

**Private Sector Development Support Project  
Economic Zones**

**Resettlement Policy Framework**

**Ministry Of Science and Information and Communication Technology,  
BEPZA, BCC, Private EPZ Cell Government of Bangladesh**  
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## **MoSICT/BCC/BEPZA/Private EPZ CELL Resettlement Policy Framework**

### **1. BACKGROUND**

The proposed project's objective is to increase firm level investment in the manufacturing and services export industry (preferably non RMG) through zone expansion. The objectives will be achieved by a) improving the efficacy of the institutional framework relating to zones in Bangladesh, b) extending the serviced land available for investors and c) building the capability of local firms to supply to exports and encouraging firms to fulfill environment and safety standards. The project will increase the serviced land area, improve access to serviced land (number of days to sign an industrial land lease), and increase private investment in serviced land. The project results will contribute to increase private investment in the non garment exporting sector, increase in the number of jobs, increase in export revenue and growth of non garment exports.

#### **Components of PSDSP**

**Project Objective:** The objective of the project is to develop environmentally sound zones using public private partnerships. The project consists of financing for public sector investment in infrastructure, the development of serviced land, improving the efficiency of existing zones and leveraging private financing for zone development where found feasible through private participation.

#### ***Component 1***

Sub component 1.1: Master Planning, Design, EIAs and SIAs

The project will provide technical assistance to undertake the following:

- i) A full viability study, demand survey, including financial, economic, technical, legal, social and environmental assessments. This will also include some preliminary market testing and feedback;
- ii) Provide transaction advice to develop an Information Memorandum for potential investors and assist in the 'road show' and revise the project design based on feedback based on investor response;
- iii) To develop a full procurement plan including documentation for the master developer and to market the project to potential investors;
- iv) Develop the operational guidelines to monitor the performance of the master developer under the concession agreement, and ensure compliance with all other legal and regulatory requirements;
- v) Develop a dispute resolution mechanism to monitor disagreements, changes or other adverse circumstances that might threaten the concession.

Sub component 1.2: Improving the business environment

The project will also provide technical assistance and capacity building to reduce the cost of doing business by facilitating major business transactions within zones. The project will include: a) business registration, b) import and export permits and c) customs clearances and assessments. The project will support the review of process and procedures and support the amendment of any rules and legislation required.

Sub component 1.3: Improving the capacity of Zones related institutions

The project will provide technical assistance and capacity building crucial to zones related institutions. These will include the Prime Minister's Office (PMO) for approving /adopting/promulgating regulations related to environmental and social compliance; the Public Private Partnership (PPP) unit in Board of Investment (BOI); the Private EPZ Cell; the Ministry of Science Information and Communication Technology (MoSICT/BCC/BEPZA/Private EPZ CELL) for developing support policy, coordinating research (applied research with private investors within zones); the Bangladesh Computer Council (BCC) for supporting the development of ICT in Bangladesh; BOI for investment promotion; BEPZA for zones assessment, design performance and contract monitoring, and the DOE for environmental regulatory compliance; The project will support the establishment of a Zones Forum for all institutions to coordinate and share experiences.

**Component 2**

The project will provide for investments in developing infrastructure that will not be funded by the private sector. The funding for these infrastructure investments will be provided under this component and referred to as the Public Investment Facility. Following, the "road show" to seek private participation, the "master developer" of the project will clarify the scope of investments that cannot be provided for by the private developer. In principle, the government should focus on investments outside of the EZ, though clearly this may not always be the case. These investments may include land preparation costs, land resettlement costs, access to roads, rail connections, water and drainage systems, common user facilities, etc.

Preliminary assessment of the amount of funding required from the Public Investment Facility will be provided during the viability study, and will thereafter be refined until the bid process. The eligibility criteria for access to the public investment facility will include: a) site survey and viability assessment, b) completion of a road show for private participation, (in the case of an expansion of an existing zone this will be waived as for the case in the Comilla EPZ), c) environmental and social assessment, etc. The project will start first with the proposed site at Kaliakoir which the Government wishes to launch as a Hi-Tech or IT park. The component will also provide for supporting private investment in Central Effluent Treatment Plants (CETP) in existing zones following the same method.

The diagram below indicates the balance between public and private inputs. It shows the Public sector providing basic design for the EZ, providing the land and preparing that land, paying for the land, providing oversight of management and assistance during operation (for example utility access or permitting). However, its objective will be to maximize private investment and management and minimize the public's scarce resources. This is an example of how this balance might work best, but this assessment will need to be made on a project by project basis.

	Private	Public
Design		
Land prep/Build		
Finance		
Manage		
Operate		

**Component 3**

Sub component 3.1: The Training and Applied Research Scheme (TARS)

The TARS is aimed at developing the human resources available to Bangladesh. The main services developed under this scheme are likely to be technical training courses for individuals and private firms, although production assistance, quality certification, and product testing services may also be in demand. The project will provide a grant to registered training institutions for the training of individuals based on an agreed curriculum and time line with a group of firms. This includes technical university departments or research institutions for applied research conducted by private sector firms. Grants to these institutions will be based on; a) a firm tendering process to provide a specific set of skills, b) agreed curriculum, number of graduates and time line c) access to machinery by the private sector and d) agreed tripartite grant agreement and a minimum cost contribution by the private sector. TARS is crucial to making institutions more independent, more responsive to enterprise needs, and more open to private sector participation in planning and services development. The TARS scheme contains strict provisions aimed at ensuring that only viable projects that will lead to real economic benefits through higher productivity by private firms are funded.

Sub component 3.2: Technical Assistance and Grants

This sub component will provide technical assistance and grants to SMEs as suppliers and micro enterprises supplying into the zones or affected by the zones for two main activities: a) technical assistance to firms on social and environmental standards; the project will provide technical assistance to assess firms providing goods and services to zone firms to establish a firm level baseline on social standards and emissions on a voluntary basis; b) to firms that are benchmarked and assessed to implement energy audits and improve social standards; SMEs will be encouraged to achieve prescribed standards or reduction of emissions. Eligibility criteria will be based on the level of standard or reduction in emission, the firm level contribution, the implementation time frame, etc.

**Anticipated Project Types under PSDSP**

The project will support the planning, project structuring, bid process management for appointing private master developers and public financing components of EPZs to be developed by BEPZA and/or other GoB agencies. Wherever the private developers are involved, designing, construction and commissioning of EPZs will also be supported under PSDSP. The typical projects that are expected to be supported through the project would hence include the following.

- (a) EZ (RMG, IT or others) development by MOSICT/BCC/BEPZA/PRIVATE EPZ CELL/BCC/BEPZA/Private EPZ Cell;

- (b) Site Development and various other EZ development activities by Public financed sub components of EZs such as rail / road links, etc.
- (c) Public financed common infrastructure in EZ offices, training centers, research centers and other facilities.
- (d) Environmental infrastructure such as power generation, water supply and distribution, sewerage and drainage, industrial effluent treatment, common effluent treatment, domestic / industrial / hazardous waste disposal facilities.
- (e) other ancillary facilities to be developed publicly / privately for the EZs.

Project activities may require procurement of privately owned land and the displacement of land users, either with or without valid title. Although large scale acquisition of land and other assets is unlikely, even limited expropriation may produce economic and social disruption for the affected individuals and their families. Moreover economic impact may come in the form of loss of business income, on either a temporary or permanent basis. An assessment of these losses would be carried out for specific sub-projects and included in the Resettlement Plans and/or the Social Assessment Report and appropriate measures devised under the terms of the entitlement framework to ensure that affected people are able to improve, or at least able to restore their livelihood and income levels to pre-project levels. Mitigation measures for different types of losses and impacts would be guided by the Resettlement Policy Framework.

### 3. NATIONAL POLICY AND REGULATORY FRAMEWORK

#### 3.1 Legal Context of Land Acquisition in Bangladesh

Currently the only legal framework that governs land acquisition in Bangladesh is the **Acquisition and Requisition of Immovable Property Ordinance, 1982**. However, its provisions are not adequate to address adverse impacts associated with land acquisition and involuntary displacement and do not fully satisfy the requirements of the Bank's Operational Policy (OP 4.12) on Involuntary Resettlement or that of the international practices. In essence, the law is largely indifferent to the landowners' present socio-economic conditions, or the long-term adverse impacts on incomes and livelihood that the acquisition and displacement may cause on the affected people. Also, there are no other policies that complement the acquisition ordinance in ways to assess, mitigate and monitor adverse impacts that the affected people may suffer. Some of the salient gaps in the existing legal framework are summarized below:

- **Avoiding/Minimizing Land Acquisition:** The law only implicitly discourages unnecessary acquisition, as lands acquired for one purpose cannot be used for a different purpose, and lands

that remain unused be returned to the original owners. However, there are no mechanisms to monitor if these conditions are actually adhered to.

- Eligibility for Compensation: The law stipulates compensation only for the persons who appears in the land administration records as the owners. It does not recognize the rights of those, such as squatters, who do not possess legal title to the lands they live in or make a living from. There is thus no provision to mitigate the adverse impacts they suffer.
- People who are impacted through loss of income are not recognized. The Land Acquisition Act provides for compensation for lands and other fixed assets built and grown on them (structures, trees and orchards, crops and any other developments like ponds, built amenities, etc.). However there is no provision to assess the impacts on peoples' incomes, livelihood, loss of employment and businesses for mitigation measures to restore loss of incomes and livelihood.
- Compensation Standards: Although the law stipulates payment of compensation at 'market prices' for acquired lands as the just compensation, the legal assessment procedures used almost always results in prices that are far below the actual market prices.
- Relocation of Displaced Persons. There is no provision in the existing laws for relocation of displaced families who are affected by the loss of their assets: land and/or structures.
- Ensuring Payment/Receipt of Compensation. The legal process to determine entitlements are too cumbersome and time consuming and do not ensure payment of compensation prior to their displacement. Lands are legally acquired and handed over to the project execution agency as soon as the authority identifies the owners (or 'awardees'), by examining the records, and sends a legal notice advising them to claim the compensation (or 'awards'). The onus is left on the affected land owners to prove, by producing an array of documents, that the acquired lands legally belong to them. As gathering these documents is a long, expensive and cumbersome process, many landowners may be unable to claim their awards. The project has meanwhile started to use the lands.
- Socio-economic Rehabilitation. Existing legal framework does not have any provisions to mitigate long-term impacts on peoples' livelihood caused by their displacement. Except for the compensation at the 'market price' for the loss of land, there are no other provisions, in the acquisition or other laws that require the government to mitigate the resultant adverse impacts caused by the acquisition. Socioeconomic rehabilitation of the involuntarily displaced persons is totally absent in the legal regime of the country.

### **3.2 World Bank's OP 4.12 Requirements**

The primary objective of the World Bank policy on 'Involuntary Resettlement' is to explore all alternatives to avoid or at least minimize involuntary resettlement. Where resettlement is unavoidable, the resettlement activities should be conceived and executed as sustainable development programs, providing sufficient resources to enable affected persons to share in project benefits and assisted in their efforts to improve their livelihood and standard of living, or at least to restore them to pre-project level. The policy also requires that affected people are meaningfully consulted and should have opportunities to participate in planning and implementing resettlement programs. The policy applies to the taking of land and other assets when involuntary resettlement results in the loss of shelter, the loss of all or part of productive assets, or access to them, and the loss of income sources or means of livelihood, with or without physical displacement.

Measures required to ensure that resettlement has a positive outcome include:

- Providing Project-affected persons with options;
- Permitting their participation in planning and selecting these options;

- Prompt compensation at full replacement cost for losses;
- Choosing relocation sites that provide, at a minimum, the same benefits as the sites they replace;
- Providing allowances and other assistance to make a smooth transition after displacement;
- Identifying vulnerable groups and providing and special assistance to these groups; and,
- Implementing an institutional structure that supports the process to a successful end.

Bank's policy on Involuntary Resettlement requires payment of compensation and other assistance to project affected people before they are displaced from their existing locations. Further the policy requires income rehabilitation assistance to those affected severely due to the loss of their productive assets or loss of incomes and livelihood.

Absence of legal title does not exclude individuals from the eligibility to receive compensation and/or other assistance. The displaced or affected population eligible for compensation for losses include: those who have formal legal rights to land or other assets, and those who initially do not have formal legal rights to land or other assets but have a claim to legal rights based upon the laws of the country. The Policy also requires that those without legal title should be given assistance to meet the objectives of the policy. The genesis of these rights may come from continued possession of public land where the government has not sought their eviction. Bank's policy also recognizes that stakeholders who illegally occupy project-affected areas after established cut-off-date for any components are not eligible for compensation and other assistance provided that adequate measures are taken for information dissemination to people.

The gaps in the existing legal framework of Bangladesh and the objectives and requirements of the World Bank and other multilateral agencies are well recognized. Therefore, institutional or project specific policies are prepared to address these gaps and to meet the requirements of multilateral agencies in projects funded by them.

## **4.MOSICT/BCC/BEPZA/PRIVATE EPZ CELL, BCC,BEPZA, Private EPZ Cell RESETTLEMENT POLICY FRAMEWORK**

### **4.1 Objectives of the Resettlement Policy Framework**

This Resettlement Policy Framework seeks to address the inadequacy of the existing legal provisions discussed in the previous section. This policy is based on the philosophy that development projects must serve the needs of society and ensure that project affected persons (PAPs) are not made worse off by development projects. Thus, the project will not penalize any one person in order to benefit many other persons. Resettlement Policy Framework is supported by the detailed Implementation Guidelines<sup>1</sup> that will be prepared by the design consultants. *MoSICT/BCC/BEPZA/Private EPZ CELL will be responsible for full and proper implementation of this policy framework.*

In response to above philosophy, involuntary resettlement should be an important consideration in project identification. Three important elements of involuntary resettlement are: (i) compensation for loss of assets, loss of livelihood and income, (ii) assistance for relocation, including provision of relocation sites with appropriate facilities and services, and (iii) assistance for rehabilitation to achieve at least the same level of well being with the project as without it. This can be ensured through the following basic objectives:

- (i) Avoid involuntary resettlement where feasible and minimize resettlement where population displacement is unavoidable,
- (ii) Ensure that displaced people receive compensation, assistance and rehabilitation so that they would be at least as well off as they would have been in the absence of the project,
- (iii) PAPs will benefit from the project, and
- (iv) Project stakeholders, including PAPs are consulted and given the opportunity to participate, as practicable, in the design, implementation, and operation of the project.
- (v) Additional assistance should be provided to vulnerable groups.

### **4.2 Definitions**

For purposes of this framework, the following definitions will be applicable:

**Project Affected Persons (PAP)** includes any person or persons, households, a firm, or private or public institution who, in the context of acquisition of assets and change in land usage, as of the cut-off date, on account of the execution of the project, or any of its subcomponents or part, would have their:

- (a) Standard of living adversely affected;
- (b) Right, title, or interest in any house, land (including residential, commercial, agricultural and grazing land) or any other moveable or fixed assets acquired or possessed, in full or in part, permanently or temporarily adversely affected; or
- (c) Business, occupation, places of work or residence or habitat adversely affected, with or without displacement.

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<sup>1</sup> The Implementation guidelines will cover, among other things, the processes and procedures, including necessary formats & criteria, where relevant, for initial social assessment; screening of project/sub-projects; census, inventory and socio-economic baseline surveys; market studies & valuation of different types of assets; computerized data management system; format and contents of RPs; monitoring indicators and formats and contents for supervision and monitoring reports; public consultation and participation process; documentation for grievance redress mechanism; and procedures for private negotiations for acquisition of private assets.

**PAP** means persons or affected household and consists of all members of a household residing under one roof and operating as a single economic unit, who are adversely affected by a project or any of its components. For resettlement purposes, affected persons will be considered as members of affected households.

**‘Household (HH)’**: A household is a group of persons who commonly live together and would take their meals from a common kitchen.

**‘Replacement Cost’**: means and include an amount needed to replace an asset at current value including depreciation and overhead expenses of the transaction, including stamp duty and registration charges, as follows:

- (a) Agricultural land based on its productive potential;
- (b) Residential land based on market value;
- (c) Houses and other related structures based on current market prices of building materials and labor, without depreciation and deductions for salvaged building materials, plus transaction costs (such as administrative charges, registration and titling costs), etc.;
- (d) Trees, crops and plants on current market value; and;
- (e) Other productive assets like shops and commercial assets based on market value of similar location attribute i.e. premium etc;

**‘Cut-off date’**: is the date prior to which the occupation or use of the project area makes residents/users of the project area eligible to be categorized as affected persons. In many projects, the cut-off date coincides with the commencement of the census of affected persons within the project area boundaries. Persons not covered in the census will not be eligible for compensation and other entitlements. *For PAPs with legal titles the cut-off date would be the date of issue of legal notice under the Land acquisition act. For those without titles, the cut-off-date will be the date of commencement of census.*

**‘Land’**: The term land refers to land acquired under the Land Acquisition Act or through private transactions.

**‘Squatters’**: are persons who occupy / possess an asset without legal title.

**‘Encroachers’**: are those owners of land adjacent to public property, who have illegally extended their land holdings or structures into the public land.

**‘Vulnerable groups’**: These are distinct groups of people who might suffer disproportionately or face the risk of being marginalized from the effects of resettlement and specifically include: (i) female headed households with dependents, (ii) disabled household heads, (iii) households falling under the generally accepted indicator for poverty (this could be identified by comparing average household income to the national average or comparing post project projected income to pre project levels etc), (iv) elderly households with no means of support and landlessness, and (v) indigenous people or ethnic minorities.

**Severely affected households**: These are those households that will be affected by the following (List not exhaustive):

- Loss of aggregate income.
- Complete loss of residence.
- Loss of land (compare to overall land holding)
- Lack or loss of accesses to common property resources for those whose livelihood depends on these.

### 4.3 Categories of Impacts

In order to provide a framework for the R&R process in projects where World Bank financing is involved, a detailed Social Entitlement Framework for World Bank financed projects is provided in Table 4.1. Following basic categories of issues/impacts are foreseen under this entitlement framework:

- a) Loss of land;
- b) Loss of structure;
- c) Loss of source of livelihood;
- d) Loss of access to common resources and facilities;
- e) Loss of standing crops, trees and perennial trees; and
- f) Loss of public infrastructure.

### 4.4 Impacts and Entitlement Framework

1. Entitlements for compensation and rehabilitation assistance to different categories of PAPs are described in the following sub-sections and presented in the Entitlement Matrix in Table 4.1 of this section:

#### A. PAPs losing Agricultural Land

(a) When the portion of the land to be lost represents 20% or less of the total area of the land-holding, cash compensation at full replacement value, will be provided to the PAP. Where significantly large or entire land holding is affected by the project, the general mechanism for compensation of lost agricultural land will be through provision of "land for land" arrangements of equivalent productivity and at location acceptable to the PAP. In case suitable replacement land is not available, at the PAPs request cash compensation at replacement cost will be provided. In cases where only partial land is affected but the remaining land becomes economically unviable, the PAP will be entitled to compensation for entire holding at full replacement value or land-for-land option.

(b) The replacement agricultural land will be provided to the PAP free of any tax, transfer costs, registration fee or charges.

(c) PAPs whose land is temporarily taken by the works under the Project will be compensated at replacement cost for their net loss of income, damaged assets, crops and trees, as the case may be.

(d) Affected tenants *and leaseholders* on the agricultural land will be compensated for the market value of the gross harvest for one year's production or the remaining period of the tenancy agreement/lease, whichever is greater.

(e) Affected agriculture labor will be compensated for the loss of income and will be paid compensation equivalent to the six months salary and assisted in getting alternative employment.

(f) Squatters and encroachers will not be entitled to compensation for affected land;

#### B. PAPs losing Residential or Commercial Land

(a) Where the portion of the land to be lost represents 20% or less of the total area of the land holding, PAPs will be entitled to cash compensation at full replacement value for the affected portion of the holding. Where significantly large or entire land-holding is affected by the project, the general mechanism for compensation of lost residential land will be through provision of "land for land" arrangements of equal size and at location acceptable to the PAP. In case, suitable land is not available, cash compensation at replacement cost will be provided. However, where only partial land is affected but the remaining land becomes either unviable or in area less than the minimum required under the prevailing zoning laws, the PAP will be entitled to compensation for entire holding at full replacement value, or land-for-land option.

In case of loss of business premises, PAPs be entitled to alternative business site of equal size and location with good accessibility to customers and satisfactory to the PAP, or cash compensation at full replacement value, if suitable replacement land is not available.

(b) The replacement land for resettlement will be provided in fixed plot sizes according to the prevailing zoning laws and planning practices. However, if the lost land of PAP is in size larger than the plot sizes for relocation, a cash compensation to cover the difference of the area will be given to the PAP.

(c) The replacement land will be provided to the PAP free of any tax, transfer costs, registration fee or charges at the time of transfer.

*(d) Squatters and encroachers will not be entitled to compensation for affected land;*

*(e) Affected tenants and leaseholders on the commercial/residential land will be compensated in cash equivalent to the three months of rent or the remaining period of the tenancy/lease agreement, whichever is greater.*

(f) PAPs, whose land is temporarily taken by the works under the Project, will be compensated at replacement cost for their net loss of income and damaged assets, as the case may be.

#### C. PAPs losing Houses/Structures

(a) The mechanism for compensating loss of residential and other structures will be cash compensation reflecting full replacement cost of the structures, without depreciation.

(b) If the house or structure is only partially being affected by the Project, the PAP will be entitled to cash compensation for the affected portion of the structure and a repair allowance (minimum of 20% of compensation) for restoration of the remaining structure for its continued use. However, if the remaining structure is rendered unviable or in area less than the minimum house size under the prevailing zoning laws, the PAP will be entitled to compensation for entire structure at full replacement cost without depreciation.

(c) Tenants, who have leased a house / structures for residential or other purposes and affected by the project, will be provided with a cash grant equivalent to three months rental allowance, and will be assisted in identifying alternative rental accommodation.

*(d) Affected households will also be entitled to a transfer/shifting allowance; and a transition allowance for three months. Vulnerable squatters will also be provided with relocation assistance through viable options and assistance packages to choose from*

#### D. Loss of Business/Income or employment

Affected PAPs would be provided with opportunities for employment in reconstructed business enterprise. Alternatively, income rehabilitation package would be provided to the PAPs for re-employment, training in other trades and skills, agricultural inputs and extension services support, or for starting a new business depending upon their needs and priorities. The type and level of assistance required will be decided in consultation with the PAPs. Furthermore parties that will be temporarily affected will not be eligible for cash compensation but will be consulted to have a minimization of impacts.

#### E. Loss of standing crops and trees:

PAPs will be entitled to cash compensation equivalent to market value of crops and trees *based on the type, age and productive value of affected trees.*

*2. Compensation for all types of affected assets will be provided at replacement cost.*

3. PAPs will be provided with compensation at full replacement cost, without depreciation for any other fixed assets affected in part or in full by the project, such as water wells, electric and water connections.

4. All PAPs severely affected by the project due to the loss of productive assets, incomes and employment will be entitled to the income rehabilitation assistance including income restoration programs, training to improve skills or other assistance for self-employment depending upon the needs and priority of the

affected PAPs. These rehabilitation measures would specifically focus severely affected (displaced) PAPs, vulnerable groups, itinerant workers, small businesses and those who are either below the poverty line or those severely affected by the project due to the loss of productive assets or are likely to fall below the poverty line. Detailed baseline survey and socio-economic data and consultation with local community will identify such vulnerable groups, and the scope and need for specific rehabilitation measure will be assessed during the project implementation stage in consultation with the PAPs. At least 30% of such rehabilitation assistance measures will be reserved for women.

5. In cases where community infrastructure such as schools, factories, water resources, roads, sewage system or electrical supply is damaged, project developers will ensure that these would be restored or repaired as the case may be, at no cost to the community Furthermore alternative routes will be identified.

6. PAPs without any legal title or ownership right to the land they occupy will be compensated for all their lost assets such as house/structure, fixed assets, shop/kiosk at full replacement cost and provided assistance in finding suitable relocation site. The relocation site would, as far as possible, contain the access to facilities and services better than or at least equivalent to the one lost and provided with tenure security.

7. PAPs entitled for relocation will be provided transport allowance or full assistance for transportation, and re-establishment of their house or business structures.

8. Transition allowances will be equivalent to the monthly incomes/wages of affected PAPs.

*9. Except for the long-term income rehabilitation assistance, payment of compensation and other allowances, and relocation assistance for a project component, phase or part thereof, will be completed prior to award of civil works contracts.*

In case of other unforeseen impacts not covered above, appropriate measures would be determined keeping in mind the overall objective of this policy.

#### **4.5 Social Implications of the Project Activities**

**Mitigating adverse impacts:** Before taking possession of acquired lands and structures and before start of civil works construction, PAPs will be paid compensation and other assistance in full. Where PAPs are entitled to relocation, the relocation site will be fully developed before the PAPs are displaced. MOSICT/BCC/BEPZA/PRIVATE EPZ CELL will ensure that the standard of living of all affected persons is restored to the level enjoyed before the commencement of the project, and, if possible, improved.

**Procedures for land acquisition:** Where possible and permitted by regulations, MOSICT/BCC/BEPZA/PRIVATE EPZ CELL will acquire private land through direct purchase based on 'willing buyer willing seller' principle, as the first option. Negotiations for direct purchase will be carried in a public place and in transparent manner. All proceedings will be documented and final agreement will be signed by the negotiating parties. Under private negotiations the minimum negotiated price should not be less than replacement cost as established through the market surveys. The negotiated amounts will be paid within three month of completing the negotiations. Interest @12% will be added for the delay in payment of compensation. Where direct purchase by implementing agencies is not possible, required private land for the sub-projects will be acquired following the provisions of the **Acquisition and Requisition of Immovable Property Ordinance, 1982.**

**Compensation at Replacement Cost:** In case direct purchase by MOSICT/BCC/BEPZA/PRIVATE EPZ CELL is not possible (or permitted), all acquisition of land would be under Land Acquisition Act

1982, and following the provisions of this policy framework which provides compensation for properties to be acquired and support to be extended for meeting replacement value of the property. Under the Land Acquisition Act compensation are assessed, and paid, by DC office to PAPs for each mouza where his/her assets are located. Such Compensation under Law (CUL) that includes 50% premium on assessed values do not fully meet replacement cost. MOSICT/BCC/BEPZA/PRIVATE EPZ CELL will top-up these amounts to make up for the balance so that the total amounts paid to PAPs are at replacement cost. To estimate top-up amounts, MOSICT/BCC/BEPZA/PRIVATE EPZ CELL will *engage independent institution* to carry out market studies at the time of baseline surveys to determine market rates for different types of assets. Estimated resettlement costs to be included in the Resettlement Plans would be based on the market surveys. The amount of top-up due to a PAP will be calculated by comparing the total amount of CUL paid by the DCs for all acquired lands and other assets with the total replacement costs/market prices thereof. *In case of unusual delays in implementation after the market surveys are completed, there may be a need for revaluation of market rates at the time of implementation and finalization of top-up amounts.* Procedures to conduct market surveys for the valuation of affected assets will be described in the Implementation Guidelines.

**Entitlements to affected people without legal rights to land:** Lack of ownership does not imply ineligibility for compensation rights. The presence of squatters may pose a particular challenge to MOSICT/BCC/BEPZA/PRIVATE EPZ CELL. The lack of legal tenure to land or assets will not be regarded as a criterion for withholding financial compensation or assistance in relocation in the project. MOSICT/BCC/BEPZA/PRIVATE EPZ CELL will strive to provide suitable alternatives to resettle displaced squatter communities. The affected squatters will be carefully screened to ensure that resettlement and rehabilitation assistance provided only to vulnerable families and not to powerful encroachers *and musclemen (mastaans)* are screened out.

**Deleted:** s  
**Deleted:** as many of their assets (For example canals) that are likely to be included in the project have a large number of squatter settlements along the banks

**Measures to avoid illegal occupation of cleared land.** The preparation of a Resettlement Action Plan will require that an early cut-off date, preferably at the time of the baseline survey, is established. MOSICT/BCC/BEPZA/PRIVATE EPZ CELL will ensure that the information on cut-off date and eligibility are provided to the people with the clear understanding that anyone illegally occupying the land after the cut-off date will not be entitled to any compensation and/or assistance. MOSICT/BCC/BEPZA/PRIVATE EPZ CELL will also take appropriate measure to ensure that all lands that are cleared for the project remains clear of squatters.

**Relocation of displaced squatters:** The displacement of squatters also poses particular challenges. MOSICT/BCC/BEPZA/PRIVATE EPZ CELL will explore all possible housing options to relocate severely affected/displaced squatters to minimize long-term social and economic impacts of displacement and to enable them to restore their livelihood and incomes levels within least possible time. In order to minimize disruption of existing social ties and sources of incomes and employment, *particularly for vulnerable affected persons, the priority will be to relocate them as close as possible to the existing locations with access to facilities and services better than, or at least similar to, those lost. Affected households will be provided with viable options for relocation to choose from that may include, among others: self-relocation; special package for transfer to the place of origin; and relocation to a suitable resettlement site either on available MoSICT/BCC/BEPZA/Private EPZ CELL land or other public land or at other locations within the city. Where attempts to find suitable relocation sites are not successful or the locations of identified sites are not acceptable to the PAPs, other options will be considered in consultation with the World Bank.*

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**Table 4.1: Entitlement Matrix**

No	Type of Loss	Application	Entitled Person	Compensation
1.	Arable land	Less than 20 percent of land holding <sup>2</sup> lost, the remaining land economically viable	Title holder	-Cash compensation for lost land at replacement cost.
		More than 20 percent of land holding lost OR where less than 20% holding lost but the remaining land becomes economically unviable	Title holder	-Land for land or compensation in cash. Compensation by receiving a new parcel of land of equivalent size and crop productivity and free of taxes, registration and transfer cost; at location acceptable to PAP; and with long-term security of tenure of better or equivalent nature to that affected. -Compensation for preparation of replacement land -Transition allowance for three months -Transfer/shifting allowance -PAPs will be entitled to income rehabilitation assistance
			Tenant/lease holder	-Cash compensation equivalent to the replacement value of gross harvest for one year or for the remaining period of tenancy agreement, whichever is greater.
			Agricultural labor	-Cash compensation equivalent to 6 months salary and assistance in getting alternative employment.
			Squatters	<i>Any squatters/encroachers affected by taking of agricultural land will not be entitled to compensation for land. Affected vulnerable squatters will however, be provided with relocation assistance.</i>
2.	Residential / commercial land	Less than 20% of land holding lost and remaining land viable for present use	Title holder	-Compensation in cash at market value.  Any squatters/encroachers affected by taking of residential land will not be entitled to compensation for land. For vulnerable squatters see entitlements for affected structures.
			Title holder	-Land for land or cash compensation. Replacement land of minimum plot of acceptable size under the zoning laws or a plot of equivalent size, whichever is larger, in an area with adequate physical and social infrastructure. In the case of loss of commercial land the replacement land of sufficient size for business continuation in market are or at location comparable to previous site. -Replacement land to be free from taxes, registration and transfer costs. -Transition Allowance for three months -Transfer/shifting allowance.  Any squatters/encroachers affected by taking of residential land will not be entitled to compensation for land. <i>Vulnerable squatters will however, be provided with relocation assistance.</i>
		Tenant/Leaseholders	-Cash compensation equivalent to the three months of rent or for the remaining period of tenancy/lease agreement, whichever is greater.	

<sup>2</sup> Land holding refers to the land plot directly impacted by the project and does not include any other land holdings that a PAP may own at other locations.

3.	Structures	Structures partially affected but the remaining structure viable for continued use.	<i>Owner including those without title to land</i>	-Compensation in cash for affected portion of the structure and other fixed assets at replacement cost, and -Assistance in restoration of the remaining structure (Repair Allowance, minimum 20% of compensation)
		Entire structure affected OR where structures partially affected such that the remaining structure is unviable for continued use.	Owner with valid title to land	-Compensation in cash for entire affected structure and other fixed assets (wells, electric and water connections etc.) at replacement cost, without depreciation. -Transfer/shifting allowance. -Transition allowance for three months.
			Tenant	-Cash compensation equivalent to 3 months' rental allowance -Transfer/shifting allowance -Assistance in alternate rental accommodation.
			Squatters	All affected squatters will be entitled to: -Compensation in cash for affected structure -Transfer/Shifting allowance -Transition allowance for three months Additionally, vulnerable squatters will be <i>provided with relocation assistance and offered viable options to choose from.</i>
4.	Loss of business / incomes or employment	Temporary or permanent loss of business/ incomes/ employment	Affected individuals	-Employment in reconstructed enterprise or package for re-employment or starting a business -Transition allowance for the permanent loss of business, incomes & wages equivalent to the loss of income/wages for a period of 6 months for each affected members of households.  -In case of temporary loss of business of incomes / businesses, compensation will be wages equivalent to closure period. Compensation rates will discussed with the business owners and daily labourers  -Priority will be given to PAP' s when staff would be hired for the project
5.	Standing crops	Crops affected by land acquisition or temporary acquisition/easement	<i>Owner of affected crops</i>	-Compensation in cash at market value.
6.	Trees	Trees lost	<i>Owner of affected trees</i>	-Compensation in cash calculated on the basis of type, age and productive value of affected trees.
7.	Loss of public infrastructure	Infrastructure (electric water supply, sewerage & telephone lines; public health center; public water tanks)	Relevant agencies.	-Compensation in cash at replacement cost to respective agencies <i>or restoration of affected assets.</i>
8.	Unforeseen Losses	As identified	As identified	Appropriate mitigation measures as determined to meet the objectives of this policy framework

## 5. SURVEYS AND DOCUMENTATION

### 5.1 Preliminary Screening

During the identification and preliminary stages of project preparation, MOSICT/BCC/BEPZA/PRIVATE EPZ CELL will undertake a preliminary Social / Land Acquisition Assessment to identify the types, degree and scale of potential social impacts of the project. To correctly identify the relevant social issues and to assess the type and level of information required during subsequent field investigations, particular attention will be paid to adverse impacts to the affected community, such as loss of land and other fixed assets and the number of persons marginally or severely affected and the types of vulnerable groups affected. The information collected during the preliminary social / land acquisition assessment will provide the basis for determining severity of impacts and the level and depth of subsequent field surveys, investigations and documentation. In cases, where the preliminary assessment indicates that the potential impact of the proposed project will be significant, appropriate preparation will be done for extensive field surveys and consultation with key stakeholders.

### 5.2 Project Preparation

MOSICT/BCC/BEPZA/PRIVATE EPZ CELL will be responsible for carrying out all necessary surveys, field studies and investigations, as identified during the screening. Prior to undertaking the survey MOSICT/BCC/BEPZA/PRIVATE EPZ CELL will conduct a public information campaign to describe the project components, types of impacts, content and schedule for the census and inventory or other background surveys to the key stakeholders.

At least three basic types of surveys will be needed: a census; an inventory of affected assets and other losses; and a socio-economic baseline survey. The census and the inventory of affected assets will cover all PAPs, regardless of entitlement or land ownership. Criteria for vulnerability of PAPs should be paid particular attention in order to provide additional assistance. Baseline survey should cover at least 30% of severely affected/displaced PAPs and will include information on socioeconomic characteristics of potentially affected households. The baseline data will be used for post-implementation evaluation to determine whether or not affected peoples have been able to restore their livelihood. All data should be maintained on computerized data management system to facilitate analysis. *It is recommended that field surveys and investigations for census, inventory of assets and baseline data are carried out in an integrated manner to maximize use of available resources and to avoid repeated field visits.*

Expropriation, is likely to produce economic loss and social and psychological disruption for the affected individuals and their families, and may include the loss of business income, on either a temporary or permanent basis. An analysis of these losses must be included in the RAP and/or the Social Assessment Report and appropriate measures devised under the terms of the entitlement framework to ensure that livelihoods are restored.

### 5.3 Resettlement Plan (RP)

Based on the census and inventory of data and field investigations, RP will be prepared in sufficient details depending upon the degree and scale of impacts in a project. For the RP preparation process to begin, the exact ground locations of the required lands and right of way of the assets has to be identified and demarcated. As such, the social safeguard and the engineering consultants jointly with MOSICT/BCC/BEPZA/PRIVATE EPZ CELL will carry out detailed engineering surveys and design the rehabilitation and improvement works and lay them on the mouza maps. Where private land is to be acquired, these mauza maps will also provide the basis to prepare the land acquisition proposals (LAPs)

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which are to be approved by the Ministry of Local Government Rural Dev. & Co operatives (MOLGRD). The LAPs will be prepared for each scheme and will include plot schedules, (with dag or plot numbers), the amount of land to be acquisitioned from each plot, and the ownership status, such as private and public lands. Land acquisition Proposals together with information on affected plot schedules and ownership status will be used as the basis by the DC office to determine CUL. Where private land acquisition will not be necessary, these mauza maps will help in identification of MOSICT/BCC/BEPZA/PRIVATE EPZ CELL and other land boundaries for design purposes. Where surplus MOSICT/BCC/BEPZA/PRIVATE EPZ CELL or other public land parcels can be identified these can be considered for relocation of displaced squatters.

The process to comply with World Bank policy includes identifying all categories of PAP's and this usually takes place before the DC's office gets involved. Hence with the acquisition locations demarcated on the ground, work on the major process tasks, such as social screening and PAP census begins,

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#### **Abbreviated (Summary) Resettlement Plan:**

In cases where the impacts of the project are marginal such that less than 200 persons (about 40-50 families) are affected without any large scale displacement, or where the impacts are minor, although more than 200 persons may be affected, a simple RP should be prepared. It should provide .The abbreviated RP should at the minimum include 1) a census survey of displaced people, 2) a description of compensation and other resettlement assistance,3) consultation with displaced people about acceptable alternatives, 4) institutuional responsibility for implementation and procedures for grievance redress, 5) arrangements for monitoring implementa,6) time table and budget.

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#### **Detailed RP:**

In cases where the project affects and/or displaces more than 200 people (40-50 families), a time-bound Resettlement Plan (RP) for the project will be prepared in accordance with the provisions of this Framework. *The threshold of 200 PAPs should apply to all sub-projects put together for which one single standalone RP will be required.* Resettlement plans should be built around a development strategy, and compensation, resettlement, and rehabilitation packages should be designed to improve or at least restore the social and economic base of those severely affected. Preference should be given to resettling vulnerable people dislocated from their existing settings by providing opportunities for sustainable income generation in similar settings. Where a project is likely to adversely affect households belonging to poverty groups, the resettlement plans should specify measures, additional to the compensation entitlements, aimed to improve status of the poor to bring them up to an acceptable level above the poverty line.

The RP will include: (i) project description and brief description of impacts; (ii) specific measures taken to minimize adverse impacts; (iii) socio-economic survey; (iv) detailed description of impacts and category of PAPs; (v) entitlement for different types of losses; (vi) specific measures provided to vulnerable groups and for income rehabilitation assistance; (vii) public consultation and participation; (viii) estimated resettlement cost; (ix) monitoring and evaluation procedures; (x) organizational responsibilities and implementation procedures including valuation of lost assets; identification of alternative relocation sites; provisions for shelter, infrastructure and social services; and procedures for landownership, acquisition and transfer; and (xi) implementation schedule.

MOSICT/BCC/BEPZA/PRIVATE EPZ CELL will share the RAPs with the Bank for review and approval, before the civil works packages are accepted for Bank financing. During implementation, MOSICT/BCC/BEPZA/PRIVATE EPZ CELL will ensure that all compensations/entitlements due to the PAPs are paid in full, before the civil works begin on the acquired lands, including the public lands repossessed from private uses.

## 6. PUBLIC CONSULTATION AND PARTICIPATION

Preparation of appropriate documents and planning and implementation for the acquisition of land and other assets will be carried out in consultation with the PAPs. The PAPs will receive prior information of the compensation, relocation and other assistance available to them.

MOSICT/BCC/BEPZA/PRIVATE EPZ CELL will be responsible to carry out continued consultation with and information dissemination to the key stakeholders regarding:

- The relevant details of the project;
- The resettlement plan and various degrees of project impact;
- Details of entitlements under the resettlement plan and what is required of PAPs in order to claim their entitlements (*a copy of the entitlement matrix should be provided to the PAPs*);
- Compensation process and compensation rates;
- Relocation and resettlement site development operation in order to obtain agreement and support of affected people in participating in these operations; and

Implementation schedule with a timetable for the delivery of entitlements. MOSICT/BCC/BEPZA/PRIVATE EPZ CELL shall also provide a detailed explanation of the grievance process and enlist the help of community leaders and other influential community officials in encouraging the participation of the PAPs in resettlement activities. Finally, MOSICT/BCC/BEPZA/PRIVATE EPZ CELL shall attempt to ensure that all vulnerable groups and indigenous peoples/ethnic minorities understand the process and that their needs are specifically taken into consideration.

Public participation will be performed and information will be made available during preparation and implementation of the resettlement plan and at the minimum include, community meetings and focus-group discussions.

## 7. GRIEVANCE REDRESS MECHANISM

Despite best efforts to arrive at fair rewards in project involving involuntary resettlement, there shall always be a few unsatisfied citizens. The MOSICT/BCC/BEPZA/PRIVATE EPZ CELL will make efforts at project level to resolve grievances through negotiations *involving community leaders and PAP's representatives*.

Grievance Resolution Committee: In case dispute is not resolved at local level, the matter through submission of a formal reference from MOSICT/BCC/BEPZA/PRIVATE EPZ CELL will be placed before a Grievance Resolution Committee.

Grievance Resolution Committee (GRC) shall be constituted consisting of a panel of three Members, one of whom shall be its MOSICT/BCC/BEPZA/PRIVATE EPZ CELL Project Coordinator, to be selected by MOSICT/BCC/BEPZA/PRIVATE EPZ CELL. Other members will include a representative from the residents of the project area, who would be publicly known to be a person of integrity, good judgment and commands respect. Other persons would be representative from local NGO/CBO.

The Project Coordinator shall:

- Convene meetings of the committee as necessary at such place or places in the project area as he considers appropriate; and
- Conduct the proceedings in an informal manner as he considers appropriate with the object to bring an amicable settlement between the parties;

The report of the members shall be recorded in writing and attested copies thereof shall be provided to the parties.

In case of continuing differences and notwithstanding the provisions of Land Acquisition Act, the GRC can take a decision regarding entitlement and compensation. The decision taken during negotiations and GRC meetings shall be formally recorded for future reference and presentation in the court, if necessary.

All expenses incurred in arranging grievance negotiations and meetings of GRC as well as logistics required, shall be arranged by project-executing agency.

Right of Complaint: The aggrieved PAP, if not satisfied with the decision of Grievance Resolution Committee, has the right to refer his / her petition to court of law.

## 8. INSTITUTIONAL ARRANGEMENTS

During implementation of the PSDSP project components, environmental and social management functions will be carried out by several statutory government bodies and others including some non-Government organizations which will be coordinated and linked through the overall project management framework.

PSDSP sub-projects will be managed and implemented by the implementing agency for the sub-projects. Organizationally, the Environmental and Social Manager(s) (E&S Managers) at MOSICT/BCC/BEPZA/PRIVATE EPZ CELL and will oversee environmental and social aspects during various phases of project implementation.

In addition to the above, the implementing agency will set up an Environment and Social Cell (ESC), consisting of environmental and social experts who will monitor the progress and appropriateness of environmental and social aspects of the work.

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The BEPZA/BCC/Private EPZ Cell will be answerable to the DoE for environmental management related activities and compliance issues. DoE will continue its regulatory function by its periodic inspections or other mechanisms as per the requirements of GoB. Furthermore, if/where EZ environmental standards and requirements exceed those of the DOE, then tenant/operators are ultimately answerable to the EZ Authority.

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### Institutional Framework

#### Environment and Social Cell (ESC) of PSDSP

To coordinate the environmental and social assessment processes and to ensure the effective implementation of the Environmental and Social Management Plan, the

MOSICT/BCC/BEPZA/Private EPZ Cell, will establish an Environment and Social Cell (ESC) at each zone. This ESC will have 'Environmental and Social Specialists' who will assume responsibility for overseeing all environmental and social matters separately. The Project Management Unit (PMU) will establish a Project Environmental and Social Cell (PESC) which will function to:

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**Deleted:** The Environmental and Social Specialists will be supported by the E & S Manager(s) at BEPZA, who should be technically qualified, to implement and supervision activities. ¶  
Each

- Ensure implementation of the ESMF throughout the project implementation period;

- Ensure integration of the ESA & resulting ESMF into the sub-project design and implementation plans (contract documents);
- Monitor implementation of the mitigation measures by the Contractors;
- Assist the Engineers at site by providing appropriate environmental and social advice, and developing appropriate environmental and social mitigation measures for the sub-projects;
- Assist PMU to carry out participatory consultation during planning, design and implementation of the sub-projects;
- Document the experiences associated with environmental and social mitigation and prepare case studies for internal capacity building and for external use;
- Prepare regular periodic progress reports on the implementation of the ESMP throughout the project implementation period.

### **Resettlement Unit (RU) under ESC**

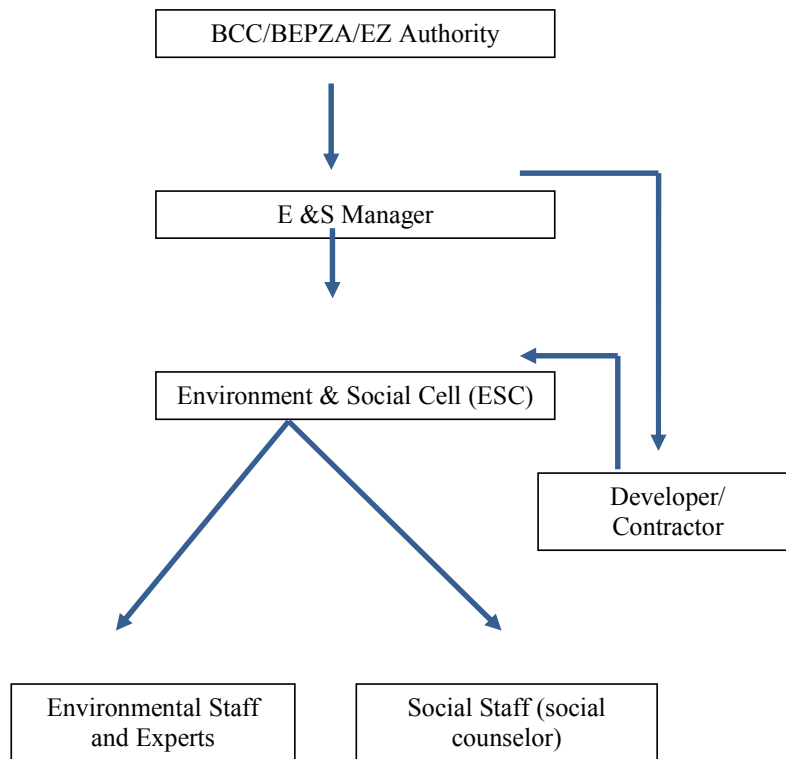
Environment and Social Cell (ESC) will consist of a Resettlement Unit (RU) that will be responsible for coordinating activities related to involuntary resettlement and coordination includes participatory process of undertaking SIA including census and socio-economic survey, preparation of RAP and IPDP, their updating on the basis of monitoring and new project components requiring additional land, and also implementation. The ESC will provide continuous feedback of the findings to the E & S Manager.

The RU will also be responsible for managing social and labor relations between the developer's camp and the "host community" and also managing social risks and conflicts associated with the various phases of project implementation.

### **Organizational Arrangement for Implementation of ESMF**

Organizational arrangement during the operational phase of the sub-projects will depend upon the implementing agency responsible for the overall development. The institutional arrangements during the operations phase of the project are depicted in the organization chart given in Figure 5.

Under this arrangement, the ESC will be responsible for the overall implementation and monitoring of the EMP. The ESC in turn would be answerable to the E & S Manager of the park. The E & S Manager will report directly to the implementing agency.



**Figure 5: Institutional Arrangement during Operation Phase**

## 9. SUPERVISION AND MONITORING

The objectives of ESMF monitoring are

- To provide timely information about the success or otherwise of the Environmental and Social Management process outlined in the ESMF in such a manner that changes can be made as required to ensure continuous improvement to the process; and
- To evaluate the performance of the ESMF by determining whether the mitigation measures designed in the project have been successful in such a way that the pre-

program environmental conditions have been restored, improved upon or made worse than before and to determine what further mitigation measures may be required.

It is suggested that environmental monitoring studies should be conducted separately because different activities during construction and operation periods of the Project will result in different possible environmental impacts. A Monitoring Plan of the project should be presented in the construction and operation phases of the project, respectively.

*MOSICT/BCC/BEPZA/PRIVATE EPZ CELL will appoint adequate full time staff to monitor the process of resettlement. In order to assist with this monitoring, MOSICT/BCC/BEPZA/PRIVATE EPZ CELL shall obtain and maintain appropriate baseline data prior to the resettlement impacts. The monitoring staff will prepare periodic progress reports for submission to the Project Director. The main objective of the monitoring reports is to determine whether the resettlement is effective and to make the needed recommendations for change. The monitor should be present in the field as well as at every meeting related to resettlement. Monitoring of resettlement implementation will be carried out by the **Environment and Social Cell** of MOSICT/BCC/BEPZA/PRIVATE EPZ CELL. The consultants will establish appropriate monitoring indicators (process, output and outcome) that will be used to monitor the progress of resettlement implementation. Monitoring should include both internal and external monitoring components.*

After resettlement is completed, ~~MOSICT/BCC/BEPZA/PRIVATE EPZ CELL~~ will carry out post implementation evaluation to evaluate the impact of resettlement on PAPs and to determine whether or not the PAPs have been able to restore their incomes and living standards, by comparing with the baseline data collected in the preparation stage. In case the PAPs are not able to achieve the stated objectives of this policy MOSICT/BCC/BEPZA/PRIVATE EPZ CELL will provide additional support as necessary.

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## 10. COST AND BUDGETING

*Funds for planning and implementing a Resettlement Plan will be provided by MOSICT/BCC/BEPZA/PRIVATE EPZ CELL, will also provide for all costs related to mitigating adverse social impacts based on budgetary requirements established in the RP. All of these costs are to be a part of the total project cost.*

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Each RP will detail cost estimates for compensation and relocation (if applicable) of PAPs, particularly vulnerable squatters, with a breakdown by category of PAPs and by type of asset affected, such as agricultural, residential, and commercial land; affected house, structures and other fixed assets; and type of assistances, such as transport/shifting allowance, transition allowance, etc. The Costs estimate will make adequate provisions for contingencies.

In case of overruns due to unforeseen circumstances or delays, MOSICT/BCC/BEPZA/PRIVATE EPZ CELL will allocate additional funds as necessary.

In view of the environmental and social management measures suggested above to be implemented, necessary budgetary provisions should be made for different components of individual projects. Tentative budget for each of the projects should include the environmental management costs other than the good engineering practices, cost of environmental and resettlement monitoring. It is assumed that each of the sub-projects involving civil works will involve environmental and resettlement costs. These costs do not involve administration costs of environment and social staff at PMU.

A sample table for details of costs is provided in table below.

**Table 9: ESMF Implementation Budget (sample)**

Project Name:

Components, with Sub-Component	Env. Monitoring	R&R Monitoring	Env. Management.	RAP Budget	Training/ Capacity Building Budget	Total Cost