

Resettlement Compensation Entitlement Framework

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Anadarko Moçambique Área 1, Limitada (Anadarko), co-proponent of the Mozambique Gas Development Project (the Project), is committed to transparently sharing accurate information about the resettlement process associated with the development of the liquefied natural gas (LNG) park on the Afungi peninsula in the District of Palma.

This is article eight in a series of nine providing an update and information on progress made with resettlement planning activities during the past 24 months. The focus of this article is on the compensation entitlement framework.

Fair compensation

The Project will fairly compensate affected parties at full replacement value for lost assets, in cash or in kind, in accordance with Mozambican legislation and the International Finance Corporation's Performance Standard 5: Land Acquisition and Involuntary Resettlement (January 2012).

Based on extensive consultation with affected communities and the Government of Mozambique, a resettlement compensation entitlement framework was developed. The framework qualifies who will be eligible to receive compensation, provides detail on the type of compensation and assistance resettlement-affected people will be eligible for, and explains how the impacts and losses affected households will experience were measured and valued to determine 'fair' compensation.

Information in the compensation entitlement framework will be combined with the results of the census and asset surveys to prepare a household compensation agreement for each affected household. Each agreement will describe in detail the assets affected, the cash or in kind compensation to be provided to those affected, and the other forms of assistance to which the party will be entitled.

Eligibility criteria

Categories for compensation eligibility were developed based on the findings of the census, socioeconomic survey, asset survey, fisheries monitoring program and vessel owner registration. Categories include:

- Households that will be physically displaced because they currently live within the Project industrial zone or replacement village site;
- Households that will be economically displaced because they have assets (including rights to agricultural, fallow or bush land) within the Project industrial zone or replacement village site;
- Households that will lose a structure from which they are operating a small business;
- Individuals or entities owning religious buildings used by the public;
- Households or communities that are losing cultural heritage sites, sacred sites, burial grounds or cemeteries;
- Communities experiencing loss of or restriction of access to some or all of their common resources, for example intertidal areas, fisheries, and firewood;
- Individuals with third party proprietary interests in use of land or structures (e.g. tenants with formal or informal agreements; and sharecroppers);
- Households or individuals losing partial or complete access to fishing grounds or intertidal areas that will be temporarily disrupted or degraded by Project activities;
- Households or individuals that will lose access to means of production such as land inside the Project industrial zone or replacement village site;
- Households or individuals that will lose access to intertidal or marine areas within the marine exclusion zone;

- Communities, households or individuals that will lose fisheries productivity in alternative fishing areas.

Each of these groups will have different entitlements to compensation and assistance, depending on the nature of the loss and livelihood impact incurred.

Household entitlements

Based on the type of displacement impact (land-based, non-land based, fishing and coastal gathering), compensation will be calculated for each eligible affected household. Compensation can be either in cash or in kind. In kind compensation includes, for example, replacing a house with a house, or replacing land that will be lost with replacement land and livelihood restoration programs.

A pictorial version of the compensation entitlement framework was prepared to make the framework and the compensation schedules therein accessible to affected communities.¹ The resettlement engagement team continues to engage with affected communities on the framework to ensure that they are fully aware of the compensation to which they are entitled and to facilitate informed participation in matters that have a direct bearing on their lives and livelihoods.

Community entitlements

The Project recognizes that communities will lose access to common resources as a result of Project land use and activities. To offset these losses, the Project proposes to enter into a *Community Agreement* with each affected and delimited community. 'Community Agreements' will encompass more than just benefits in that it also aims to give assurance to communities about the commitments the Project is making.

Community Agreements negotiations will be facilitated by an independent and experienced NGO that will help communities and the Project define community losses and impacts and negotiate a compensation and benefits package to offset these. The NGO will help each community to form a civil, non-profit association for public purpose/ utility. Community Agreements will include, among other items, the establishment of a Community Development Fund.

The Community Development Fund will be available for communities to apply for funds for community use - e.g. for education, training, skills development, livelihood projects, community infrastructure, etc. The Project will fund experienced, independent partners to help communities identify and prioritize community needs, prepare proposals for funding, help communities to implement projects and to operate and maintain them. Communities will be expected to make a contribution through making available common land, labor, materials or other mode. The Project will facilitate the establishment and administration of the Community Development Fund and the fund will be managed by a board of directors and a management committee consisting of community, Project and a government representatives.

In return, the Project will be looking for community cooperation in respecting its exclusion areas and in bringing any complaints or issues to the Project via the Community Resettlement Committees so it can be resolved.

Compensation rates

Compensation will be paid for loss of and impacts to structures, crops, trees and fisheries resources and will be disbursed prior to households incurring losses or impacts. Rates will be reviewed annually and adjusted to take into account changes in market prices and cost of living.

Compensation packages will be individually calculated and will vary from household to household because the magnitude of impacts experienced by households differ. However, compensation rates will be standard and will be applied equally.

Houses, related structures and other property: The Project will construct a replacement dwelling for each of the 456 households that will be physically displaced. The design of the

houses is in accordance with specifications in the Resettlement Decree and has been agreed with affected communities and the Government of Mozambique.

Cash compensation, based on the aggregate cost of materials and labor costs, will be paid for the loss of structures ancillary to houses such as chicken coops, goat pens, fences, and the like, according to defined unit rates.

Agricultural compensation: The Project conducted a valuation study to determine the replacement value of agricultural assets, including productive trees and perennial and annual crops. Following a review of the Project valuation study by CEAGRE, the National Agricultural Research Centre for Natural Resource Management, additional crops were added to the schedule of rates. CEAGRE's review of the Project's study confirmed that the proposed replacement value of agricultural assets was fair.

The proposed crop and tree compensation rates were reviewed and accepted by the Technical Review Committee and District Administration and were discussed at length with affected communities leading up to the third round of resettlement public meetings.

Cash compensation will be provided for trees, annual and perennial crops. In addition to cash compensation, affected villagers will be given notice at least 90 days prior to site occupation to enable them to harvest any in-ground annual crops. For each tree lost, the Project will provide affected owners with two replacement seedlings, in addition to cash compensation.

Each physically or economically displaced household that will lose access to or the use of agricultural land will be entitled to 1.5 ha of replacement agricultural land. The agricultural plot size is based on an assessment of the area required for a household to be able to produce its food requirements in an average year. Based on the census of Project-affected households, the 456 households that will experience physical displacement impacts and the 751 households that will experience economic displacement impacts will require approximately 1,800 ha of replacement agricultural land.

In addition to providing replacement agriculture land, the Project intends to compensate farmers for labor invested in land improvements for activities such as clearing, grubbing, tilling and the like. Affected households will also be eligible to participate in livelihood programs.

Fisheries compensation

Fisheries impacts will be both short and long-term in nature, associated with the Project construction and operation timeline. The Project developed a fisheries compensation framework that includes a combination of in-kind and cash elements, as well as longer-term livelihoods programs. The proposed measures were discussed with affected fishers and intertidal collectors and the Technical Commission, as well as officers from the Ministry of Fisheries.

Intertidal gatherers who will be subjected to low impacts will benefit from community level support, while higher impacted and resettled fishers and collectors will benefit from fisheries livelihood programs, supplemented by transitional support, if necessary. Less impacted fishers will be compensated through in-kind material assistance. All fishers will benefit from community level support programs.

Material assistance, transitional support and short-term compensation will be calculated and disbursed on an individual (rather than household) basis. The values of benefits available through material assistance, transitional support and short term compensation will be evaluated using baseline data related to the characteristics of the fisheries and the degree of impact of Project activities on particular communities.

It is projected that material assistance, transitional support and short-term compensation will be payable at three phases of the Project corresponding to resettlement, construction and operation.

Compensation entitlement framework and Resettlement Plan

The compensation entitlement framework is captured in detail in the Resettlement Plan. The draft plan will be made available for public comment prior to the 4th round of resettlement public meetings. Following the public review period and consideration of stakeholder recommendations, the final Resettlement Plan will be prepared and submitted to the Government of Mozambique to inform its decision-making.

¹ The brochure developed to support the third round of resettlement public meetings contains some of the pictures used to explain the compensation entitlement framework, and can be accessed at www.mzlng.com.

For more information on the resettlement process, visit www.mzlng.com