

CONVERSION OF THE RESETTLEMENT POLICY OF THE WORLD BANK
Comparison of OD 4.30 (6/90) and Draft OP/BP 4.12 (9/28/01)

Section / Provision	OD 4.30	Revised OP/BP 4.12	Changes / Rationale
Objectives of the policy	<p>“Involuntary resettlement should be avoided or minimized where feasible, exploring all viable alternative project designs.” [para 3 (a)]</p> <p>“All involuntary resettlement should be conceived and executed as <u>development programs</u>, with resettlers provided sufficient investment resources and opportunities to <u>share in project benefits</u>. Displaced persons should be ... assisted in their efforts to improve their former living standards, income earning capacity, and production levels, or at least to restore them.” [para 3 (b)]</p>	<p>“Involuntary resettlement should be avoided where feasible, or minimized, exploring all viable alternative project designs.” [OP para 2 (a)]</p> <p>“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.” [OP para 2 (b)]</p> <p>“Displaced persons should be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them....” [OP para 2 (c)]</p>	<ul style="list-style-type: none"> ● Basic objectives in both policies remain the same.
Application of the policy	<p>The policy applies “when displacement is unavoidable” [para 3 (b)], and a list of development projects that tend to displace people involuntarily is offered [fn 4 to para 2].</p> <p>“Such projects may include ... national parks or protected areas.” [fn 4 to para 2]</p>	<p>“This policy covers direct economic and social impacts⁴ that both result from Bank-assisted investment projects^{5,6} and are caused by:</p> <p>(a) the involuntary⁷ taking of land⁸ resulting in: (i) relocation or loss of shelter; (ii) loss 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</p> <p>(b) the involuntary restriction of access⁹ to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of the displaced persons.” [OP para 3]</p>	<ul style="list-style-type: none"> ● OP clarifies that the policy is triggered by the <i>taking of land</i> and by <i>restrictions on access to legally designated parks and protected areas</i> ● OP specifies that economic displacement resulting from the taking of land is sufficient to trigger application of the policy.

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Application of the policy (cont.)		<p>“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.” [OP fn 6]</p> <p>“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....” [OP fn 8]</p>	<ul style="list-style-type: none"> OP specifies that the policy does not apply to projects involving community-based natural resource management, projects that regulate resource use on a national or regional scale, or to disputes between private parties in land titling projects.
Livelihood restoration	<p>“Displaced persons should be ... assisted in their efforts to improve their former living standards, income earning capacity, and production levels, or at least to restore them. Particular attention should be paid to the needs of the poorest groups to be resettled.” [para 3 (b)]</p>	<p>“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 beginning of project implementation, whichever is higher.” [OP para 2 (c)]</p> <p>“Displaced persons under para 3 (b) [.. whose livelihoods are adversely affected by the involuntary restriction of access to legally designated parks and protected areas..] should be assisted in their efforts to improve or restore their livelihoods in a manner that maintains the sustainability of the respective parks and protected areas.” [OP fn 3]</p>	<ul style="list-style-type: none"> OP specifies that resettler livelihoods and standards of living should be restored in real terms to pre-displacement levels or to levels prevailing prior to beginning of project implementation, whichever is higher. OP recognizes the need to maintain sustainability of parks or protected areas while restoring the livelihoods of people adversely affected by the restriction of access to resources in these areas.
Treatment of direct and indirect impacts	<p>No differentiation between direct and indirect impacts, although this distinction has arisen frequently in practice</p>	<p>“This policy covers direct economic and social impacts⁴ that both result from Bank-assisted investment projects^{5,6} and are caused by:...” [OP para 3]</p>	<ul style="list-style-type: none"> OP specifies that only direct economic and social impacts are covered.
Definition of involuntary	<p>No definition given</p>		<ul style="list-style-type: none"> OP provides an operational definition of “involuntary

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resettlement		or power of choice.” [OP fn 7]	resettlement.”
Coverage of components not financed by the Bank	No mention of such components	“This policy applies to all components of the project resulting in involuntary resettlement regardless of the source of financing. It also applies to other activities resulting in involuntary resettlement, which, 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.” [OP para 4]	<ul style="list-style-type: none"> OP clarifies extent of application of the policy to project components that are not financed by the Bank or to activities that are not part of the Bank-assisted project. This is consistent with language in OP 4.01, Footnote 1.
Planning requirements for projects with minor impacts	“Where only a few people (e.g., less than 100-200 individuals) are to be relocated, appropriate compensation for assets, logistical support for moving, and a relocation grant may be the only [plan] requirements.” [fn 8]	<p>“[W]here impacts on the entire displaced population are minor, ... an abbreviated resettlement plan may be agreed with the borrower...” [OP para 25]</p> <p>“Impacts are considered “minor” if the affected people are not physically displaced and less than 10% of their productive assets are lost.” [OP fn 23]</p>	<ul style="list-style-type: none"> OP provides for an abbreviated resettlement plan when impacts are minor. OP defines “minor impact” in terms of percentage of assets lost rather than number of individuals displaced.
Planning requirements for projects with multiple subprojects	“Where the specific resettlement needs of each subproject are not known in advance, the borrower would need to agree to resettlement policies, planning principles, institutional arrangements, and design criteria that meet Bank policy and requirements as a condition of the loan. An estimate should be provided of total population to be displaced and overall resettlement costs, as well as an evaluation of proposed resettlement sites. Subprojects in sector investment loans should be screened by the implementing agency to ensure consistency with this directive, and approved individually by the Bank.” [para 26]	<p>“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” [OP para 26]</p> <p>These requirements are repeated for financial intermediary loans [OP para 27] and for other Bank-assisted projects with multiple subprojects that are not sector investment or financial intermediary loans [OP para 28], but an exception is granted for the former: “In cases where, 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 would 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.</p>	<ul style="list-style-type: none"> OP establishes that a resettlement policy framework is needed for FIs and other “projects with multiple subprojects,” in addition to SILs. OP specifies that resettlement frameworks are required as a condition of appraisal, except in cases where no resettlement is foreseen in subprojects to be financed by financial intermediaries.

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<p>Planning requirements for projects with multiple subprojects (cont.)</p>		<p>For all subprojects involving resettlement, the resettlement plan is provided to the Bank for approval before the subproject is accepted for Bank financing.” [OP para 27]</p> <p>“For each subproject included in a project described in para. 26, 27 or 28 above, 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.” [OP para 29]</p>	<ul style="list-style-type: none"> OP specifies that subproject-specific plans are required as a condition for approval of each subproject.
<p>Planning requirements for parks and protected areas projects</p>	<p>No separate mention</p>	<p>“In projects involving involuntary restriction of access to legally designated parks and protected areas ... 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:</p> <ul style="list-style-type: none"> (a) specific components of the project will be prepared and implemented; (b) the criteria for eligibility of displaced persons will be determined;¹⁴ (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. <p>The process framework also includes a description of the arrangements for implementing and monitoring the process.” [OP para 7]</p> <p>“For projects involving restriction of access in accordance with para. 3 (b) above, the borrower provides the Bank with a draft process framework which conforms to the relevant provisions of this policy as a condition of appraisal. In addition, during project implementation and prior to enforcement of the</p>	<ul style="list-style-type: none"> OP requires a “process framework” for projects that involve the restriction of access to resources in parks and protected areas. OP also requires a plan of action, acceptable to the Bank, which could double as a natural resources management plan, for such projects. The plan of action

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Delegation of authority to approve resettlement plans	No mention of delegation of authority	restriction, the borrower prepares a plan of action, acceptable to the Bank, describing the specific measures to be undertaken to assist the displaced persons and arrangements for their implementation. The plan of action could take the form of a natural resources management plan prepared for the project.” [OP para 31]	is approved by the Bank prior to the enforcement of restrictions.
Review & clearance for appraisal	“Submission to the Bank of a time-bound resettlement plan and budget that conforms to Bank policy is a condition of appraisal for projects involving resettlement, except for sector investment loans as discussed in para 26.” [para 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.” [OP para 30]	<ul style="list-style-type: none"> OP provides for delegation of approval of subproject resettlement plans to agencies with proven capacity.
Guidance on application of the policy	No provision for guidance	“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. 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 Bank 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.” [BP para 8]	<ul style="list-style-type: none"> OP allows for exception to the required submission of acceptable plans before appraisal, in keeping with similar provision in OP 4.01, para 13.
		“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.” [BP para 7]	<ul style="list-style-type: none"> OP establishes new entity, the Resettlement Committee, to clarify issues related to application of the policy.

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Valuation of lost assets	"Valuation of lost assets should be made at their replacement cost." [para 14]	Replacement cost is explained so as to make clear that "in applying this method of valuation, depreciation of structures and assets should not be taken into account" [OP fn 11]. This is followed by a detailed definition of replacement cost in the Annex [fn 1].	<ul style="list-style-type: none"> OP provides both basic explanation and detailed definition of replacement cost.
Cash Compensation	"Experience indicates that cash compensation alone is normally inadequate.... Preference should be given to land-based resettlement strategies for people dislocated from agricultural settings." [para 4]	"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 ¹⁷ 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." [OP para 12]	<ul style="list-style-type: none"> OP specifies circumstances under which cash compensation can be paid. This provision responds to the fact that the livelihoods of an increasing proportion of displaced persons are not land-based and they participate in markets where a cash option may be appropriate.
Procedures for establishing eligibility criteria	"Compensation is facilitated by ... establishing criteria for determining the resettlement eligibility of affected households." [para 14 (c)]	"The borrower ... 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." [OP para 14]	<ul style="list-style-type: none"> OP elaborates on procedure by which affected people will be deemed eligible for entitlements.
Eligibility for compensation	"Land, housing, infrastructure, and other compensation should be provided to the adversely affected population, indigenous groups, ethnic minorities, and pastoralists who may have usufruct or customary rights to the land or other resources taken for the project. The absence of legal title to land by such groups should not be a bar to compensation." [para 3 (e)]	"Displaced persons may be classified in one of the following ... (a) those who have formal legal rights to land (including customary and traditional rights recognized under the laws of the country); and (b) those who do not have formal legal rights to land at the time the census begins but have a claim to such	<ul style="list-style-type: none"> OP distinguishes between displaced persons who have formal legal rights and those who have claims to legal rights that can be recognized under the laws of the country. OP clarifies that persons in these

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	<p>"The objective is to treat customary and formal rights as equally as possible in devising compensation rules and procedures." [para 17]</p>	<p>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 [OP Para 15 and Annex, Para. 7 (f)]</p> <p>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." [OP para 15 & 16]</p>	<p>two groups are eligible for compensation for lost assets and/or development assistance to restore their standards of living (as described in para 6).</p>
<p>Eligibility for resettlement assistance</p>	<p>"Land, housing, infrastructure, and other compensation should be provided to the adversely affected population, indigenous groups, ethnic minorities, and pastoralists who may have usufruct or customary rights to the land or other resources taken for the project. The absence of legal title to land by such groups should not be a bar to compensation." [para 3 (e)]</p>	<p>"Displaced persons may be classified in one of the following ... (c) those who have no recognizable legal right or claim to the land they are occupying.</p> <p>"Persons covered under para. 15 (c) are provided resettlement assistance¹⁹ 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." [OP para 15 & 16]</p> <p>"Persons who encroach the area after such "cut-off" date are not entitled to compensation or any other form of resettlement assistance." [OP para 16]</p>	<ul style="list-style-type: none"> OP clarifies that persons who have no recognizable legal right or claim to the land they are occupying but who arrived before the "cut-off date" established for the project are eligible for resettlement assistance to achieve the objectives of the policy. OP identifies those people not eligible to receive entitlements.
<p>Monitoring & evaluation</p>	<p>"The borrower should be required to continue impact evaluation for a reasonable period after all resettlement and related development activities have been completed...." [para 22]</p>	<p>"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 which may serve as the basis for continued Bank supervision, as deemed appropriate by the Bank." [OP para 24]</p>	<ul style="list-style-type: none"> OP requires an assessment of the extent to which the objectives of the resettlement instrument have been achieved, and clarifies that the Bank may need to continue supervising resettlement component after project completion.
<p>Disclosure requirements</p>	<p>"The possibility of involuntary resettlement should be determined as early as possible and described in all</p>	<p>"As a condition of appraisal of projects involving resettlement, the borrower provides the Bank with the</p>	<ul style="list-style-type: none"> OP specifies the procedure for disclosure of information.

Section / Provision	OD 4.30 project documents.” [para 28]	Revised OP/BP 4.12	Changes / Rationale
Bank assistance to the borrower	<p>“The Bank supports borrowers’ efforts through (a) assistance in designing and assessing resettlement policy, strategies, laws, regulations, and specific plans; (b) financing technical assistance to strengthen the capacity of agencies responsible for resettlement; and (c) direct financing of the investment costs of resettlement.” [para 23]</p>	<p>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.” [OP para 22; BP para 9]</p>	<p>disclosure of planning instruments, in keeping with similar provisions in OP 4.01, paras 16-21.</p>
Treatment of host communities	<p>Community participation in planning and implementing resettlement should be encouraged. Appropriate patterns of social organization should be established, and existing social and cultural institutions of resettlers and their hosts⁶ should be supported and used to the greatest extent possible. [para 3(c)]</p> <p>Resettlers should be integrated socially and economically into host communities so that adverse impacts on host communities are minimized. The best way of achieving this integration is for resettlement to be planned in areas benefiting from the project and through consultation with the future hosts. [para 3(d)]</p> <p>The involvement of involuntary resettlers and hosts in planning prior to the move is critical. Initial resistance to the idea of involuntary resettlement is to be expected. To obtain cooperation, participation, and feedback, the affected hosts and resettlers need to be systematically informed and consulted during preparation of the resettlement plan about their options and rights. [para 8]</p>	<p>“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.” [OP para 34]</p> <p>“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.” [OP para 12 (a)]</p>	<ul style="list-style-type: none"> OP specifies which kinds of assistance the Bank cannot provide, in accordance with Bankwide policy on providing cash payments and financing land acquisition. <p>In OD 4.30, host communities are given more detailed and comprehensive treatment. They are referred to explicitly in discussions of policy objectives, consultation and participation, provision of entitlements, sequencing of activities, conflict among resettler groups, and environmental impacts.</p>