The Resettlement Policy Framework
for the Smallholder Agriculture Development Project

Papua New Guinea

Revised January 2011
1. Introduction

The development objective of the proposed project would be to increase, in a sustainable manner, the level of involvement of targeted communities in their local development through measures aimed at increasing oil palm revenue and local participation. This is to be achieved through: (a) increasing smallholder oil palm sector productivity through capitalizing on existing infrastructure; and (b) promoting sustainable local governance and community participation mechanisms. Three oil palm schemes are included in the Project; these are located at Hoskins, Bialla and Oro. These objectives are to be achieved through three project components described below.

Component 1: This component will support: (a) planting additional oil palm blocks, each 2 ha in extent (up to 9,000 ha) along existing provincial access roads through in-filling on land still available within the areas covered by oil palm infrastructure in response to smallholder demand; (b) the upgrading (reconstruction) of provincial access roads to existing smallholder oil palm blocks (about 600 km), and maintaining all existing and upgraded roads used for Fresh Fruit Bunch (FFB) collection, with the establishment of sustainable financing mechanisms for road maintenance; and (c) enhancement of smallholder productivity through improved extension services.

Component 2: This component will develop and demonstrate sustainable mechanisms for community participation into local development, through the provision of grants to community groups in the project areas and promoting participatory planning and local accountability at local government and community levels. This component will promote self-reliant local development through: (a) community mobilization, facilitated by local facilitators; (b) identification and prioritization of activities that would provide suitable solutions to local development constraints, through transparent processes at ward or community level; (c) participatory planning and budgeting at LLG level; (d) provision of small grant funding, with transparent conditions to ensure accountability and effective use of funds by recipient communities; (e) design and implementation of planned activities by the communities themselves, with support from district and LLGs, local CBOs, NGOs and service providers; and (f) capacity-development of CBOs, ward development committees, LLGs and province/district administration.

Component 3: This component will strengthen OPIC capacity in improving smallholder productivity through the provision of technical assistance and the establishment of a Monitoring and Evaluation (M&E) system; strengthen OPIC and the institutions involved in assisting rural communities to define their priority needs, and the capacity of service providers to respond to these needs; and through OPIC provide support to and coordinate with existing HIV / AIDS awareness/prevention campaigns in the project areas.
OPIC will take overall responsibility for project management, coordination and performance of the project components. Component 1 implementation will be undertaken through OPIC and its field offices with the support of the milling companies and PNGOPRA. Component 2 implementation will be managed by a management agency contracted out by OPIC to i) set up Local Coordination Teams (LCT) at provincial level; ii) select and contract consultants and service providers to carry out all capacity building activities; iii) carry out M&E activities; and iv) assist OPIC in management and transfer of the grants themselves, and manage the grant accounts at the LLG levels.

In all project areas, Components 2 and 3 of SADP will not involve any resettlement, the involuntary acquisition of customary or State land, or the eviction of squatters. Component 1 of SADP involves road upgrading and infill planting for villagers wanting to plant oil palm in areas serviced by existing oil palm infrastructure. Some road upgrading and infill may involve limited damage to food crops and economic trees. Infill will be confined to Village Oil Palm (VOP) areas on customary land and will not occur on the State agricultural leasehold land (LSS).

In the unlikely event that involuntary resettlement is required in some infill areas (e.g., because of road upgrading), this Resettlement Policy Framework has been produced in accordance with the World Bank's Operational Policy 4.12: Involuntary Resettlement and the Laws and Customs of Papua New Guinea.

2. Measures to Avoid Involuntary Resettlement, Land Acquisition and Other Land-related Negative Effects

Since OPIC’s primary object is to always utilize land with full and voluntary permission of land owners and never to acquire land involuntarily or impact assets, or restrict access, it is important that OPIC keep careful records to show that each land owner has been consulted in a transparent and fair way, that voluntary land use has been in no way coerced, and that the land is free of rival claims or encumbrances. While it is highly unlikely that there will be any involuntary resettlement or significant damage to food gardens as a result of infill or road upgrading, observance of a few key principles will minimize any potential negative impacts of Project activities. These include:

- Infill planting is only at the request of the grower/s, and has the documented consent of all village members potentially affected by this activity, that is, participation in infill activities under SADP is entirely voluntary.
- Infill plantings should not require the relocation of houses. Some people may voluntarily wish to relocate their houses in preparation for infilling. Bush material houses are normally replaced every few years at their owner’s discretion, and some growers may wish to relocate their houses to better suit the situation created by a new infill oil palm
block (e.g., to reflect changed access conditions). If this type of activity by the home owner is initiated by them contemporaneous with the infilling program, this will also be documented in their statement that they elected to do this and is was not an involuntary result of the project.

• Infill planting should be planned so as to cause minimal disturbance to existing food gardens and economic trees. Garden food production should be able to continue for about 18 months on infill blocks until the oil palm canopy closes, giving people time to adjust their food production strategies.

• Road upgrading should be planned and carried out so as not to damage roadside gardens and economic trees. Although not considered a result of involuntary land take, any unintentional damage to roadside gardens and economic trees attributed to contractor’s mistakes will need to be rectified through assistance that will be provided to Project Affected Persons (PAPs) to re-establish their livelihoods so that their income levels and living standards are equal to or greater than pre-displacement levels.

3. Resettlement Policy Framework

3.1 Project Affected People (PAPs)

PAPs include people who may experience negative economic and social impacts caused by the project due to:

Involuntary relocation, loss of shelter, loss of garden crops, economic trees and other assets, and loss of income or livelihoods resulting from the involuntary acquisition of land for VOP infill.

Given that involuntary resettlement is unlikely and is not part of the project, it is not foreseen that there will be any potentially negatively affected PAPs in each project region. Positive benefits to growers are the desired impacts for all growers that wish to be able to enhance the productivity of their lands.

3.2. Policy Framework Principles and Objectives

In line with the World Bank’s Operational Policy on involuntary resettlement and taking into consideration customary law and structures, the Resettlement Policy Framework for SADP has the following principles and objectives:

Completely avoid and, if this is not possible, minimize involuntary resettlement and land acquisition associated with infill or road upgrading which may result in negative impacts on PAPs. Thus, infill and road upgrading should avoid the destruction of housing, food gardens, other economic crops and income sources. Land use or resettlement should be entirely voluntary
and be limited to situations where PAPs will be clear net beneficiaries from the services and facilities offered by the Project, resulting in long-term improvements in their economic security. Consultations with potentially affected land owners and growers will document that all actions are entirely voluntary and no coercion has occurred.

Should any involuntary displacement occur, assistance will be provided to PAPs to re-establish their livelihoods so that their income levels and living standards are equal to or greater than pre-displacement levels. Assistance should aim for the timely restoration of PAPs’ livelihoods and living standards.

If involuntary resettlement or land acquisition cannot be avoided, a Resettlement Action Plan, satisfactory to the World Bank, should be prepared in consultation with customary landowners and land users of the affected areas.

Allow culturally appropriate and accepted procedures to take place among landowners and PAPs, regarding where PAPs will be resettled within village territories. Clan leaders should be encouraged to ensure that relocation sites chosen cause minimal disturbance to the livelihoods and living standards of PAPs, and that particularly vulnerable groups among those relocated, such as the elderly, women and children, or marginal clan members are not disadvantaged by relocation.

PAPs will be entitled to compensation if relocation or land acquisition cannot be avoided and loss of assets, land, and livelihoods results. Compensation will be provided for loss of assets, such as housing materials, garden crops and other economic trees and income sources.

All the costs related to resettlement and compensation should be included in the SADP cost estimates.

4. Resettlement and Land Acquisition Policies, Laws and Regulations

In the unlikely event that involuntary resettlement and land acquisition cannot be avoided, necessary rehabilitation measures will be developed in the form of a Resettlement Plan (see Section 8). The Resettlement Action Plan will be subject to the rules and regulations of customary law and land tenure principles, because any resettlement of PAPs would occur on customary land within their own villages. The RAP will also be satisfactory to the World Bank as the appropriate instrument to comply with safeguard policy OP 4.12. Village land is governed by the principles of customary land tenure with clan leaders controlling land allocation and land use. Customary land in PNG generally refers to land that is under the communal ownership of traditional social and kinship groupings like tribes, clans, sub clans and lineages (see Section 2 of
the Social Assessment Report). The constitution of PNG and the Underlying Law Act 2000 recognize customary land tenure principles and practices\(^1\).

5. Management Organization and Responsibilities

The Project Management Unit (PMU) to be established within OPIC as part of SADP will be responsible for enforcement of the Policy Framework, planning and preparing the Inventories and for liaising with customary landowners over land and resettlement issues. Whilst the management and organizational procedures for resettlement of PAPs will ultimately rest with clan leaders, OPIC will be responsible for consulting with clan leaders and customary landowners to ensure that resettlement complies with the World Bank’s Operational Policy 4.12: Involuntary Resettlement and the Laws and Customs of the customary land group. A representative from OPIC, the relevant OPIC Lands Officer, should also be available to review the resettlement process, prepare Inventories, record any land acquisitions, address any problems or conflicts and oversee the implementation of compensation measures and other entitlements.

6. Entitlement Policy

PAPs undergoing resettlement within the village, experiencing involuntary loss of agricultural land or assets as a result of Project activities will be entitled to the following types of compensation and rehabilitation measures:

- Compensation to be paid at ‘replacement cost’\(^2\) for loss of assets, such as food crops, economic trees and housing materials.
- Compensation for assets such as housing material should be paid at the time of relocation so that new housing material can be purchased.
- Compensation will not be paid for land as the land remains under communal ownership.
- Compensation to be paid for any loss of income as a result of land acquisition resulting from Project activities.

PAPs undergoing relocation will be entitled to assistance to re-establish their livelihoods so that their income levels and living standards are equal to or greater than pre-displacement levels. Assistance should aim for the timely restoration of PAPs’ livelihoods and living standards through the provision of services such as youth groups (labour) for the preparation of land for cultivation or the procurement of bush materials for relocated houses (most houses are constructed from bush materials).
7. **Funding Arrangements**

A special fund for compensation and related costs of involuntary resettlement, land acquisition, destruction of food gardens, other assets and income sources should be established within OPIC by the PC. Compensation rates, cost estimates and budgets and compensation fund flow procedures should be outlined in the Resettlement Plan.

8. **Resettlement Action Plan**

In the unlikely event that involuntary relocation or land acquisition were to occur, OPIC will be required to conduct a baseline socio-economic survey to assess the proposed resettlement and its impacts on PAPs. The socio-economic survey would form the basis of a Resettlement Action Plan. Given that any involuntary resettlement and land acquisition is likely to affect small numbers of people, then, in compliance with OP 4.12 guidance, an “Abbreviated Resettlement Plan” would suffice. The baseline socio-economic survey should cover the following:

A census of the affected population. This should include the number of persons affected, their sources and levels of income, and family living standards (e.g., housing quality).

Estimate of expected economic losses resulting from relocation or disruption of livelihoods

Inventory of the land to be acquired and assets on the land (e.g., housing stock, garden crops, coconut and betel nut palms, fruit trees, etc).

The Abbreviated Resettlement Plan should also include:

- Description of compensation and other resettlement assistance
- Eligibility criteria for entitlements
- Relocation arrangements
- Consultations with PAPs concerning acceptable sites for relocation
- Institutional framework.
- Grievance procedures
- Monitoring and evaluation framework.
- Timetable and budget

9. **Monitoring and Evaluation**

If resettlement were to take place, monitoring and evaluation of the resettlement must be carried out by OPIC. It is not necessary to contract an independent monitoring and evaluation team because if resettlement were to occur the number of people to be resettled is likely to be very small (less than ten households) and resettlement would be within village boundaries. Performance monitoring indicators should be developed to measure inputs, outputs and outcomes.
for resettlement activities, and PAPs should participate in the monitoring process. Monitoring and evaluation should verify/assess the following:

- Verify that the baseline survey of PAPs is carried out and damaged assets have been valued, and compensation and other entitlements have been paid in accordance with the provisions of the Policy Framework.

- Assess the degree of participation of PAPs in the monitoring process (especially the participation level of vulnerable groups such as women, elderly and minor clan members).

- Verify the Resettlement Plan and resettlement process in terms of the World Bank’s Operational Policy 4.12 guidelines and culturally accepted procedures of relocation and land acquisition.

- Assess the delivery of compensation and other entitlements to ensure timely and fair payments and assistance with restoration of PAPs’ livelihoods and standards of living in line with the Policy Framework objectives.

- Monitor changes in the economic status and security of PAPs.

- Assess PAPs’ access to the services and facilities offered by the SADP.

- Assess the implementation and functioning of grievance mechanisms.

10. Grievance Procedures

The Project Management Unit will be responsible for explaining to PAPs their rights and procedures for resolving grievances.

Growers may lodge grievances at OPIC Divisional offices or at the Project Base Office during operating hours from 7:30am to 16:30pm from Monday to Friday. OPIC has a standard operating procedure for handling grievances. OPIC will take steps to resolve grievances as per these procedures.

For land disputes related to SADP in-fill planting and SADP road works including destruction of gardens or economic trees, and/or other land related disputes:

- a. OPIC will take steps to resolve the complaint as per the normal OPIC grievance procedure.
- b. If it is appropriate, OPIC will also arrange a meeting to be held within the community.
to discuss the complaint. The meeting will be based on customary practices in the local area, depending on the complaint.
c. During the meeting, chiefs, elders, and clan leaders will discuss and recommend solutions.
d. If the grievance cannot be resolved through discussion then the complainant will be advised to pursue the matter through other customary and legal channels. The grievance will be closed in the OPIC register with a notation that the matter was not resolved. SADP work will normally be suspended at locations where there is an outstanding land dispute.

Notes:
1. For an overview of the Act see:
2. Replacement cost is determined as the amount needed, at the time of impact, to purchase that which is damaged (e.g., housing material) or the estimated loss of income for damaged trees and crops, plus the amount needed to re-establish the income source (e.g., purchase of new seedlings and a reasonable compensation until the trees can be harvested).