

**The Democratic Republic of Timor-Leste**

**RP468**

**Resettlement Policy Framework  
For Gas Seep Harvesting Project**

August, 2006

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<sup>1</sup> This Resettlement Policy Framework for Gas Seep Harvesting Project is only applicable for Aliambata Gas Seep Project.

## Definitions

**Compensation** means payment in cash or in kind for an asset to be acquired or affected by a project at replacement cost.

**Cut-off Date** is the date prior to which the occupation or use of the project area makes residents/users of the project area eligible to be categorized as affected persons. The cut-off date coincides with the date of the census of affected persons within the project area boundaries. Persons not covered in the census, because they were not residing, having assets, or deriving an income from the project area, are not eligible for compensation and other entitlements.

**Entitlement** means a range of measures comprising compensation, income restoration support, transfer assistance, income substitution, and relocation support which are due to affected people, depending on the nature of their losses, to restore their economic and social base.

**Project Authorities** refer to Ministry of Natural Resources, Mineral and Energy Policy and its EDTL

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

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

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

**Rehabilitation** means assistance provided to DPs seriously affected due to the loss of productive assets, incomes, employment or sources of living, to supplement payment of compensation for acquired assets, in order to improve, or at least achieve full restoration of living standards and quality of life to pre-project level.

**Relocation** means the physical shifting of a DP from his/her pre-project place of residence, place of work or business premises.

**Replacement cost** is the amount needed to replace an asset and is the value determined as compensation for:

- i. Agricultural land the pre-project or pre-displacement, whichever is higher, market value of land of equal productive potential or use located in the vicinity of the affected land, plus the cost of preparing the land to levels similar to those of the affected land, plus the cost of any registration and transfer taxes;
- ii. Land in urban areas, it is the pre-displacement market value of land of equal size and use, with similar or improved public infrastructure facilities and services and located in the vicinity of the affected land, plus the cost of any registration and transfer taxes;
- iii. Houses and other related structures based on current market prices of materials, transportation of material to construction site, cost of labor and contractor's fee, and cost of any registration and transfer taxes. In determining replacement cost, depreciation of the assets and value of salvaged building materials are not taken into account and no deductions are made for the value of benefits to be derived from the project;
- iv. Crops, trees and other perennials based on current market value; and
- v. Other assets (i.e. income, cultural, aesthetic) based on replacement cost or cost of mitigating measures.

**Resettlement** means all measures taken to mitigate any and all adverse impacts of a project on DPs property and/or livelihoods, including compensation, relocation (where relevant) and rehabilitation as needed.

**Vulnerable groups** are distinct groups of people who might suffer disproportionately or face the risk of being marginalized from the effects of resettlement and specifically include: (i) female headed households with dependents, (ii) disabled household heads, (iii) households falling under the generally accepted indicator for poverty, (iv) elderly households with no means of support and landlessness, and (v) indigenous minorities.

## 1. The Project

A small gas seep utilization demonstration project at Aliambata of Timor Leste is under preparation. The objectives of the project are to (a) harvest natural gas, currently escaping into the atmosphere from gas seeps at Aliambata; (b) to the extent feasible, utilize the gas for power generation to benefit local communities, and (c) secure carbon credits for potential carbon trade opportunities. The project is intended as a demonstration of how the nearly 30 gas seeps in Timor-Leste can be exploited to benefit local communities from indigenous energy resources and where feasible, to secure carbon credits for Timor-Leste.

The proposed project will provide low cost 24-hour electricity supply mainly to local communities currently supplied by the existing diesel engines 6-hour per day. It will also connect three un-electrified small villages near the gas seep site to electricity. The project will comprise of (a) conversion of around 300 kW existing diesel generation sets into gas engines and installation of the gas engines in the gas seep sites for power generation; (b) construction of around 4 km of 20 kV distribution lines along a public road to connect the generators to an existing small power grid supplying consumers in Uatolari; and (c) construction of low voltage (400/230 V) lines to electrify two small villages along the new 20 kV distribution lines.

## 2. Policy Objectives and Potential of land acquisition impacts

2.1. This policy is developed in accordance with OP 4.12 of the World Bank on Involuntary Resettlement. Objectives of the resettlement policy framework will include the following elements:

- (1) Involuntary resettlement should be avoided or minimized through design efforts.
- (2) Where involuntary resettlement is unavoidable, resettlement activities should be conceived and executed as sustainable development programs, providing sufficient compensation, assistance and rehabilitation to the DPs so that they would be at least as well off as they would have been in the absence of the project.
- (3) DPs will benefit from the project by maximizing number of families to be connected to distribution system and subsidize for vulnerable groups in connecting to project distribution network.
- (4) Project stakeholders (including DPs) are consulted and given the opportunity to participate, as practicable, in the design, implementation, and operation of the project; and
- (5) DPs should be assisted in their efforts to improve their livelihoods and standard of living or at least to restore them, in real terms, to pre-displacement levels.

The compensation and entitlement policy will apply to all displaced persons regardless of the total number affected or the severity of impact. Particular attention is paid to the needs of vulnerable groups among those displaced: especially those below the poverty line, the elderly, women and children, and ethnic minorities.

2.2. A principle was agreed by the IDA project team and the Project Owner (Ministry of Natural Resources, Minerals and Energy Policy) of Timor-Leste that ***impact on building (either partially***

*or fully) will be completely avoided.* Thus, impacts on land acquisition by the project will be very minor, potential of land acquisition impacts are initially identified as below.

No.	Subproject	Potential impacts of land acquisition
1.	Harvest natural gas, currently escaping into the atmosphere from gas seeps at Aliambata site	Located on public land in Aliambata, no compensation for land is required. However compensation for properties on land to individuals are required.
2.	Construction of around 4 km of 20 kV distribution lines along a public road to connect the generators to an existing small power grid supplying consumers in Uatolari	The route would be along with the existing road, only about 0.25 m <sup>2</sup> of land to be acquired for each tower base and tall trees would be cut for operating distribution system. No land acquisition is required.
3.	Construction of low voltage (400/230 V) lines to electrify three small villages along the new 20 kV distribution lines.	No land acquisition is required.

### 3. Legal Framework for Land Acquisition and Resettlement

The Timor Government has Law No. 1/2003 on the Juridical Regime of Real Estate and No 19/2004 on the Rent of State Ownership, but there are no specific laws, guidelines concerning the details of resettlement and compensation. According to usual practice, when land acquisition required for the project development, concerned parties under direction of local authorities (District, Sub-District, Suco and Land and Property Unit) will negotiate and reach with an agreements on compensation rates and total compensation amount and compensation procedure/mechanism.

The Timor Government also does not have any regulations on the protection of power distribution system (e.g., requirements for safety of operating distribution networks).

Therefore, the general compensation principles for the project will be followed with requirements of the World Bank on Involuntary Resettlement (OP 4.12) and as below.

- Project Affected Persons will be provided compensation for their lost land and other assets at full replacement values (in kind or in cash).
- In case of the temporary affected by the projects, there will be full compensated of the net loss of income for a period of project impact.
- The affected persons without any legal title or ownership right to affected land or assets they occupy should be compensated and provide assistance to ensure they are not worse-off due to project.

- All previous claims and unresolved issues related to tenure status and ownership of land and other assets on each sub-project or components will be resolved before land acquisition.
- Negotiation and compensation processes should be carry out in a consultation and participatory manners between relevant parties and with Public Involvement.

#### **4. Compensation Standards**

The compensation standards and valuation method for different types of assets have been based on the replacement value principle and through process of participation, negotiation and agreement between relevant parties (affected person, project management unit, local authorities and informal leaders such as community leaders and local priest).

##### **4.1 . Permanent Land Acquisition**

Commonly, project (gas seep site and distribution lines) will be developed in a public land, therefore, no significant negative impacts are expected. However, land acquisition is required for the project site in the gas seep of Aliambata. Although the location is located in public land which is traditionally occupied by community or *adat* of aldeia Daralari and Beli, the compensation of land for land or cash for land and other affected properties at replacement costs. The compensation rate will be negotiated between farmers and project owner based on the principle of replacement cost mentioned above.

##### **4.2 Temporary Land Occupation**

There could be income losses from temporary land occupation or disturbances during project construction. For such losses, compensation of lost income at replacement value and cost of restoring land into original conditions will be paid by the project owner. To minimize temporary impacts, efforts will be made by the project owner to minimize the impacts of temporary land occupation by timing the construction after harvesting or new planting seasons.

##### **4.3. Structures and Assets**

It was agreed that, impacts (either partially or fully) on building and other sub-structures will be completely avoided. However, if a very special case is require, the compensation principle is to provide compensation at replacement value, which will include cash for lost structures sufficient to replace materials and labor to build replacement structures to an equivalent size and standard.

##### **4.4 Economic Trees and Cash Crops**

The Government of Timor-Leste does not have any regulations for protecting power distribution networks. Tall trees (coconut trees, fruit trees, wooden trees etc.) still remained along the existing distribution lines, thus if the same condition will be applied to this project, very small number of trees would be cut for the project construction and maintenance. In that case, the general compensation principle is to provide replacement value to the affected people.

The local authorities, chief of sucos, suco councils, civil society, and informal leaders have agreed that no compensation is required for economic trees and cash crops. The local authorities and chief of sucos and suco councils will take the responsibility to deal with the affected people before project implementation. Please refer to appendix 2.

## **5. Criteria and Eligibility for Compensation**

The compensation and rehabilitation will be provided for all affected persons under the following conditions:

- if their land area or income source will be removed due to land acquisition of the project;
- if their houses (or residential plots) will be demolished or partly damaged due to the land acquisition;
- if their other properties (crops, trees, and other facilities) or access to these properties will be removed or damaged due to land acquisition or construction of the project.

All displaced persons, regardless of their legal status, will be provided compensation and rehabilitation based on the policies adopted by competent authorities of Timor-Leste. Lack of legal paper of their customary rights of occupancy certificates shall not be an obstacle for obtaining compensation for them.

## **6. Institutional Arrangement**

### **A. Central government:**

1. Director of Oil and Gas & Energy, Ministry of Natural Resources, Mineral and Energy Policy, as decision maker of the project and as person that sign the Resettlement Policy Framework for Gas Seep Harvesting Project.
2. Onshore Energy Policy, Minister of Energy and Mineral Resources, RDTL, project manager Aliambata Gas Seep Project, person in charge of day-to-day activities of the project including in dealing with compensation payment to the affected persons.
3. Director of Land and Property or Land and Property Unit at District Level, institution that needed to consult if there are any disputes of land and property. This institution can involve in the negotiation and consultation process on land acquisition and compensation.

### **B. Local Government:**

1. District Administrator (Viqueque), decision maker at district level and person that should be informed about the project.
2. Sub-district Administrator or OGL, Local Government Officer of Uatulari and Viqueque sub-districts, person that should be involved in the consultation process and compensation. His/her role is as mediator of central government and *suco* or village level.
3. Sub-district police chief and Community Police Officer, person in charge of security aspect in sub-district and village level.

### **C. Suco/Village:**

Chief of Suco and Council of Suco. They have several functions in relation to the project compensation. Firstly, as representation of village in dealing with the government. Secondly, as mediator of the affected people and the project. Thirdly, as witness of the process of compensation payment.

#### **D. Informal Leader including Church Leaders**

The role of the informal leaders and the Church leaders in the village level is significant. Therefore, their involvement in the consultation and as witness of the process of compensation payment is needed.

#### **7. Implementation Process**

Based on current practice, the following steps will be made by the project owner and local authorities in order to ensure the project resettlement policy framework is being complied.

Step 1-Preparation works: During project design, the staff of the project owner and local authorities will be involved to see wherever the land acquisition impact can be avoided, mitigate or minimize as much as possible as principles set forth above. Staff of project owner and official of local authorities will participate in alignment survey and prepare a survey form regarding potential impact on land acquisition.

Step 2- Awareness of compensation policy and negotiation on compensation costs: Based on a final design of the project and its proposed implementation schedule, project owner and local authorities identify, carry out impacts on land and other assets, introduce to the project affected persons about the compensation principles and negotiate, reach an agreement with them on compensation unit cost for potentially lost assets.

Step 3-Prepare an Inventory: The project as its characteristics will cause a very minor impacts on land acquisition and thus, only an inventory is proposed. Based on the project implementation schedule, results of affected survey, negotiation and resettlement policy, the project owner and its consultant prepare an inventory for the project. The inventory will include (i) the scope of impacts (name and quantities of affected assets) (b) detailed compensation rates for affected assets, (c) consultation and participation and (c) cost and budget.

Step 4- Compensation payment and monitoring: As soon as an inventory approved, the project owner and local authorities pay compensation to the project affected persons with the monitoring of independent monitors. Compensation payment (if required) has to be fully done prior to any civil work start.

#### **8. Consultation and participation**

A draft project resettlement policy and an inventories policy will be consulted with local authorities, affected villages and individuals. The comments and feedback from them will be reviewed by project owner and considered in policy and inventories finalization.

#### **9. Disclose the policy and Inventories to the Affected Persons**

Two rounds of disclose will be done (i) As soon as the draft project resettlement policy developed by the project owner and reviewed by the project team of IDA, it will be disclosed at public places (District, Sub-District and Suco offices) accessing to and chance to give feedback from people and any key stakeholders and; (ii) After the project resettlement policy framework and inventories are approved/ cleared by relevant authorities of Timor- Leste, they



will be disclosed to the affected people and project local authorities . The public disclosure of policy and inventories could also be carried out by holding public meeting, putting up notice in the affected villages, or distributing resettlement information booklet to the affected people.

#### **10. Reporting and Approval**

The project without or with only minor impacts, only inventory needs to be prepared, which are not required to submit to the WB for review. Instead, they could be reviewed and approved by project owner and local authorities to ensure that resettlement policy framework is followed.

#### **11. Compensation Funding**

The cost of compensation (if required) will be included in the total project cost. The project owner will make sure that sufficient funding available to cover compensation for the project affected persons.

#### **12. Grievance Redress Mechanism**

The affected persons will be given many opportunities to review the survey results and compensation policies during the process of compensation planning and implementation. In order to resolve complaint effectively and timely, a grievance redress mechanism will be set up by local authorities, project owner and then clearly inform to people in the project areas before the compensation implementation.

#### **13. Monitoring and Evaluation**

If land acquisition or impact on other assets are required for the project, following the requirements of the World Bank, during the project implementation, both internal and external resettlement monitoring and evaluation exercises will be carried out in order to monitor resettlement implementation and ensure all affected people are compensated adequately and their income and livelihood are restored after resettlement and rehabilitation.

##### **13.1 Internal Monitoring**

The internal monitoring will be carried out by the project owner. Every quarter, the report will be prepared and will provide detailed explanation on compensation progress, fund allocation, and issues and problems as well as solutions in the implementation.

##### **13.2 External Monitoring and Evaluation**

An external resettlement monitoring and evaluation agency or individual consultant would be selected to carry out external resettlement monitoring and evaluation. The selected institution or consultant should have extensive experience in similar activities. The main objective is to see whether the objective of compensation and resettlement is achieved; and to provide basic assessment on compensation and resettlement implementation and restoration of livelihood for the affected people. If require, Terms of Reference for independent monitoring will be developed later by the project owner and review by the project team of IDA.

Dili, 7 October 2005

Approved by:  
Ministry of Natural Resources, Mineral and Energy Policy

Amandio Gusmao  
Director of Oil, Gas and Energy

## **Appendix 1: Statement of the Babulo Community**

**(Tetun Version)**

### **SUB-DISTRITO UATU LARI** **SUCO BABULO**

#### **DEKLARASAUN**

Ami mak asina iha kraik nee husi Aldeia Beli no Aldeia Daralari, Suku Babulo, Sub-distritu Uatulari, Distritu Viqueque hanesan rai nain tradisional ba rai nebe gas Aliambata iha ba. Ami rekuinese katak rai nee hanesan propriedade estadu nian nebe uza ba interese publiku liu-liu ba comunidade Uatulari.

Tamba nee, ami suporta programa governu no Banku Mundial nebe hakarak uza rai nee lori halao projetu gas ba eletrisidade ba povu Uatu Lari no seluk-seluk tan.

Hanesan lia los, ami no testamunya sira mak asina deklarasaun ida nee.

Uatu Lari, 30 Setembru 2005

Reprezentante:

Lider Komunidade Babulo

Aldeia Beli

Aldeia Daralari

Joaquim Trindade

Adelino S. da Silva

Carlos Amaral da Silva

Testamunya:

Tomas Soares da Silva  
*Oficial Governu Local, Sub-*  
*distritu Uatulari*

Lourenco Pedro  
*Manager Projetu Gas*  
*Aliambata*

(English Version)

**SUB-DISTRICT OF UATU LARI**  
**SUCO BABULO**

**DECLARATION**

We, whose signature written below, represent the communities from *Aldeia Beli* and *Aldeia Daralari, Suku Babulo*, Sub-district of Uatulari, Viqueque District, the traditional “owners” of the land where the Aliambata gas seep is located. We acknowledge that the land is now the property of the state. Therefore, it should be used to benefit the public, especially for the benefit and interest of the community of Uatulari.

We therefore support the Government and The World Bank program to use the land to develop gas to generate electricity for the community of Uatulari and to other communities.

To prove the authenticity of this declaration, we hereby provided our signature together with our testimony.

Uatu Lari, 30 of September 2005

Represented by:

Community Leader of Babulo

Aldeia Beli

Aldeia Daralari

Joaquim Trindade

Adelino S. Da Silva

Carlos Amaral da Silva

Witnessed by:

Tomas Soares da Silva  
*Local Government Official,*  
*Sub-district of Uatulari*

Lourenco Pedro  
*Project Manager of Aliambata*  
*Gas Seep Project*

## Appendix 2: The approximate compensation

The Parties involved in the consultation have agreed with the compensation in the resettlement framework policy as presented below:

### A. The land:

The acquisition of land is needed which include 1 ha of land that harvest natural gas, currently escaping into the atmosphere from gas seeps at Aliambata site and about 0.25 m<sup>2</sup> of land to be acquired for each tower base. There is no compensation for using the land because it is public land. However, the compensation in kind of land for land or an equivalent of USD 250.00 is needed for the relocation of a local farmer that currently farming on the site.

### B. The economic trees:

The economic trees include industry trees and fruit trees. No compensation is needed for industry trees and fruit trees. The timber trees existing along distribution lines belong to the state. In addition the fruit trees that will be cut are considered as part of community contribution to the project.

### C. Cultural Heritage

Based on the traditional practice (*adat*), there should be a contribution from the project for the *adat* ceremony before a new project to get started. The *adat* ceremony is needed in order to ensure the harmony of the people and the socio-environment.

The approximate compensation for land for the project and the cultural heritage is presented as follows:

Items	Specification	Cost (US Dollar)
<b>1. Land :</b>		
Compensation for relocation of the farmer at the Aliambata site project	Land for land or an equivalent of USD 250 x 1 ha	250.00
<b>2. Cultural Heritage:</b>		
Consumption for the people of Uatulari and Lugasa at the adat ceremony for the project.	<ul style="list-style-type: none"> <li>• 2 buffalos x USD 300= USD 600.00</li> <li>• 4 goats x USD 25= USD 100.00</li> <li>• 20 sack of rice x USD 15 = USD 300</li> <li>• Others are in the form of community contribution.</li> </ul>	1,000.00
<b>Total</b>		<b>1,250.00</b>

**Appendix 3: LIST OF SOURCES FOR CONSULTATION OF RESETTLEMENT  
POLICY FRAMEWORK FOR GAS SEEP HARVESTING PROJECT,  
ALIAMBATA**

**Government Institutions**

1. Vicente da Costa Pinto, Director of Geology and Mineral Resources, Ministry of Natural Resources, Mineral and Energy Policy, Dili
2. Lourenco Pedro, Project Manager, Aliambata Gas Seep Project, Ministry of Natural Resources, Mineral and Energy Policy, Dili
3. Pedro de Sousa Xavier, Director of Land and Property, Ministry of Justice, RDTL, Dili
4. Manuel Guterres, Land and Property Unit, Viqueque
5. Manuel Madeira, Sub-district administrator
6. Thomas Soares da Silva, OGL (Local Government Officer, Uatulari)
7. Jhony, Community Police Officer, Babulo, Uatulari

**NGO, Informal and Suco Leaders, Affected Persons**

1. Pastor Joseph R. Tani, SVD, Priest Leader of Catholic Church, Uatulari
2. Jose da Costa Sousa, Former Sub-district Administrator, Uatulari
3. Carlos Amaral, Community Leader of Babulo
4. Miguel Amaral, Teacher and Community Leader of Babulo
5. Zeferino Menezes, Chief of Aldeia Darlari, Babulo
6. Adelina da Silva, OMT, Uatulari
7. Adelino da Silva, Community Leader, Babulo
8. Martinho da Silva, Community Leader, Babulo
9. Manuel da Silva, Community Leader, Matahoi
10. Paulo Pinto, Chief of Suco, Uma Uain Leten, Lugasa, Viqueque
11. Nicolau Fernandes, Suco Council, Uma Uain Leten, Lugasa, Viqueque
12. Abel Pinto, NGO worker
13. Paulino Amaral, Youth Leader, Afloikai
14. Manuel Soares, Agricultural School of Uatulari
15. Antonio Freitas S., Youth Leader
16. Jacinto Amaral, Community Leader
17. Martinho Elias, Youth Leader, Matahoi
18. Lucio Amaral, Youth Leader
19. Pedro Lopes, Chief of Suco, Uaitame
20. Moises C.S. Marques, Youth Leader, Uatulari
21. Jose Celestino Amaral, Suco Council, Matahoi
22. Salvador de Deus, Youth Leader, Makadiki
23. Gaspar da Costa, Community Leader, Matahoi
24. Afonso Barros, NGO Worker and Former Electric Worker of Uatulari
25. Francisco Pinto da Silva, Catholic Youth Leader and Teacher
26. Jose Apraidela, Community Leader
27. Armindo Soares, Health Officer, Uatulari
28. Anor Sihombing, CWSSP Viqueque
29. Agostinho, Youth Leader, Uatulari

30. Juvinal Trindade, Dili
31. Manuel do Rosario, Community Leader, Uatulari
32. Joao Guterres, Community Leader