

Esso Highlands Limited



Papua New Guinea LNG Project

**Komo Airstrip Access Road
Resettlement Action Plan**

PGHU-EH-SPZZZ-480003

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ACRONYMS

Acronym	Definition
EHL	Esso Highlands Limited
EIS	Environmental Impact Statement
ELC	Environmental Law Centre
FRV	Full Replacement Value
HGCP	Hides Gas Conditioning Plant
HGCP RAP	Hides Gas Conditioning Plant Resettlement Action Plan
HGDC	Hides Gas Development Corporation
HHR	Heavy Haul Road
HQ1-3	Hides Quarries Sites 1, 2 and 3
IBD	Interest Bearing Deposit
IFC	International Finance Corporation
ILG	Incorporated Land Group
IPA	In-Principle Agreement
IPCA	In-Principle Compensation Agreement
KAAR	Komo Airstrip Access Road
Lanco	Landowner Company
LNG	Liquefied Natural Gas
LR	Livelihood Restoration
M&E	Monitoring and Evaluation
N/A	Not Applicable
O&GA	Oil and Gas Act
OIMS	Operations Integrity Management System
PDLs	Petroleum Development License
PIA	Project Impacted Area
PNG	Papua New Guinea
PNG LNG	Papua New Guinea Liquefied Natural Gas Project
PS	Performance Standard
RAP	Resettlement Action Plan
RIT	RAP Implementation Team
RPF	Resettlement Policy Framework
RTC	Resettlement Team Coordinator
SHP	Southern Highlands Province
SIA	Social Impact Assessment
SMLI	Social Mapping and Landowner Identification
UBSA	Umbrella Benefits Sharing Agreement
VG	Papua New Guinea Valuer General

EXECUTIVE SUMMARY

Introduction

Esso Highlands Limited (Company) proposes to develop the Papua New Guinea (PNG) Liquefied Natural Gas (LNG) Project (Project) to commercialize the gas reserves within the Southern Highlands and Western Provinces of PNG.

The development of the Hides Gas Conditioning Plant (HGCP) requires heavy haul materials and equipment of up to 100 tones to be transported to site along a heavy haul road (HHR) from the proposed Komo Airstrip¹ in the south. The proposed HHR follows the alignment of an existing track between Hides and Komo. The initial construction works for the Komo airstrip included development of an access road in the fourth quarter of 2009.

In late 2009, during the Benefit Sharing Agreement negotiations, a number of landowners erected houses along the proposed Komo access road. The houses were mostly rudimentary and few had associated or developed gardens. When census and household surveys were undertaken for the purpose of resettlement planning in the Komo and Hides area in June 2009, there was only one house on the site which subsequently burned down.

Notwithstanding a widely disclosed resettlement 'cut-off' date, the Project entered into agreements with the newly established households to assist them to relocate. The majority of the landowners claimed they were 'absentees.' These occupations occurred prior to settlement of the Komo absentee issue and the overarching agreement reached with absentee committees and representatives. Consequently, negotiations were entered into with this group of 20 absentees to clear the road area for construction.

It is acknowledged that this Resettlement Action Plan (RAP) has been completed after successful conclusion of these negotiations and resettlement. This RAP has therefore been completed as a supplementary RAP to the Komo Airstrip RAP.

In addition to the above 20 households included in this Komo Airstrip Access Road (KAAR) resettlement plan (15 physical and five economic displacement), a further 14 shacks were hastily and subsequently erected along the access road. These second-wave resettler abodes were indeed part of a larger gradual incursion of absentee landowner resettlers back onto the Komo Airstrip. As many of these shacks were built by members of KAAR families which had already received relocation compensation. These additional structures were eventually dismantled following negotiation and payment of an inconvenience allowance.

Resettlement Goal

The Project's overall resettlement goal is to design and implement resettlement in a manner that gives physically and economically displaced persons the opportunity to at least restore their livelihoods and standards of living. This RAP referred to as the Komo Airstrip Access Road (KAAR) RAP is consistent with the goals, principles, and processes set out in the Resettlement Policy Framework (RPF) developed for the Project (October 2009).

Institutional and Legal Framework

The resettlement process will comply with all legal requirements such as those specified in the O&GA, key PNG National Government institution guidelines, legislation of provincial and local governments, and the International Finance Corporation's (IFC) Performance Standards on Social and Environmental Sustainability.

The Social, Economic and Cultural Environment

The Komo access road lies wholly within the Komo-Margarima District in the Southern Highlands Province (SHP). The area is inhabited by the Huli ethnic group, whose socio-

¹ Separate RAPs will be developed by the project for HGCP, Komo Airstrip and Heavy Haul Road.

economic and cultural environment provide the context within which the process of resettlement occurs.

Huli are multi-local residents often having houses and gardens in many locales. People access land on a variety of kinship and descent, as well as non-kin based relationships.

Decisions to grant access are always the prerogative of individuals though the land cannot be alienated from corporate clan ownership. For this reason there is no 'host' community which has to be consulted for permission, or who might grant or refuse access. As in all other resettlement affected Huli catchments, the Project has relied upon *self-relocation* programs to produce the best sustainable outcomes for physically displaced people.

Baseline research has involved a census and assets register, socio-economic, and land-use surveys using geo-referencing to identify households, land ownership and usage patterns. The census and survey team identified 20 affected households all of which were established after September 2009. Following an intensive negotiation process, it was agreed that 15 of these were deemed to qualify for physical relocation packages similar to that applied in the Komo Airstrip area.

The survey counted 8,085 coffee trees (many were new young saplings) along the road alignment and on average affected families owned 28 pandanus, 25 Marita, 16 fig, eight tree tomatoes and five avocado trees.

The social census recorded 95.7% of people had no paid employment. Forty-five percent (45%) of the populace were literate which is broadly in line with levels recorded for both the Komo Station (40%) and Komo Airstrip (55%) catchments. Forty-three percent (43%) of respondents reported they had no formal education.

One interest in a trade-store business was recorded (not within the site), and levels of income generated by royalties (20.0%), equities (0%) and rental (20.0%) were generally continuous with levels recorded for both the Komo Airstrip and Komo Station areas .

Consultation and Disclosure for the KAAR RAP

A specialist resettlement team from the Company conducted an initial resettlement public consultation for the Komo Airstrip residents through 11 May 2009 to September 2009. Individual consultations occurred throughout the first quarter of 2010 to finalize preferred resettlement assistance packages. The Environmental Law Centre (ELC) played an active monitoring and review role as an impartial observer. From 22 July 2010 until 26 July 2010 the ELC undertook 51 individual household consultations often visiting relocation households on four successive occasions.

A process of disclosure of documents is in place and will include public dissemination and distribution of the KAAR RAP and a Huli and Pidgin translation of the entire executive summary for public distribution.

Project Impacts

The main impacts associated with the KAAR resettlement program are summarized below:

Impact	Scale
Residential structures affected	18 structures established by 20 families; 15 as physically displaced; and 5 households economically displaced.
Communal structures affected	None.
Loss of land and access to forest resources	Loss of 4.85 ha of land.
Loss of trees and crops	Loss of sweet potato gardens and the average loss per household of 28 pandanus trees. 25 Marita, 16 fig, 8 tree tomatoes and 5 avocado trees. Loss of improvements such as trenches, walls, and fences built around gardens.

Impact	Scale
Disruption in social networks	Limited disruption as the majority planned to move to areas in close proximity.
Impacts on business and employment	Likely to be higher employment opportunities through Project sub-contractor works around Komo.
Community services and facilities	None. As part of the proposed Heavy Haul Road linking the HGCP and Komo, the Komo Access Road can be seen as a potentially positive development whereby access to those residing in the area (including the newcomer KAAR settlers) will have improved road access.
Cultural Sites	14 sites identified including graves.
Influx of migrants	Some population increase and influx due to broader Hides/Komo development are likely in this area and to be concentrated around roads and perimeter of airstrip. Pressure on existing residents to host relatives, however, will swell population.
Impacts on Water sources	No specific impacts expected.

Compensation and Resettlement Strategy

The Company has committed to applying full replacement value (FRV) rates for all gardens and trees. Resources will be engaged to ensure no affected landowner has been or will be deprived or disadvantaged by a shortfall between the Valuer General (VG) rate - which has been previously applied in various areas - and the newly adopted FRV rates.

Each of the 15 physical resettlement households received K41,000 packages. Other households were paid for loss of gardens and plants.

Compensation will also be paid to clans for damage and deprivation to land. This will include annual rental for well as, payments for initial damage/exclusion (4.8 ha) and permanent damage to surface area (2.3 ha). Clans eligible to receive this compensation are the Tobe, Imini, Dagima, Undupi, and Tambaruma. The clan leaders are still to agree on the allocation of land between clans.

Livelihoods Restoration

Apart from compensation payments, livelihood restoration programs will be implemented to give physically and economically displaced persons the opportunity to at least restore their livelihoods and standards of living. These programs include land-based as well as non-land-based activities.

Grievance Management Framework

The objective of the Project Grievance Mechanism is to receive, respond, and address any grievances made to the Project. Grievances will be responded to as quickly and efficiently as possible, avoiding escalation of the issue, reducing negative impacts on the local population and assisting to maintain a positive attitude towards the Project amongst stakeholders.

Organizational Roles and Responsibilities

Responsibility for the planning, implementation, and monitoring of the KAAR resettlement program rests with the Company, with the Land and Community (L&CA) Team of the Company undertaking these activities, and supported by Community Affairs personnel.

Adequate resources and effective management will be allocated to ensure that the KAAR RAP is developed and implemented with the participation of affected people/communities in a timely manner.

Monitoring and Evaluation

Monitoring and evaluation will provide information on whether compensation, resettlement and development investments are providing positive inputs, and indicate the need for

corrective action that may be required to achieve Project goals. An independent third party will conduct the final completion audit to determine whether the Project's resettlement undertakings were properly conceived and executed.

Resettlement Implementation Schedule

A schedule of tasks has been developed to implement the major components of resettlement over an expected five-month period that commenced in April 2010, with livelihood restoration and monitoring continuing for two years.

Cost and Budget Estimate

The budget has been approved by the Company, and additional budget for contingencies will be made available as needed. The cost of the KAAR resettlement is estimated at approximately US\$ 0.83 million, including IPCA clan payments. In addition the landowning clans will receive an annual rental of K700/ha.

1.0 INTRODUCTION

1.1 Description of the Project

This Resettlement Action Plan (RAP) focuses on resettlement of people currently residing on or immediately adjacent to land along the Komo Airstrip Access Road (Figure 1-1).

The access road is located within Petroleum Development License (PDL) 7 and within lands inhabited by the Huli ethnic group. The area measures 4.847 ha.

In late 2009, during the Benefit Sharing Agreement negotiations, a number of landowners erected houses along the proposed Komo access road. When census and household surveys were undertaken for the purpose of resettlement planning in the Komo and Hides area in June 2009, there was only one house on the site, which subsequently burned down.

Notwithstanding a widely disclosed resettlement 'cut-off' date, the Project entered into agreements with the newly established households to assist them to relocate. The majority of the landowners claimed they were 'absentees'. These occupations occurred prior to settlement of the Komo absentee issue and the overarching agreement reached with absentee committees and representatives. Consequently, negotiations were entered into with this group of absentees to clear the road area for construction.

It is acknowledged that this RAP has been completed after successful conclusion of these negotiations and resettlement.

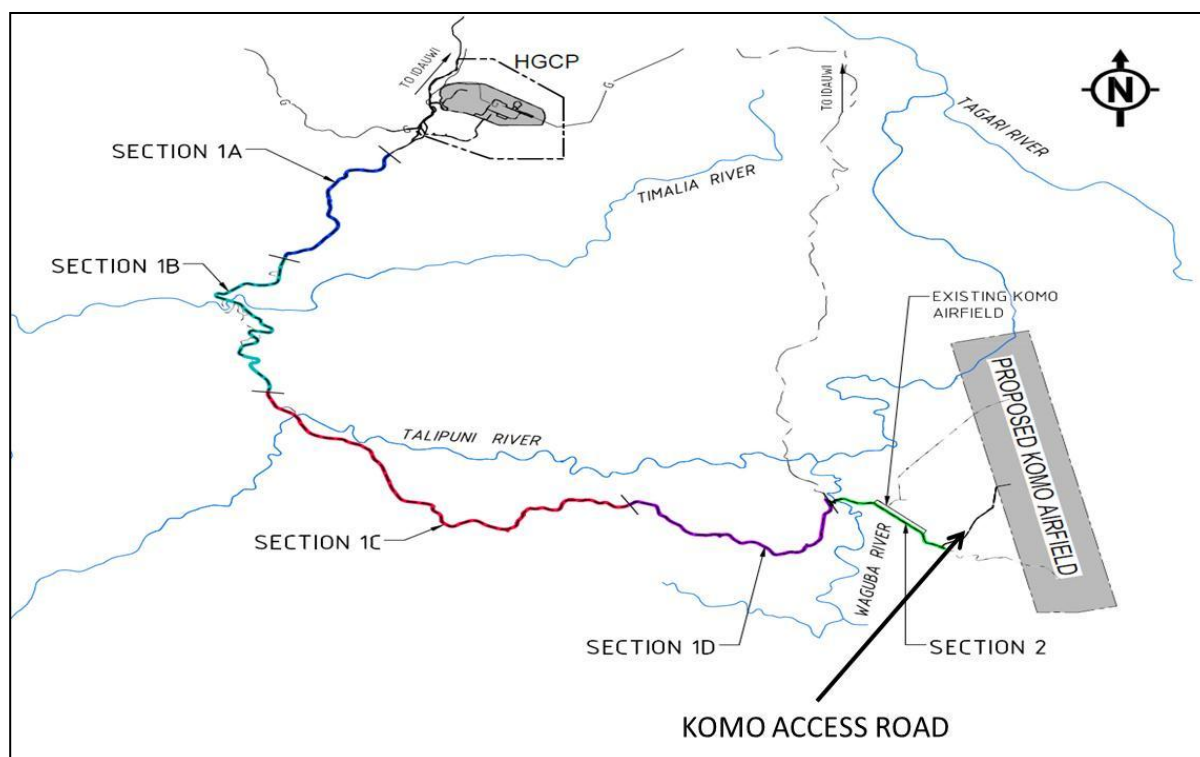


Figure 1-1: Location of Komo Airstrip Access Road

In addition to the households that were included in the surveys and RAP in April 2010, a second-wave of resettlers erected 14 shacks along the access road (Figure 1-2). These additional structures were dismantled following agreement on an inconvenience allowance.



Figure 1-2: View of Komo Airstrip Access Road Houses

1.2 The Komo Airstrip Access Road Site

The Komo Airstrip Access Road is 1,355 m long and joins the proposed heavy haul road to the west of the airstrip construction area. The road construction has required the involuntary physical and/or economic displacement of 20 households, all of whom moved onto the site after the last quarter of 2009. Based on a construction land access corridor of 50 m, the required land access area is 4.8 ha. Of this area, it is estimated that approximately 2.3 ha will be required for road development and thus compensated for destruction.

1.3 Resettlement Goals and Principles

The Project's overall resettlement goal is to design and implement resettlement in a manner that promotes, at a minimum, restoration of lost income streams of both physically and economically displaced households/persons and improvement in the standard of living of all displaced households/persons.

This RAP is consistent with the goals, principles, and processes set out in the Project Resettlement Policy Framework.

1.4 Sources of Information

Key sources of information used in the preparation of this Resettlement Action Plan include:

- IFC Performance Standards (PS) 5 Land Acquisition and Involuntary Resettlement, PS 4 Community Health and Safety and Security, and PS 7 Indigenous People;
- Papua New Guinea Liquefied Natural Gas Project Environmental Impact Statement (EIS) and Social Impact Assessment (EIS SIA Appendix 26) (2009);
- Censuses and survey results for the affected area;
- Komo Airstrip and HGCP RAPs;
- PRL12² & PRL 02-12 Social Mapping and Landowner Identification studies (SMLIs);
- National Content Plan (outlines workforce development, local business development, investment in strategic community programs);
- Assimilation of lessons learnt in other resource developments in PNG and especially adjacent to the Project - e.g., petroleum hubs of Moran, Mananda, Gobe and Kutubu, gold at Kare and Porgera, mining at Lihir,³ and

² Subsequently PRL12 became PDL7.

- Company Corporate Elements (Best Practices in External Affairs, Company Land Use Standard, Community Awareness element of Operations Integrity Management System (OIMS) on Property Rights and Resettlement, the Company's Policy on Human Rights).

1.5 Site Selection and Avoiding/Limiting Resettlement

The location of the Komo Airstrip Access Road has been determined by (a) the final orientation and site of the Komo Airstrip,⁴ and (b) the requirement that the access road link up to the heavy haul route that will carry construction materials to Hides. The shortest route from the proposed airstrip is southwest to join the heavy haul road at the old airstrip. In June 2009, only one house lay along this access road and thus the social impacts and scale of predicted resettlement was considered minimal at the time of initial route planning. Occupation of the site by the 15 households did not occur until after June and up to September 2009.

³ PNG Chamber of Mines & Petroleum (2000), Landowner Compensation in PNG Mining & Petroleum Sectors, which includes comparison of resettlement packages and history for Ok Tedi, Porgera, Lihir, Misima and Panguna.

⁴ The site selection criteria were explained in the Komo Airstrip RAP.

2.0 INSTITUTIONAL AND LEGAL FRAMEWORK

The Land Act (1996) and Oil & Gas Act (O&GA, 2001) are the principal PNG legislation relating to land, compensation and resettlement. PNG does not have a formal resettlement policy or statute. The KAAR, as is the case with all other Project RAPs, conforms to the requirements of Performance Standard 5, Land Acquisition and Involuntary Resettlement of the International Finance Corporation.

The Komo Airfield RAP describes the legislative and regulatory framework governing land access and acquisition for resource projects, so is not repeated here.

3.0 THE SOCIAL, ECONOMIC AND CULTURAL ENVIRONMENT

The Komo Airstrip Access Road area lies wholly within the Southern Highlands Province (SHP) of Papua New Guinea. Within the SHP, the area falls within the Komo-Margarima District.

3.1 Background to the Occupation of the KAAR & KAAR Clan Constituency

A detailed history of the Komo area is contained in the Komo Airstrip RAP. Table 3-1 provides a summary of the principal clans recorded for the Komo Airstrip and KAAR areas with a comparison against the 2008 Social Mapping & Landowner Identification study, census and cultural heritage research.⁵

Table 3-1: Komo Airstrip and Access Road Principal Clan Listing

Principal Impacted Komo Airstrip Clans	Fieldwork Team – Komo Airstrip	Project L&CA Field Officers Komo Airstrip	Goldman SMLI 2008 – KOMO General	KAAR Cultural Heritage Survey KA23-38	KAAR Principal Clans
Tobe	●	●	●		●
Imini	●	●	●		●
Dagima	●	●	●	●	●
Yumu	●	●	●		
Undupi	●	●	●	●	●
Maiya	●	●	●		
Tambaruma		●	●		●
Urabia	●	●			
Bagada	●				
Tiba	●				
Yaluma	●				

The majority (54%) of the KAAR re-settlers identified themselves as Dagima clan members. KAAR residents identified 75 separate clan/sub-clan groups, 56 of which had three or less members in the survey area. This is indicative of a socially heterogeneous group of resettlers on this relatively small area.

3.2 Demographics and Household Profile of Directly Affected Population

The KAAR resettlement area contained 20 households subject to resettlement: 15 families eligible for physically relocation and 5 families for economic displacement.

The locations of affected houses are shown in Figure 3-1.

⁵ Variations in lists can be expected in Huli since which names are given depends on the clan unit level recorded – many of the landowners may membership themselves variously depending on their land tenure status and clan affiliation.



Table 3-2: Age Breakdown of KAAR Household Residents

Age Range	Total	% of Total
0-5	58	22.6
6-14	51	19.9
15-19	21	8.2
20-55	124	48.4
56+	2	0.78
Total	256	100

The average family size of 12.8 persons per household is well above the levels recorded for most resettlement catchments, which have consistently returned household composition levels of 7-8 persons per house. The only other area that recorded such high household numbers was the Komo Airstrip, the first resettlement affected area to be subject to any relocation program.

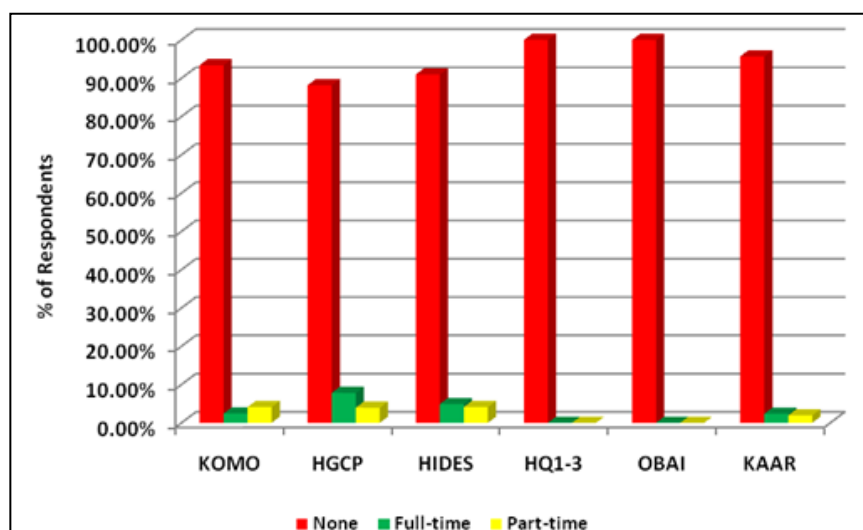


Figure 3-2: Comparative Employment Levels for Obai, HQ1-3, HGCP, KAAR, Komo and Hides Catchments

3.3 Sources of Income and Employment Activity

Declared paid employment levels for the KAAR area match those found for the Komo Airstrip catchment (Figure 3-2). Most of the employed people were laborers or Government personnel, with some residents working for MCJV, Oil Search, Ok Tedi or Oilmin. This employment profile is encouraging as it indicates many of the KAAR working-age residents had or will find employment on the Project construction sites. It should be noted that, in the context of a society largely dependent on subsistence agriculture, the majority of landowners are in fact engaged in productive income-generating activities, although these do not include paid employment.

Figure 3-3 sets out the principal income sources for the KAAR residents and compares this with the results for other resettlement-impacted constituencies. The findings appear to indicate that much as we have found for other livelihood indicators, the KAAR profile most closely resembles that noted for the Komo Airstrip. People in the area are more reliant on traditional income streams, such as, bride-price and *wantok* gifts, than is the case in other adjacent areas such as the HGCP which has a relatively thriving business oriented community. Consistent with this is an extremely low level of savings practices or regimes.

Given the short time-frame in which the 20 households have been resident in the KAAR area the question may arise as to why the socio-economic profiles appear to be identical with those described for the Komo Airstrip. Across most social indicators, the Komo Airstrip inhabitants have presented as less economically advantaged than residents who are closer to Hides.

In summary, a short-term resident would not have had to accumulate much in the way of economic wealth or household assets to match the Komo Airstrip subsistence and livelihood profiles. Equally, many of the responses given to the social questions asked – e.g., livestock holdings – most probably reflect assets held elsewhere in the local area and in places previously occupied by the resettlers. As noted above, prior to the return of these absentees there was only one house on the site so few of the resettlers had any substantial productive assets on the ground when they took up residence.

Business interests in the sale of coffee (93%) and cash crops (86%) were high and contrasted favorably with other resettlement areas. However, reported income from sale of garden crops appeared lower than comparable catchments: KAAR (26.6%); HQ1–3 (66.8%); HGCP (77.2%); and Komo Airstrip (78.2%). This most probably reflects the short-lived

residence status of landowners in the KAAR area. Thirty-three percent (33%) of the survey respondents indicated they had a sole bank account. There were no reported interests in public motor vehicle ownership.

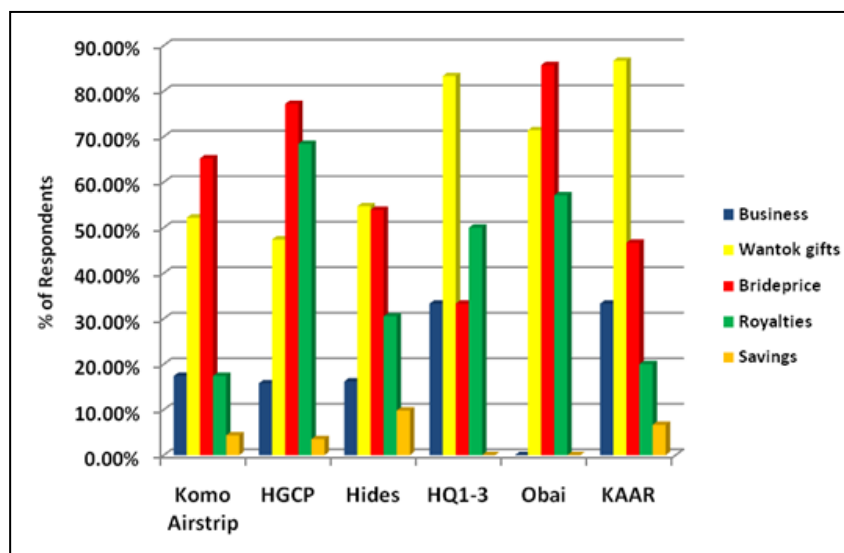


Figure 3-3: Income Sources for HGCP, HQ1-3, Obai, KAAR, Komo Airstrip and Hides Catchments

Declared income sources by respondents KAAR residents do not deviate from the regional means in any statistically important ways.

Consistent with the general picture that emerges of a more traditional based economy in KAAR, Figure 3-4 indicates that average family holdings of pigs is relatively good, with only slightly lower ownership levels than for similar rural areas: e.g. Komo Airstrip average pigs per household (7.61). Average chickens per household were (10.08). Five households reported variously owning ducks, rabbits and cassowaries. As noted previously, it is likely that KAAR respondents were reporting ownership of livestock kept at other and perhaps previous residences.

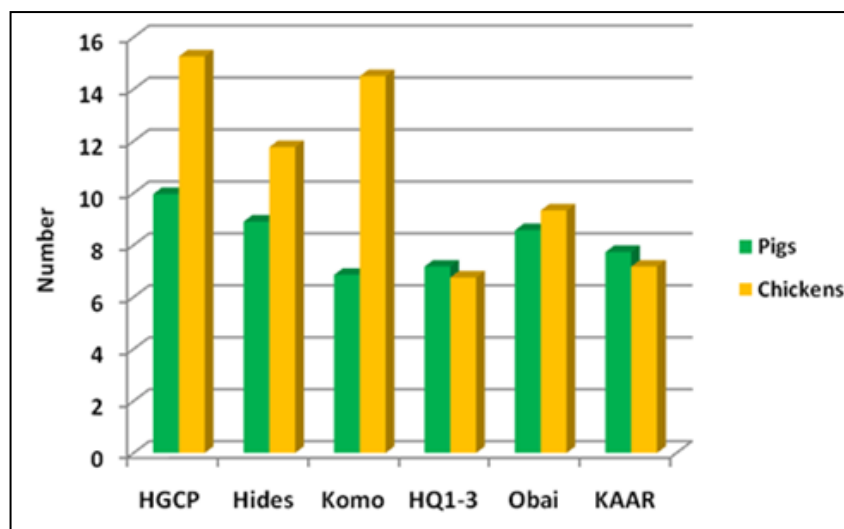


Figure 3-4: Averaged Pigs and Chickens per Household, Obai, HQ1-3, HGCP, KAAR, Hides and Komo Catchments

Table 3-3 illustrates the comparative high level of reported trade store expenditure for KAAR residents across a range of goods. With the exception of canned drinks, which no one reported purchasing, the defrayment on goods was comparable with patterns elicited from Komo Airstrip respondents. Market activity for KAAR residents appears restricted to purchase of vegetables (100%), *buai* (66%) and fruit (93%).

Table 3-3: Comparative Levels of Trade Store Purchase for KAAR, HQ1-3, HGCP and Hides Catchments⁶

Source	HGCP	HQ1-3	Komo Airstrip	KAAR	KAAR % Household Income
Employment	8.77	0 ⁷	21.7	13.3	15.4
Royalties	68.42	50	17.3	20.0	2.8
Business	15.79	33.3	17.3	33.0	
Cash crops	77.19	66.67	78.2	26.7	
Livestock	91.23	100	100	0	10.2
Fishing	8.77	16.67	0	0	
Bride-price	77.19	33.33	65.2	46.7	1.6
<i>Wantok</i> gifts	47.37	83.33	52.1	86.7	4.7
Savings	3.51	0	0	6.7	0.4

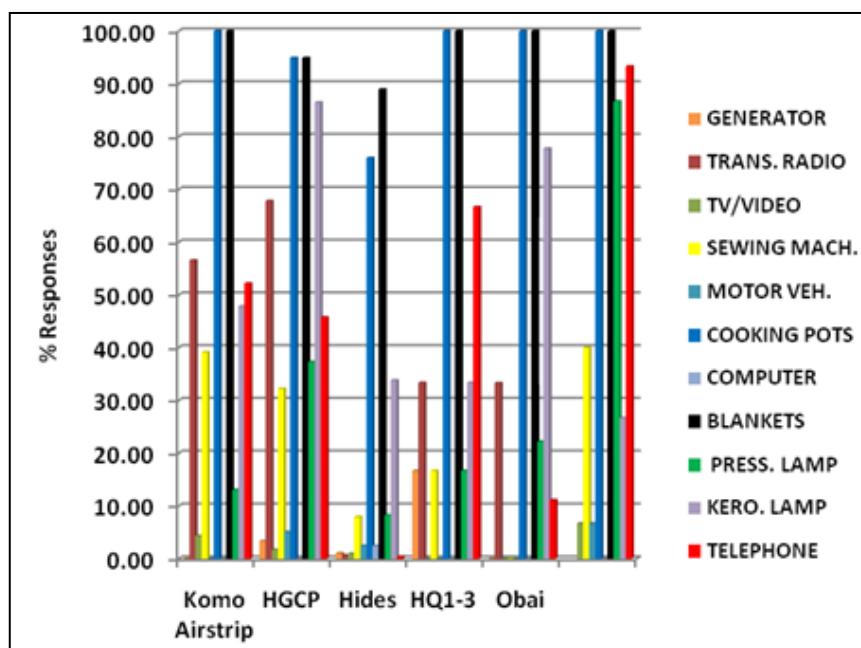


Figure 3-5: Comparative Household Assets, HQ1-3, Obai, KAAR, HGCP, Komo Airstrip and Hides Catchments

⁶ Percentage of respondents reporting purchases.

⁷ There was some discrepancy between the census, which recorded nil employment, and the social survey, which reported income from employment at 66%. The census figure is believed to be the more accurate reflection of the status of employment in the area.

Figure 3-5 shows the comparative levels of reported ownership for a range of household assets. Notwithstanding the small sample size of the KAAR catchment, mobile phones, which were largely absent from the Hides-Komo area in 2005–7, are now owned by some 93% of respondents. There are broadly similar levels of asset ownership between KAAR, Komo Airstrip and most other resettlement-impacted zones.

3.3.1 Business Activity

Levels of business activity were predictably low in the KAAR area. There was one interest in a trade store, one printing business, and three respondents reported income from sale of agricultural produce.

3.3.2 School Attendance

The KAAR social survey indicates that 62% of school-age children currently attend school, a level much higher than recorded for most other resettlement-impacted areas. For explanations of non-attendance, families of schoolchildren indicated problems were lack of money for school fees (50%), security (30%), distance (10%) and lack of interest (10%).

A number of respondents (43.75%) indicated they had received no education (compared to HGCP 43%; HQ1-3 47% and Hides catchment 53%), which is a higher than the Komo Airstrip (33%) but far lower than the Komo catchment (97%). Three percent (3.1%) of KAAR residents had achieved Grade 1–10, a similar level to Komo Airstrip (3%) residents.

3.3.3 Educational Attainment

Attainment of higher education qualifications in the PIA is predictably low, with few people having alternative training qualifications. In the KAAR area, four respondents (two male and two female) declared they had achieved university level qualifications, and nine persons reported having a vocational training certificate.

3.3.4 Literacy

Illiteracy rates for KAAR 15+ year olds are approximately 52%, compared with Komo Airstrip (45%) and Komo catchment (50%). As everywhere in PNG, female illiteracy rates are always higher than for males. Figure 3-6 illustrates that female illiteracy rates in KAAR are lower than levels for other areas, except HGCP.

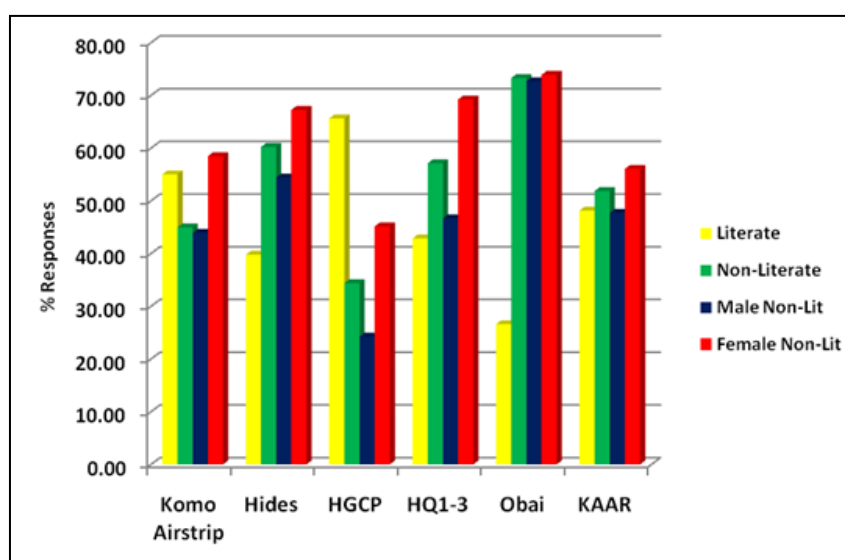


Figure 3-6: Literacy - Illiteracy and Male/Female Illiteracy Rates across Hides and Komo Resettlement Impacted Areas

3.4 Infrastructure

There is only one item of social infrastructure within the Komo Access Road area - the Pete Waya Place, which had provided a focus for some community activities such as billiards, etc., (Figure 3-7). The Pete Waya Place will suffer some disruption during the construction phase but will benefit in the longer-term from improved traffic conditions in the area. Small markets have already re-established along the route mainly where people find larger areas of flat land.

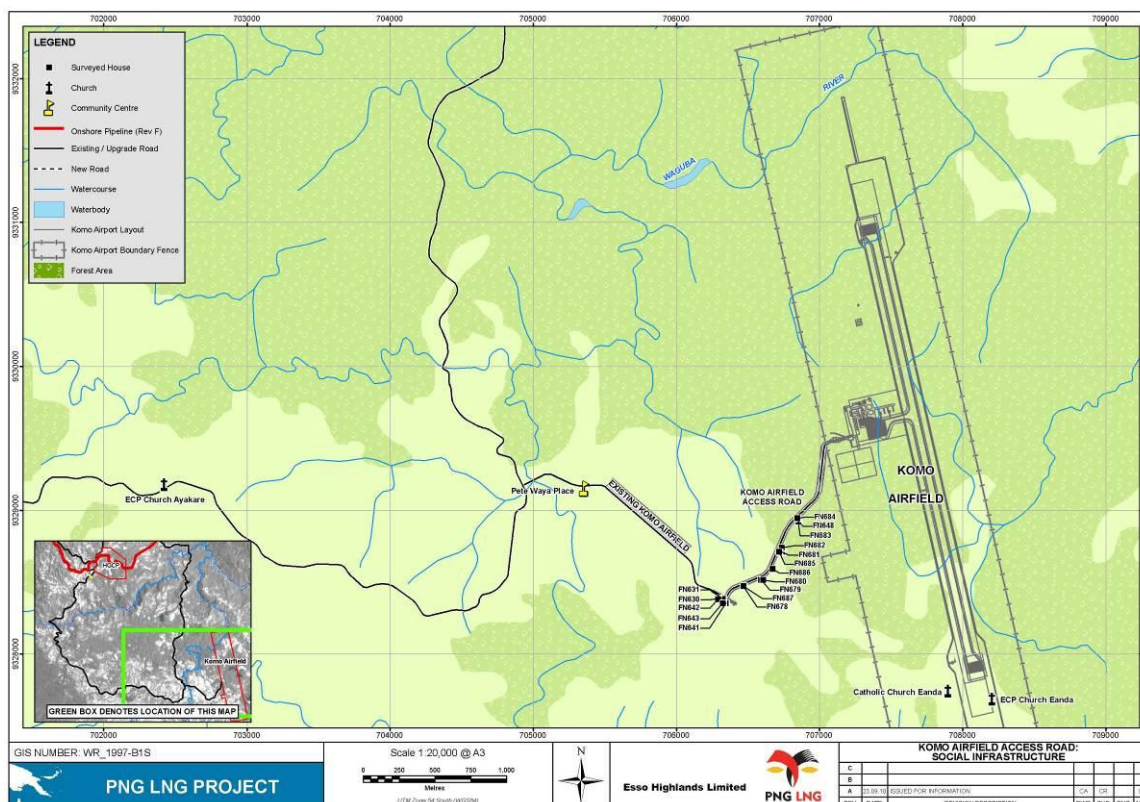


Figure 3-7: Social Infrastructure in Relation to Affected Households

3.4.1 Water and Sanitation

One hundred percent of survey respondents indicated that they sourced their water from either springs or rivers. There were no households with water tanks, a level well below the average Hides catchment figure of 6.6% and again possibly indicative of their short-term residential status in the locale. Average time to collect and return with water range was 12.3 minutes (with the range from 1–30 minutes); with approximately 40% of respondents reporting that water is available all year round.

There were seven water sources identified along the KAAR, which informants claimed were used for bathing, laundry and washing of utensils. These sources were located within a 200-meter area from the proposed KAAR center-line, were seasonal and located along the top of a ridge. Drinking water, however, is always located further down on a slope. The water on the ridge top would have been stagnant and not suitable for drinking. None of these water sources will not be contaminated. Supplies will be further monitored during the implementation phases of the access road and airfield with two water points already delivered for access by the larger community.

Table 3-4 indicates that reliance on customary modes of ablution is particularly high in the KAAR environs and at levels very much consistent with that found in the Komo Airstrip catchment.

Table 3-4: Traditional Pit Latrine and Bush Usage across HQ1–3, HGCP, Komo Airstrip and KAAR Catchments

	Komo Catchment	Komo Airstrip	HGCP	HQ1–3	KAAR
Bush	14%	9%	5%	67%	27%
Traditional Pit Latrine	77%	91%	91%	33%	73%

3.5 Sources of Energy

One hundred percent of the KAAR households rely on firewood for fuel - much the same proportion as found for the rest of the Huli rural population, and four people reported using kerosene.

3.6 Communications

The resettlement survey found that 14 people (of the 15 surveyed - one representative from each household to be resettled) had mobile phones. The only other access to telecommunications is that available at the Komo Pioneer Camp and at the Nogoli camp. There are no public phones in the area.

3.7 Structures

3.7.1 Types of Houses

Eighteen buildings were surveyed at the KAAR site, and all were constructed of bush materials. There were no metal roofs or concrete floors in evidence. Figure 3-8 and Figure 3-9 show houses belonging to physically impacted KAAR families.



Figure 3-8: Example 1 of Building



Figure 3-9: Example 2 of Building

Whilst it is common for families to have more than one house, 80% of the physically impacted households reported they had no other residences, although they all moved onto the site after July 2010. In addition to the 20 affected households that were identified in the census, a further 14 abodes were erected along the access road (closest to the new airstrip) while the survey of access road residents was being conducted. The location of these additional structures, which were dismantled following an 'inconvenience allowance', is shown in Figure 3-10 in relation to the 15 structures of households formally included in this RAP.

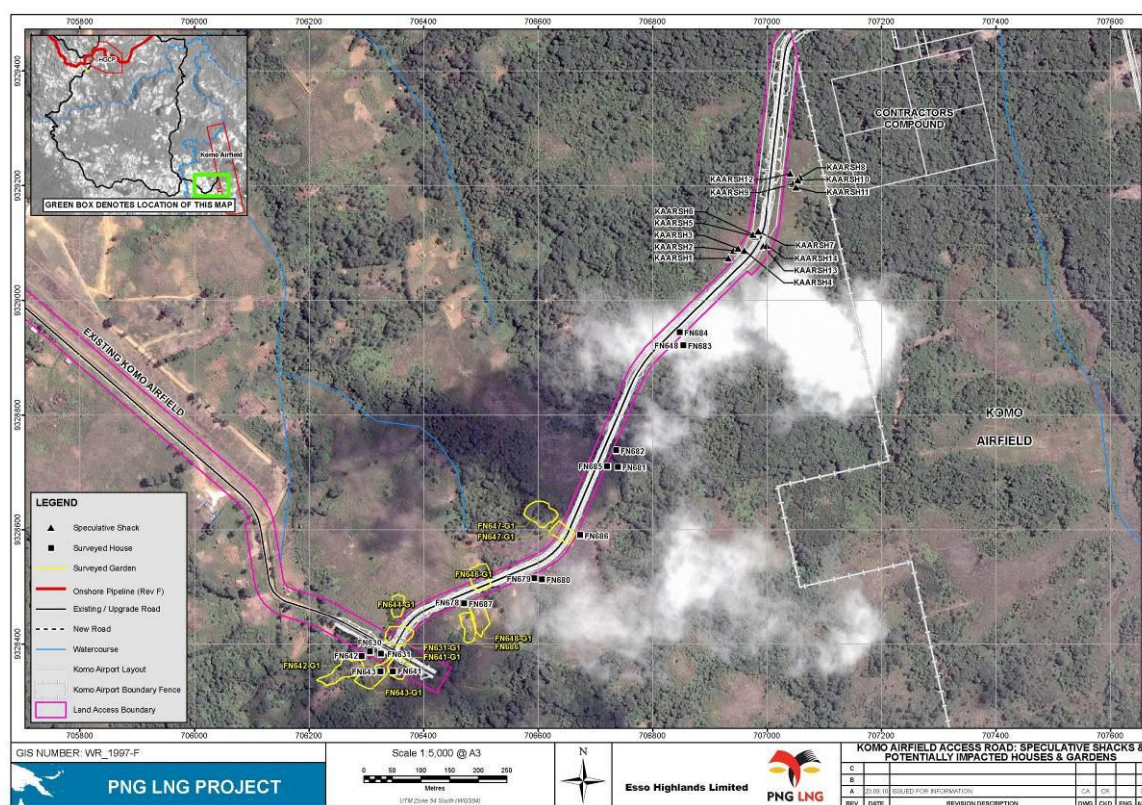


Figure 3-10: Location of KAAR Families and Additional Newcomer Structures

3.8 Land Tenure and Land Use

3.8.1 Distribution of Gardens

The location of gardens surveyed along the Komo Access Road is shown in Figure 3-11.

3.8.2 Field Crops, Trees and Economic Trees

The Company has committed to applying FRV⁸ rates for all gardens and trees either individually or communally owned. Resources will be engaged to ensure no affected landowner has been or will be deprived or disadvantaged by a shortfall between the VG rate - which may have been previously applied - and the newly adopted FRV rates. Damage to all ditches, fencing and drainage will be compensated, independent of any crop and tree assessments.

The most common crop observed in mixed crop gardens and in sweet potato gardens is sugarcane. The next most common crops are bananas, Chinese taro, pineapple and Colocasia taro. Other crops found in almost all cultivated areas include Highlands pitpit (*Sertaria palmifolia*), bean, cucumber, corn, cassava, pumpkin, cabbage and peanuts. Average agricultural compensation payments for all 20 households is estimated to be in the range of K7,000.

⁸ For individual trees the Company will use FRV rates.

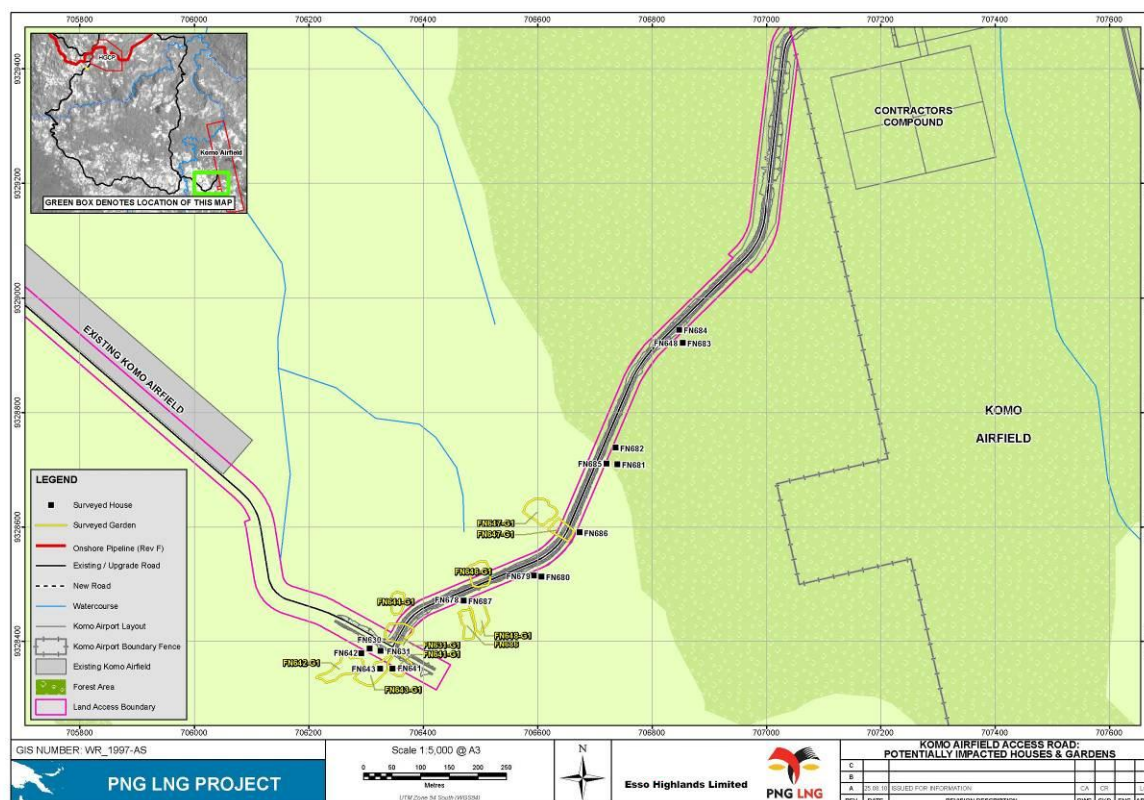


Figure 3-11: Location of KAAR Gardens

3.8.3 Livestock

Average livestock per household levels have shown similar spikes over the regional mean for all the resettlement impacted catchments: the average of 7.73 pigs per household compares well with other rural Huli communities such as HQ1–3 (7.17) and Komo catchment (6.85); similarly, chicken ownership at 7.17 is also higher than HQ1-3 (6.75). Most likely the declared figures represent holdings elsewhere and at other residences owned by the resettlement impacted landowners.

3.9 Cultural Heritage Sites

Within the KAAR area, the cultural heritage survey identified 14 sites of cultural significance. Table 3-5 sets out the relevant findings of the cultural heritage research.

Table 3-5: Cultural and Archaeological Sites in the KAAR Area

Site No.	Description	Recommendation
Komo Access Road Sites		
HK135-136 & 138-141	Cemetery / Grave	If site is disturbed then it may need to be moved and compensation negotiated
KA26	Women's Delivery House	
KA27 & 37	Spirit Sacrifice Site	
KA30 & 31 & 38a	Men's House	
KA38b	Guardhouse	

Figure 3-12 illustrates the distribution of the cultural sites found around the KAAR area.

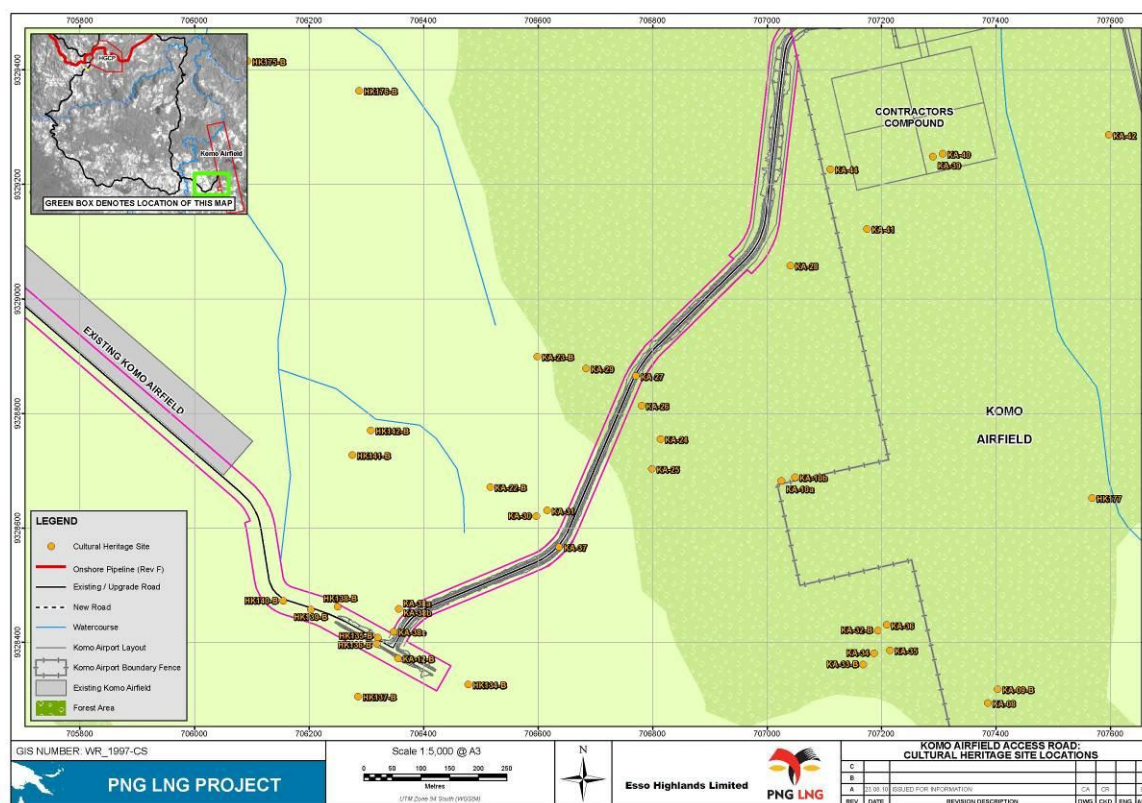


Figure 3-12: KAAR Cultural Heritage Site Locales

The Project's cultural heritage programs and protocols have been developed to deal with both archaeological evidence and secondary burials and to ensure that, where appropriate, relocation of ritual items occurs in accordance with Huli custom. The Project's preferred management approach for known cultural heritage sites is avoidance. For those sites that cannot be avoided however, appropriate management measures may include sample salvage-excavation and/or salvage through surface collections.

3.10 Vulnerable Households

The RPF defined vulnerable individuals and groups to include mainly the aged, young, landless, infirm and disabled. In the KAAR area, there are nine individuals over 50 and two individuals over 56. These people are not necessarily vulnerable but the Project will need to ensure that their needs are appropriately met during the physical relocation and reestablishment of houses and gardens. There are no people with disabilities among the households to be resettled or any vulnerable female-headed households.

ELC is currently compiling a list of vulnerable households and individuals across all resettlement sites, which will be used for ongoing monitoring of these households' progress during and after resettlement. The general provisions for vulnerable individuals include assistance with transport and physical relocation, medical assistance where warranted, assistance with provision of housing materials and foodstuffs. For special needs people their requests and determined needs will be met on a case-by-case basis.

3.11 Resettlement Sites

At the time of writing (September 2010), agreements had already been reached with affected KAAR households and all 15 families had relocated and moved into houses on other sites.

In most cases, the relocation locales are within close proximity to the existing KAAR houses as shown in Figure 3-13.

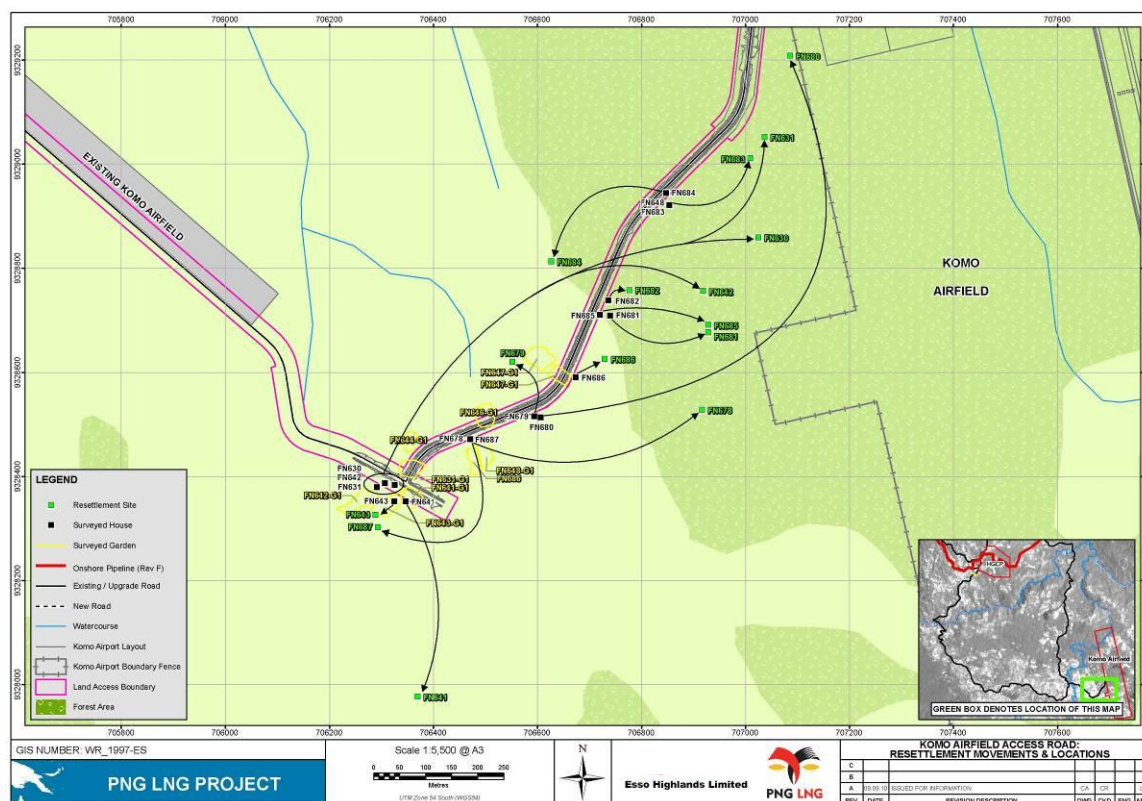


Figure 3-13: Relocation Sites of Physically Affected Households at KAAR

Ten of the 15 families will relocate to Dagima Wagia land, which indicates that the sense of community amongst the households will be preserved since this locale is in close proximity.

According to the social survey ten (66%) of the families indicated they would move to their 'father's' land, one to their 'mother's' land and the remaining three entered 'no response'.

This pattern is culturally typical of the Huli where people's strongest tenurial rights will always be within their patrilineal clan territory⁹. Distances to nominated relocation sites varied between 2–90 minutes' walk, with the average distance 10–15 minutes' walk away. Most of the relocates nominated sites are adjacent to the proposed Komo road/airstrip buffer area.

3.12 Project Knowledge and Attitude to Relocation

During the initial survey, affected households were asked about their willingness to relocate outside the area. Some people were not prepared to commit themselves to a particular outcome prior to understanding the full suite of assistance measures. Following an extended consultation process, the majority of affected households identified resettlement sites.

In response to **Question I4 'Are there any aspects of this Resettlement Action Plan that you do not agree with?'** There was evident concern with: (a) adequacy of RAP

⁹ It may be that 'father's' land here denotes non-agnatic land since fathers may themselves have moved away from natal clan areas.

consultation and disclosure (Figure 3-14); (b) some disagreement with the package; and (c) lack of understanding about how the banking provision would actually work.

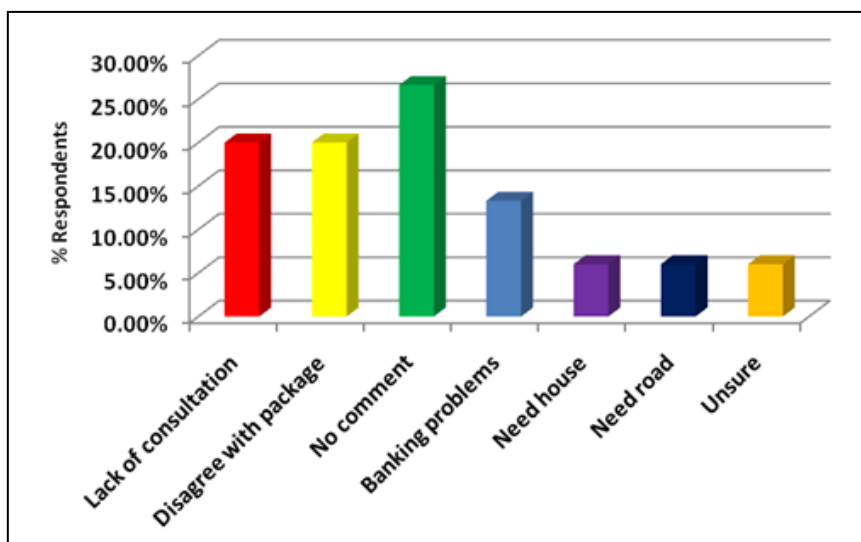


Figure 3-14: Community Expressed RAP Concerns in KAAR

In response to **Question 15, 'Are you willing to self-relocate?'** Figure 3-15 illustrates that at the juncture of time the questions were posed, the community was mostly willing to relocate.

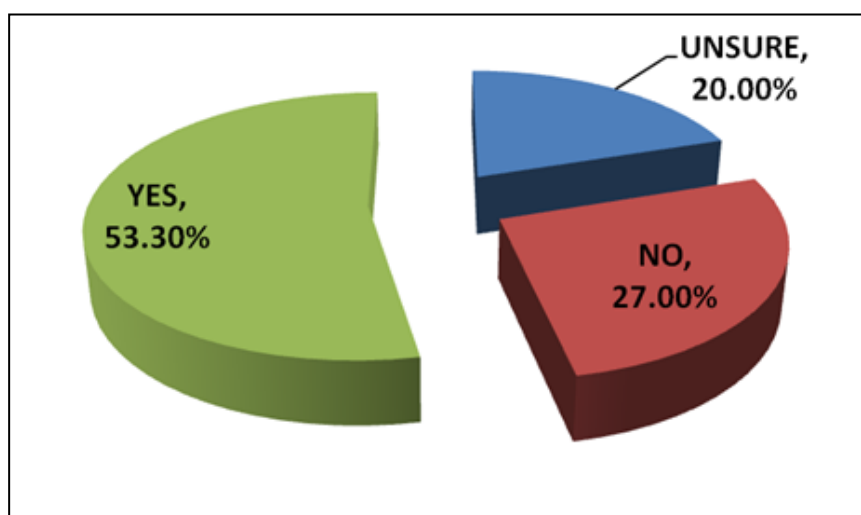


Figure 3-15: KAAR Respondents' Willingness to Relocate

In response to **Question 17, 'Do you think your life will be better after the relocation?'** 53% of respondents were 'unsure', 20% answered 'yes', and 27% responded 'no' (Figure 3-16). This diffidence and negativity is expected in the early phase of the resettlement process.

In answers to **Question 18, 'Do you think there will be any benefits from the relocation?'** most affected landowners understood the considerable cash stream benefits but also expected both improved employment and services (health, education, roads).

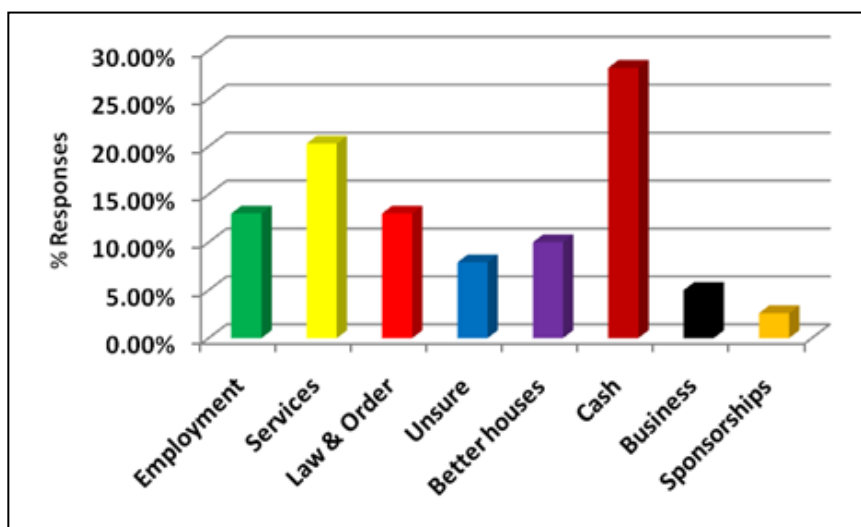


Figure 3-16: Perceived Benefits of Relocation

Other issues raised by the KAAR affected landowners were captured in the open survey **Question I13 'Is there anything else you would like to say?'** Figure 3-17 illustrates emphatically that for KAAR residents, housing, food and land were major priorities with an expectation the Project would deliver better services.

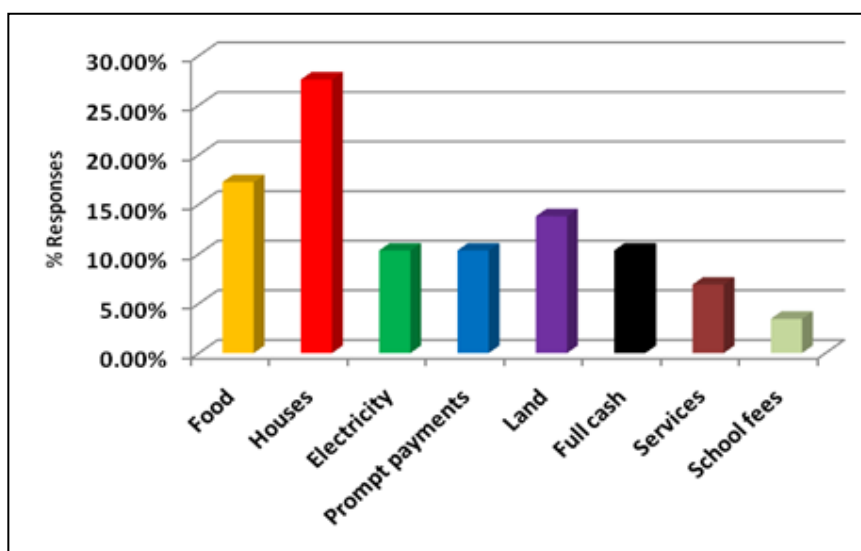


Figure 3-17: Issues Raised by Affected KAAR Landowners

The findings discussed above do not present as atypical in the general context of resettlement in the Hides-Komo region. In the initial phase of disclosure, when these concerns were recorded, landowners voice all of their anxieties, which over the course of the following months become attenuated as they learn more about the resettlement process and both strategize and prioritize their demands.

4.0 CONSULTATION AND DISCLOSURE FOR THE KAAR RAP

4.1 Overview of Consultation and Disclosure

This section outlines the consultation and disclosure activities undertaken for the preparation of the KAAR RAP. The Project specialist resettlement team from the Company conducted initial consultation on May 12, 2009 at Komo Station. Table 4-1 presents a summary of the interactions held with KAAR households.

**Table 4-1: Summary of KAAR Consultation Interactions
for Affected Households and Communities**

Consultation Type	Date	Number of Meetings	Number of Attendees per Meeting
Public Disclosure Events	12 May 2009 – September 2009	1	30-126
Health Survey	March 2010	All households	NA
Resettlement Implementation Team	January-April 2010	70	1-12
ELC Consultations	22-27 July 2010	51	1-12

4.2 Consultation and Disclosure Events

The series of resettlement consultation and disclosure community meetings are summarized below.

4.2.1 Awareness of the Proposed KAAR Development

The KAAR households were consulted to establish their awareness and understanding of the RAP Consultation Process following the first community meeting. The results of these questions are summarized in Table 4-2.

Table 4-2: Awareness of the RAP Consultation Process

Question No.	Question Posed	Yes	No	Unsure	No Response
I1	Did you attend the road-show presentations of the RAP?	13	2	-	-
I2	Do you think you understand the Resettlement Action Plan?	10	2	3	-
I3	Would you like the Project to explain the Resettlement Action Plan to you again?	9	4	2	-

When asked if there were any specific aspects of the resettlement plan that they disagreed with (**Question I4**) four respondents noted that they did not agree with the Interest Bearing Deposit (IBD) component of the resettlement package; three respondents wanted to be able to negotiate the package themselves; and four respondents had no changes to the package.

In response to **Question I6 ‘What problems do you think the relocation will present to you and your family?’** Figure 4-1 indicates again the familiar concerns of impacted residents that they will have insufficient resources (land, food and house) to cope with relocation. These concerns merely echo the findings discussed above for KAAR residents and are consistent and continuous with those expressed in neighboring resettlement-affected catchments.

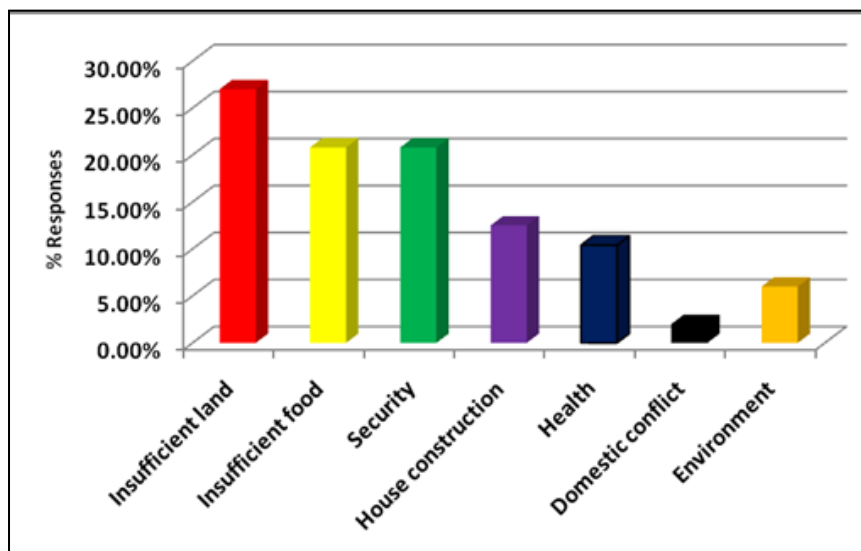


Figure 4-1: Response Patterns to Question I6 – Relocation Issues

4.2.2 Stakeholder Issues and Project Responses

The main stakeholder issue related to absentees claiming that they had rights to the land and to compensation. As explained above the Project was faced with successive waves of influx onto the Komo access road from September 2009. Just prior to the LBSA and during that period to January 2010 some 20 newcomer houses were constructed.

During this period, the Project was deeply engaged in the process of negotiating a settlement on the Komo absentee problem, which included houses on the Komo access road that had been burnt down in the previous Komo conflict. For these reasons, it was decided to provide a resettlement package to the initial resettlers who had established and quasi-established gardens and houses and who had experienced inconvenience from the internecine war.

In respect to the 14 subsequently established houses (which had few established gardens and residents of which were mostly related to the first-wave KAAR resettlers) it was felt appropriate to negotiate a once-off payment that became the standard for influx opportunistic houses that were erected on the Komo Airstrip.

A negotiated settlement of K1,250 was agreed between the Project and these later residents. For much the same reasons outlined above, the Project felt that resort to legal action would not promote Project objectives given the wider context of landowner issues in the region.

A number of further ongoing issues within the wider Hides-Komo catchment area had the potential to impact directly on the progress of resettlement plans and initiatives in the KAAR and surrounding Heavy Haul Road areas:

- There is no operational bank in the region. Landowners who received cash had to travel to either Moro, Mendi, or Port Moresby. The RIT team is helping to facilitate the presence of a bank in Hides-Komo area to dispense cash;
- The wider community has of late begun to voice their concern that they want to know about community development projects. A robust plan to address these expectations is being rolled out by Community Development Support;
- Business development continues to preoccupy much of the affected population. Final negotiations are continuing to have all the joint venture Lancos in HGDC aligned and in

agreement. This will allow for a more suitable business model that can take advantage of the considerable construction contract opportunities; and

- Misconceptions about the hire of local labor through EPC5 contractors have continued to present some problems to Project progress. The Project has instituted weekly meetings with a nominated committee in Komo to work through these kinds of issues and to allay fears and myths that direct hire by MCJV has occurred.

5.0 PROJECT IMPACTS

5.1 Introduction

The construction of the Komo Airstrip Access Road will mean that both households living, and households owning, land within the proposed KAAR area will lose their land and fixed assets. Table 5-1 presents a summary of the potential impacts and mitigation measures.

Table 5-1: Summary of Impacts and Mitigation Measures

Impact	Scale	Mitigation – Project Responses
Residential structures affected	Fifteen households to be physically displaced; 18 structures affected, five households economically impacted.	Physical relocation package finalized after consultation and negotiation with impacted landowners. Package reflects agreed cash and in-kind compensation provisions for affected landowners. Landowner acceptance evidenced and signaled by signed agreements with ELC.
Loss of land and forest resources	4.85 ha	As per O&GA section 118 and Eligibility Matrix, these affected landowners are entitled to damage and deprivation compensation (rental). These payments are made to the respective landowning corporations (i.e., clans or clan segments) and have to be shared out amongst the respective members in accordance with custom. In the event of disputes, the money is held in escrow until the dispute has been resolved either formally through the court system or informally.
Loss of trees and crops	Including sweet potato, pitpit, taro, sugarcane, bananas, coffee, pandanus and avocado trees. Loss of Agricultural improvements such as trenches, walls and fences built around gardens.	As per O&GA section 118 and Eligibility Matrix, landowners are entitled to one-off damage compensation payments. Loss of crops and trees planted will be compensated through payment of FRV to individuals/ households affected, as will damage to man-made improvements to the land. A livelihood restoration program will be implemented across the Komo-Hides area to assist affected households with restoring or improving livelihoods. This program includes both land-based and non land based components, aimed at enhancing existing agricultural practices, as well as providing training that can assist household members in securing waged employment and thus diversify their income stream
Disruption in social networks	Limited disruption as the majority planned to move to areas in close proximity to their clan lands around Komo. Many had intentionally re-settled on access road for various reasons.	Households will self-relocate to areas in close proximity. Social networks with respect to exchange relations will continue as these are based on kinship, descent, affinity and friendship ties not related <i>per se</i> to specific locales/areas.
Community infrastructure	As part of the proposed Heavy Haulage Road linking the HGCP and Komo, the Komo Access Road can be seen as a potentially positive development whereby access to those residing in the area (including the newcomer KAAR settlers) will have improved road access.	None.

Impact	Scale	Mitigation – Project Responses
Impacts on business and employment	Likely to be higher employment opportunities through Project sub-contractor works around Komo.	No loss of employment or business activities anticipated.
Cultural Sites	14 Cultural heritage, archaeological sites.	Compensation schedules for range of cultural heritage sites. Skeletal material to be handled by PNG National Museum. Appropriate rituals to be undertaken by local landowners and caretakers of sites. Sacred stones and artifacts to be relocated by people themselves. Other material to be lodged with National Museum and overseen by archaeologists.
Influx of migrants	Some population increase and influx due to broader Hides/Komo development: likely in this area to be along roads and around perimeter of airstrip.	Squatter settlements will be difficult to establish in this area as most of the land is under customary ownership so that migrants without close relatives will find it hard to maintain any subsistence livelihood. The Provincial Government is establishing a new police barracks at Komo and this will ensure a measure of security for the community. In the initial stage of construction the site will likely prove a magnet for short-term onlookers. Other residents will inevitably move close to road boundaries. The Project is currently developing Project Induced In-Migration response plans using a community-based process. The outcomes of these activities will assist in developing an area specific plan for the Komo area. It is anticipated that these plans will be implemented by mid 2011.
Impact on water sources	Concern over loss of water sources. Side-casting may result in sediment laden run-off entering water sources. No specific sites impacted and limited side-casting.	The Project is currently investigating risks to water resources and identifying suitable mitigation measures. This includes review of design parameters and the monitoring of contractors. Remedial measures will be implemented should sources be negatively affected. In the immediate term two communal tank constructions have taken place in the Komo area and more are under consideration.

5.2 Cumulative Impacts

The KAAR landowners settled on the site after June up to September 2009. The land area is contiguous to the Komo Airstrip and many of the same clans (see Table 3-1) own land in the two sites. Whilst some of the resettlement-affected households declared they were absentees having fled from the initial Komo fighting, many in fact had chosen to reside elsewhere for other reasons.

Whilst this RAP post-dates the physical relocation of all KAAR residents, the affected households have all moved, either to alternative or to their original sites, and the Project continues to monitor their livelihoods. Succinctly stated, the KAAR resettlement has not added significantly to the overall aggregate of resettlers in the Hides-Komo environs.

In-migration, as alluded to in other RAPs, has the potential to stress the carrying capacity of available land and increase pressure on social infrastructure - health, transport and educational facilities - in the short-term (i.e., 1-5 years). The Project is currently developing Project Induced In-Migration response plans using a community-based process. The outcomes of these activities will assist in developing an area specific plan for the Komo area.

6.0 COMPENSATION AND RESETTLEMENT STRATEGY

The Project will compensate and/or assist people affected by resettlement to restore their income streams and improve their standards of living.

The resettlement options will include the following options:

- *Self-relocation* will be encouraged because it is customary, though various kinds of allowances and other assistance measures will be provided as well;
- *Relocation sites* will be self-determined by the affected persons, who will be responsible for negotiating with host clans in sites selected. The Project will assist any relocatee who does not have another site. This approach reflects the customary residence practices;
- *New housing* assistance will be provided for those who wish to build an improved bush-house; Project commissioned architect plans have already been developed and people will be assisted to locate a suitable builder. Additionally, the Project offers assistance to move housing materials, and provides timber; and
- *Livelihood restoration* measures will focus on increasing the productivity of affected people's existing garden land, as well as facilitating the shift from subsistence dependence to non-land based and cash producing income streams. This will include opportunities in terms of employment and small business, cash from rentals and other revenues.

6.1 Eligibility and Entitlements

The RPF provides a full schedule of eligibility criteria for compensation and entitlements that will be adopted for the Project. Damage and deprivation payments will have regard for the customary classification of landowners, landholders and land users with respect to their tenorial status and portfolio of land rights and responsibilities.

These compensation streams include entitlements to individuals for privately owned assets as well as entitlements to clans for communal resources. Entitlements for communally owned resources are reflected in the In-Principle Agreement (IPA) 5, for the land area called Komo Heavy Haul Road.

Once the total amount has been defined by the Project in an In-Principle Compensation Agreements (IPCA) with landowning clan leaders and an Agency Agreement is executed firmly establishing the compensation owed, the compensation damage amount is accrued as a liability by the Company until payment can proceed.

Allocation of land between clans is agreed through a process of mapping and consultation. The clan areas are mapped on each site by the Project with the participation of local clan leaders. When payments are made to the clans, the clans will distribute the compensation in accordance with customary Clan principles to clan members.

Table 6-1 summarizes eligibility and entitlements relevant to the affected KAAR community for statutory damage and deprivation compensation.

Table 6-1: Eligibility and Entitlements

Eligibility	Affected Category	Assistance / Compensation	Considerations for Implementation
1. Houses and other Fixed Assets (Physical Relocation) - Resettlement Assistance Package			
Recognized owners of the assets and structures (identified in the Surveys by the cut-off date).	Category 1 Households with an available relocation home.	Housing/investment options: The original KAAR housing package negotiated totaled K31,000, consisting of the following options: <ul style="list-style-type: none"> Component 1) Household has the option of selecting K10,000 either in cash or deposited into a Bank Managed Fund - Interest Bearing Deposit or Savings Account. 	Clearly inform about site development and relocation schedules.
		Component 2) In-kind materials to the value of K20,000. Households were given the option of receiving this component in cash or deposited into a Bank account.	Consultation to determine list of options for materials, goods and equipment.
		Transit assistance of K1,000.	
		Supplementary payment: Subsequent to the KAAR agreement being negotiated, an enhancement on the Komo agreement was accepted, as per other Project road (linear) routes. This enhancement increased the total package to K41,000 but has conditions in terms of cash, housing and IBD components as well as rations for six months. Payment of pig houses and kitchens was undertaken at K500.	
		Provided to all households: Transition rations for up to six months. Livelihood restoration measures directed at establishing and maintaining subsistence patterns – seeds, two garden cycle assistance; training and production of cash crops. Access without financial penalty to old house materials. Replacement garden tools. Health care program: malaria nets, and medical monitoring of relocatees' health. Provision of Compensation Advisor to assist and advise on investment and business options.	
	Category 2 Households with no available relocation land.	Support to find alternative land. As for Option B.	Otherwise as for Category 1.

Eligibility	Affected Category	Assistance / Compensation	Considerations for Implementation
2. Land Deprivation			
Recognized landowners.	Clans or other groups (e.g., ILOs) with rightful recognized claim to communal land.	Clans represented within the KAAR include Tobe, Imini, Dagima, Undupi, Tambaruma. Annual payment for land deprivation as per guidelines set out in IPA, includes compensation for use of, and damage to surface land, as described below:	Clearly inform about site development and relocation schedules. Clearly inform affected group authorities about site development and land allocation schedules and regulations. Compensation paid at agreed intervals directly and publicly to landowner.
		1. Compensation for the use and enjoyment of the surface of the land: 4.8 ha (based on an average 50 m buffer for budget purposes) ¹⁰	The Company will pay Landowners at a rate per year at equivalent market rates (currently negotiated at K700 but to be verified against market rates) for each hectare of land occupied (but not otherwise damaged) by the Company for depriving Landowner(s) of the use of the surface of the land, for cutting Landowner(s) off from other parts of their land, and for any loss or restriction of rights of way, in compliance with Section 118(2).
		2. Compensation for land surface damage: 2. 3 ha	If the surface of any land of the Landowner(s) is damaged by the Company, the Company will make a one-off compensation payment at equivalent market rates (currently negotiated at K2,575, to be verified against market rates) to the Landowner(s) for each hectare of the land surface which is damaged by the Company.
		3. Compensation for initial damage to naturally occurring bush, vegetation, birds, animals or fish: 4.8 ha	The Company will make a single payment to the Landowner(s) for any damage on their land to the natural bush, birds, and fish at equivalent market rates (currently negotiated at K1,030, to be verified against market rates) for each hectare of land on which the Company damages the natural bush.

¹⁰ The land-take area varies greatly across the site ranging from less than 25m (majority of sections) to over 100m on others. The final area will be determined during implementation.

Eligibility	Affected Category	Assistance / Compensation	Considerations for Implementation
	Individual/household landowners for garden land.	<p>Annual payment for land deprivation as per guidelines set out in Land Management Manual.</p> <p>Livelihood restoration measures as above.</p> <p>Replacement garden tools.</p> <p>Health care program, malaria nets, and medical monitoring of relocatees health.</p> <p>Provision of Compensation Advisor to assist and advise on investment and business options</p>	<p>Clearly inform about site development and relocation schedules.</p> <p>Compensation paid at agreed intervals directly and publicly to landowner.</p> <p>Rations will be delivered weekly while livelihood is re-established (up to 6 months).</p> <p>Economic and livelihood restoration programs.</p> <p>If significant portion of agricultural land available to a household, physical relocation will be considered (house and other fixed assets).</p>
		<p>Vulnerable individuals and groups including aged, young, infirm and disabled will obtain the following:</p> <p>Assisted transit;</p> <p>Provision of enhanced house facilities on request and after consultation; and</p> <p>Other assistance on request and after consideration.</p>	<p>Identify all vulnerable households and the nature of vulnerability prior to resettlement, and monitor closely during implementation to ensure effective.</p>
3. Damage to Trees and Crops			
Recognized land and resource users and owners.	Clans or other groups (e.g., ILOs) with rightful recognized claim to communal land.	Cash compensation based FRV for trees naturally seeded in affected area.	<p>Clearly inform about site development and relocation schedules.</p> <p>One-off compensation to community (landowners group) directly and publicly to landowner.</p>
	Individual/household landowners for trees and crops	<p>Cash or in-kind compensation FRV for affected area for crops and trees planted by individuals (excluding mature crops). The same benefits will apply to any areas impacted by side-casting damage during implementation.</p> <p>Compensation will also be paid for agricultural improvements (including trenches, ditches and fences).</p> <p>Assistance to restore the livelihoods through economic restoration programs.</p>	<p>Economic and livelihood restoration programs will have provisions directly targeting affected individuals/ households.</p> <p>Provide compensation at or prior to the moment when the land/resource stops being available to the owner.</p>

Eligibility	Affected Category	Assistance / Compensation	Considerations for Implementation
4. Reduced access to Land and Resources			
Persons recognized as landowners of land to which access is reduced.	Individual/household landowners and land users with reduced access to land due to Project activities.	Cash or in-kind compensation at agreed intervals until reduction in access ceases. Assistance to restore the livelihoods through economic restoration programs.	Clearly inform about site development and relocation schedules. Cash compensation at FRV. 'Lost production' compensation will be considered for compensation. This means that if there is interrupted access to land during construction for a short time then affected people will be eligible for compensation for lost production – i.e., what they could have grown or done with the land had they had access. One-off payment or compensation at agreed intervals to individual/household owner directly. This will be done publicly. Economic and livelihood restoration programs will have provisions directly targeting affected individuals/ households. Compensation provided at or prior to the moment when access to land/resource takes effect. If access to land and resources is permanent due to distant relocation, Land Deprivation compensation will apply.
5. Impacts on Business and Employment			
All affected persons with monetary income through own business or as workers.	Individuals with proven revenues from own business. (Note: no impacts expected)	Cash payment for proven loss of reasonable profits due to physical displacement. Cash and assistance to re-establish business or other suitable economic activity. Training programs and employment related to local content development.	Clearly inform about site development and relocation schedules. Compensation will be assessed in a case by case basis.
	Individuals with proven loss of wages. (Note: no impacts expected)	Cash payment for proven loss of wages due to physical displacement. Training programs and employment related to local content development.	Clearly inform about site development and relocation schedules. Compensation will be assessed on a case by case basis.
6. Community Infrastructure			

Eligibility	Affected Category	Assistance / Compensation	Considerations for Implementation
Owners of Public Infrastructure.	National, Provincial or Local governments, Clans or ILOs with recognized ownership of infrastructure affected by the Project. (Note: no impacts expected)	Infrastructure will be replaced to an as-before or higher standard. Alternatively, compensation will be paid at full replacement cost, without allowance for depreciation.	Clearly inform about site development, relocation schedules and potential impacts to infrastructure. Once-off payment or assistance to replace infrastructure as appropriate and assessed on a case by case basis.
Community social infrastructure.	Relocation of community structures e.g., churches, schools, etc. (Note: no impacts expected)	Full replacement and construction by the Project. Full replacement compensation and constructed by community. If social infrastructure requires relocation a suitable location will be identified to allow continued access for those affected.	Clearly inform about site development, relocation schedules and potential impacts to infrastructure.

7.0 LIVELIHOOD RESTORATION PROGRAM FOR RESETTLED VILLAGERS IN THE KAAR AREA

7.1 Introduction

The livelihoods' restoration program to be implemented across the Komo and Hides area was detailed in the HGCP RAP. This program will be inclusive of all households affected by resettlement across the Project area, including KAAR affected households. This section provides an overview of the program as described in the HGCP, with specific reference to KAAR as appropriate.

7.2 Implementation Schedule

Implementation will be phased, with the first phase directed at replacing mainly existing gardens and pilot agribusiness opportunities, and the second phase geared at the introduction of new opportunities, training in non-agricultural skills and diversification.

The Project is establishing demonstration gardens at Komo (commenced November 2010) to show resettled households the benefits of new varieties, alternative crops and production methods.

There will be some overlap between phases. The proposed approach and timing is illustrated in Table 7-1.

Table 7-1: Livelihood Restoration Implementation Schedule

Time Frame	2010			2011			2012+		
Phase/ Activity	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2+
Phase 1:									
Initial interactions to commence program – all households									
Individual household meetings - identify issues/ needs									
Training needs assessment									
Facilitate access to agricultural inputs, particularly planting material									
Monitoring of gardens – household visits									
Collate information on possible agricultural support initiatives									
Establish demonstration projects and plots									
Initiate non-agricultural training programs									
Phase 2:									
Ongoing monitoring of gardens – household visits									
Ongoing group training sessions									
Outreach on fresh food production, animal production and other initiatives									
Implement selected projects 2010-2012									
Non-agric training programs									
Monitoring of livelihood restoration program									

7.3 Resources Needed to Undertake the Livelihood Program

The LR team will be based at Nogoli as well as Komo to support all the resettlement projects in the area. Each area will require varying levels of staffing according to their stages of implementation. KAAR is the second program to be implemented after Komo.

It is planned that each household being resettled be assisted for two years after they move location. Thus, the duration of the program in the KAAR area is from the latter part of the third quarter, 2010 to third quarter, 2012. Details regarding the staff to be utilized on the livelihood programs are detailed in the HGCP RAP.

8.0 GRIEVANCE MANAGEMENT FRAMEWORK

The resettlement process for the KAAR households will consider grievances through the Grievance Procedure, which will apply across all Project activities. The Grievance Procedure is available to people affected by displacement, other local populations residing in the PIA, and other stakeholders directly affected by the Project.

The Grievance Procedure that has been adopted for the KAAR RAP has been defined in the RPF. The Project will disclose information about the Grievance Mechanism to the affected community, adjoining landowners and interested persons and organizations. The transparency and fairness of the process will be explained through both verbal (via regular stakeholder meetings) and written (newsletters, website, posters, etc.) updates.

9.0 ORGANIZATIONAL ROLES AND RESPONSIBILITIES

Overall responsibility for the planning, implementation, and monitoring of the KAAR resettlement program rests with the Company, as specified in the RPF. The L&CA Team of the Company will be undertaking these activities for the KAAR program. The organizational structure of the Company is provided in the Komo and HGCP RAPs.

10.0 MONITORING AND EVALUATION

The purpose of the M&E system is to provide Project management, and directly affected persons, households and communities, with timely, concise, indicative information on whether compensation, resettlement and related development investments are on track and achieving Project goals - that physically and economically displaced persons have had the opportunity to at least restore their livelihoods and standards of living and to indicate the need for any course corrections. The Resettlement Team Coordinator (RTC), supported by the Field Implementation Coordinators, will coordinate M&E internal and external implementation.

Preliminary monitoring of implementation activities will commence at the KAAR site when RIT and ELC representatives monitor the delivery of rations, and payment of transit allowances to affected households as part of the household consultation and negotiation process. The Project will undertake bi-annual outcome evaluation and impact baseline monitoring for each impacted resettlement site, which will culminate with the completion audit after 2-3 years.

Further details of the monitoring process to be implemented can be obtained from the Komo (Section 10) and HGCP (Section 11) RAPs.

11.0 RESETTLEMENT IMPLEMENTATION SCHEDULE

Table 11-1 sets out the tasks required and which need to be undertaken in order to implement resettlement. It should be noted that this schedule is preliminary until final resettlement planning is completed, after which a more detailed implementation schedule will be developed.

Implementation commenced in April 2010 with most implementation activities being undertaken over a two-month period, with exception of compilation of this retrospective RAP. Ration deliveries continue for 6 months and the livelihood and monitoring programs extend over two years.

Table 11-1: Implementation Schedule

Activity or Task	Actions	2010									
		A	M	J	J	A	S	O	N	D+	
Planning	Completion of RAP										
Approvals	Internal Company approval of the RAP										
	RAP approval by Lenders										
	Internal approval of detailed implementation work plan										
	RAP Summary to community										
	Ration and building material mobilization										
Land Issues	Confirm resettlement sites and water sources										
Confirm and finalize compensation agreements	Carry out final identification of vulnerable households requiring assistance										
	Verify inventories of affected land and assets (incl. special valuations)										
	Finalize entitlement contracts (housing and compensation agreements)										
	Transit allowance, distribution tools and nets										
Compensation payments	Cash Payments										
	Ration distribution										
	Housing package, distribution materials and advisors										
	IBD Deposits										
Relocate households	According to phases of construction										
Graves, spiritual and other cultural sites	Relocate / recover										
Livelihood restoration and development	Replacement of gardens										
	Non-agric training and agribusiness programs (Sept 2012)										
Verification and monitoring	Design and implementation of monitoring and evaluation system (ending Sept 2012)										
	Local advocacy and compensation advisors										
	Internal monitoring										
	External evaluation (including completion audit – 2 years)										

12.0 COST AND BUDGET ESTIMATE

Table 12-1 provides a summary of costs to replace and compensate assets as defined in the housing and compensation agreements and mitigation programs to restore and improve livelihoods. These cost estimates reflect Project budget commitments relating to the resettlement of households at the KAAR site. In addition, provision is included for the once-off IPCA payments to the clans, who also receive an annual rental payment of K700/ha.¹¹ Estimated total costs for the KAAR resettlement process will be in the order of US\$0.83 million.

Table 12-1: Resettlement Costs

Item	Total US\$ (million)
Asset and garden compensation ¹²	0.42
Livelihood and other assistance	0.27
Community /water projects	0.08
Other	0.05
IPCA payments	0.01
Total	0.83

(Note: Excluding staffing and overhead costs)

¹¹ All IPCA payments will be reviewed to confirm equivalence to FRV.

¹² Tree and garden crop compensation payments will reflect full market values.