

Resettlement Framework

January 2014

Indonesia: Neighborhood Upgrading and Shelter Project – Phase 2

Prepared by the Directorate General of Human Settlements, Ministry of Public Works for the Asian Development Bank.

CURRENCY EQUIVALENTS

(as of 15 October 2013)

Currency unit	–	rupiah (Rp)
Rp1.00	=	\$0.0000914813
\$1.00	=	Rp10,931.20

ABBREVIATIONS

ADB	=	Asian Development Bank
AP	=	affected people
BKM	=	badan keswadayaan masyarakat (community self-help body)
CAP	=	community action plan
CIO	=	community implementation organization
CPMU	=	central project management unit
DGHS	=	Directorate General of Human Settlements
DP	=	displaced people
EA	=	executing agency
IP	=	indigenous peoples
IR	=	involuntary resettlement
LCO	=	local coordinating office
MDGs	=	millennium development goals
M&E	=	monitoring and evaluation
MPW	=	Ministry of Public Works
NUAP	=	neighborhood upgrading action plan
NSD	=	new site development
NUSP Phase II	=	Neighborhood Upgrading and Shelter Project - Phase II
RF	=	resettlement framework
RP/LARP	=	resettlement plan/land acquisition and resettlement plan.
RPKPP	=	rencana pengembangan kawasan prioritas permukiman = plan for the development of priority settlement areas
RRP	=	report and recommendation of the President to the Board
RTRW	=	Rencana Tata Ruang dan Wilayah (spatial plan)
SIAP	=	slum improvement action
SPS	=	Safeguard Policy Statement
SPIIP	=	strategi pembangunan permukiman and infrastruktur perkotaan = strategy on the development of urban settlement and infrastructure
TOR	=	terms of reference

GLOSSARY

Affected persons (APs)/Displaced person (DP)	–	<p>Any person or persons, household, firm, private or public institution who are affected by the project either physically displaced (relocation, loss of residential land, or loss of shelter) and/or economically displaced (loss of land, assets, access to assets, income sources, or means of livelihoods) as a result of (i) involuntary acquisition of land, or (ii) involuntary restrictions on land use or on access to legally designated parks and protected areas.</p> <p>Persons with formal legal rights and persons who have no formal legal rights but their lands are recognizable under national laws are entitled for adequate and appropriate compensation either in the form of land replacement or cash compensation at full replacement cost for lost land, structures, and relocation assistance, if applicable. Persons who have neither legal rights nor recognizable claims to the land are entitled to the compensation for the loss of assets other than land and for other improvement of the land at full replacement cost.</p>
Compensation	–	<p>Payment in cash or in kind (e.g. land-for-land) to replace losses of land, housing, income and other assets caused by the Project. All compensation is based on the principle of replacement cost, which is the method of valuing assets to replace the loss at current market value, plus any transaction costs such as administrative charges, taxes, registration and titling costs. In the absence of functions markets, a compensation structure is required that enables affected people to restore their livelihoods to level at least equivalent to those maintained at the time of dispossession, displacement, or restricted access.</p>
Cut-off date	–	<p>Refers to the date prior to which the occupation or use of the project area makes residents/users of the same eligible to be categorized as AP, regardless of tenure status. In this Project, the cut-off date will be the final day of the census of APs and the detailed measurement survey (DMS) of DPs' land and/or non-land assets.</p>
Entitlement	–	<p>A range of measures comprising compensation in cash or in kind, income restoration support, transfer assistance, income substitution and relocation support which are due to affected people, depending on the nature of their losses, to restore their economic and social base.</p>
Land acquisition/involuntary resettlement	–	<p>The process whereby an DP is compelled by a public agency to alienate all or part of the land it owns or possesses to the ownership and possession of that agency for public purposes in return for compensation equivalent to the replacement costs of affected assets.</p>
Rehabilitation	–	<p>Assistance provided in cash or in kind to project displaced persons due to the loss of productive assets, incomes, employment or sources of living, to supplement payment of compensation for acquired assets, in order to achieve, at a minimum, full restoration of living standards and quality of life.</p>
Relocation	–	<p>The physical relocation of an affected household from her/his pre-project place of residence.</p>
Severely displaced persons	–	<p>Those who experience significant/major impacts due to (i) losses of 10% or more of their total productive land, assets and/or income sources due to the Project; and/or (ii) relocation due to insufficient remaining residential land to rebuild.</p>
Vulnerable groups	–	<p>Distinct groups of people who might suffer disproportionately or face the risk of being marginalized by the effects of resettlement and specifically include: (i) households headed by women, elderly, or disabled, (ii) households falling under the generally accepted indicator for poverty, (iii) landless households, and (iv) ethnic minorities.</p>

NOTES

- (i) The fiscal year (FY) of the Government of Indonesia and its agencies ends on 31 December. FY before a calendar year denotes the year in which the fiscal year ends, e.g., FY2011 ends on 31 December 2011.
- (ii) In this report, "\$" refers to US dollars.

This resettlement framework is a document of the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff, and may be preliminary in nature. Your attention is directed to the "terms of use" section of this website.

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

RESETTLEMENT FRAMEWORK

A. Project Description

1. Indonesia is one of the fastest urbanizing countries in Asia. Today, about half of the population (51%) lives in cities. The rapid urbanization rate is set to continue. By 2025, it is projected that about 68% of the population will live in urban areas. Many of Indonesia's growing cities face issues to cope with the rapid growth of in-migrants, who are seeking new economic opportunities in cities, but forced to settle in disadvantaged neighborhoods due to limited financial resources, lack of affordable adequate housing and/or failure to find well paid jobs. In 2011, about 12% of the urban population was forced to live in slum areas.

2. Better public infrastructure is considered vital to sustain inclusive economic growth and further stimulate economic opportunities of the growing urban population. Yet infrastructure improvements have not been able to keep up with the rapid urbanization and infrastructure investment has lagged economic development. Mostly, infrastructure and public services in poor neighborhoods are inadequate to serve the needs of their growing inhabitants. Environmental and social problems related to accessibility to adequate services for the people's daily needs are increasing due to widespread constraints in provision of clean water, insufficient sanitation facilities, deteriorating roads, pathways and drainages, ineffective flood control, lack of constant power supply, and poor solid waste management.

3. Insufficient investments in infrastructure had been identified as one cause for poverty in the National Medium Term Development Plan 2010-2015 (RPJMN), thus improving basic infrastructure is considered an effective catalyst to alleviate poverty and close gaps in income inequality in disadvantaged urban neighborhoods. While Indonesia has generally made good progress towards accelerating achievement of the millennium development goals (MDG), the MDG targets for achieving significant improvement in the livelihood of slum dwellers (MDG target 7D) and halving the proportion of households without sustainable access to safe drinking water and basic sanitation (MDG target 7C) need special attention.¹ The project's purpose of upgrading basic public infrastructure in slums will contribute towards meeting both MDG targets.

4. To address issues of the rapid urbanization the Government launched the "Cities without Slums Program"² and issued Law No. 1/2011 on "Housing and Settlement Areas".³ To contribute to the "Cities without Slums Program" the Government requested the Asian Development Bank (ADB) to prepare and partly finance the Neighborhood Upgrading and Shelter Project - Phase 2 (NUSP Phase 2). NUSP Phase 2 will assist 20 towns to develop and implement inclusive pro-poor city development plans and improve living conditions in slums, through (i) providing resources to local governments and communities for upgrading basic infrastructure in slum areas; (ii) strengthening planning and management capacities of local administrations for inclusive pro-poor urban planning; (iii) establishing sustainable mechanisms

¹ While the MDG target for the proportion of the urban population living in slums is 6% - in 2011, still 12.6% of the urban population lived in slum areas. The MDG target for the proportion of households with sustainable access to an improved water source is 75.5% by 2015. However, in 2011 only 40.5% of urban households had access to an improved water source.

² The "Cities without Slums Program" is incorporated in the Long Term Development Plan 2005-2025. The policy aims at alleviating slums in cities by 2025 through promoting concerted initiatives by the central government, local governments, private sector, and civil societies.

³ The law specifies roles and responsibilities of central and local governments for the provision of housing and settlements, including their responsibilities to provide housing for the poor and upgrade slum areas.

to engage communities in urban development planning processes; and (iv) launching public private partnerships (PPPs) to establish affordable housing areas for poor families.⁴

5. The project builds on lessons from Government's foremost poverty reduction program - the National Program for Community Empowerment (PNPM Mandiri), which adopts a CDD approach and provides nationwide assistance for improving essential social services and basic infrastructure by providing block grants to poor communities⁵. Addressing poverty issues and basic infrastructure needs through CDD is considered more effective, sustainable and equitable compared with centralized arrangements as communities become active partners in development. The CDD approach adopted under PNPM gives communities control over planning decisions and investment resources and focuses on community empowerment to improve basic infrastructure and service delivery. Community participatory planning and design of specific investments is a key feature. The community controls resources; hence funds are transferred directly to community-managed bank accounts. The community is also managing project implementation supported by consultants and facilitators wherever required. The CDD process is designed to systematically mobilize the capacity of communities to prioritize their development needs, design activities, seek technical assistance, manage resources, and implement and sustain development actions.⁶ Building on lessons of the overall PNPM program and the latest ADB financed CDD projects; the proposed Project will follow a similar CDD approach.

6. **Implementation Arrangement.** The Directorate General of Human Settlements (DGHS) of the Ministry of Public Works (MPW) will be the executing agency for the Project. 20 cities have been identified to participate in the project. Each participating local government will establish a local coordination office (LCO) to coordinate the implementation of activities under the project. The participating cities will nominate slum neighborhoods that will receive project support based on transparent criteria and selection processes. Each participating slum neighborhood will establish a BKM/CIO. To implement and manage the project, DGHS will be assisted by 4 teams of consultants, i.e. the national project management consultant team at the central level, and three regional project management teams. The project will also recruit city coordinators and community advisors (contracted under the regional project management consultants) to provide technical assistance to cities and assist communities in implementing the project.

7. **Impact and Outcome.** The expected impact of the project will be improved living conditions in urban areas. The outcome will be improved infrastructure and access to service delivery in poor urban neighborhoods in 20 project cities.

⁴ The project will promote PPPs whereby: (i) local governments will provide land; (ii) MPW will establish the infrastructure (roads, water and electricity supply, sanitation facilities) financed by loan proceeds; (iii) private developers will pre-finance the house construction; (iv) commercial banks will provide loans to poor families to buy new houses.

⁵ PNPM Mandiri was launched in 2007. The RPJM for 2010-2014 includes PNPM Mandiri as a development tool to accelerate poverty alleviation with an indicative budget allocation of \$6,754 million over five years.

⁶ Encouraged by the success of the PNPM scheme, three recent ADB-financed basic infrastructure improvement projects were aligned to PNPM using a project loan modality and adopting a CDD approach, including: (i) Rural Infrastructure Support to PNPM Mandiri Project (Loan 2449-INO), approved in September 2008 for about \$50.0 million equivalent; (ii) Rural Infrastructure Support to PNPM Mandiri Project II (Loan 2575-INO), approved in November 2009 for \$84.24 million; (iii) Urban Sanitation and Rural Infrastructure Support to PNPM Mandiri Project (Loan 2768-INO), approved in August 2011 for \$100 million.

8. **Outputs.** The Project will have three outputs: (i) Institutional capacities for managing pro-poor urban development strengthened; (ii) Infrastructure in slum neighborhoods upgraded; and (iii) New settlements for poor families established.

9. **Output 1: Institutional capacities for managing pro-poor urban development strengthened.** Under this component, the project will provide capacity building assistance to local administrations in the 20 project cities/districts. Based on capacity needs assessments, training programs and other capacity building measures will be financed in the following areas: (i) community-driven settlement upgrading and new sites development, (ii) awareness building for community members of environmental issues (water treatment; sanitation and cleanliness; solid waste management), (iii) project management (including implementation arrangements, procurement of contractors and community procurement), and (iv) public private partnerships for NSD (with special focus on the poor); and (v) operation and maintenance of upgraded facilities and NSD areas through community-based efforts. Within the first year of project implementation and with the help of consultants each participating city will conduct a capacity assessment identifying challenges and capacity building needs in relation to strengthen spatial planning and pro-poor urban development. Based on the results of the assessments city administrations will prepare capacity building and training proposals, which will be consolidated by the EA. The EA will facilitate joint training and study programs, and other capacity building assistance for selected staff from the 20 project cities/districts. To address poverty issues beyond infrastructure up-grading, the Project will also support the preparation of multi-sector slum improvement action plans (SIAP); these SIAP will represent an attempt to combine physical environmental improvements with other social sector support mechanisms, provided by other entities beyond the Ministry of Public Works.

10. **Output 2: Infrastructure in slum neighborhoods upgraded.** Under this output about \$59.0 million of the loan proceeds are earmarked for upgrading basic infrastructure in slum neighborhoods in 20 cities. The participating cities have been selected based on the following criteria: (i) local governments have approved spatial plans and development strategies- RTRWs and SPPIPs; which identify slum areas and provide guidance to improve slum neighborhoods; (ii) at least 5,000 households live in slum areas;⁷ (iii) at least 5% of the households living in slum neighborhoods are considered extreme poor, with a monthly income of less than Rp3.5 million per month; (iv) formal confirmation of the local government to participate in the project.⁸

11. Each participating city/district will sign a memorandum of agreement with the EA confirming their intent to be actively engaged in the project and specifying resources to facilitate and complement project activities, including: (i) establishment of local coordinating office (LCO) as the city/district level project management units with experienced and committed staff; (ii) a list of communities in slum areas, who are ready to participate in the project; (iii) additional resources to finance complementary infrastructure works to upgrade slums and improve public services in slum areas; (iv) willingness to adopt a community-driven development approach

⁷ The BPS criteria of slum area includes: (i) - the distance from sources of water (wells etc) is less than 10 m from the disposal sites (septic tanks, etc.), (ii) - access to basic sanitation services is low; no effective solid waste collection system is in place, (iii) the house size is less than 8 m²/person, (iv) the materials of houses are of low quality, (v) residents lack safety standards.

⁸ During the project preparatory phase 50 cities were considered eligible to participate in the project based on the pre-condition criteria. During a thorough consultation process between the EA and the candidate cities, which included field visits to explain the project scope and CDD approach to the city administrations and selected community groups, 20 cities confirmed their commitment to participate in the project. Based on lessons from earlier CDD infrastructure projects executed by MPW, the formal commitment of the city administration to participate and contribute to the project implementation and specify resources is considered crucial. The list of the project cities is in the PAM.

towards improving basic infrastructure in slum areas; (v) compliance to adjust and develop the RPKPP, SIAP and investment plans based on the feedback received during the consultation process with slum communities; and (vi) confirmation that households without any legal title to the land (informal dwellers) in the selected slum neighborhoods would also be allowed to participate in the project and benefit from the project. The funding amount for infrastructure upgrading investments provided to each slum neighborhood will vary and depend on the actual situation and the needs of the communities.

12. Each neighborhood included under the project will establish a community implementing organization (CIO) or work through already established community organization (BKM). Supported by consultant teams, CIOs/BKMs will facilitate infrastructure assessments at the slum neighborhoods that will be carried out by the community members themselves to identify problems and needs, evaluate the community implementation capacity, establish efficient planning and decision-making processes, prioritize infrastructure needs and prepare specific neighborhood upgrading plans (NUAP), which will document the results of the needs assessments and specify the type and mix of interventions, including technical designs, cost estimates and initial O&M plans. In the context of specific neighborhood upgrading activities, i.e. construction of public sanitation facilities, small land portions might be acquired from community members⁹ or donated voluntarily.

13. To achieve a wider development impact at the city level and address infrastructure issues beyond the boundaries of the individual slums neighborhoods, the LCOs with the help of consultants will establish a consultation mechanism among project CIOs/BKMs and the city administration to formulate a consolidated infrastructure upgrading investment plan based on the individual NUAPs. In the process of preparing the overall infrastructure upgrading investment plan, CIOs/BKMs and the city administration will jointly evaluate NUAPs from each slum neighborhood, agree on collaboration to link upgrading activities between neighborhoods, concur on fund allocations per neighborhood within the overall investment amount earmarked for the respective project city, and revise individual NUAPs if necessary. The consolidated city investment plan will be approved by all project CIOs/BKMs and the city administration and include the revised NUAPs with agreed investments amounts for each project slum neighborhood. All consolidated city investment plans will be reviewed and approved by the EA and ADB. The project will ensure that the consultation process is conducted in a transparent and fair manner. During this consultation process CIOs/BKMs and city administrations will also assess whether individual NUAPs are aligned with the RTRW and SPPIP and agree on adjustments if necessary.

14. Based on the complexity of infrastructure upgrading plans, civil works will be carried out either by the communities themselves or by firms to be engaged by the EA. Funds for works implemented by communities will be based on contracts between the CIO/BKM and the city administration¹⁰ and transferred through block grants directly from the project imprest account to community bank accounts, which are managed by the CIOs/BKMs. Detailed guidance related to eligibility criteria and procedures to use grant funds will be explained in the guidelines (JUKLAK) and implementation manuals (JUKNIS) that will be developed with the help of consultants and approved by the EA and ADB at the beginning of the project. Procurement of firms to implement complex civil works will be managed the EA in accordance with ADB Procurement Guidelines (2013, as amended from time to time). Facilities/infrastructure to be upgraded under the project

⁹ Community members will pay for land from their own resources; loan proceeds will not be used to obtain land.

¹⁰Contracts will specify the payment modalities. Detailed information on the fund flow mechanism and the implementation of neighborhoods upgrading plans is in the PAM.

include water supply and sanitation facilities; river normalization/flood control system, neighborhood roads, pathways, and drainage; and electricity and street-lighting facilities.

15. **Output 3: New settlements for poor families established.** The intention of this component is to establish models of partnerships between central government, local administrations, developers, and commercial banks to provide housing for poor people. The project will take a catalytic role to develop examples for replication and promote public-private alliances in five cities¹¹ whereby: (i) local governments will provide land from their own resources and issue land titles for potential new house owners, which are required as collaterals to receive loans from commercial banks; (ii) MPW will establish the basic infrastructure (roads, water and electrify supply, sanitation facilities) financed by loan proceeds; (iii) private developers will pre-finance the house construction, and coordinate connections to the main networks of service providers (water and electricity); (iv) local commercial banks will provide loans to poor families to buy new houses; (v) LCOs, in close cooperation with the NGOs and supported by consultants, will organize socialization campaigns to explain the NSD scheme to poor families living in slum neighborhoods of the respective project city, develop transparent criteria to select poor beneficiary families to be eligible to apply under the NSD scheme, and facilitate the selection process. To establish the basic infrastructure for new settlements the project will provide about \$5.0 million to finance civil works. The NSD sites will be titled to the participating cities. Within 18 months after loan effectiveness the project cities will present a full NSD proposal, which is endorsed by the mayor/bupati, to ADB and the EA for review and approval. The proposal will include (i) a proof of land ownership; (ii) endorsement from the local parliament (DPRD) to use land for NSD purposes; (iii) detailed technical designs with cost estimates for infrastructure to be financed by the loan proceed; (iv) rationale of the selection process to identify a local developer and firm commitment from developers to built houses; (v) proposed loan schemes by the commercial banks and firm commitment from commercial banks to provide loans to poor families under the NSD scheme; (vi) transparent selection process to identify slum dwellers that are prepared to buy houses at the NSD site. The EA will establish guidelines that will exclude sale of houses constructed under the project prior to 10 years after completion.

16. The proposed NSD sites will be vacant and ready for infrastructure development, and will not be subject to environmental threats. The project will not include physical displacement.

17. Potential beneficiaries for the new site development (NSD) will be selected based on the following criteria: (i) families live in slum areas of the project cities and do not own a house or posses shares a house with other families (exceeding normal conditions); (ii) families are classified as poor based on the measurement of the national bureau of statistics (BPS) which defines poverty in terms of 10 basic rights related to food security, health, education, decent work, housing, clean water and sanitation, security of land tenure, clean environment, security, and empowerment; (iii) income earning family members are not civil servants, police or military members. Women-headed households and other vulnerable households will be given priority during the selection process. The local government will organize socialization campaigns to explain the NSD scheme in great detail at each project neighborhood. Local commercial banks will participate in the socialization campaigns to explain possible financing schemes.

18. About new 880 houses in five cities are expected to be constructed. The final selection of the beneficiaries will be carried out through a transparent selection process involving community groups through BKMs/CIOs and commercial banks. Project consultants will facilitate

¹¹ The five NSD cities will be part of the 20 project cities.

the process to ensure transparency and that the proposed beneficiaries meet the agreed criteria. The local government will submit results of the selection of the beneficiaries to the local bank for the final verification process to fulfill the bank's administration conditions to sign off on the housing credit agreement.

19. The project will recruit safeguard specialists at the national and city levels to assist the DGHS, city administrations and CIOs/BKMs to address land acquisition issues in reference to the provision laid out in the Resettlement Framework (RF). The safeguard specialists at the regional level will be tasked to carry out safeguards due diligence. The due diligence is to ensure that there is no physical displacement (physical relocation) of people due to the project. Appropriate measures to address any land acquisition issues in the context of specific neighborhood upgrading activities under output 2 will be prepared based on the RF. The results of the due diligence will be submitted to the LCO for review and will be included in the overall infrastructure upgrading investment plans of the respective project city. The regional safeguard specialists will also provide appraise the proposed NSD sites to ensure that the land is ready to use and not occupied by settlers. The regional safeguard specialist will submit reports on the due diligence process to the CPMU and national management consultant team.

B. Purposes, Policy Framework, and Entitlements

20. **Purpose of the Resettlement Framework.** The project will not include physical displacement and loss of less than 10 percent of productive assets as a result of involuntary land acquisition. In the context of specific neighborhood upgrading activities, i.e. construction of public sanitation facilities, small land portions might be acquired from community members¹² or donated voluntarily. The legal title of the land underlying the NSD sites will be placed with and in the name of the concerned project city, and that the land will be vacant and ready for implementation. As the scope of land acquisition is expected to be insignificant and no resettlement is expected the project is classified as category B. Since the project will adopt a CDD approach, the specific interventions will be identified by the community members only during the project implementation, thus potential issues related to land acquisition can be identified only at a later stage after the type of infrastructure upgrading and the specific location has been agreed upon.

21. The resettlement framework (RF) is to be used as a guideline for any land acquisition activity under the project, including land acquisition assessment and preparation and implementation of resettlement plans (RPs) for land acquisition and possible voluntary donation for the small community-level infrastructure subprojects. Land for new infrastructure will be provided either in the form of donation from community members or compensation at replacement cost depending on the results of discussion and dialogue within the communities themselves. Potential need for land acquisition will be recorded in the NUAPs.¹³ Based on the experience from previous CDD infrastructure projects the land required for specific subprojects has usually been less than 500m² for each subproject, affecting less than 5 households each. Sub projects, which might possibly require land acquisition, have not been identified at this stage so that a specific land acquisition and resettlement plan (LARP) cannot be prepared before project approval.

¹² Community members will pay for land from their own resources; loan proceeds will not be used to obtain land.

¹³ The project includes safeguard specialists, who assist to identify land acquisition issues and will direct city administrations and CIOs/BKMs to adopt the RF.

22. The safeguard specialists will appraise the proposed NSD sites to ensure that the land is ready for use and not occupied by settlers. In case the appraisal reveals any deviations from the NSD proposal and indicate any potential resettlement issue, the proposed land will not be considered for the NSD. Instead the respective city administration will be requested to propose another piece of vacant land of at least 2ha; which is unencumbered by competing claims or conflicting uses and does not involve any resettlement or environmental risks.

23. **Policy Framework.** This RF has been prepared in compliance with ADBs Involuntary Resettlement Safeguards (SPS, 2009) and Operation Manual Section F1/BP, March 2010, and the Indonesian Government's law and regulations related to land acquisition that include i) Law No. 2/2012 on Land Acquisition for Development in Public Interests; ii) Presidential Regulation no. 71/2012 on Implementation of Land Acquisition for the Development in Public Interest; iii) Regulation of BPN Head No. 5/2012 on the implementation guideline for Presidetail Regulation No. 71/2012. In addition, the Ministry of Finance Regulation No. 13/PMK 02/2013 and Ministry of Home Affair Regulation No. 72/2012 on the guidelines for Law 2/2012 implementation.

1. ADB's Social Safeguard Policy Requirements

24. The ADB SPS, 2009 consolidated three safeguard policies, i.e. (i) involuntary resettlement (IR), (ii) indigenous peoples (IP), and (iii) environment. Requirements of ADB's 2009 SPS indicates the following principles: (i) involuntary resettlements must be avoided where feasible; (ii) minimize involuntary resettlements by exploring project and design alternatives; (iii) enhance the livelihoods of all displaced persons in real terms relative to pre-project levels; and (iv) improve the standards of living of the displaced poor or other vulnerable groups. The scope of the safeguards include physical replacement (relocation, loss of residential land, or loss of shelter) and economic displacement (loss of land, assets, access to assets, income sources, or means of livelihood as a result of (a) involuntary acquisition of land, or (b) involuntary restrictions on land use or on access to legally designated parks and protected areas. It also stipulates whether the losses and involuntary restrictions are full or partial, permanent or temporary. Annex 1 lists the 12 policy principles required to meet the resettlement objectives of ADB's SPS. The project has been categorized as C for IP (no impact on IP), as no IP have been identified residing in the project locations. The policy on environment is discussed in a separate document.

2. Other ADB's Crosscutting Policy Themes

25. ADB's other crosscutting policy themes includes: (i) the Gender and Development (1998), which adopts gender mainstreaming as a key strategy to promote gender equity and to ensure that men and women participate and that their needs are addressed in all stages including in the decision-making process of development activities; (ii) Public Communication Policy (2011) that encourages active participation of affected people and other stakeholders during project preparation and implementation; (iii) Accountability Mechanism (2012). It is part of ADB's continued efforts to enhance its capacity in responding to and/or resolving the problems associated with the implementation of its policies in all programs or projects it assists. Prescriptions from these crosscutting ADB's policy themes shall be incorporated and defined in the appropriate sections of the LARPs.

3. The Government of Indonesia's Policy on Land Acquisition

26. In 2012, the Government issued Law No. 2 on land acquisition for development in the Public Interests. The objective of the land acquisition law is to ensure: (i) that land acquisition for

development for public interests protects the rights of the entitled parties (*pihak yang berhak*) (land rights holders, holders of rights to manage, nadzir for wakaf land, customary communities, owners of former customary right, people occupying state land in a good faith, and owners of building, plan, and other assets relating to land) and (ii) the availability of land and land acquisition funding. Under the law, compensations will be provided for land, plants, buildings, objects relating to land, and other losses that can be valued including job and business losses, moving cost, professional expenses, and remaining property value based on the valuation of the assigned independent appraiser. Key points of the land acquisition law can be summarized as follows:

- a. The availability of land for development for public interests is guaranteed by the state;
- b. The law provides clear procedure and timeline for the land acquisition process;
- c. Land acquisition is to be carried out by the government;
- d. Affected peoples' rights are respected;
- e. The release of rights' holders should only be done after the payment of compensation is completed based on the final court decision;
- f. Land acquisition must be carried out in accordance with the spatial planning and other related development planning;
- g. Land acquisition process should involve all stakeholders;
- h. Compensation should be proper and fair; the forms and amount of compensations are based on consensus among parties with reference to Appraisers' valuation result conducted plot by plot of land.

4. Gaps Analysis and Project's Basic Principles

27. Gaps are found between ADB SPS on IR and the Indonesian government law and regulations on land acquisition, particularly on the following:

- (i) The law recognizes the existence of indigenous peoples; yet the recognition of indigenous peoples should also be through local government regulations;
- (ii) The law does not clearly specify the need to carry out socioeconomic survey of the APs, and does not require the identification of severely APs and vulnerable groups as well as no specific requirements to provide special attention/mitigation measures for severely APs and vulnerable groups;
- (iii) The principle of "no depreciation" for lost structure/building is not clearly specified;
- (iv) The law does not clearly provide transition allowances for relocating APs;
- (v) The requirement to monitor the results of land acquisition/resettlement is not provided, furthermore the requirement of an external monitoring for resettlement impacts is not specified either;
- (vi) The law requires that information on the land acquisition/resettlements is disclosed. However, it does not specifically require the disclosure of resettlement entitlements;
- (vii) The gender perspective of the law is weak;
- (viii) The law does not require that an independent party to document and verify negotiations and settlements process for a negotiated land acquisition.

28. The provisions and basic principles adopted in this framework and subsequent plans are formulated to fill in the gaps between the provisions included in the ADB's policy and the provisions of the relevant Government decrees and regulations currently in force in Indonesia.

29. **Basic Principles** The principles to be applied for the project are as follows:

- a. Acquisition of land and other assets shall be avoided and minimized as much as possible by exploring project and design alternatives and appropriate social, economic, operational, and engineering solutions that have the least impact on populations in the project area.
- b. All affected persons included in the cut-off date are eligible for compensation and rehabilitation assistance, irrespective of tenure status, social or economic standing, and any such factors that may discriminate against achieving the objectives outlined above. Neither lack of legal rights to the assets lost, or tenure status or social or economic status will not be a bar for the APs from entitlements to such compensation and rehabilitation measures.
- c. APs who have no recognizable rights or claims to the land that they are occupying, (e.g. informal dwellers/squatters), are entitled to compensation for loss of non-land assets and various options of resettlement assistance.
- d. APs shall be fully consulted and informed on the project, their entitlement and resettlement options. As well as the assistance measures. Ensure the APs participation in planning, implementation, and monitoring and evaluation of resettlements programs. Particular attention will be provided to the vulnerable groups and ensure their participation in consultations.
- e. The project will not cause physical displacement of APs from housing and/or lose 10% or more of total land owned or productive income. If the proposed infrastructure indicates the need to relocate people, the proposed infrastructure will be dropped from project financing.
- f. The living standards of the affected people are not expected to be reduced due to the small scale of the land acquisition. This will be ensured in the LARP.
- g. There shall be an effective grievance redress mechanisms to receive and facilitate resolution of the affected persons' concern during the preparation and implementation of LARPs.
- h. Details of the LARPs, including documentation of the consultation process shall be disclosed to APs and any interested groups through public meetings and in the form of summary LARPs or information booklets and leaflets in a language that can be understood by the APs and in an accessible places (such as neighborhood notice board, project and commune offices).
- i. Appropriate monitoring shall be carried out to assess land acquisition objectives and their impacts on the standard of living of the APs. The M& E, mechanisms shall be identified and set in place as part of the land acquisition management system. Monitoring reports should be disclosed.
- j. Civil works will not be commenced until (a) payment has been fully provided to the APs and rehabilitation measures if any, are in place; (b) already-compensated APs have cleared the area in a timely manner; and (c) the area is free from any encumbrances.

30. **Land Donation.** If the project communities or individuals decide to make voluntary contribution of the affected land and non-land assets for the project activities, this shall be acceptable only if the following requirements are in place:

- (i) Full consultations with the land owners and any non-titled displaced persons on site selection;
- (ii) Ensuring that voluntary donations do not severely affect the living standards of the APs, and are linked directly to benefits for the APs, with community sanctioned measures to replace any losses that are agreed to through verbal and written record by the APs;
- (iii) No any coercion to those who are opted for the contribution;
- (iv) Any voluntary “donation” will be confirmed through verbal and written record and verified by an independent third party such as a designated non government organization or legal authority;
- (v) Having adequate grievance redress mechanism in place; and
- (vi) Safeguards must be built into the community decision making process and included in the project implementation guideline to be followed by project consultants and facilitators and shared with the project community members.

31. Land donation by beneficiary households is acceptable where:

- (i) the impacts are marginal (based on percentage of loss and minimum size of remaining assets);
- (ii) impacts do not result in displacement of households or cause loss of household’s incomes and livelihood;
- (iii) the households making land donations are direct beneficiaries of the project;
- (iv) donated land is free from any dispute on ownership or any other issues;
- (v) consultations with the affected households are conducted in a free and transparent manner;
- (vi) land transactions are supported by transfer of titles; and
- (vii) proper documentation of consultation meetings, grievances, and action taken to address such grievances is maintained.

32. **Entitlement Matrix.** The following entitlement matrix summarizes the main types of losses and the corresponding nature and scope of entitlement.

Entitled Person	Type & Level of Impact	Compensation Policy	Note
Permanently Affected Land			
Owners of the land with legal title or recognizable claims	Loss of ownership of the land	<ul style="list-style-type: none"> • Compensation at replacement cost based on current market value which is derived from recent land sales in the area, no deduction for taxes and administrative cost, • If the remaining land is losing its economic value, the project will acquire the entire land at replacement cost. • The remaining land, as a result of the acquisition, will not be rendered unviable for continued use, the APs will not be displaced. • Financial assistance for the updating of the land ownership documents for the residual area of the APs' land. • No compensation if owner is eligible and opts to voluntarily donate the land in exchange for direct subproject benefits 	In line with the community-driven development (CDD) approach employed in the project, the selected compensation mechanism will depend on the result of community discussions
User of the land	Loss of use of the land	<ul style="list-style-type: none"> • Compensation at replacement cost for the loss of the assets and other improvements to the land. • No compensation if land user is eligible and opts to voluntarily give up his/her use, but will benefit directly from the subproject activity • The project will not result in severely displaced persons (DPs) that lose 10% or more of productive land, assets or income; and land acquisition will not result in households to be displaced. • The remaining land, as a result of the acquisition, will not be rendered unviable for continued use, the APs will not be physically displaced. 	
Annual/Perennial Crops/Trees			
Owners of the crops/trees	Loss of the crops/trees	<ul style="list-style-type: none"> • Compensation at replacement cost which is equivalent to age, type, and productive value • APs are allowed to harvest the crops/trees prior to the land clearing; • Other special arrangement as agreed by the affected people. • No compensation if owner is eligible and opts to voluntarily donate the crops/trees in exchange for direct subproject benefits, yet APs are allowed to harvest the crops/trees prior to the land clearing. 	In line with the CDD approach, the compensation mechanism will depend on the result of community discussions
Structures/Buildings			
Owners of structures/buildings	Affected structures	<ul style="list-style-type: none"> • The impact on structure should not result in resettlement and/or relocation) of APs. The impact should be partial and the remaining structures should be viable for continued use. Cash compensation at replacement cost which is equivalent to current market value of 	

Entitled Person	Type & Level of Impact	Compensation Policy	Note
		<p>structures and labor based on actual market price of material and cost of labor for dismantling, transfer, and rebuild, will be provided.</p> <ul style="list-style-type: none"> No deduction for depreciation, transaction cost or value of salvaged materials. Affected households are allowed to salvage their own materials. No compensation if the owner is eligible and opts to voluntarily donate the affected structures in exchange for direct subproject benefits. However, for partial impact on structures and when the remaining structure is viable for continued use, the APs shall be provided with cash assistance/allowance for repair of the remaining structure. Other special arrangement as agreed by the affected people 	
Business Income			
Owners of business	Temporary loss of business income (due to construction)	<ul style="list-style-type: none"> For temporary loss, cash compensation equivalent to the losses, calculated based on the net business income, salary or wage for the number of months of stoppage, to a maximum of two months. Provide temporary alternative sites for continued economy activities. 	The loss will be temporary (due to construction). The construction period is expected to be short, not more than 2 months.
Communal Land			
Community members	Loss of communal use of land	<ul style="list-style-type: none"> Communal land replacement with similar condition/purpose or public facilities as agreed by communities No communal land replacement if the community agrees and opts to provide the land for the sub project activity 	In line with the CDD approach, the compensation mechanism will depend on the result of community discussions
Vulnerable Groups			
Poor and vulnerable Groups	Higher risk of hardship due to the project impact	<ul style="list-style-type: none"> Special assistance in the form of livelihood restoration program and opportunity for the project related jobs will be provided in consultation with the APs to ensure that their specific needs are met 	The need of vulnerable group will be assessed during the LARP preparation
Temporary Impact			
Land owners/users	Impact during construction	<ul style="list-style-type: none"> CIOs/contractors will be responsible for providing the compensation in cash or in kind at replacement cost for the damaged assets during construction. Rental payment by contractor for the rented land based on prevailing rental cost to be provided to the land owners. Restoration of land will be done immediately after use to pre-project condition or better. 	

Entitled Person	Type & Level of Impact	Compensation Policy	Note
Unanticipated Impacts Due to Involuntary Land Acquisition or Involuntary Restriction of Land Use			
		<ul style="list-style-type: none"> Any such unanticipated consequences of the project will be documented and mitigated on case to case basis based on the spirit of principles agreed upon in this policy framework. 	

33. **Indigenous People/Ethnic Minorities, Vulnerable Groups, and Gender.** A social and gender analysis will be carried out in each project neighborhood to prepare gender strategy and to identify special needs of indigenous peoples (IPs, if any) and other disadvantaged groups such as landless, poor, women-headed households, elderly and disabled that should be addressed during implementation.

34. **Eligibility Criteria and Requirements.** Affected persons (APs) are those who are economically displaced (loss of land, assets, access to assets, income sources, or means of livelihood) as a result of (i) involuntary acquisition of land or (ii) involuntary restrictions on land use or on access to legally designated parks and protected areas.¹⁴ APs in a project area can be categorized in three types; (i) persons with formal legal rights to land lost in its entirety or in part (ii) persons who lost the land they occupy in its entirety or in part who have no legal rights to such land, but who have claims to such lands that are recognized or recognizable under national laws; and (iii) persons who lost the land they occupy in its entirety or in part who have neither formal legal rights nor recognized or recognizable claims to such land. The involuntary resettlement requirements apply to all three types of displaced persons. Using the CDD approach, the project communities will decide on the type of activity to be implemented in their area. The project APs are most likely the members of the project's communities. There will be no physically relocated APs under the project. Assurance for project compliance to ADB SPS has to be in place. Only project beneficiaries will be eligible to voluntarily contribute their land/assets in exchange for direct project benefits.

35. The project's resettlement framework requires that:

- (i) no AP categorized as poor households¹⁵ or vulnerable households as identified through social assessment are allowed to donate their land or other economic assets for the project activity;
- (ii) no AP categorized as poor or vulnerable households will be negatively affected directly or indirectly by any project activity;
- (iii) when the required land is voluntarily donated or acquired through other agreement as decided by the community, detailed social and economic background and project impact to the APs must be carefully recorded and reported;
- (iv) all requirements for complying with ADB's SPS 2009 stated in paras. above must be followed and recorded;
- (v) all the required information must be provided in the LARP required as part of the subproject document prepared by the community;
- (vi) the prepared LARPs must be endorsed by the CIOs, neighborhood apparatus and the LCO/Executing Agency (EA), approved by ADB, disclosed to the APs and uploaded on ADB's website; and
- (vii) prior to endorsement to ADB, the neighborhood proposal LARP will be reviewed by special committee accountable to ADB and the Government.

36. **Procedure for Formulation of LARP.** The communities will select and identify the development activity needed in their area through a series of community meetings, discussions and poverty mapping assisted by community advisors. All infrastructure upgrading proposals will

¹⁴ Safeguard Requirement 2: Involuntary Resettlement, footnote 1

¹⁵ Poor households are those whose income levels are below the respective provincial poverty line of the current year as recorded by the Statistical Office (BPS) and identified by community members as poor households in their own community.

be developed through this process. The community will screen and prioritize the proposals by taking into account numerous factors including project impacts on land acquisition as provided in the project's guidelines. The outline for subproject LARPs is provided in Annex 2.

37. If, after making all effort to avoid and minimize land acquisition, land acquisition is still required for the selected project activity, the community advisors, supervised by the project social safeguard consultant, will work closely with the community to formulate a LARP for the subproject using the following procedures:

- (i) Identify the land acquisition requirements for the project activity and its socio-economic impacts to describe the need, demands, concerns, beneficiaries, and potential impacts;
- (ii) Identify and record any steps taken to reduce land acquisition and resettlement impacts through exploring project and design alternatives;
- (iii) Review the resettlement policy set in the RF and prevailing local regulation on resettlement and guidance/best practices on resettlement;
- (iv) Conduct consultations to APs and stakeholders to look for ways of avoiding or minimizing adverse impact and to identify AP's needs and preferences;
- (v) Undertake an inventory of losses (IOL) affected assets of all APs;
- (vi) Obtain data and carry out SES of the APs, to ensure that the AP's living standard will not be severely affected by the acquired assets due to the project activity;
- (vii) Undertake the replacement cost survey of the affected assets to inform the APs on the value of the concerned assets;
- (viii) Provide information on neighborhood proposal activities and its land acquisition impacts to all APs in a form and language that is understandable by them;
- (ix) After the LAR impacts are identified and replacement costs are calculated, the APs will have choices of: (a) full compensation (monetary or non-monetary; if the latter the compensation needs to be again determined through facilitation process); (b) voluntary donation of the affected assets (the poor and otherwise vulnerable APs will not eligible for this option); or (c) refuse participation in a transaction. If the APs refuse to participate in a transaction, the neighborhood proposal will be dropped and replaced with other proposal;
- (x) If the APs choose monetary compensation the cost will come from the community contribution (and not part of the neighborhood grant, as the neighborhood grant should not be used to purchase land). The decision regarding compensation has to be determined through community facilitation process, assisted by the community advisors. If either party does not agree with the compensation mechanism, the neighborhood proposal is rejected and replaced with others;
- (xi) Any "voluntary" donation of affected assets must be confirmed with written record by APs and verified by an assigned independent third party such as a local nongovernment organization (NGO) or legal authority;¹⁶
- (xii) The established BKM/CIO, with assistance from the community advisors, will prepare LARP with all information as above and include an implementation schedule, procedures for grievance redress and M&E. Simple and specific formats of LARP will be provided by the LCOs to the BKM/CIOs to be completed.
- (xiii) Disclose the LARP to the project's APs;
- (xiv) Submit the LARP to LCO, CPMU and ADB for approval prior to implementation. The approved LARP will be uploaded on ADB's website and project's website;

¹⁶ Example of written documentation/ consent form provided in the Annex 3.

- (xv) The information contained in a resettlement plan may be tentative until a census of affected persons has been completed following the completion of engineering designs. The entitlement matrix of the resettlement plan may be updated to reflect the relevant changes but the standards set in the original entitlement matrix cannot be lowered when the resettlement plan is revised; and
- (xvi) Complete implementation of the approved LARP by the BKM/CIOs before commencement of any civil works. The community advisors will ensure satisfactory implementation of the LARP prior to commencement of any physical work. Special trainings will be provided to the community advisors during the recruitment period to enhance their skills and knowledge of ADB safeguards requirements and procedures.

C. Inventory of Losses and Socioeconomic Information

38. The inventory of losses (IOL) or detailed measurement survey (DMS) of lost assets will collect data on the affected assets from 100% of AP following detailed design of the subproject. The data will include

- (i) total and affected areas of land by type of land assets;
- (ii) total and affected structures by type of structure (main or secondary);
- (iii) legal status of affected land and structure assets, duration of tenure and ownerships;
- (iv) quantity and type of affected crops and trees;
- (v) quantity of other losses (e.g., sharecropping/dwelling access, other productive assets);
- (vi) quantity/area of affected common property and community/public assets by type; and
- (vii) summary data on AP households by ethnicity, gender of head of household, household size, primary and secondary sources of household income vis a vis the poverty line.

39. A socioeconomic survey (SES) will be conducted to establish a baseline of demographic and socioeconomic conditions of APs with sampling of 20 to 25 percent of total APs in the subproject area selected randomly. The SES data shall include information on the demographic characteristics of APs, ownership of land and other assets, occupation, education level, sources and levels of APs income, and access of public services. Data will be disaggregated and analyzed by gender and ethnic as necessary. Results of the SES will be used for LARP preparation and monitoring purposes.

39. The procedure of LARP formulation and survey activities will be embedded in project activities and guided with project manuals prepared by the project consultants. The BKM/CIOs established in each project neighborhood will conduct the survey and prepare the LARP with assistance from the community facilitators.

D. Consultation, Participation, and Disclosure

40. Following the Project's CDD approach, any activity requiring new land in the project sites will be prepared and implemented in close consultation with all stakeholders. It will involve focus group discussions and community meetings especially with the APs. The BKM/CIOs will be responsible for disseminating information on the land acquisition activities of the subproject to the APs through verbal communication or written materials that are accessible and in language

that is easily understood by the APs. The RF will be included in the project implementation guidelines to be used by community advisors and community members.

41. Disclosure of the following documents is required on ADB's and Project's website:

- (i) A resettlement framework endorsed by the EA before project appraisal;
- (ii) The draft resettlement plan/final resettlement plan endorsed by the EA after the census of affected persons has been completed;
- (iii) A new resettlement plan or an updated resettlement plan, and a corrective action plan prepared during project implementation, if any; and
- (iv) The resettlement monitoring reports.

42. Copies of the LARPs will be made available in the local government and BKM/CIO's offices and summary LARPs in the form of public information booklets or leaflets will be prepared in a language that can be understood by the APs and posted on accessible places (such as project and commune offices, neighborhood notice board).

E. Compensation and Income Restoration

43. **Compensation.** The rate of compensation for acquired land, structures, and other assets will be calculated at full replacement cost. The calculation of full replacement cost will refer to local market price and standards of valuation, without deductions for taxes and depreciation, recovery of salvageable materials, registration cost and other concerned transaction cost. Where market condition is absent, information on the recent land transactions can be obtained from the displaced persons. This entitlement is provided only if they occupied the land or structures in the project area prior to the cut-off date.¹⁷

F. Grievance Redress Mechanism

44. Any AP will have the right to file complaints and/or queries on any aspects of land acquisition activities of the subprojects. It is anticipated that all grievances related to benefits and other assistance will be expected to be resolved at the subproject as the project upholds CDD as the overarching approach. The complaint and grievance procedure is as follows: at the neighborhood level, complaint from any APs can be filed to the BKM/CIO's members and local government for an immediate solution when possible. If the problem cannot be solved, the CIO's members and local government staff will facilitate the APs to submit their complaints to the Project's grievance and redress committee (GRC) at district level and to national level if not satisfied. Community advisors will record the complaint and report to the LCOs. The project will dedicate a staff at city/district and national levels in charge of handling and following up on APs' complaints.

45. The members of the GRC will involve the representatives of vulnerable APs (i.e., women APs, poor APs and minority groups) and other APs and relevant government officials with functional and legal authority. The committee will review grievances involving all land acquisition benefits or issues, except for disputes related to ownership. Grievances will be redressed within 2 to 4 weeks from the date of lodging the complaints at the district level and within 8 weeks at the national levels. If no consensus can be reached, the dispute resolution will follow the grievance mechanism as per the land acquisition law No. 2/2012 and the Government Regulation No. 71/2012.

¹⁷ Safeguard Requirement 2: Involuntary Resettlement, para. 7 and 8

46. Complaint and grievance procedures and guideline will be included in the project implementation guideline to be disseminated by the community advisors to the affected communities during the facilitation process and project implementation. All costs addressing AP's grievances and complaints will be borne by the project.

G. Institutional Arrangements and Implementation

47. The Executing Agency (EA) of the project is the Directorate General of Human Settlements (DGHS) of the Ministry of Public Works that will have the overall coordination and responsibility for the land acquisition activities under the Project. The project coordinating team will provide policy directives, guidance, monitoring, and managerial oversight. The team is chaired by the National Development Planning Agency (BAPPENAS), with members from Ministry of Finance, Ministry of Home Affairs, MPW, and National Land Agency (Badan Pertanahan Nasional), and the Ministry of People's Housing.

48. The preparation and implementation of land acquisition activities in the subprojects will be supported by social safeguard management consultants at national and regional levels and community advisors at neighborhood levels with guidance from a social safeguard focal point assigned by the EA. Community advisors will be recruited and contacted under the regional management consultant (RMC). Social safeguards and social development/gender specialists will be included in all regional consulting teams. The social development/gender specialists will be employed, among other things, to ensure appropriate implementation of the RF and the subproject LARPs. They will supervise community advisors and the communities in implementing the project's activities, as well as the implementation of the RF when required. Capacity building will be necessary conducted to orient project district/city administrative on involuntary resettlement policy and operationalization of the RF and LARP.

49. BKM/CIOs will be established with the assistance and support of community advisors in every neighborhood of the project sites. The BKM/CIOs will receive support from community advisors and consultant teams to increase their social awareness and technical capacity for implementing the project activities. With assistance from community advisors and consultant teams, the BKM will be involved and responsible for both the preparation and implementation of the LARPs.

50. ADB project officer for the Project will coordinate with the IRM safeguard officer to provide support to ADB's project team to review and approve subproject LARPs as well as to supervise the safeguard performance.

H. Budget and Financing

51. The budget will cover compensation costs, monitoring, administration cost, and contingency. Cost of LARP will be part of the local government contributions. The government will ensure timely preparation and implementation of the resettlement plan in order to avoid the delay of the land acquisition activities.

I. Monitoring and Evaluation

52. The DGHS will monitor and measure the progress of implementation of the resettlement plan/corrective actions to ensure that compensation payment and other entitlements are provided as per approved RF/LARPs, income restoration program are timely delivered, public disclosure and consultation as well as grievance redress mechanism as per approved RF/LARP

are followed, sites are not handed over for civil works until affected households have been satisfactorily compensated.

53. Semi annual monitoring reports will be prepared by the DGHS for submission to ADB to describe the progress of the implementation of land acquisition activities and any compliance issues as well as corrective actions. One section of the regular internal monitoring report will be dedicated to report and discuss issues related to social safeguards in project activities.

54. Individual expert monitoring consultants will be hired to serve as the independent party and external monitoring of the project. The monitoring activities specifically focusing on the compliance issues and formulate recommendation on a corrective action plan to address the issues if land acquisition issues are identified, will be conducted twice a year during the project implementation period. Monitoring reports will be uploaded on ADB's website.

55. The main activities to be carried out by the external monitoring are the following: (i) review existing baseline data and gather additional socio-economic information, as necessary, on sample affected households (ii) monitor preparation and implementation of the LARP (iii) monitor and verify the voluntary contribution (iv) monitor the complaints raised by the affected persons and its resolution (v) provide recommendation for the improvement of land acquisition implementation and (vi) monitor the compliance of the use of the fund for land acquisition.

ANNEX 1 INVOLUNTARY RESETTLEMENT SAFEGUARDS

Objectives: To avoid involuntary resettlement wherever possible; to minimize involuntary resettlement by exploring project and design alternatives; to enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to pre-project levels; and to improve the standards of living of the displaced poor and other vulnerable groups.

Scope and Triggers: The involuntary resettlement safeguards cover physical displacement (relocation, loss of residential land, or loss of shelter) and economic displacement (loss of land, assets, access to assets, income sources, or means of livelihoods) as a result of (i) involuntary acquisition of land, or (ii) involuntary restrictions on land use or on access to legally designed parks and protected areas. It covers them whether such losses and involuntary restrictions are full or partial, permanent or temporary.

Policy Principles:

1. Screen the project early on to identify past, present, and future involuntary resettlement impacts and risks. Determine the scope of resettlement planning through a survey and/or census of displaced persons, including a gender analysis specifically related to resettlement impacts and risks.
2. Carry out meaningful consultations with affected persons, host communities, and concerned nongovernment organizations. Inform all displaced persons of their entitlements and resettlement options. Ensure their participation in planning, implementation, and monitoring and evaluation of resettlement programs. Pay particular attention to the needs of vulnerable groups, especially those below the poverty line, the landless, the elderly, women and children, indigenous peoples, and those without legal title to land, and ensure their participation in consultations. Establish a grievance redress mechanism to receive and facilitate resolution of the affected persons' concern. Support the social and cultural institutions of displaced persons and their host population. Where involuntary resettlement impacts and risks are highly complex and sensitive, compensation and resettlement decisions should be preceded by social preparation.
3. Improve, or at least restore, the livelihoods of all displaced persons through (i) land-based resettlement strategies when affected livelihoods are land-based where possible, or cash compensation at replacement value of land when the loss of land does not undermine livelihoods; (ii) prompt replacement of assets with access to assets of equal or higher value; (iii) prompt compensation at full replacement cost for assets that cannot be restored; and (iv) additional revenues and services through benefit-sharing schemes where possible.
4. Provide physically and economically displaced persons with needed assistance, including the following: (i) if there is relocation, secured tenure to relocation land, better housing at resettlement sites with comparable access to employment and production opportunities, integration of resettled persons economically and socially into their host communities, and extension of project benefits to host communities; (ii) transitional support and development assistance, such as land development, credit facilities, training, or employment opportunities; and (iii) civic infrastructure and community services, as required.
5. Improve the standards of living of the displaced poor and other vulnerable groups, including women, to at least national minimum standards. In rural areas, provide them with legal and affordable access to land and resources, and in urban areas provide them with appropriate income sources and legal and affordable access to adequate housing.
6. Develop procedures in a transparent, consistent, and equitable manner if land acquisition is through negotiated settlement to ensure that those people who enter into negotiated settlements will maintain the same or better income and livelihood status.
7. Ensure that displaced persons without titles to land or any recognizable legal rights to land are eligible for resettlement assistance and compensation for loss of non-land assets.
8. Prepare a resettlement plan elaborating on displaced persons' entitlements, the income and livelihood restoration strategy, institutional arrangements, monitoring and reporting framework, budget, and time-bound implementation schedule.
9. Disclose a draft resettlement plan, including documentation of the consultation process in a timely manner, before project appraisal, in an accessible place and a form and languages understandable to affected persons and other stakeholders. Disclose the final resettlement plan and its updates to affected persons and other stakeholders.
10. Conceive and execute involuntary resettlement as part of a development project program. Include the full cost of resettlement in the presentation of project's cost and benefits. For a project with insignificant involuntary resettlement impacts, consider implementing the involuntary resettlement component of the project as a stand-alone operation.
11. Pay compensation and provide other resettlement entitlements before physical or economic displacement. Implement the resettlement plan under close supervision throughout project implementation.
12. Monitor and assess resettlement outcomes, their impacts on the standards of living of displaced persons, and whether the objectives of the resettlement plan have been achieved by taking into account the baseline conditions and the results of resettlement monitoring. Disclose monitoring reports.

Annex 2: Outline of a Subproject Resettlement Plan

Topic	Contents
Executive Summary	<ul style="list-style-type: none"> • Concise statement of project scope, key survey findings, entitlements and recommended actions
Project Description	<ul style="list-style-type: none"> • A general description of the project; project components that result in land acquisition, and identify the project area • The alternatives considered to avoid resettlement/land acquisition Table with quantified data may be included • Rationale for the final decision
Scope of Land Acquisition	<ul style="list-style-type: none"> • The project's potential impacts. It includes maps of the areas or zone of impact of project components or activities • The scope of land acquisition (including maps) and the reasons why it is necessary for the project • Summary the key effects of the assets acquired • Details of any common property resources that will be acquired
Socioeconomic Information and Profile	<ul style="list-style-type: none"> • Definition, identification and enumeration of the people and communities to be affected • Description on the likely impacts of land and assets acquisition on the people and communities affected, taking into account the social, cultural, and economic parameters • Discussion on the project's impacts on the poor, indigenous and/or ethnic minorities, ad other vulnerable groups • Identification of gender and land acquisition impacts, and the social economic situation, impacts, needs, and priorities of women
Information Disclosure, Consultation, and Participation	<ul style="list-style-type: none"> • Identification of the project stakeholders, primary stakeholders in particular • Description on the consultation and participation mechanism to be used during the different stage of the project cycle • Description on activities undertaken to disseminate project and land acquisition information including voluntary contribution policy and procedure, if the project requires the voluntary contribution • Summary the result of consultation with the affected people (including host communities), and discussion on how the concerns raised and recommendation made were addressed in the resettlement plans. • Confirmation on the disclosure of the draft resettlement plan to the affected people, arrangements to disclose any subsequent plans • The planned information disclosure measures (including the type of information to be disseminated and method of dissemination) and the process for consultation with the affected persons during project implementation

Grievance Redress Mechanisms	<ul style="list-style-type: none"> • Mechanism to receive and facilitate the resolution of the affected persons' concerns and grievances • Procedure and accessibility to the affected persons and gender sensitive
Legal Framework	<ul style="list-style-type: none"> • National and local laws and regulations that apply to the project and the gaps between local laws and ADB's policy requirements, how to address the gaps • The legal and policy commitments from the executing agency for all type of affected persons • Principles and methodologies used for determining valuations and compensation rates at replacement cost for assets, income, and livelihoods • Discussion on the compensation and assistance eligibility criteria, the arrangements and the time of compensation and assistance will be provided • Policy and procedure for the voluntary contribution including the mechanism to prepare the voluntary contribution report and it's review • Land acquisition process and the schedule
Entitlement, Assistance and Benefit	<ul style="list-style-type: none"> • Definition of the affected persons entitlement and eligibility, and description of all compensation measures (includes an entitlement matrix) • Specifies all assistance to vulnerable groups, including women, and other special groups, if an. • Outlines of the opportunities for affected persons to derive appropriate development benefits from the projects • Description on the voluntary contribution and those opted for voluntary contribution
Income Restoration and Rehabilitation	<ul style="list-style-type: none"> • Identification of the livelihood risks and prepare disaggregated tables based on demographic data and livelihood sources • Description of the income restoration programs, including multiple options for restoring all type of livelihood • Measures to provide social safety net through project special funds and/or social insurance • Special measures to support vulnerable groups • Gender consideration and training programs
Land Acquisition Budget and Financing Plan	<ul style="list-style-type: none"> • An itemized budget for all land acquisition activities • The flow of funds • A justification for all assumption made in calculating compensation rates and other cost estimates • Information on the source of funding for land acquisition
Institutional Arrangement	<ul style="list-style-type: none"> • Institutional arrangement responsibilities and mechanism for conducting the measures of resettlement plan • Institutional capacity building program, if required • Role of non governmental organization (NGO), if necessary and organizations of the affected persons • Description on how women's group will be involved in land acquisition planning and management
Implementation Schedule	<ul style="list-style-type: none"> • Time bound, implementation schedule for all key land acquisition and compensation/rehabilitation activities. The schedule should be synchronized with the project schedule of civil works construction, and provide land acquisition process and timeline

Monitoring and Evaluation	<ul style="list-style-type: none">• Mechanism and benchmark appropriate to the project for monitoring and evaluating the implementation of the resettlement plan. It specifies arrangement for participation of the affected persons in the monitoring process• Reporting procedure
---------------------------	--

AP = affected person.

Annex 3: Voluntary Contribution Consent Form

Republic of Indonesia

[INSERT NAME] Province
 [INSERT NAME] District/City
 [INSERT NAME] Kecamatan
 [INSERT NAME] Village/Neighborhood

Certificate of Land /Tree/Access [CHOOSE ONE] Transfer

I [INSERT NAME. AGE, NATIONALITY, OCCUPATION], with residence located in [INSERT NAME] village, [INSERT NAME] district, [INSERT NAME] sub district, [INSERT NAME] province,

Certify that I have been previously informed by neighborhood local authority of my right to entitle compensation for any loss of assets (land, trees, access and structures) that might caused by the construction of [INSERT SUPRPROJECT ACTIVITY] in [INSERT NAME OF LOCATION], [INSERT NAME] kecamatan, of [INSERT NAME OF DISTRICT AND PROVINCE].

I also confirm that I do not request any compensation of loss of [INSERT THE LOSSES] and would request the local authority to consider this as my contribution to the Project.

Type of Loss	Area (m2)/ trunks	Unit rates	Total	Comment
Land				
Tree/crops				
Structure				
Access				

Therefore, I prepare and sign this certificate as proof of my decision.

[INSERT NAME] Neighborhood (*Kelurahan*)

[INSERT DATE]

The owner/user [CHOOSE ONE] of the land/trees/structure [CHOOSE ONE]

[INSERT NAME AND SIGN]

Witnesses:

1. [INSERT NAME]
2. [INSERT NAME]
3. [INSERT NAME]

Certified by the Chief of the Village/Kelurahan [INSERT NAME AND SIGN]

Certified by the Project representative [INSERT NAME AND SIGN]

Certified by the local CIO representative [INSERT NAME AND SIGN]