See OP/BP 13.05, *Implementation Completion Report*.

12. The ICR's assessment of the extent to which resettlement objectives were realized is normally based on a socioeconomic survey of affected people conducted at the time of project completion, and takes into account the extent of displacement, and the impact of the project on the livelihoods of displaced persons and any host communities.

**OP 4.12 December
2001**

These policies were prepared for use by World Bank staff and are not necessarily a complete treatment of the subject.

Involuntary Resettlement

Note: OP and BP 4.12 together replace OD 4.30, *Involuntary Resettlement*. This OP and BP apply to all projects for which a Project Concept Review takes place on or after January 1, 2002. Questions may be addressed to the Director, Social Development Department (SDV).

1. Bank experience indicates that involuntary resettlement under development projects, if unmitigated, often gives rise to severe economic, social, and environmental risks: production systems are dismantled; people face impoverishment when their productive assets or income sources are lost; people are relocated to environments where their productive skills may be less applicable and the competition for resources greater; community institutions and social networks are weakened; kin groups are dispersed; and cultural identity, traditional authority, and the potential for mutual help are diminished or lost. This policy includes safeguards to address and mitigate these impoverishment risks.

Policy Objectives

2. Involuntary resettlement may cause severe long-term hardship, impoverishment, and environmental damage unless appropriate measures are carefully planned and carried out. For these reasons, the overall objectives of the Bank's policy on involuntary resettlement are the following:
 - (a) Involuntary resettlement should be avoided where feasible, or minimized, exploring all viable alternative project designs.
 - (b) Where it is not feasible to avoid resettlement, resettlement activities should be conceived and executed as sustainable development programs, providing sufficient investment resources to enable the persons displaced by the project to share in project benefits. Displaced persons should be meaningfully consulted and should have opportunities to participate in planning and implementing resettlement programs.
 - (c) Displaced persons should be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.

Impacts Covered

3. This policy covers direct economic and social impacts that both result from Bank-assisted investment projects, and are caused by:
 - (a) the involuntary taking of land resulting in:
 - (i) relocation or loss of shelter;
 - (ii) lost of assets or access to assets; or
 - (iii) loss of income sources or means of livelihood, whether or not the affected persons must move to another location; or
 - (b) the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of the displaced persons.
4. This policy applies to all components of the project that result in involuntary resettlement, regardless of the source of financing. It also applies to other activities resulting in involuntary resettlement, that in the judgment of the Bank, are (a) directly and significantly related to the Bank-assisted project, (b) necessary to achieve its objectives as set forth in the project documents; and (c) carried out, or planned to be carried out, contemporaneously with the project.
5. Requests for guidance on the application and scope of this policy should be addressed to the Resettlement Committee (see [BP 4.12](#), para. 7).

Required Measures

6. To address the impacts covered under para. 3 (a) of this policy, the borrower prepares a resettlement plan or a resettlement policy framework (see paras. 25-30) that covers the following:
 - (a) The resettlement plan or resettlement policy framework includes measures to ensure that the displaced persons are:
 - (i) informed about their options and rights pertaining to resettlement;
 - (ii) consulted on, offered choices among, and provided with technically and economically feasible resettlement alternatives; and
 - (iii) provided prompt and effective compensation at full replacement cost for losses of assets attributable directly to the project.
 - (b) If the impacts include physical relocation, the resettlement plan or resettlement policy framework includes measures to ensure that the displaced persons are:
 - (i) provided assistance (such as moving allowances) during relocation; and

- (ii) provided with residential housing, or housing sites, or, as required, agricultural sites for which a combination of productive potential, locational advantages, and other factors is at least equivalent to the advantages of the old site.
- (c) Where necessary to achieve the objectives of the policy, the resettlement plan or resettlement policy framework also includes measures to ensure that displaced persons are:
 - (i) offered support after displacement, for a transition period, based on a reasonable estimate of the time likely to be needed to restore their livelihood and standards of living; and
 - (ii) provided with development assistance in addition to compensation measures described in paragraph 6(a) (iii), such as land preparation, credit facilities, training, or job opportunities.
- 7. In projects involving involuntary restriction of access to legally designated parks and protected areas (see para. 3(b)), the nature of restrictions, as well as the type of measures necessary to mitigate adverse impacts, is determined with the participation of the displaced persons during the design and implementation of the project. In such cases, the borrower prepares a process framework acceptable to the Bank, describing the participatory process by which:
 - (a) specific components of the project will be prepared and implemented;
 - (b) the criteria for eligibility of displaced persons will be determined;
 - (c) measures to assist the displaced persons in their efforts to improve their livelihoods, or at least to restore them, in real terms, while maintaining the sustainability of the park or protected area, will be identified; and
 - (d) potential conflicts involving displaced persons will be resolved.

The process framework also includes a description of the arrangements for implementing and monitoring the process.

- 8. To achieve the objectives of this policy, particular attention is paid to the needs of vulnerable groups among those displaced, especially those below the poverty line, the landless, the elderly, women and children, indigenous peoples, ethnic minorities, or other displaced persons who may not be protected through national land compensation legislation.

9. Bank experience has shown that resettlement of indigenous peoples with traditional land-based modes of production is particularly complex and may have significant adverse impacts on their identity and cultural survival. For this reason, the Bank satisfies itself that the borrower has explored all viable alternative project designs to avoid physical displacement of these groups. When it is not feasible to avoid such displacement, preference is given to land-based resettlement strategies for these groups (see para. 11) that are compatible with their cultural preferences and are prepared in consultation with them (see [Annex A](#), para. 11).
10. The implementation of resettlement activities is linked to the implementation of the investment component of the project to ensure that displacement or restriction of access does not occur before necessary measures for resettlement are in place. For impacts covered in para. 3(a) of this policy, these measures include provision of compensation and of other assistance required for relocation, prior to displacement, and preparation and provision of resettlement sites with adequate facilities, where required. In particular, taking of land and related assets may take place only after compensation has been paid and, where applicable, resettlement sites and moving allowances have been provided to the displaced persons. For impacts covered in para. 3(b) of this policy, the measures to assist the displaced persons are implemented in accordance with the plan of action as part of the project (see para. 30).
11. Preference should be given to land-based resettlement strategies for displaced persons whose livelihoods are land-based. These strategies may include resettlement on public land (see footnote 1 above), or on private land acquired or purchased for resettlement. Whenever replacement land is offered, resettlers are provided with land for which a combination of productive potential, locational advantages, and other factors is at least equivalent to the advantages of the land taken. If land is not the preferred option of the displaced persons, the provision of land would adversely affect the sustainability of a park or protected area, or sufficient land is not available at a reasonable price, non-land-based options built around opportunities for employment or self-employment should be provided in addition to cash compensation for land and other assets lost. The lack of adequate land must be demonstrated and documented to the satisfaction of the Bank.
12. Payment of cash compensation for lost assets may be appropriate where (a) livelihoods are land-based but the land taken for the project is a small fraction of the affected asset and the residual is economically viable; (b) active markets for land, housing, and labor exist, displaced persons use such markets, and there is sufficient supply of land and housing; or (c) livelihoods are not land-based. Cash compensation levels should be sufficient to replace the lost land and other assets at full replacement cost in local markets.
13. For impacts covered under para. 3(a) of this policy, the Bank also requires the following:
 - (a) Displaced persons and their communities, and any host communities receiving them, are provided timely and relevant information, consulted on resettlement options, and offered opportunities to participate in planning, implementing, and monitoring resettlement. Appropriate and accessible grievance mechanisms are established for these groups.
 - (b) In new resettlement sites or host communities, infrastructure and public services are provided as necessary to improve, restore, or maintain accessibility and levels of service for the displaced persons and host communities. Alternative or similar

- resources are provided to compensate for the loss of access to community resources (such as fishing areas, grazing areas, fuel, or fodder).
- (c) Patterns of community organization appropriate to the new circumstances are based on choices made by the displaced persons. To the extent possible, the existing social and cultural institutions of resettlers and any host communities are preserved and resettlers' preferences with respect to relocating in preexisting communities and groups are honored.

Eligibility for Benefits

14. Upon identification of the need for involuntary resettlement in a project, the borrower carries out a census to identify the persons who will be affected by the project (see the Annex A, para. 6(a)), to determine who will be eligible for assistance, and to discourage inflow of people ineligible for assistance. The borrower also develops a procedure, satisfactory to the Bank, for establishing the criteria by which displaced persons will be deemed eligible for compensation and other resettlement assistance. The procedure includes provisions for meaningful consultations with affected persons and communities, local authorities, and, as appropriate, nongovernmental organizations (NGOs), and it specifies grievance mechanisms.
15. *Criteria for Eligibility.* Displaced persons may be classified in one of the following three groups:
- (a) those who have formal legal rights to land (including customary and traditional rights recognized under the laws of the country);
- (b) those who do not have formal legal rights to land at the time the census begins but have a claim to such land or assets—provided that such claims are recognized under the laws of the country or become recognized through a process identified in the resettlement plan (see Annex A, para. 7(f)); and
- (c) those who have no recognizable legal right or claim to the land they are occupying.
16. Persons covered under para. 15(a) and (b) are provided compensation for the land they lose, and other assistance in accordance with para. 6. Persons covered under para. 15(c) are provided resettlement assistance in lieu of compensation for the land they occupy, and other assistance, as necessary, to achieve the objectives set out in this policy, if they occupy the project area prior to a cut-off date established by the borrower and acceptable to the Bank. Persons who encroach on the area after the cut-off date are not entitled to compensation or any other form of resettlement assistance. All persons included in para. 15(a), (b), or (c) are provided compensation for loss of assets other than land.

Resettlement Planning, Implementation, and Monitoring

17. To achieve the objectives of this policy, different planning instruments are used, depending on the type of project:
- (a) a resettlement plan or abbreviated resettlement plan is required for all operations that entail involuntary resettlement unless otherwise specified (see para. 25 and Annex A);

- (b) a resettlement policy framework is required for operations referred to in paras. 26-30 that may entail involuntary resettlement, unless otherwise specified (see Annex A); and
 - (c) a process framework is prepared for projects involving restriction of access in accordance with para. 3(b) (see para. 31).
18. The borrower is responsible for preparing, implementing, and monitoring a resettlement plan, a resettlement policy framework, or a process framework (the "resettlement instruments"), as appropriate, that conform to this policy. The resettlement instrument presents a strategy for achieving the objectives of the policy and covers all aspects of the proposed resettlement. Borrower commitment to, and capacity for, undertaking successful resettlement is a key determinant of Bank involvement in a project.
 19. Resettlement planning includes early screening, scoping of key issues, the choice of resettlement instrument, and the information required to prepare the resettlement component or subcomponent. The scope and level of detail of the resettlement instruments vary with the magnitude and complexity of resettlement. In preparing the resettlement component, the borrower draws on appropriate social, technical, and legal expertise and on relevant community-based organizations and NGOs. The borrower informs potentially displaced persons at an early stage about the resettlement aspects of the project and takes their views into account in project design.
 20. The full costs of resettlement activities necessary to achieve the objectives of the project are included in the total costs of the project. The costs of resettlement, like the costs of other project activities, are treated as a charge against the economic benefits of the project; and any net benefits to resettlers (as compared to the "without-project" circumstances) are added to the benefits stream of the project. Resettlement components or free-standing resettlement projects need not be economically viable on their own, but they should be cost-effective.
 21. The borrower ensures that the Project Implementation Plan is fully consistent with the resettlement instrument.
 22. As a condition of appraisal of projects involving resettlement, the borrower provides the Bank with the relevant draft resettlement instrument which conforms to this policy, and makes it available at a place accessible to displaced persons and local NGOs, in a form, manner, and language that are understandable to them. Once the Bank accepts this instrument as providing an adequate basis for project appraisal, the Bank makes it available to the public through its InfoShop. After the Bank has approved the final resettlement instrument, the Bank and the borrower disclose it again in the same manner.
 23. The borrower's obligations to carry out the resettlement instrument and to keep the Bank informed of implementation progress are provided for in the legal agreements for the project.
 24. The borrower is responsible for adequate monitoring and evaluation of the activities set forth in the resettlement instrument. The Bank regularly supervises resettlement implementation to determine compliance with the resettlement instrument. Upon completion of the project, the borrower undertakes an assessment to determine whether the objectives of the resettlement instrument have been achieved. The assessment takes into account the baseline conditions and the results of resettlement monitoring. If the assessment reveals that these objectives may not be realized, the borrower should propose

follow-up measures that may serve as the basis for continued Bank supervision, as the Bank deems appropriate (see also BP 4.12, para. 16).

Resettlement Instruments

Resettlement Plan

25. A draft resettlement plan that conforms to this policy is a condition of appraisal (see Annex A, paras. 2-21) for projects referred to in para. 17(a) above. However, where impacts on the entire displaced population are minor, or fewer than 200 people are displaced, an abbreviated resettlement plan may be agreed with the borrower (see Annex A, para. 22). The information disclosure procedures set forth in para. 22 apply.

Resettlement Policy Framework

26. For sector investment operations that may involve involuntary resettlement, the Bank requires that the project implementing agency screen subprojects to be financed by the Bank to ensure their consistency with this OP. For these operations, the borrower submits, prior to appraisal, a resettlement policy framework that conforms to this policy (see Annex A, paras. 23-25). The framework also estimates, to the extent feasible, the total population to be displaced and the overall resettlement costs.
27. For financial intermediary operations that may involve involuntary resettlement, the Bank requires that the financial intermediary (FI) screen subprojects to be financed by the Bank to ensure their consistency with this OP. For these operations, the Bank requires that before appraisal the borrower or the FI submit to the Bank a resettlement policy framework conforming to this policy (see Annex A, paras. 23-25). In addition, the framework includes an assessment of the institutional capacity and procedures of each of the FIs that will be responsible for subproject financing. When, in the assessment of the Bank, no resettlement is envisaged in the subprojects to be financed by the FI, a resettlement policy framework is not required. Instead, the legal agreements specify the obligation of the FIs to obtain from the potential sub-borrowers a resettlement plan consistent with this policy if a subproject gives rise to resettlement. For all subprojects involving resettlement, the resettlement plan is provided to the Bank for approval before the subproject is accepted for Bank financing.
28. For other Bank-assisted project with multiple subprojects that may involve involuntary resettlement, the Bank requires that a draft resettlement plan conforming to this policy be submitted to the Bank before appraisal of the project unless, because of the nature and design of the project or of a specific subproject or subprojects (a) the zone of impact of subprojects cannot be determined, or (b) the zone of impact is known but precise sitting alignments cannot be determined. In such cases, the borrower submits a resettlement policy framework consistent with this policy prior to appraisal (see Annex A, paras. 23-25). For other subprojects that do not fall within the above criteria, a resettlement plan conforming to this policy is required prior to appraisal.
29. For each subproject included in a project described in para. 26, 27, or 28 that may involve resettlement, the Bank requires that a satisfactory resettlement plan or an abbreviated resettlement plan that is consistent with the provisions of the policy framework be submitted to the Bank for approval before the subproject is accepted for Bank financing.
30. For projects described in paras. 26-28 above, the Bank may agree, in writing, that subproject resettlement plans may be approved by the project implementing agency or a

responsible government agency or financial intermediary without prior Bank review, if that agency has demonstrated adequate institutional capacity to review resettlement plans and ensure their consistency with this policy. Any such delegation, and appropriate remedies for the entity's approval of resettlement plans found not to be in compliance with Bank policy, are provided for in the legal agreements for the project. In all such cases, implementation of the resettlement plans is subject to ex post review by the Bank.

Assistance to the Borrower

32. In furtherance of the objectives of this policy, the Bank may at a borrower's request support the borrower and other concerned entities by providing:
 - (a) Assistance to assess and strengthen resettlement policies, strategies, legal frameworks, and specific plans at a country, regional, or sectoral level;
 - (b) financing of technical assistance to strengthen the capacities of agencies responsible for resettlement, or of affected people to participate more effectively in resettlement operations;
 - (c) financing of technical assistance for developing resettlement policies, strategies, and specific plans, and for implementation, monitoring, and evaluation of resettlement activities; and
 - (d) financing of the investment costs of resettlement.
 33. The Bank may finance either a component of the main investment causing displacement and requiring resettlement, or a free-standing resettlement project with appropriate cross-conditionality, processed and implemented in parallel with the investment that causes the displacement. The Bank may finance resettlement even though it is not financing the main investment that makes resettlement necessary.
 34. The Bank does not disburse against cash compensation and other resettlement assistance paid in cash, or against the cost of land (including compensation for land acquisition). However, it may finance the cost of land improvement associated with resettlement activities.
1. "Bank" includes IDA; "loans" includes credits, guarantees, Project Preparation Facility (PPF) advances and grants; and "projects" includes projects under (a) adaptable program lending; (b) learning and innovation loans; (c) PPFs and Institutional Development Funds (IDFs), if they include investment activities; (d) grants under the Global Environment Facility and Montreal Protocol, for which the Bank is the implementing/executing agency; and (e) grants or loans provided by other donors that are administered by the Bank. The term "project" does not include programs under adjustment operations. "Borrower" also includes, wherever the context requires, the guarantor or the project implementing agency.
 2. In devising approaches to resettlement in Bank-assisted projects, other Bank policies should be taken into account, as relevant. These policies include OP 4.01 Environmental

Assessment, OP 4.04 Natural Habitats, OP 4.11 Safeguarding Cultural Property in Bank-Assisted Projects, and OD 4.20 Indigenous Peoples.

3. The term "displaced persons" refers to persons who are affected in any of the ways described in para. 3 of this OP.
4. Displaced persons under para. 3(b) should be assisted in their efforts to improve or restore their livelihoods in a manner that maintains the sustainability of the parks and protected areas.
5. Where there are adverse indirect social or economic impacts, it is good practice for the borrower to undertake a social assessment and implement measures to minimize and mitigate adverse economic and social impacts, particularly upon poor and vulnerable groups. Other environmental, social, and economic impacts that do not result from land taking may be identified and addressed through environmental assessments and other project reports and instruments.
6. This policy does not apply to restrictions of access to natural resources under community-based projects, i.e. where the community using the resources decides to restrict access to these resources, provided that an assessment satisfactory to the Bank establishes that the community decision-making process is adequate, and that it provides for identification of appropriate measures to mitigate adverse impacts, if any, on the vulnerable members of the community. This policy also does not cover refugees from natural disasters, war, or civil strife (see OP/BP 8.50, Emergency Recovery Assistance).
7. For purposes of this policy, "involuntary" means actions that may be taken without the displaced person's informed consent or power of choice.
8. "Land" includes anything growing on or permanently affixed to land, such as buildings and crops. This policy does not apply to regulations of natural resources on a national or regional level to promote their sustainability, such as watershed management, groundwater management, fisheries management, etc. The policy also does not apply to disputes between private parties in land titling projects, although it is good practice for the borrower to undertake a social assessment and implement measures to minimize and mitigate adverse social impacts, especially those affecting poor and vulnerable groups.
9. For the purposes of this policy, involuntary restriction of access covers restrictions on the use of resources imposed on people living outside the park or protected area, or on those who continue living inside the park or protected area during and after project implementation. In cases where new parks and protected areas are created as part of the project, persons who lose shelter, land, or other assets are covered under para. 3(a). Persons who lose shelter in existing parks and protected areas are also covered under para. 3(a).
10. The *Resettlement Sourcebook* (forthcoming) provides good practice guidance to staff on the policy.
11. "Replacement cost" is the method of valuation of assets that helps determine the amount sufficient to replace lost assets and cover transaction costs. In applying this method of

valuation, depreciation of structures and assets should not be taken into account (for a detailed definition of replacement cost, see Annex A, footnote 1). For losses that cannot easily be valued or compensated for in monetary terms (e.g., access to public services, customers, and suppliers; or to fishing, grazing, or forest areas), attempts are made to establish access to equivalent and culturally acceptable resources and earning opportunities. Where domestic law does not meet the standard of compensation at full replacement cost, compensation under domestic law is supplemented by additional measures necessary to meet the replacement cost standard. Such additional assistance is distinct from resettlement assistance to be provided under other clauses of para. 6.

12. If the residual of the asset being taken is not economically viable, compensation and other resettlement assistance are provided as if the entire asset had been taken.
13. The alternative assets are provided with adequate tenure arrangements. The cost of alternative residential housing, housing sites, business premises, and agricultural sites to be provided can be set off against all or part of the compensation payable for the corresponding asset lost.
14. Such support could take the form of short-term jobs, subsistence support, salary maintenance or similar arrangements.
15. See OD 4.20, *Indigenous Peoples*.
16. See OP 4.04, *Natural Habitats*.
17. As a general principle, this applies if the land taken constitutes less than 20% of the total productive area.
18. Paras. 13-15 do not apply to impacts covered under para. 3(b) of this policy. The eligibility criteria for displaced persons under 3 (b) are covered under the process framework (see paras. 7 and 30).
19. Such claims could be derived from adverse possession, from continued possession of public lands without government action for eviction (that is, with the implicit leave of the government), or from customary and traditional law and usage, and so on.
20. Resettlement assistance may consist of land, other assets, cash, employment, and so on, as appropriate.
21. Normally, this cut-off date is the date the census begins. The cut-off date could also be the date the project area was delineated, prior to the census, provided that there has been an effective public dissemination of information on the area delineated, and systematic and continuous dissemination subsequent to the delineation to prevent further population influx.
22. For projects that are highly risky or contentious, or that involve significant and complex resettlement activities, the borrower should normally engage an advisory panel of independent, internationally recognized resettlement specialists to advise on all aspects of the project relevant to the resettlement activities. The size, role, and frequency of meeting

depend on the complexity of the resettlement. If independent technical advisory panels are established under OP 4.01, *Environmental Assessment*, the resettlement panel may form part of the environmental panel of experts. See BP 17.50, *Disclosure of Operational Information* (forthcoming) for detailed disclosure procedures.

23. An exception to this requirement may be made in highly unusual circumstances (such as emergency recovery operations) with the approval of Bank Management (see BP 4.12, para. 8). In such cases, the Management's approval stipulates a timetable and budget for developing the resettlement plan.
24. Impacts are considered "minor" if the affected people are not physically displaced and less than 10% of their productive assets are lost. 26. For purpose of this paragraph, the term "subprojects" includes components and subcomponents.