

RP208

THE GOVERNMENT OF ERITREA

MINISTRY OF ENERGY AND MINES

**ASMARA POWER DISTRIBUTION AND RURAL
ELECTRIFICATION PROJECT**

RESETTLEMENT POLICY FRAMEWORK

January 2004

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Executive Summary

The Ministry of Energy and Mines of the State of Eritrea has requested the World Bank and other donors to finance the Asmara Power Distribution (Voltage Conversion and Rehabilitation) and Rural Electrification Project. According to the feasibility study conducted by IVO Power Engineering Limited of Finland and Electrowatt Engineering Ltd of Switzerland it was found that the present power distribution system in Asmara, which is 40-50 years old, is incapable of meeting additional loads, power failures and voltage fluctuations are frequent and losses are unacceptably high. Thus, the main motive of this project component is to alleviate the acute weakness and shortcomings of the old distribution networks in Greater Asmara.

A latest estimate of the electrification level in rural Eritrea is 3% and the poverty level is around 70%. As modern energy and in particular electricity is a requirement to stimulate rural development and eradicate poverty, an intense government and donor support is required to change the way of life of the rural people and meet the Millennium Development Goals. This is the driving force behind the rural electrification component of the project.

The Ministry of Energy and Mines has reached an understanding with the WB mission to take the responsibility to conduct an Environmental and Social Assessment (ESA) and a Resettlement Policy Framework (RPF) of the proposed project, which is a requirement for appraisal. Both the ESA report and RPF reports are outcomes of this exercise and has been carried out by complying fully with the Eritrean and World Bank standards for environmental and social impact assessment. It was agreed that the proposal components constitute a Category B project in terms of environmental impacts. The reports are produced in two volumes; the first being the main ESA Report that includes the Environmental Management and Monitoring Plan (ESMMP) and the second is the Resettlement Policy Framework (RPF), which is this Volume.

It is the nature of development projects to affect communities negatively and positively. For negative effects, the RPF establishes the resettlement and compensation principles, organisational arrangements and design criteria to be applied to meet the needs of the people who may be affected by the project. The RPF is prepared to the standards of the Governments own policy on resettlement and compensation and the safeguard policies of the World Bank, OP 4.12. The RPF has to be converted to an action plan when the exact routes of Component I and the rural electrification plans are fully known.

A major objective of this RPF is to ensure that affected individuals and households, and affected and/or displaced communities are meaningfully consulted, have participated in the planning process, are adequately compensated to the extent that at least their pre-displacement incomes have been restored and that the process has been a fair and transparent one. Though this document is to be disclosed separately, it is based on the ESA and ESMMP or Volume I of the report.

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Glossary of Key Terms

- **Compensation** means payment in cash or in kind of the replacement value of the acquired property, or the replacement value of the lost resources as a result of a micro-project.
- **Dislocation allowance** is a form of compensation provided to eligible persons who are displaced from their dwelling, whether they are landowners or tenants, and who require a transition allowance, paid by the project.
- **Displacement/relocation** refers to the removal of people from land, homes, farms, etc. as a result of a project's activity.
- **Land acquisition** is the process whereby a person is compelled by a public agency to alienate all or part of the land s/he owns or possesses, to the ownership and possession of that agency, for public purpose in return for a consideration.
- **Micro-project** means any micro-project to be financed under the Asmara Power Distribution and Rural Electrification project.
- **Cut - off Date** – refers to a day on and beyond which any person who occupies land required for project use, will not be eligible for compensation. The date is often the day when the assessment of persons and their property in the project area commences.
- **Resettlement Policy Framework (RPF)** refers to the present document which is the overall policy framework for compensation, resettlement and rehabilitation of the project affected persons for the Asmara Power Distribution and Rural Electrification project.
- **Environmental and Social Management and Monitoring Framework (ESMMF)** - report is a safeguards instrument (document) which establishes a mechanism to determine and assess future potential environmental and social impacts of the project, and then to set out mitigation, monitoring and institutional measures to be taken during design, implementation and operation of the project activities to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels. This instrument has been prepared as part of the Environmental and Social Assessment Report, i.e., Volume I and is to be used in conjunction with the RPF.
- **Market rate/value** – is defined as the highest rate/value over the last three to five years based on commercial terms.
- **Replacement cost** is the method of valuation of assets that helps determine the amount sufficient to replace lost assets and cover transaction costs.
- **Replacement value** means the value determined to be fair compensation for productive land based on its productive potential, the replacement cost of houses and structures (current fair market price of building materials and labor without depreciation), and the market value of residential land, crops, trees, and other commodities.

- **Replacement land** for project affected persons/families shall be at least of similar size and comparable productivity.
- **Resettlement** means all the measures taken to mitigate any and all adverse impacts of the project on PAP's/PAF's property and/or livelihoods, including compensation, relocation (where relevant) and rehabilitation.
- **Project Affected Person/Family (PAP/PAF)** – is a person/family affected by the land use or acquisition needs of the project sponsors for project supported activities that lead to this person/family being required to (or not necessarily required to) be physically displaced or relocated due to loss of shelter and or, lose, denied or restricted access and or to economic assets, or lose income sources or means of livelihood, whether or not the person/family must move to another location.
- **Resettlement and Compensation Plan (RAP)**, are also known as a Resettlement Action Plans or Resettlement Plans – are resettlement instruments (documents) to be prepared when sub project activities are identified , that require land acquisition that leads to physical displacement of persons, and/or loss of shelter, and /or loss of livelihoods and/or loss, denial or restriction of access to economic resources. RAPs are prepared by the party impacting people and livelihoods in this manner and contains specific and legal binding requirements to be taken by that party to resettle and compensate the affected party before project activities causing this adverse impact are implemented.

A. INTRODUCTION

1. Eritrea, is a developing country in the "horn of Africa" that was liberated from Ethiopia in May 1991 after 30 years War of Independence. After an internationally supervised Referendum and with a popular vote of 99.8%, its independence was legitimatised in May 1993. It has had a chequered political history of rule under various empires and colonial powers.
2. However, since independence in 1993, notwithstanding the period of the border war between Eritrea and Ethiopia of 1998 to 2000, Eritrea has made significant strides in managing its post conflict situation and towards meaningful socio-economic development.
3. In the Energy Sector for example, the decade since independence has seen a notable expansion of the power infrastructure as a result of the Government of Eritrea's (GoE) key strategy for developing the sector. This has been articulated in numerous government policy documents, prominent among them, the Macro-Economic Policy. Furthermore, the GoE has committed itself to the Millennium Development Goals (MDG) where energy provision is an important catalyst for meeting the articulated goals by 2015.
4. In pursuit of these goals the GoE has asked the World Bank for support of its proposed 'Asmara Power Distribution and Rural Electrification' project. The development objectives are to alleviate the acute weakness and shortcomings of the old distribution system in Greater Asmara and to improve electricity access to rural people.
5. Specifically, Component 1 of the project deals with the Rehabilitation and Voltage Conversion of Greater Asmara. The immediate objective is to strengthen the existing distribution system by removing supply constraints, improving supply quality and expand access to the grid in Asmara City and surrounding peri-urban areas. More specifically, the old substations in Greater Asmara shall be strengthened and made more reliable, the existing 5.5/0.23 kV system shall be converted to 15/0.4 kV system which involves 40 km underground cabling, 300 km aerial bundled conductors and 100 km open wire overhead systems.
6. Component 2 is on Rural Electrification, which will expand electricity services to villages near the towns of Keren, Barentu, Dekemhare and Adi Keyieh using low cost RE practices. The villages will be connected through 15 kV lines from the central grid. The project includes low voltage lines and distribution transformers. The project will also include financing of the technical assistance to study the feasibility of cheaper RE options, distribution standards and changes in the institutional arrangements.
7. A GIF based mapping data shall be prepared for the Asmara Power Distribution component. This shall include routes of the underground high and medium voltage cables, transformer stations, substations, overhead MV and LV lines etc. Effort will be made to extend the GIS based information system that will include all hitherto electrified rural areas and those to be electrified under this project.

8. Under both project components, therefore, land will have to be acquired to build these new transformer cabins, underground and overhead distribution infrastructures, etc. It is expected that in a vast majority of cases due to joint partnership manifested through effective participation and consultation between the GoE/MEM/EEA, the Zobas, Sub Zobas, Kebabis and the local communities, significant efforts would be made to select these sites to avoid or minimise impacts on people, land, property and on access to natural and other economic resources, as far as possible.
9. Notwithstanding, in a minority of cases, identification, selection and acquisition of land for the construction of new substations, transformer cabins, the expansion of others, underground cable works, that may lead to either the physical displacement of people, or their loss, denial or restriction of access to economic resources (such as farm land, grazing areas and/or trees for example and/or huts for residential, rest or commercial purposes) and therefore to resettlement and compensation seems inevitable in some minority cases in this project.
10. When this occurs, Laws of Eritrea as contained in the Land Proclamations and the World Bank Operational Policy Op.4.12 on Involuntary Resettlement, will be triggered.
11. The GoE is required by Bank policy to prepare a **Resettlement Policy Framework (RPF)** to be publicly disclosed in Eritrea and at the Infoshop at the Bank. The date for disclosure in- country and at the Infoshop at the Bank must precede the date for appraisal of the project.
12. The RPF establishes the resettlement and compensation principles, organisational arrangements and design criteria to be applied to meet the needs of the people who may be affected by the project. The RPF is prepared to the standards of the Governments own policy on resettlement and compensation and the policy of the World Bank, OP 4.12.
13. When the electrical infrastructure mapping exercise is complete and specific planning information on the location of target areas is made and land/sites/routes are identified, **Resettlement Action Plans (RAPs)** will be subsequently prepared consistent with this policy framework and will be submitted to the Bank for approval before any land acquisition, resettlement, loss, denial of, and restriction to natural resources or any other impact on livelihood occurs. The RAP will detail the individual compensation and rehabilitation package of each project affected person and family. Where people are required to move, it will identify the agreed new location, detail the compensation for a replacement of or transportation of personal goods and eligible common goods. Where no movement of people is needed, it will detail all compensation, replacement or transportation of goods and/or resources that are eligible as per the entitlement matrix.
14. This RPF covers the following sections;
 - B. Principles and objectives governing resettlement preparation and implementation.
 - C. A description of the process for preparing and approving resettlement plans.
 - D. Land acquisition and likely categories of impact.

- E. Eligibility criteria for defining various categories of project affected persons.
- F. A legal Framework reviewing the fit between the laws of Eritrea and regulations and Bank policy requirements and measures proposed to bridge any gaps between them.
- G. Methods of valuing affected assets.
- H. Organisational procedures for the delivery of entitlements, including, for projects involving private sector intermediaries, the responsibilities of the financial intermediary, the government, and the private developer.
- I. A description of the implementation process, linking resettlement implementation to civil works.
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B. Principles and Objectives Governing Resettlement Preparation and Implementation.

The impacts due to involuntary resettlement from development projects, if left unmitigated, often gives rise to severe economic, social and environmental risks. These may result in production systems being dismantled, people facing impoverishment when their productive skills may be less applicable and the competition for resources greater; community institutions and social networks being weakened; kin groups being dispersed; and cultural identity, traditional authority, and the potential for mutual help are diminished or lost. The resettlement policy, in most cases, is not triggered because people are not being affected by physical displacement. It is triggered because the project activity may cause land acquisition, whereby a physical piece of land is needed and people may be affected because they are cultivating on that land, they may have buildings on the land, they may use the land for water and grazing of animals or they may otherwise access the land economically, spiritually or any other way which may not be possible during and after the project is implemented. Therefore, affected people in most cases have to be compensated for their loss (of land, property or access) either in kind or in cash of which the former is preferred.

Therefore, the objectives of this policy are the following;

- (i) Involuntary resettlement and land acquisition should be avoided where feasible, or minimised, exploring all viable alternatives.

(ii) Where involuntary resettlement and land acquisition is unavoidable, resettlement and compensation activities should be conceived and executed as sustainable development programs, providing sufficient investment resources to give the persons affected and/or displaced by the project the opportunity to share in project benefits. Affected and/or displaced and compensated persons should be meaningfully consulted and should have opportunities to participate in planning and implementing resettlement programs.

(iii) Affected and/or displaced and compensated persons should be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them, in real terms, to pre-displacement levels or levels prevailing prior to the beginning of project implementation, whichever is higher.

Affected people, according to the Bank policy, refers to people who are directly affected socially and economically by the Bank-assisted investment projects, caused by:

- (a) the involuntary taking of land and other assets resulting in:
 - i relocation or loss of shelter
 - ii loss of assets or access to assets
 - iii loss of income sources or means of livelihood, whether or not the affected persons must move to another location;

or

(b) the involuntary restriction or access to legally designated parks and protected areas results in adverse impacts on the livelihood of the affected and/or displaced persons.

The resettlement policy applies to all components under the project, whether or not they are directly funded in whole or in part by the Bank.

Furthermore, the policy applies to all affected and/or displaced persons regardless of the total number affected, the severity of impact and whether or not they have legal title to the land. Particular attention should be paid to the needs of vulnerable groups among those affected and/or displaced; especially those below the poverty line; the landless, the elderly, women and children. Indigenous groups and ethnic minorities or other affected and/or displaced persons that may not be protected through the Government of Eritrea land compensation proclamation.

For the Asmara Power Distribution and Rural Electrification project, the policy requires that the implementation of individual resettlement plans, although believed to be minimal, are a prerequisite for the implementation of the project activities requiring land acquisition, that is before any construction activity starts to ensure that displacement or restriction to access does not occur before necessary measures for resettlement and compensation are in place. It is further required that these measures include provision of compensation and of other assistance required for relocation, prior to displacement, and preparation and provision of resettlement sites with adequate facilities, where required. In particular, the taking of land and related assets may take place only after compensation has been paid and where applicable, resettlement sites, new homes, related infrastructure, public services and moving allowances have been provided to affected and/or displaced persons. Furthermore, where relocation or

loss of shelter occurs, the policy further requires that measures to assist the affected and/or displaced persons be implemented in accordance with the resettlement plan of action.

In this project, in order to make electricity reliable and accessible to urban and rural users the distribution infrastructure has to be modernised and expanded. The Asmara Power Distribution component will need underground cable works that may temporarily affect fixed businesses and road side vendors, new land for transformer stations and overhead lines that may traverse through peoples gardens, sites of cultural heritages, farmlands etc. EEA contends that only public municipality land will be used for the new transformer net stations whose implementation has to be monitored. The rural electrification component may affect agricultural production, may require the cutting of public or private trees, some areas may still be mined, etc. Therefore, land selection and acquisition will have to be done in a way that satisfies these guidelines. It is anticipated that in most cases this can be done without impacts on people, land, property and livelihoods. But, because of the mountainous terrain in Eritrea in general and the serious land degradation resulting from over-grazing and soil erosion, there is at present a scarcity of suitable land for grazing, subsistence farming and for residential purposes in some areas. It would therefore not be possible in all cases to avoid impacts on people, land and property. When this happens, resettlement and compensation cannot be avoided and OP 4.12 will be triggered even though those affected may not have to be physically moved to other locations.

It is particularly important to neutralise to the extent possible any socio-economic pressures in the communities that are likely to be exacerbated by involuntary resettlement, by facilitating the participation of those impacted in the construction activities. Therefore, offering impacted people the opportunity to continue to participate in the planning process that would lead to the preparation of Resettlement Plans is mandatory and Section L of this RPF deals with this requirement. The RPF is the guiding framework that protects the interests of affected people, which has to be translated into resettlement or compensation action plans when the exact routes of the project areas are made official.

Also, offering impacted people the opportunity for employment during the construction phase of the project will provide additional income generating opportunities to a significant number of impacted persons who may potentially have to be resettled. Therefore, the opportunity for employment of affected people by local building contractors is being taken advantage of in this RPF, by including it for discussion in the consultative process with the local communities.

A major objective of this RPF is to ensure that affected individuals and households, and affected and/or displaced communities are meaningfully consulted, have participated in the planning process, are adequately compensated to the extent that at least their pre-displacement incomes have been restored and that the process has been a fair and transparent one.

C. Description of the Process for Preparing and Approving Resettlement Plans.

As stated earlier, the World Bank policy on Involuntary Resettlement OP 4.12 is triggered because the construction work may affect business communities, farmlands, may require land acquisition potentially leading in a minority of cases to loss, denial or restriction of access to economic resources. Since the location of these sites was not known at the time of the preparation of the project, the preparation and disclosure of this RPF is a conditionality for appraisal of this project. However, during implementation of this project, in a process defined here below, the selection of these sites would be made. When that happens, land would be acquired or access to economic resources may be lost, denied or restricted and people may then be affected. At that stage, OP 4.12 calls for the preparation of individual Resettlement Plans that must be consistent with this RPF.

To address the impacts under this policy, resettlement plans must include measures to ensure that the affected and/or displaced persons are:

- a. Informed about their options and rights pertaining to resettlement.
- b. Consulted on, offered choices among, and provided with technically and economically feasible resettlement alternatives.
- c. And provided prompt and effective compensation at full replacement cost for losses of assets and access attributable to the project.

The modus operandi for the identification of routes for the underground cable network areas and installation of medium and low voltage lines for rural electrification will be as follows:

Component I

EEA together with the selected engineering consultant will identify the optimum 40-km routes of new and/or old to be renovated underground cables for the Asmara distribution system. Sites for transformer net stations shall also be selected mostly from public areas. The pole routes for the around 300 km of aerial bundled conductors and 100 km of open wire overhead systems needed in Greater Asmara shall also be mostly through public property and or through privately owned farmlands. Any damages to underground water supply, sewerage or telecom cables, passage through or usage of privately owned space shall trigger OP 4.12 and thus be subjected to the RPF.

Component II

After the feasibility study by the consultant on cheap electrification options is concluded, the installation of medium and low voltage distribution lines for rural electrification will proceed in the targeted areas. The right of way for the pole routes and transformer stations shall be established in consultation with Zoba Administration (ZA), Village Administrations (VAs) and Village Development Committees. Here also if private land is utilised or property damage is reported and complaints registered, the RPF shall be implemented.

Once the route lines for components I and II are identified the ZAs and VAs in consultation with the Project Management Unit (PMU) shall organise the affected persons or organizations for possible resettlement plan as to the RPF. In the Asmara Power Distribution Project the PMU will discuss with the Zoba Maekel Administration on how the GIS route

map of underground excavation is to affect commercial centres and street vendors. If asphalt roads are to be excavated then advance warning will be given to the public.

Referring the GIS route map, prior notification should be given to the affected persons or organizations to settle their grievances. All grievances should have to be settled before any excavation work begins.

In the Rural Electrification component, the PMU with the help of RE Supporting Committee and VAs will detail out the already identified medium/low voltage route lines passing through private farmland and community grazing area. The VAs and local courts must be given enough time for screening the affected persons. All grievances are to be settled by the RPF as to World Bank resettlement and compensation framework.

The identified route lines for both project components should not lead to either the physical displacement of people, loss of their shelter, loss of assets, loss of income sources or means of livelihood, or their loss, denial or restriction of access to economic resources. If it happens then OP 4.12 is triggered and those affected must be compensated. The MEM and EEA will then approve the routes subject to the PMU and Supporting Committee for RE preparing and fully and completely implementing a Resettlement Action Plan (RAP). The preparation of the RAP will be preceded by the conduct of a minor socio-economic and environmental screening exercise. The VAs and ZAs will be assisted by service providers (NGOs) to prepare for the RAP as elaborated in the ESA main document prepared by the Department of Energy.

The purpose of the socio-economic study will be to collect baseline data within the chosen site thereby enabling the social assessment of potentially affected populations/communities. The socio-economic study would focus on the identification of stakeholders (demographic data), the participation process, identification of affected people (including owners and users of land) and baseline information on livelihoods and income, in addition to land holding.

On completion of the socio-economic study, the resettlement action plan (RAP) will be prepared for each location that triggers OP 4. 12.

The requirements of the RAPs are;

- (a) Baseline census and socio-economic survey information
- (b) Specific compensation rates and standards
- (c) Policy entitlements related to any additional impacts identified through the census or survey
- (d) A description of the resettlement sites and programs for improvement or restoration of livelihoods and standards of living
- (e) Implementation schedule for resettlement activities
- (f) Detailed costs estimate.

The RAP is to be prepared by the ZAs and VAs on behalf of the local community.

The RAP would then be screened by the PMU, and the DoE will be responsible for approving the RAP. The RAP will also be subject to the final approval of the World Bank to ensure

compliance with OP 4.12 and individual resettlement plans are prepared consistent with this RPF.

Capacity will be built at the PMU and DoE through training and the ZAs and VAs will be provided with technical assistance to ensure all stakeholders involved play their different roles, effectively. This would build capacity at the community level, which is crucial for the success of this project.

D. LAND ACQUISITION AND LIKELY CATEGORIES OF IMPACT

For the component I, the number of affected people can easily be estimated since the underground cable line route and transformer stations are relatively identified. But for component II, it is not possible to estimate the number of affected people, since the routes of the distribution lines cannot be exactly indicated at this moment.

However, the likely affected and/or displaced persons can be categorised into these 3 groups, namely;

{i) **Affected Individual** -An individual who suffers loss of assets or investments, land and property and/or access to natural and/or economical resources as a result of the project activities and to whom compensation is due. For example, an affected individual is a person who farms a land, pastoralists whose routes have been altered, who conducts street vending, or a person who has built a structure on land that has been demarcated and is now required by the project.

(ii) **Affected Household** - a household is affected if one or more of its members is affected by project activities, either by loss of property, land, loss of access or otherwise affected in any way by project activities. This provides for:

- a. any members in the households, men, women, children, dependent relatives and friends, tenants;
- b. vulnerable individuals who may be too old or ill to farm along with the others;
- c. members of households who cannot reside together because of cultural rules, but who depend on one another for their daily existence;
- d. members of households who may not eat together but provide housekeeping, or reproductive services critical to the family's maintenance, and
- e. other vulnerable people who cannot participate for physical or cultural reasons in production, consumption, or co-residence.

In the local culture, members of production, consumption, and co-resident groups form overlapping, often incongruent sets of people who may exchange domestic or farming services on a regular basis even though living separately.

Resettlement Plans will not be limited to people who live together in a co-resident group, since this might leave out people whose labour contributions are critical to the functioning of the "household".

(iii) **Vulnerable Households** - vulnerable households may have different land needs from most households or needs unrelated to the amount of land available to them. This provides for;

- a. **Unmarried women** - may be dependent on sons, brothers, or others for support. Since an affected individual is able to name the person with whom s/he is linked in dependency as part of the household, resettlement will never sever this link.
- b. **Elderly** - elderly people farm as long as they are able. Their economic viability does not depend on how much land they farm or how much they produce because, by producing even small amounts of food to "exchange" with others, they can subsist on cooked food and generous return gifts of cereal from people such as their relatives and neighbours. Losing land will not affect their economic viability. They will have cash or in-kind replacements to exchange. For future production they need access to only a small parcel of land. What would damage their economic viability is resettlement that separates them from the person or household on whom they depend for their support. The definition of household by including dependants avoids this.
- c. **Women** - may depend on husbands, sons, brothers or others for support. In many cases too, women are the main breadwinners in their household. They need relatively easy access to health service facilities, as mothers and wives. They should not be resettled in a way that separates them from their households as the very survival of their households may depend on them. Women are also particularly vulnerable because of the patrilineal nature of inheritance under customary laws. Their compensation must take into account all these factors.
- d. **Internally displaced Persons** - these are people who had to flee their homes as a result of border war between Ethiopia and Eritrea during 1998 to 2000 and are now virtually refugees in their own country since they have not returned. They may be dependent on the NGO community and others for support. This situation is pervasive in the Gash - Barka and Debub Regions of Eritrea. Particular efforts are to be made not to negatively impact these people where possible, but when unavoidable, efforts will be concentrated on post compensatory measures such as opportunities to participate in project activities.
- e. **Small-scale female farmers** - are also vulnerable because they may not have men available within the household to carry out male-specific land preparation tasks such as ringing trees. Either male relatives in other households help them voluntarily, or they hire men for cash, beer (locally brewed) or food. Land compensation specifically includes the labour costs of preparing a new land, so these women are provided for by the compensation plan.
- f. **Non-farming females** - these earn income from other sources and/or depend on relatives for "exchanges" of staple foods. Since they do not farm they will not be affected by the sub-projects need for agricultural land. If a building of theirs lies on land needed by a subproject, they will receive replacement cost compensation. If someone on whom they depend is resettled, they are protected because the resettler can name them as part of the household.

These household types are not mutually exclusive, for example an elderly woman may be unmarried (or widowed).

Special attention will be paid to these groups by identifying their needs from the socio-economic and baseline study so that (i) they are individually consulted and given the opportunity (i.e., not left out) to participate in the project activities, (ii) that their resettlement and compensation is designed to improve their pre-project livelihood (iii) special attention is paid to monitor them to ensure that their pre-project livelihood is indeed improved upon (iv) they are given technical and financial assistance if they wish to make use of the grievance mechanisms of the project and (v) decisions concerning them are made in the shortest possible time.

E. ELIGIBILITY CRITERIA FOR DEFINING VARIOUS CATEGORIES OF PROJECT AFFECTED PERSONS

The Bank's OP 4.12 suggests the following four criterion for eligibility;

- a) Those who have formal rights to land, including customary land traditional and religious rights, recognised under Eritrea Law.
- b) Those who do not have formal legal rights to land at the time the project begins but have a claim to such land or assets provided that such claims are recognised under the laws of Eritrea or become recognized through a process identified in the resettlement plan.
- c) Those who lose other economic resources such as trees, agricultural produce on cultivated fields, etc, and or have their access to these economic resources denied or restricted.
- d) Those who lose their commercial centres, or have their access to their economic resources denied or restricted. Roadside businesses in fixed buildings will be encouraged to arrange for temporary crossings when the pavements in front of their shops are dug.
- e) Those (like street vendors) who lose their economic resources or denied or restricted access. The street vendors will be encouraged to transfer to the other side of the street. However, it is recognised that they are affected parties and hence eligible to compensation such as disturbance allowances loss of business etc. (see entitlement matrix).
- f) Those who have no recognizable legal right or claim to the land they are occupying, using or getting their livelihood from.

Those covered under a) and b) above are to be provided compensation for the land they lose, and other assistance in accordance with the policy. Persons in category c) are compensated for loss of economic resources in accordance with this RPF. Persons covered under d) and e) are to be provided compensation for the loss of their business provided MEM and World Bank justify their request. Persons covered under f) above are to be provided with a resettlement package that ensures that they do not experience a fall in livelihood and may include measures such as alternative rental accommodation, cash for temporary loss of livelihood etc., to achieve the objectives set out in this policy provided they occupy the

project area prior to a cut-off date established by the PMU in close consultation with the VA's.

Persons who encroach on the area after the cut-off date are not entitled to compensation or any other form of resettlement assistance. All persons included in a), b) or c) above are to be provided with compensation for loss of assets other than land.

Therefore, it is clear that all affected persons irrespective of their status or whether they have formal titles, legal rights or not, squatters or otherwise encroaching illegally on land, are eligible for some kind of assistance if they occupied the land before the entitlement cut-off date. Persons who encroach the area after the socio-economic study are not eligible for compensation or any form of resettlement assistance.

Eligibility for Community Compensation

Communities (districts, towns and villages) permanently losing land and/or access to assets under customary rights will be eligible for compensation.

Method to Determine the Cut -Off Dates

When the respective route line for Component I and II has been approved the PMU, Zoba Administrations and VAs, will meet to discuss and agree on a programme of implementation. They will also choose tentative cut-off dates. The dates would then be communicated to the community through their VAs and Zoba Maekel business centres and street vendors.

The entitlement cut-off date refers to the time when the assessment of persons and their property in the project area is carried out, i.e. the time when the route line has been identified and specific socio-economic study is taking place. Thereafter, no new cases of affected people will be considered.

The establishment of a cut-off date is required to prevent opportunistic invasions/rush migration into the chosen land areas thereby posing a major risk to the project. Therefore, establishment of a cut-off date is of critical importance. The VA's will play a crucial role in identifying users of land since most of them would have acquired their customary rights to use the land from their local customary heads.

F. A LEGAL FRAMEWORK COMPARING THE BORROWER LAWS AND REGULATIONS WITH THE BANK POLICY REQUIREMENTS AND MEASURES PROPOSED TO BRIDGE ANY GAPS BETWEEN THEM.

The State of Eritrea is a sovereign democratic country with Asmara as its capital city.

Administratively, Eritrea is divided into 6 regions, locally known as Zobas, namely, Maekel (Central), Anseba, Southern Red Sea, Northern Red Sea, Debub and Gash -Barka.

Each Zoba is headed by an appointed executive officer known as the Chief Administrator. In each Zoba there is also an elected Zoba parliament.

Each Zoba is further divided into a number of Sub- Zobas which are headed by an appointed executive known as the Sub Zoba Administrator.

The Sub Zobas are made up of a cluster of local communities and villages, which are headed by an elected Village Administrator, locally known as the *Kebabi Administrator*.

The planning process at the local community/village level is based on the traditional system of "Megabaaya", when the whole village comes together to plan for community development under the auspices of the Kebabi Administrator.

Land Tenure and Ownership in the State of Eritrea

The Legal dimensions of property relations in Eritrea are far from simple because different legal traditions coexist. Property rights are governed by customary law as well as by contemporary state laws (statute) that aim to promote equal rights.

The customary land tenure system is based on essentially two types of land ownership: by the extended family (a system locally called *tsilmi*) and by the village (a system called *diesa*).

Eritrean society is predominantly patrilineal and patrilocal in inheritance and residence patterns.

With respect to land inherited by descent (i.e. *tsilmi* land), each individual family within the large kinship group has a certain plot of land or a number of plots corresponding to its size and needs. This land is held in quasi-absolute ownership for life. It is worked by a man, his wife and his unmarried sons and daughters. Sons who marry and start families of their own apply for new land, through their father, to the family council charged with the administration of hereditary lands.

The main heirs of *tsilmi* land are invariably the sons; only where there are no sons can brothers inherit it. In some cases, where male issue did not arise, daughters and sisters can claim a share in the paternal estate instead of a dowry. (This implies that the dowry is given in lieu of inheritance).

Tsilmi land represents much more than merely an economic benefit. The fact that it is derived from an original first occupation lends it an important social significance - that of qualifying for enhanced social status.

Tsilmi land invests the man permanently with the status of a member of the local hereditary families, almost a landed aristocracy that looks down upon the new-comers who came later and had to acquire land by purchase or lease.

Traditionally, only a person entitled to *tsilmi* land, known in Eritrea as a *restigna*, is eligible for the office of village chief, a right known as *chikkenet* or *helkinet*- both terms being titles for head of village, with *chikkenet* including legal responsibility.

Whereas with Land Ownership by the Village -the *diesa* -is mainly found in the former Akeleguzai and Hamasien Provinces. Both the *tsilmi* and *diesa* systems were in existence in the highlands before the coming of the Italians; the *tsilmi* was the more dominant form. In the 1930s, the Italians effected the shift from *tsilmi* to *diesa* in these regions. Their stated reason was to put an end to inequalities of the *tsilmi*, which was also becoming the cause of endless litigation.

Descent plays a part in this type of land title, which is based exclusively on residence. Under this system, all arable village land is distributed equally to all households in the village, regardless of their size and their needs. Since, in customary law, it was traditionally only married men who headed households, by implication land was shared among men only. But today women head about 50% of households in Eritrea, and under the *diesa* system these female heads are entitled to a share of village land.

This system, like others of the communal type, had definite advantages over the *tsilmi* one. For, in the *diesa* system, ownership rights - and by ownership is meant community control over the distribution and other forms of disposal of land - were vested in specific villages with clearly known and demarcated boundaries. Inland, the system gave adequate security to village members, and each new independent household could expect a share of land. The system even accommodated outsiders seeking refuge or marrying into the village. Unlike the *tsilmi* system, its redistribution mechanisms were not meant to allow any differentiation in the amount of land individuals could hold and, therefore, it was believed to be fair and egalitarian.

Under the *diesa*, land is distributed and redistributed approximately every seven years and is strictly divided among villagers. Both the *diesa* and *tsilmi* systems were exclusive, in the sense that outsiders were denied access to land, and women generally gained access to it only under exceptional circumstances.

The Basic Tenets of the Land Proclamations

The right to ownership of land is vested solely in the Government. This is not an unrestricted right, as it restrains the Government from selling and giving land in ownership. This right is more custodial than absolute in nature, as the Government is merely taking over rights of communities, but at the same time retaining the principle of direct control of former community land by individual citizens.

There are now two broad classifications of government land. The first is land allotted to Eritrean citizens in lifetime usufruct rights. Almost all of this is land previously held by extended family, village and clan units throughout the country. The second classification is land directly controlled by the Government. This includes the land previously in its hands, the land left over from allocation to citizens, expropriated land and land reserved for different purposes by legislation, e.g. mine and forest reserves, etc. The Government may use the land it directly controls for whatever purposes it deems fit, including leasing it to all types of investors.

Lifetime usufruct rights to land are those attached to Eritrean citizenship. Only citizens above 18 years of age (and in the case of farmland in direct use) have access to land in this category. Land for residential purposes in the village of origin is open to every citizen. These rights

allow no form of distinction based on sex, religion, origin, etc. The village is still the springboard for land allocation. But it has no collective claim to its former farming areas, as the Government now owns such land. The village, however, still collectively controls its own grazing area, woodlands and roads, and retains its water rights.

Land held in usufruct could neither be sold nor passed on in inheritance. But the Proclamation allows the following ways for land transferability: a deceased usufructuary's allotted land automatically passes to his or her children if they are minors. They have the option of retaining it when they reach the age of majority. A special provision allows usufruct beneficiaries to change their tenure from one of usufruct to one of lease. This is attractive for those who would prefer a long-term lease arrangement in order to exploit the land allotted in ways other than those permitted by the Proclamation. Thus, land leased in this manner may be heavily invested in and turned into a site for business that can be sold, inherited, etc. According to the Land Commission, the idea is to introduce new ways of exploiting the land and attracting the movement of capital into farming communities.

An important aspect of the Proclamation is its recognition of the equal rights of women to access to land. No distinction whatsoever is made between men and women in all the provisions of the new law. In this matter, all traces of customary bias against women have been eliminated. The Proclamation also serves as an instrument for environmental protection in Eritrea. The Government has been provided with the right to issue land use policies, to make improvements on the land and to determine forest and animal reserves.

The Government's power of ownership is not absolute, though; its role is custodial. (As Part 3 of the Proclamation clearly provides, the Government shall not take land away from its occupiers, be they usufructuaries or leaseholders, without the payment of fair and adequate compensation).

National Policy, Guidelines and Legislation on the Environment in Eritrea.

Eritrea places the issues of environmental management and protection as one of its highest policy priorities. The country's policy emphasises conservation and rehabilitation of natural resources and maintaining environmental quality with maximum rationality in their use to ensure sustainability. To achieve this, government has established the Department of Environment within the Ministry of Land, Water and Environment. The National Environmental Management Plan (NEMP) was prepared in 1995, which was adopted in 1997, and this document provides the basic policy guidelines on environmental management. A national legislation has still not been fully developed, mainly due to the short period of independence that the country has enjoyed. Therefore, The National Environmental Assessment Procedures and Guidelines serves as the default legal requirements in Eritrea until such time the legislation is enacted.

Comparison between Land Law in Eritrea and Bank OP 4.12

Whereas the law relating to Land administration and tenure in Eritrea is wide and varied, entitlements for payment of compensation are essentially based on right of ownership (i.e. allocation and land titles and and/or customary ownership). The Bank OP 4.12 is fundamentally different from this and states that affected persons are entitled to some form of compensation whether or not they have legal title if they occupy the land by a cut -off date.

Therefore, all land to be acquired by the VAs for this project would be so acquired subject to the Laws of Eritrea and the Bank OP 4.12. Where, there is conflict, the Bank OP 4.12 must take precedence and the purpose for this is to ensure that no project affected person is poorer after the project than he or she was before the project and indeed reducing poverty and improving the living conditions of people in the project area.

Comparison of Eritrea Law and World Bank OP4.12 regarding compensation

Type of Lost Assets	Eritrean Law	World Bank Op 4.12
Land owners	Cash compensation based upon market value of unimproved land	Recommends land-for-land compensation. Other compensation is at replacement cost
Land tenants	Entitled to compensation based upon the amount of rights they hold upon land	Are entitled to some form of compensation whatever the legal recognition of their occupancy
Land users	Not entitled to compensation for land, entitled to compensation for crops	Entitled to compensation for crops, may be entitled to replacement land and income must be restored to pre-project levels at least
Owners of 'Non permanent' buildings	Silent on this issue	Entitled to in-kind compensation or cash compensation at full replacement cost including labour and relocation expenses, prior to displacement
Owners of 'Permanent' buildings	Valuation based on depreciated market value	Entitled to in-kind compensation or cash compensation at full replacement cost including labour and relocation expenses, prior to displacement
Perennial crops	Cash compensation based on market value	As per Section G of this RPF once approved by the Bank and disclosed in Eritrea and at the Bank infoshop.

G. METHODS OF VALUING AFFECTED ASSETS

Valuation methods for affected land and assets would depend on the type of asset. The three land asset types identified under Eritrea law in this policy framework are;

- a) State owned land
- b) Assets held by Proclamation/Statute
- c) Assets held under Customary Law

The VA's (the corporate body on behalf of the local community assessing resettlement impact) would compensate for assets and investments, including labour, crops, buildings, and other improvements, according to the provisions of the resettlement and compensation plan. Compensation rates would be a fair replacement cost as of the date and time that the replacement is to be provided.

Under customary law land belongs to chiefdoms, towns and villages. However, because the bank policy on resettlement and compensation, OP 4.12, makes no distinction between statute

and customary rights, not only assets and investments will be compensated for, but also land. Thus, if land of a customary landowner or land user on state owned land is required for the project, that land will be replaced by alternative land that is not smaller in size than the original plot and at least of the same productivity per unit. Compensation will be also provided for assets and investments above the land, loss of access etc., at fair replacement cost at the time of the loss.

Compensation Payments and Related Considerations.

Individual and household compensation will be made in cash, in kind, and/or through assistance. The type of compensation will be an individual choice although every effort will be made to instil the importance and preference of accepting in kind compensation if the loss amounts to more than 20% of the total loss of subsistence assets.

FORMS OF COMPENSATION	
Cash Payments	Compensation will be calculated in Nakfa. Rates will be adjusted for inflation.
In-kind Compensation	Compensation may include items such as land, houses, other buildings, building materials, seedlings, agricultural inputs and financial credits for equipment.
Assistance	Assistance may include moving allowance, transportation and labor

Making compensation payments raises some issues regarding inflation, security and timing that must be considered. One purpose of providing in-kind compensation is to reduce inflationary pressures on the costs of goods and services. Local inflation may still occur. Thus market prices will be monitored within the time period that compensation is being made to allow for adjustments in compensation values.

Compensation for Land

Compensation for land is aimed at providing a farmer whose land is acquired and used for project purposes with compensation for land, labour and crop loss. For this reason, and for transparency, a "Land" is defined as an area:

- In cultivation
- Being prepared for cultivation, or
- Cultivated during the last agricultural season

This definition recognises that the biggest investment a farmer makes in producing a crop is his or her labour. A farmer works on his/her land most of the months of the year. The major input for producing a crop is not seed or fertilizer, but the significant labour put into the land each year by the farmer. As a result, compensation relating to land will cover the market price of labour invested as well as the market price of the crop lost.

A farmer who loses land will be compensated in-kind by providing him/her with another land of at least equal size, market and productivity value and within relatively the same travel distance in the local community. In the absence of this, the farmer who loses land will be compensated in cash at the market value of the land lost to assist him/her acquire new land

upon which to farm. This process would be done consistent with the delivery of emoluments and all other processes described in this RPF.

Land measurement

For the purposes of measuring land, the unit of measurement would be that which is used by and understood by the affected farmers. Therefore, if a traditional unit of measurement exist, that unit will be used. If a traditional unit of measurement does not exist, then it is recommended that land will be measured in meters or any other internationally accepted unit of measurement. However, in such an event, the unit that is being used must be explained to the affected farmers and must somehow be related to easily recognisable land features that the farmers are familiar with, such as using location of trees, stumps, etc. as immovable pegs. The most important concern of this exercise is to ensure that the affected farmer is able to verify using his/her own standards/units of measurement, the size of land that is being lost. Ensuring that this occurs maintains transparency in the system and will thus avoid subsequent accusations of wrong measurements or miscalculation of areas.

Calculation of Crops Compensation Rate

The current prices for cash crops would have to be determined. All crops to be compensated using a single market value rate, for each crop grown. This rate incorporates the value of crops and the value of the labour invested in preparing a new land. Determining compensation using a single rate per crop creates transparency because anyone can measure the area of land for which compensation is due and multiply that by a single rate known to all. This approach also allows assignments of values to previous year's land (land in which a farmer has already invested labour) and land that have been planted but have not yet sprouted. The value of the labour invested in preparing agricultural land will be compensated at the average wage in the community for the same period of time. The rate used for land compensation is to be updated to reflect a value at the time compensation is paid.

Crop values will be determined based on:

- A combination of staple foods and cash crops. Specifically, the 80/20 ratio of land that a farmer typically has in food crops and cash crops is used to determine the chances s/he would lose food crop rather than a cash crop income.
- The value of staple crops to be taken as the highest market price reached during the year, in recognition of these factors:
 - Although most farmers grow staple crops mainly for home consumption, they always have the option of selling these crops to take advantage of the market.
 - Farmers most often purchase cereals when they have run out, during the "hungry season" when prices are high. Compensating at a lower value might put the individual or household at risk.
 - Averaging the highest price of staple foods yields a high per ha value that reimburses for the vegetables and other foods that are commonly inter-cropped with staples, but are almost impossible to measure for compensation.

- The labour cost for preparing replacement land is calculated on what it would cost a farmer to create a replacement land. This value is found by adding together the average costs of clearing, plowing, sowing, weeding twice, and harvesting the crop. Labour costs will be paid in Nakfa, at the prevailing market rates.

The following table presents an example of a compensation schedule for a one-hectare land. The Nakfa values are based on arbitrary labour rates, which will need to be validated at the time payments, are made.

EXAMPLE OF LAND COMPENSATION SCHEDULE OF PAYMENTS		
Activity	Month Paid	Labour in Nakfa /ha Rate Cost/day x no. of days
Clear	March	
Plough	May	
Sow	May/June	
Weed	July/August	
Harvest	November	
Total		

*Note that these are the typical months during which these activities are carried out during the main rainy season of Eritrea where all the targeted villages lie.

All agricultural labour activities are included for two reasons. First, because of the need for transparency, all land labour will be compensated for at the same rate. Second, it is difficult to forecast when during the growing season a farmer might need to give up his/her land. Thus, the land compensation covers all investments that a farmer will make. In certain cases, assistance may be provided to land users in addition to compensation payments, for example, if the farmer is notified that his/her land is needed after the agriculturally critical date of March, when s/he will no longer have enough time to prepare another land without help. Assistance will be provided in the form of labour intensive village hire, or perhaps mechanised clearing, so that replacement land will be ready by the sowing dates. The farmer will still continue to receive his/her cash compensation so that s/he can pay for sowing, weeding and harvesting.

Compensation for Buildings and Structures.

Compensation will be paid by replacing structures such as huts, houses, farm outbuildings, latrines and fences. Any homes lost will be rebuilt on acquired replacement land, however cash compensation would be available as a preferred option for structures (i.e. extra buildings) lost, that are not the main house or house in which someone is living. The going market prices for construction materials will be determined. Alternatively, compensation will be paid in-kind for the replacement cost without depreciation of the structure. The project will survey these prices for administrative purposes on an ongoing basis.

Compensation will be made for structures that are:

- Abandoned because of relocation or resettlement of an individual or household or
- Exist on land which will be acquired for project purposes or are
- Directly damaged by construction activities.

Replacement values will be based on:

- Drawings of individual's household and all its related structures and support services,
- Average replacement costs of different types of household buildings and structures based on collection of information on the numbers and types of materials used to construct different types of structures (e.g. bricks, rafters, bundles of straw, doors etc.) For vulnerable groups identified in earlier section of this RPF replacement values will be based on actual replacement cost.
- Prices of these items collected in different local markets,
- Costs for transportation and delivery of these items to acquired/replacement land or building site,
- Estimates of construction of new buildings including labour required.

COMPENSATION FOR BUILDINGS AND STRUCTURES	
Buildings and structures will be replaced by an equivalent structure or, on an exception basis, cash and/or credits will be paid based on replacement costs.	
Item	Example
House	Raw or Baked brick Straw or tin roof Varying sizes (small, medium large)
Kitchen	Open, closed
Stables/sheds/pens	Cattle, goat, pig, sheep, other
Coops	Chicken, duck, other
Fence	Straw/poles (per unit poles & mat), raw and/or baked brick/cement blocks (per 1-m length)
Private Bathing	.
Latrine	Replacement latrines will be similar to those currently operational and financed by the bank at health centers, schools.
Open well	Internally lined with concrete rings and provided with a hand driven pump
Storage building	Cement/sand block walls with thatched roof on z-profiled metal sheets.
Sun Screen open huts/shades	Similar to those replaced, on thatched roof on wood poles.

Compensation for Sacred Sites

Sacred sites include but not restricted only to altars, initiation centres, ritual sites, tombs, cemeteries etc. It includes other such sites or places/features that are accepted by local laws (including customary), practice, tradition and culture as sacred. To avoid any possible conflicts between individuals and/or communities the use of sacred sites for any project activity, is **not** permitted under this project.

Compensation for vegetable gardens and beehives

These are planted with vegetable and ingredients for daily use. Until a replacement garden starts to bear, the family displaced as a result of the project land needs will have to purchase

these items in the market. The replacement costs therefore, will be calculated based on the average amount that an average town dweller spends on buying these items for one year per adult from the local market.

Some individuals that specialise in honey gathering place beehives in various locations in the bush. If such hives would be disturbed by the project activities, or access to hives is denied, beekeepers can move them, and the bees will adapt to the new locations. Beekeepers would be compensated by the value of one season's production.

Costs of honey for each hive that is moved and any reasonable costs associated with moving the hive.

Compensation for trees

Mango (and other common local fruit) Trees

Mango trees, for example, are a common fruit tree in the project targeted area and are estimated to account for a significant amount of all fruit bearing trees. Local fruits are primarily important as a source of:

- Subsistence food for families
- Petty market income in some areas, and
- Shade.

Given their significance to the local subsistence economy, which this project intends to positively impact, mango trees will be compensated on a combined replacement/market value. Mango trees and other local fruit trees used for commercial purposes will be compensated at market value based on historical production records. If households chose to resettle, they will be compensated for the labour invested in the trees they leave behind, because they will continue to own the trees left behind under customary rights. It is not uncommon for individuals to own trees in other villages in which they formally lived and, in some cases, to continue to harvest fruit from those trees for subsistence purposes and/or sale to traders. If a household chooses to transfer ownership of the trees, transfer costs will be paid in addition to labour costs. The compensation rate will be based on information obtained from the socio-economic study. From this study, a compensation schedule for peach and mango trees can be developed incorporating the following goals:

- Replace subsistence mango and other local fruits production yields as quickly as possible.
- Provide subsistence farmers with trees to extend the number of months of the year during which mangoes/local fruits are produced and can be harvested as a supplemental source of food for their families during their "hungry season".
- Provide farmers with the opportunity to derive additional production income from trees bearing more valuable fruits at off-season periods.
- Provide cash payments to farmers to replace pre-project income derived from the sale of excess fruit production until replacement trees produce the equivalent (or more) in projected cash income.

The compensation schedule is based on providing a combination of new grafted and local trees to farmers, as well as cash payments to offset lost yearly income. The schedule could

assume the following (the figures in Nakfa (X no.) to be determined in the socio-economic study):

Local Mangoes/other Fruit Trees	
Estimated Avg. Fruit Yield (kg) of Mature tree	200 to 600 kg/year
Estimated Yield used	Ten sacks(1,000kg)/tree/year
Market Price, <ul style="list-style-type: none"> • Height of harvest season (March/April) • End of season (late May) 	Nakfa/kg Nakfa/kg
Price used as basis of this estimate	80% height of season;20% end of season
Years to Production	two to three
Years to Maximum Production	Ten
Costs of Sapling	Nakfa, locally available.

Grafted Mangoes	
Estimated Avg. Fruit Yield (kg) of Mature tree	800 to 1,300 kg/year
Estimated Yield used	Almost entire yield due to market value
Market Price, (varies according to variety) <ul style="list-style-type: none"> • Height of harvest season (June/September) 	Nakfa/kg
Price used as basis of this estimate	Price per fruit or sac (100kg) as quoted by growers
Years to Production	four to five
Years to Maximum Production	Eight
Costs of Sapling	Nakfa, not locally available.

Proposed Schedule for Mango Trees/other fruit trees Cut Down			
Type/Age of Tree	Est. Years	In-kind replacement for Local Guava and Mangoes	Credits/Financial Support.
Sapling Trees planted after project cut-off date in area will not be eligible for compensation	0-1	Deliver to Farmer: <ul style="list-style-type: none"> • Choice of two guava or mango trees (local and/or improved grafted) • Supplies: fencing to protect • Tree, a bucket for watering, and a spade. 	Nakfa
Sapling/Young Tree First minor production 12-50 fruits occurs about age 4-5	1-6	Deliver to farmer: <ul style="list-style-type: none"> • Choice of two guava or mango trees (local and/or improved grafted) • Supplies: fencing to protect • Tree, a bucket for watering, and a Spade 	Equivalent of X no. Nakfa in credits or other financial support for labor invested in planting, fencing, and watering, made in one payment.
Guava/Mango Trees Fruit Producing	6-30+	Deliver to farmer: <ul style="list-style-type: none"> • Choice of two guava or mango trees (local and/or improved grafted) • Supplies: fencing to protect • Tree, a bucket for watering, and a Spade 	Equivalent of X no. Nakfa in credits or other financial support for labor invested in planting, fencing, and watering, made in one payment. Equivalent of X no. Nakfa in credits or other financial support, representing eight years, (8 years x 10 sacks x X Nakfa/sack) lost

			income/subsistence until replacement trees begin production. This rate to be agreed by farmers. Total: Equivalent of X no. Nakfa in cash or equivalent financial support to be paid in one installment.
Mature Trees – Low or Non- Fruit Producing	30+	Same as for mature trees above	Same as above

No compensation will be paid for minor pruning of trees. Compensation for removal of limbs will be prorated on the basis of the number of square metres of surface area removed. The total surface area of the tree will be calculated using the following formula: $(\frac{1}{2} \text{ diameter of canopy})^2 \times 3.14$.

Other domestic fruit and shade trees.

These trees have recognized local market values, depending upon the species and age. Individual compensation for wild trees “owned” by individuals which are located in lands as defined in this policy will be paid. Note that wild, productive trees belong to the community when they occur in the true bush as opposed to a fallow land. These trees will be compensated for under the umbrella of the village or community compensation.

INDIVIDUAL COMPENSATION		
Sub-Category (where applicable)	Unit	Compensation Value (X no. of Nakfa)
Foodstuffs & others (e.g. cocoa)	To be determined	
Rubber, wood, timber	To be determined	
Domestic Fruit Trees		
Avocado	Non-productive productive	
Plantain	Non-productive productive	
Lemon	Non-productive productive	
Pineapple	Non-productive Productive	
Lime	Non-productive Productive	
Orange	Non-productive Productive	
Grapefruit	Non-productive Productive	
Papaya	Non-productive productive	
Shade Trees		
	Young adult	
Individual Owned Wild Productive Trees		
Palm Kernel	Non- productive Productive	
Coconut	Non-productive	

	Productive	
Guava or Mango Trees		
2 saplings & equipment	0-1 year	
2 saplings & equipment	1-6 years	
2 saplings & equipment	6+ years	
Catch	Demonstrable loss	According to case
Kitchen Garden		
Beehive		

N.B.: Not all the fruit trees mentioned above are grown in Eritrea. These tables are to serve as a guide on how all local fruit trees can to be included and valued.

H. ORGANIZATIONAL PROCEDURES FOR THE DELIVERY OF ENTITLEMENTS, THE RESPONSIBILITIES OF THE GOVERNMENT, AND THE PRIVATE DEVELOPER.

Compensation (and resettlement) will be funded like any other activity eligible under the projects administrative and financial management rules and manuals .

Funding would be processed and effected through the Project Implementing Unit (PMU) in the Ministry of Energy and Mines (MEM) and will comply with the financial arrangements agreed upon at project appraisal.

The compensation process which will involve several steps would be in accordance with the individual project resettlement and compensation plans, significantly;

- **Public Participation** with the local communities would initiate the compensation process. This would ensure that no affected individual/household is simply "notified" one day that they are affected in this way. Instead, this process seeks their involvement and wishes to inform communities in a participatory approach with the project, from the beginning as outlined in item K of this report.
- **Notification I:** The PMU with the help of the RE Supporting Committee will inform the VA and local court administration that the transmission line or the low voltage lines are passing through their farm land or private land and locate property users. The land users will be informed through both, a formal notification in writing and, for as many people are illiterate, by verbal notification delivered in the presence of the village chief or his representative. In addition, the local chief, religious leaders, other elders and individuals who control land will accompany the survey teams to identify sensitive areas.
- **Notification II:** The PMU in consultation with DOE will inform Zoba Maekel Administration, the Infrastructure Department and Baito of Zoba Maekel that the underground cable line and transformers site are passing through pavements of commercial centres and private houses or land and locate property users. The users will be informed through both, a formal notification in writing and, for as many people are illiterate, by verbal notification delivered in the presence of the village chief or his representative.
- **Documentation** of Holdings and Assets - village and project officials to arrange meetings with affected individuals and/or households to discuss the compensation process. For

each individual or household affected, the VAs or Zoba Administration officials completes a compensation dossier containing necessary personal information on; the affected party and those that s/he claims as household members, total land holdings, business affected inventory of assets affected, and information for monitoring their future situation. This information is confirmed and witnessed by village officials, local administration and officials of the PMU. Dossiers will be kept current and will include documentation of lands surrendered and businesses destructed. Each individual will be provided a copy of the dossier at the time of negotiations. This is necessary because it is one way in which an individual can be monitored over time. All claims and assets will be documented in writing.

- **Agreement on Compensation, Awareness of Grievance Procedures, and Preparation of Contracts** -All types of compensation and grievance procedures are clearly explained to the individual or household. The VAs, Zoba Administration and PMU draw up a contract, listing all property and land being surrendered, and the types of compensation (cash and/or in-kind) selected. A person selecting in-kind compensation has an order form which is signed and witnessed. The compensation contract is read aloud in the presence of the affected party and the PMU, the local chief, village officials, other village leaders prior to signing.
- **Compensation Payments** -All handing over of property such as land and buildings and compensation payments will be made in the presence of the affected party, the village officials and local administrations.

Community Compensation Payments

Community compensation will be in-kind only for a community as a whole in the form of reconstruction of the facility to at least the same standard or equivalent better standard to that being built by local NGO's in the area to serve the same function. Examples of community compensation include;

- Public Toilets
- Well or Pump
- Market Place Road
- Storage warehouse

No community project will be approved that requires the displacement of additional persons for compensation or relocation.

I. A DESCRIPTION OF THE IMPLEMENTATION PROCESS, LINKING RESETTLEMENT IMPLEMENTATION TO CIVIL WORKS.

Before any project activity is implemented, people who are being affected by such activity, will be compensated and grievances settled in accordance with the resettlement policy framework. For projects involving land acquisition. it is further required that these measures include provision of compensation, income restoration and of other assistance required for relocation, prior to displacement, and preparation and provision of resettlement sites with adequate facilities, where required. In particular, the taking of land and related assets may take place only after compensation has been paid and, where applicable, resettlement sites

and moving allowances have been provided to displaced persons. For project activity requiring relocation or loss of shelter, the policy further requires that measures to assist the displaced persons be implemented in accordance with the individual resettlement and compensation plan of action.

The measures to ensure compliance with this policy directive will be included in the resettlement and compensation plans that will be prepared for individuals whose commercial activities has been disrupted by the underground cable excavation or private property taken for transformers site and each land involving resettlement or compensation. When the VAs and ZAs present their resettlement and compensation plans to the MEM for approval, part of the screening process that the PMU will use to approve recommended sites will be to confirm that the resettlement and compensation plans contain acceptable measures that link resettlement and compensation activity to civil works in compliance with this policy. The timing mechanism of these measures will ensure that no individual or affected household will be displaced due to civil works activity before compensation is paid and resettlement sites with adequate facilities are prepared and provided for to the individual or household affected. Once the local and national government approve the resettlement and compensation plan, it will, at the discretion of the Bank, be sent to the World Bank for final review and approval.

J. A DESCRIPTION OF GRIEVANCE REDRESS MECHANISMS,

At the time that the individual resettlement and compensation plans are approved and individual compensation contracts are signed, affected individuals would have been informed of the process for expressing dissatisfaction and to seek redress.

The grievance procedure will be simple, administered as far as possible at the local level to facilitate access, flexible and open to various proofs taking into cognisance the fact most people are illiterate and poor requiring a speedy, just and fair resolution of their grievances. The ZAs and VAs being a party to the contract would be the best office to receive and verify information concerning the grievances but not to handle and rule on disputes. Therefore, taking these concerns into account, all grievances concerning non-fulfilment of contracts, levels of compensation, or seizure of assets without compensation will be addressed to the existing local courts system of administration of Justice in the Zobas. The officials of the local court members are elected members of the community. The Ministry of Justice has delimited their duties and responsibilities and some form of training is provided to them before commencing their duties.

All attempts would be made to settle grievances. Those seeking redress and wishing to state grievances would do so by notifying their village chief and their sub Zoba Administrator (ZAs). The PMU will consult with the RE support Committee, Zoba Chief Administrator (ZCA), other sub Zoba administrators, village chiefs and elders to determine a claims validity. If valid, the village chief and ZAs will notify the complainant and s/he will be settled. All accepted and rejected grievances shall be reported and reasons for doing so lodged to assist the monitoring and evaluation task of the project.

If the complainant's claim is rejected, then the matter will be brought before the Regional Land Tribunals and/or the local courts for settlement. If the matter cannot be settled by the local courts and/or the Zoba Land Tribunals, the matter will go to the High Court for

resolution. The High Court of Eritrea will be the highest appellate "judge" in this system. The decision of the High Court would be final and all such decisions must be reached within a full growing season after the complaint is lodged.

If a complaint pattern emerges, the ZAs with the local governments, the PMU, VA's, and village leaders will discuss possible remediation. The local leaders will be required to give advice concerning the need for revisions to procedures. Once the ZAs, PMU, and village leaders agree on necessary and appropriate changes, then a written description of the changed process will be made. The VAs and ZAs, will be responsible for communicating any changes to the population.

In the local cultures it takes people time to decide that they are aggrieved and want to complain. Therefore, the grievance procedures will give people up to the end of the next full agricultural season after surrendering their assets to set forth their case. This extension of cut-off date is only for agricultural products related compensation and shall be done without compromising delay in project construction works.

K. A DESCRIPTION OF THE ARRANGEMENTS FOR FUNDING RESETTLEMENT AND COMPENSATION, INCLUDING THE PREPARATION AND REVIEW OF COSTS ESTIMATES, THE FLOW OF FUNDS, AND CONTINGENCY ARRANGEMENTS.

The estimate of the overall cost of resettlement and compensation would be determined during the socio-economic study. In collaboration with the PMU, the ZAs and VAs on behalf of the local communities affected by resettlement and impacting livelihoods would have to finance their resettlement and compensation plan.

The MEM through the RPF will finance the technical assistance required to strengthen the capacities of PMU, and the VA's to fulfil their respective responsibilities as outlined in this RPF and to facilitate the process necessary to seek the effective participation of the local communities and affected people. This assistance will take the form of training of key staff in the PMU/DoE and hiring of local NGO service companies to work with the VAs and ZAs to produce the RAP's and carry out the socio-economic studies required. .

At this stage, it is not possible to estimate the likely number of people who may be affected since the route line for medium and low voltage lines of RE sub-projects have not yet been identified. When these locations are known, and after the conclusion of the site specific socio-economic study, information on specific impacts, individual and household incomes and numbers of affected people and other demographic data would be available, thus facilitating the preparation of a detailed and accurate budget for resettlement and compensation.

Since it is the local community represented by their V A that is the party causing resettlement, the VA would be required to effect payments to the affected party or to finance any other requirements in the resettlement and compensation plan, prior to funds being released to start erecting distribution lines. All payments would be made in Nakfa.

The budget in the resettlement and compensation plans will be subject to the approval of the World Bank.

At this stage however, all that can be reasonably and meaningfully prepared is an indicative budget, highlighting key features that the budget must contain, inter alia, as follows;

#	Item	Costs X (in NAKFA)*	Assumptions
1	Compensation for loss of Land	X /hectare	For land acquisition purposes, based on cost realized in projects involving similar issues in Eritrea.
2	Compensation for loss of Crops	X /hectare of farm lost	Includes costs of labor invested and average of highest price of staple food crops as per methods described in Section G of this RPF
3	Compensation for Buildings and Structures	X	This compensation would be in-kind. These new buildings would be built and then given to those affected. Cost based on basic housing needs for a family of ten, including house with four bedrooms, ventilated pit latrines, outside kitchen and storage.
4	Compensation for Trees	X /year/tree	Based on methods described on page .. of this RPF for compensation for trees.
5	Cost of Relocation Assistance/Expenses	X /household	This cost is to facilitate transportation, etc.
6	Cost of Restoration of Individual Income	Say X	Assumed to be higher than the GDP/capita.
7	Cost of Restoration of Household Income	Say X	For household of ten.
8	Cost of Training Farmers	X	This is a mitigation measure which seeks to involve those affected in the project activities. This figure represents a costs of around NKA400/person
9	Compensation for loss of access for pastoralists.	N/a	Those affected would be provided with shared access, or alternate routes (decision agreed through consultation and participation of all)

- These costs are indicative only and must be confirmed during the socio-economic study and revised at the time the payments are made.

L. A DESCRIPTION OF MECHANISMS FOR CONSULTATIONS WITH, AND PARTICIPATION OF, DISPLACED PERSONS IN PLANNING, IMPLEMENTATION, AND MONITORING.

Public consultation and participation are essential because they afford potentially displaced persons the opportunity to contribute to both the design and implementation of the project activities. The socio-economic situation prevailing in Eritrea as discussed earlier, makes public consultation with the communities, indispensable. In recognition of this, particular attention would be paid to public consultation with potentially affected individuals /households when resettlement and compensation concerns are involved.

Public consultation will take place at the inception of the planning stages when the development plans are being prepared. The participation strategy would evolve around the

provision of a full opportunity for involvement. Therefore, as a matter of strategy, public consultation would be an on-going activity taking place throughout the entire project cycle.

Public participation and consultation would take place through meetings, radio programs, request for written proposals/comments, filling in of questionnaires/forms, public readings and explanations of project ideas and requirements, making public documents available at the, district, town, and village levels at suitable locations like the official residences/offices of local chiefs/elders. These measures would take into account the low literacy levels prevalent in these communities by allowing enough time for responses and feedback. All documents would also be disclosed at these locations in Tigrigna and English and meetings held with the communities would be in Tigrigna and/or other local languages.

Notwithstanding, the best guarantor for public interest is the chiefs and other local leaders who are responsible members of their local communities and can inadvertently be part of the potentially displaced individuals/households either in part or in whole.

Monitoring of this process would be through the Village and Zoba Administration officials as part of the individual resettlement and compensation plans and overall the monitoring and evaluation mechanism of the entire project.

This requirement is line with the Bank policy on disclosure.

M. ARRANGEMENTS FOR MONITORING BY THE IMPLEMENTATION AGENCY AND, IF REQUIRED, BY INDEPENDENT MONITORS.

The arrangements for monitoring would fit the overall monitoring plan of the entire ESMMP and the RPF, which would be through the Department of Energy and the Rural Electrification Support Committee. Project Implementing Unit (PMU) will institute an administrative reporting system that:

- a) alerts project authorities to the necessity for land acquisition and disrupting routine business activities,
- b) provides timely information about the valuation and negotiation process,
- c) reports any grievances that require resolution, and
- d) documents timely completion of project resettlement obligations (i.e. payment of the agreed-upon sums, construction of, new structures, etc.) for all permanent and temporary losses, as well as unanticipated, additional construction damage.

Consistent with the Environmental Management and Monitoring Plan, the PMU would be responsible for periodically transferring the compiled information obtained from the VAs and ZAs and hence to the Department of Energy/MEM so that it is alerted in a timely manner to any difficulties arising at the local level. The DoE and its Rural electrification Support Committee referred to be established as per the ESMMP, will do the M and E quarterly. For the biannual and end of project evaluations, a suitable independent evaluator, preferably from the University of Asmara, will be appointed and paid from project funds.

The objective will be to make a final evaluation in order to determine;

- i If affected people have been paid in full and before implementation of the subproject.
- ii If the people who were affected by the project have been affected in such a way that they are now living a higher standard than before, living at the same standard as before, or they are actually poorer than before.

A number of indicators would be used in order to determine the status of affected people (land being used compared to before, standard of house compared to before, level of participation in project activities compared to before, extent of businesses interrupted and the return to normalcy, how many homes and social facilities electrified compared to before, health standards, etc). Therefore, the resettlement and compensation plans will set two major socio-economic goals by which to evaluate its success:

- Project Affected Persons/Families and communities are able to maintain their pre-project standard of living, and even improve on it; and
- The local communities remain supportive of the project.

In order to access whether these goals are met, the resettlement and compensation plans will indicate parameters to be monitored, institute monitoring milestones and provide resources necessary to carry out the monitoring activities.

The following parameters and verifiable indicators will be used to measure the performance of resettlement and compensation plans;

- Questionnaire data will be entered into a database for comparative analysis at all areas where underground cable excavation is done and medium and low voltage lines are installed,
- Each affected individual/family will have a compensation dossier recording his or her initial situation, all subsequent project use of assets/improvements, and compensation agreed upon and received.
- The VAs ,ZAs and PMU will maintain a complete database on every individual impacted by the project land use requirements including relocation/resettlement and compensation, land impacts or damages
- Percentage of individuals selecting cash or a combination of cash and in-kind compensation,
- Proposed use of payments
- The number of contention cases out of the total cases
- The number of grievances and time-and quality of resolution
- Ability of individuals and families to re-establish their pre-displacement living standards, land and crops or other alternative incomes
- Agricultural productivity of new compensated lands
- Number of impacted locals **or other vulnerable groups** employed by the civil works contractors
- Seasonal or inter annual fluctuation on key foodstuffs
- General relations between the project and the local communities

The following indicators will be used to monitor and evaluate the implementation of resettlement and compensation plans.

Monitoring	Evaluation
Outstanding compensation or resettlement contracts not completed before next agricultural season	Outstanding individual compensation or resettlement contracts
Communities unable to set village-level compensation after two years	Outstanding village compensation contracts
Grievances recognised as legitimate out of all complaints lodged	All legitimate grievances rectified
Pre-project production and income (year before land used) versus present production and income of resettlers, off-farm-income trainees, and users of improved agricultural techniques	Affected individuals and/or households compensated or resettled in first year who have maintained their previous standard of living at final evaluation
Pre-project production versus present production (crop for crop, land for land).	Equal or improved production per household.

Financial records will be maintained by the VAs, ZAs and the PMU/DoE to permit calculation of the final cost of resettlement and compensation per individual or household. Each individual/families receiving compensation will have a dossier containing;

- Individual biological information,
- Number of people s/he claims as household dependants including vulnerable groups
- Amount of land available to the individual or household when the dossier is opened.

Additional information will be acquired for individuals eligible for resettlement/compensation:

- level of income and of production
- Inventory of material assets and Improvements in land, and
- Debts.

Each time land is used /acquired by a project, the dossier will be updated to determine if the individual or household is being affected to the point of economic non-viability and eligibility for compensation/resettlement or its alternatives. These dossiers will provide the foundation for monitoring and evaluation, as well as documentation of compensation agreed to, received, and signed for.

It is normal that some compensation procedures and rates may require revision at some time during the project cycle. The VAs, ZAs and PMU will implement changes and make ready for the Monitoring and Evaluation process of the project, which will require feed back from:

- Indicators monitored by the VAs and ZAs to determine whether goals are being met, and
- The pre-described grievance procedure for the local community to express dissatisfaction about implementation of compensation and resettlement.