

MCC Policy Reforms Show Why Resettlement Activities Matter

Decades of international development experience have shown that involuntary resettlement can give rise to adverse economic, social, and environmental circumstances. Families face economic hardship when their income sources or productive assets are lost. Relocated workers' skills are less useful. Social networks can be weakened and cultural identities and traditions can be diminished or lost.

Recognizing these potential negative effects, the Millennium Challenge Corporation (MCC) has implemented policies to eliminate or minimize these potential impacts. In the context of MCC Compacts, resettlement often takes place when major construction projects, which are a vital part of development, require project developers (often governments) to acquire or clear land for construction.

Following the World Bank's Operational Policy 4.12 on Involuntary Resettlement (OP 4.12), MCC requires that involuntary resettlement be avoided or minimized where feasible by exploring viable alternative project designs. In cases in which resettlement is unavoidable, MCC requires considerable investment in planning to ensure that, through the resettlement process, displaced persons are able to improve their livelihoods and standards of living and share in program benefits. During the MCC resettlement planning process, communities and affected persons are given meaningful opportunities to participate in planning and implementing resettlement programs, and are assisted in their efforts to improve their livelihoods and living standards.

MCC works with project designers and implementers to ensure early and frequent public disclosure and to ensure that information on the project and on resettlement is available and accessible in local languages. MCC also requires that planners work with public outreach experts to offer affected parties compensation options and choices



Reina Aguilar (pictured right) formalizes the sale of a small section of her land to facilitate the MCC-funded Northern Transnational Highway in El Salvador. "I am pleased," Reina said, "because the construction of this road means more customers for my future business."

along with clear explanations of the associated risks and benefits. Affected parties are given appropriate time and information to make informed judgments.

MCC's goal is not to create additional hardship in projects that are designed to reduce poverty. MCC is committed to carrying out timely resettlement activities as a condition for allowing infrastructure projects to be completed within a compact's five-year timeline. After early resettlement successes, some country partners are putting MCC's resettlement policies into practice on other development projects.

The following examples demonstrate how compact-related resettlement activities are having an impact on economic growth and poverty reduction in MCC's partner countries:

Armenia



To responsibly compensate land owners whose property was needed to construct new irrigation canals, MCA-Armenia implemented a Resettlement Policy Framework and a number of resettlement action plans that outlined the processes and methods for carrying out resettlement activities. After property consultants determined fair land appraisal in collaboration with MCA-Armenia, the Armenian government used its own funding to purchase the land. An independent third party conducted follow up surveys to determine that the parties were satisfied with the outcome. In all cases, sellers were not only pleased with their compensation but also with the fact that the irrigation canals being constructed through their land would allow them to improve their agricultural productivity. These resettlement activities conducted by MCA-Armenia represented the first time resettlement has been conducted in Armenia in full compliance with the World Bank's OP 4.12.

El Salvador



In El Salvador, MCC required FOMILENIO (the Millennium Challenge Account entity in charge of implementing MCC's compact with El Salvador) to conduct full environmental, resettlement, and social impact assessments during feasibility studies and design of the highway construction project. Based on the results of these analyses, the final alignment of the road was adjusted to ensure the least amount of disturbance to the environmental and social fabric of the impacted communities.

Honduras



Building on its commitment to investment outcomes for the Honduras Compact's roads project, the Honduran government revised its approach to resettlement for the MCC-financed roads. The Honduran Congress passed a decree allowing MCA-Honduras to go beyond what the present but outdated national resettlement law requires and to implement a resettlement program that meets international standards. Thanks to this action, resettlement activities took place quickly and effectively, and affected parties received timely and fair market-value compensation. Compared to other in-country projects facing similar resettlement needs,

MCA-Honduras was able to move much more quickly to compensate affected parties, clear the right of way, and complete construction within tight project timelines. Given the speed, quality, and success of the MCA-led resettlement, the Honduran government roads ministry is now considering ways to permanently adopt MCA-Honduras' approach in future roads projects.

Mali



Mali's Alatona resettlement action plan, which took into account national and international regulations and best practices, has been called one of the best of its kind by a number of resettlement experts. The plan was based on an intensive public consultation process that included the participation of local communities, representatives from government ministries, local political and administrative authorities, and affected families. The Alatona resettlement action plan has inspired the government of Mali and has influenced and improved its approach to resettlement elsewhere. Village consultations and validation workshops, for example, are increasingly demanded by project-affected people, particularly in the Office du Niger zone. In addition, the approach to resettlement used on the Alatona Irrigation project has led villagers, local authorities and producer organizations in the Office du Niger to require a resettlement action plan for future major rural development/irrigation projects within the zone.