

Resettlement Planning Document

Resettlement Framework
Project Number: 39906
June 2005

REG: Proposed Equity Investment Flagship Capital Corporation

Prepared by Flagship Capital Corporation (Singapore) Ltd.

The 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.

RESETTLEMENT FRAMEWORK

A. Purpose

1. This Resettlement Framework defines the policies, procedures, roles and responsibilities of the Fund for screening and management of involuntary resettlement by Portfolio Companies. The Resettlement Framework has been prepared by the Fund as part of its commitment to complying with ADB's safeguard policies, in particular ADB OM Section F2 (Involuntary Resettlement). Under this policy, a Resettlement Framework is required where the Fund's investment activities may involve involuntary resettlement¹ (OM Section F2/OP para. 28).

B. Expected Scope of Land Acquisition

2. Some Investments of the Fund may entail investment in Portfolio Companies involved in 'greenfield' development or significant expansion. In some circumstances, such development or expansion may involve involuntary resettlement.

C. Policy Framework

3. The Fund will ensure that the involuntary resettlement activities of any Portfolio Companies are conducted in accordance with the following:

- ADB's policy on Involuntary Resettlement (ADB OM Section F2); and
- Applicable national and provincial laws and regulations governing land acquisition, compensation and resettlement.

4. Objectives for managing involuntary resettlement impacts are:

- (i) to avoid involuntary resettlement wherever feasible;
- (ii) to minimize resettlement where population displacement is unavoidable; and
- (iii) to ensure that affected people² receive assistance so that they will be at least as well off as they would have been in the absence of the project.

¹ 'Involuntary Resettlement' refers to social and economic impacts that are permanent or temporary and are (i) caused by acquisition of land and other fixed assets, (ii) by change in the use of land, or (iii) restrictions imposed on land as a result of a Fund Investment.

² The term 'affected person' includes any people, households, firms, or private institutions who, on account of changes that result from the project will have their (i) standard of living adversely affected; (ii) right, title, or interest in any house, land (including residential, commercial, agricultural, forest, and/or grazing land), water resources, or any other moveable or fixed assets acquired, possessed, restricted, or otherwise adversely affected, in full or in part, permanently or temporarily; and/or (iii) business, occupation, place of work or residence, or habitat adversely affected, with or without displacement. See para. 4 (viii) on the meaning of "eligibility cut-off date."

5. Resettlement plans will pay particular attention to addressing the needs of the poorest affected people and vulnerable groups that may be at high risk of impoverishment.

D. Screening

6. As part of the due diligence process, prior to investing in any Portfolio Company, the Fund Manager's environmental and social manager will determine whether any activities of the prospective Portfolio Company may involve involuntary resettlement. A checklist for assessing potential involuntary resettlement impacts forms Appendix 1. In the event that involuntary resettlement appears likely, prior to investing in a Portfolio Company, the Manager will require the prospective Portfolio Company to prepare and submit to ADB for approval a resettlement plan prepared in accordance with the ADB Involuntary Resettlement Policy and this Resettlement Framework.

E. Procedure for Prospective Investments with Involuntary Resettlement

7. Where an Investment may involve involuntary resettlement, the environmental and social manager will:

8. Prior to Investment:

- Complete the resettlement screening checklist;
- Assess the magnitude of resettlement, and in consultation with ADB, determine whether a short or full resettlement plan is required (see Section F);
- Provide the prospective Portfolio Company with copies of the ADB policies and guidelines;
- Advise the prospective Portfolio Company of the need for a resettlement plan;
- Once a draft resettlement plan has been completed, submit it to ADB for review and comment;
- Oversight any revisions required by ADB in order to finalize the resettlement plan;
- Verify local disclosure of the final resettlement plan; and
- Submit the final resettlement plan for website disclosure.

9. Following Investment:

- Monitor implementation of the resettlement plan; and
- Prepare and circulate reports as required under the approved resettlement plan

F. Resettlement Plans

10. Prospective Portfolio Companies involved in or planning involuntary resettlement will prepare a short or full resettlement plan, dependent on the magnitude and complexity of resettlement. A full resettlement plan will be required where resettlement is 'significant'. Involuntary Resettlement is 'significant' when 200 or more people will experience major impacts, which are defined as:

- (i) being physically displaced from housing; or
- (ii) losing 10 percent or more of their productive assets (income generating).

The scope of short and full resettlement plans is outlined in Appendices 2 and 3.

G. Consultation and Disclosure

12. Wherever a resettlement plan is required, affected people will be consulted on compensation and/or resettlement options, including relocation sites, and socioeconomic rehabilitation. Pertinent resettlement information will be disclosed to the affected people at key points, and specific opportunities provided for them to participate in choosing, planning, and implementation options. Grievance redress mechanisms for affected people will be established.

H. Monitoring and Evaluation

13. Monitoring and evaluation requirements will be defined as part of each resettlement plan.

I. Roles and Responsibilities

14. The Manager will be responsible for screening prospective Portfolio Companies, coordinating resettlement plan preparation and approval, monitoring as well as reporting on involuntary resettlement policy compliance on behalf of the Fund.

15. Prospective Portfolio Companies will be responsible for planning, preparing, financing and implementing resettlement plans in accordance with this Resettlement Framework and the applicable policies, laws and regulations as cited in Section C.

J. Reporting

16. The Manager will prepare an annual report to ADB summarizing:

- Resettlement progress for each Portfolio Company whose operations are the subject of a resettlement plan;
- Any areas of non-compliance or other issues arising from the resettlement activities of Portfolio Companies; and
- List of pipeline investments with likely involuntary resettlement impacts, for the forthcoming year.

Capacity and Implementing Arrangements

17. The Fund's Manager will appoint an environmental and social manager. The environmental and social manager will receive training in (i) screening of prospective Portfolio Companies for involuntary resettlement; (ii) resettlement monitoring; and (iii) reporting. Where warranted, dependent on the scale of resettlement and the capacity of the prospective Portfolio Company, the Manager may require the Portfolio Company to engage an experienced resettlement consultant to assist with resettlement planning, documentation and implementation.

RESETTLEMENT SCREENING CHECKLIST

| Impact | Not known | Yes | No | Indication of scope (no. of affected people, land area, land use, structures, etc) |
|---|-----------|-----|----|---|
| Is the prospective Portfolio Company ("PPC") undertaking or likely to undertake any land acquisition? | | | | |
| Is the PPC acquiring land through willing buyer to willing seller transactions? | | | | |
| Does the PPC have any agreements or is it likely to enter into agreements with the government for provision of sites or land or rights to land? | | | | |
| Is any of the land used by the PPC (or likely to be used by the PPC) compulsorily acquired? | | | | |
| Will any PPC activities involve restrictions of use on adjoining land? | | | | |
| Are the sites for land acquisition known? | | | | |
| What is the ownership status of the land? | | | | |
| Are non-titled persons present? | | | | |
| Will tenants, lessees, share farmers or other third party users be affected? | | | | |
| Will there be loss of housing? | | | | |
| Will there be loss of crops, trees, and other fixed assets? | | | | |
| Will there be loss of incomes and livelihoods? | | | | |
| Will access to facilities, services or resources be lost? | | | | |
| Will there be loss of businesses or enterprises? | | | | |
| Will any social or economic activities be affected by land use related changes? | | | | |
| If involuntary resettlement impacts are expected: | | | | |
| Are local laws and regulations compatible with ADB's involuntary resettlement policy? | | | | |
| Will land be acquired through the government or by the PPC? | | | | |
| Do PPC agreements with the government (if any) specify involuntary resettlement will be conducted in accordance with international standards? | | | | |
| Does the government executing agency / PPC have sufficient skilled resources for resettlement planning & implementation? | | | | |
| Are training & capacity building required prior to resettlement planning & implementation? | | | | |

SCOPE OF SHORT RESETTLEMENT PLAN

| Topic | Contents |
|--|--|
| Executive Summary | |
| Scope of land acquisition and resettlement | <ul style="list-style-type: none"> • Alternative options, if any, considered to minimize land acquisition and its effects, and why the remaining effects are unavoidable. • Summary of key effects in terms of land acquired, assets lost, numbers of people affected, and socio-economic data |
| Objectives, policy framework, and entitlements | <ul style="list-style-type: none"> • Policy and legal framework for resettlement, with any gaps in this framework as compared to ADB policy • Measures proposed to bridge the gap between ADB's policy and national/provincial laws and regulations • Eligibility policy and entitlement matrix for all categories of loss, including compensation rates at replacement costs. |
| Gender Impact and Mitigative Measures | <ul style="list-style-type: none"> • Identify socio-economic condition, needs, and priorities of women • Include measures to ensure that process of land acquisition and resettlement does not disadvantage women and that land/house titles should be in the name of both spouses |
| Information Dissemination, Consultation, Participatory Approaches and Disclosure Requirements | <ul style="list-style-type: none"> • Identification of project stakeholders. • Disclosure of project Information • Consultations for determining principles • Mechanisms for stakeholder participation in planning, management, monitoring, and evaluation • Disclosure of RP to people affected • Local institutions or organizations to support people affected. Potential role of non-government organizations (NGOs), women's groups and community-based organizations (CBOs). |
| Grievance Redress Mechanisms | <ul style="list-style-type: none"> • Mechanisms for resolution of conflicts and appeals procedures |
| Compensation, relocation, and income restoration | <ul style="list-style-type: none"> • Arrangements for valuing and disbursing compensation. • Arrangements for housing relocation, including transfer, re-establishment and integration with host populations • Income restoration measures • Environmental risks identification and arrangements for environmental management and monitoring. |
| Institutional framework | <ul style="list-style-type: none"> • Main tasks and responsibilities in planning, managing and monitoring land acquisition and resettlement. • Ensure that (i) women's groups are involved in resettlement planning, management and operations, job creation and income generation; and (ii) female staff should be hired by the resettlement agency to work with and assist women in all aspects of resettlement activities. |
| Resettlement budget and financing | <ul style="list-style-type: none"> • Land acquisition and resettlement costs and funding sources including arrangements for timely disbursement to APs. |
| Implementation schedule | <ul style="list-style-type: none"> • Time bound actions for projected activities to ensure that people affected are compensated and assisted before award of civil works contracts. |
| Monitoring and evaluation | <ul style="list-style-type: none"> • Arrangements for M&E. • Impact on women monitored and evaluated separately |

SCOPE OF FULL RESETTLEMENT PLAN

| Topic | Contents |
|--|--|
| Executive Summary | |
| Scope of land acquisition and resettlement | <ul style="list-style-type: none"> • Scope of and rationale for land acquisition • Alternative options, if any, considered to minimize land acquisition and its effects, and justification for remaining effects • Key effects in terms of land acquired, assets lost, and number of people affected. • Primary responsibilities for land acquisition and resettlement. |
| Socioeconomic information | <ul style="list-style-type: none"> • Population record of people affected • Data on existing economic and social conditions of affected people, including socio-economic survey. Gender disaggregated socio-economic data is necessary. • Asset inventory, land assessment and assessment of other losses resulting from land acquisition, taking into account social, cultural, and economic impact on people affected. • Details on common property resources, if any. • Project impact on the poor, indigenous people, ethnic minorities, and other vulnerable groups, including women, • Special measures needed to enhance economic and social base of vulnerable groups. |
| Objectives, policy framework, and entitlements | <ul style="list-style-type: none"> • Purpose and objectives of land acquisition and resettlement. • Borrower's policy and legal framework for resettlement, with any gaps in this framework as compared to ADB policy • Measures proposed to bridge the gap between ADB and borrower's policies • Principles, legal and policy commitments from executing agency for different categories of project impacts. • Eligibility policy and entitlement matrix for all categories of loss, including compensation rates at replacement costs. • Principles for determining valuation and compensation for assets, incomes and livelihoods |
| Gender Impact and Mitigative Measures | <ul style="list-style-type: none"> • Identification of socio-economic condition, needs, and priorities of women • Measures to ensure that process of land acquisition and resettlement does not disadvantage women • New land/house titles should be in the name of both spouses. For land/house given as replacement property, titles should be in the name of the person who brought in the original property. |
| Information Dissemination, Consultation, Participatory Approaches and Disclosure Requirements | <ul style="list-style-type: none"> • Identification of project stakeholders. • Disclosure of project information • Consultations for determining principles • Mechanisms for stakeholder participation in planning, management, monitoring, and evaluation • Disclosure of RP to people affected • Local institutions or organizations to support people affected. Potential role of non-government organizations (NGOs), women's groups and community-based organizations (CBOs). |
| Grievance Redress Mechanisms | <ul style="list-style-type: none"> • Mechanisms for resolution of conflicts and appeals procedures |

| Topic | Contents |
|--|---|
| Relocation of housing and settlements | <ul style="list-style-type: none"> • Options for relocation of housing and other structures, including replacement housing, replacement cash compensation, and/or self selection. • Measures to assist with transfer and establishment at new sites. • Options for developing relocation sites, if required, in terms of location, quality of site, and development needs. • Plan for layout, design, and social infrastructure and services for each site. • Measures for planned integration with host communities • Special measures for addressing gender issues and those related to vulnerable groups. • Environmental risks identification and arrangements for environmental management and monitoring. |
| Income restoration strategy | <ul style="list-style-type: none"> • Identification of livelihoods at risk. • Income restoration strategy with options to restore all types of livelihoods. • Job creation plan, including provisions for income substitution, retraining, self-employment and pensions, where required. • Business relocation and restoration plan, including income substitution, where required. • Environmental risks identification and arrangements for environmental management and monitoring. |
| Institutional framework | <ul style="list-style-type: none"> • Main tasks and responsibilities in planning, negotiating, consulting, approving, coordinating, implementing, financing, monitoring and evaluating land acquisition and resettlement. • Review of mandate of the land acquisition and resettlement agencies and their capacity to plan and manage these tasks. • Provision for capacity building, including technical assistance, if required. • Role of NGOs, if involved, and organizations of affected persons in resettlement planning and management. • Involvement of women's groups in resettlement planning, management and operations, job creation and income generation • Female staff should be hired by the resettlement agency to work with and assist women in all aspects of resettlement activities, including planning and implementation of income restoration programs. |
| Resettlement budget and financing | <ul style="list-style-type: none"> • Cost estimates, budgets and cash flows for meeting the objectives of the RP according to established schedules • Land acquisition and resettlement costs. • Annual budget and timing for release of funds. • Sources of funding for all land acquisition and resettlement activities. |
| Implementation schedule | <ul style="list-style-type: none"> • Time schedule showing start and finish dates for major resettlement tasks. • Time bound actions for projected activities to ensure that people affected are compensated and assisted before award of civil works contracts or similar milestone, ensuring as a minimum that affected people will be provided with entitlements, such as land and asset compensation and transfer allowances, prior to their displacement |
| Monitoring and evaluation | <ul style="list-style-type: none"> • Plan for internal monitoring of resettlement targets, specifying key indicators of progress, mechanisms for reporting, resource requirements and database maintenance. • Plan for external and independent M&E • Participation of affected people in M&E • Impacts on women |