

**Ilisu Hydroelectric Dam and Power Plant Project
The Committee of Experts – Resettlement**

Institutions and Capacity Building for Resettlement in Ilisu

**Report on the Second Field Visit of the
Committee of Experts – Resettlement
March 10th – March 19th, 2008**

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June 13, 2008

**Report prepared on behalf of:
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List of Acronyms

CoE	Committee of Experts
CoE-CH	Committee of Experts – Cultural Heritage (or CoE-CH)
CoE-E	Committee of Experts – Environment (or CoE-E)
CoE-R	Committee of Experts-Resettlement
CEO	Chief Executive Officer
DFDR	Development-caused Forced Displacement and Resettlement
DOLSAR	Name of consulting company
DSI	Directorate for State Hydraulic Works
ECA	Export Credit Agencies
ENCON	Environmental Consultants
ECS	Engineering Consulting Services
FAM	Final Assessment Meeting
FDR	Forced Displacement and Resettlement
GAP	South Eastern Anatolia Project Administration
GDDA	General Directorate of Disaster Affairs
GDF	General Directorate of Forestry
GDNRE	General Directorate of National Real Estate
IC	Ilisu Consortium of Construction Companies
IRP	Income Restoration Program
LNG	Liquefied Natural Gas
MARA	Ministry of Agriculture and Rural Affairs
MEF	Ministry of Environment and Forestry
MOF	Ministry of Finance
MPWS	Ministry of Public Works and Settlement
PAP	Project Affected Person
PIU	Project Implementation Unit
PIU-CH	Project Implementation Unit – Cultural Heritage
PIU-E	Project Implementation Unit - Environment
PIU-R	Project Implementation Unit Resettlement Committee
RAP	Resettlement Action Plan
RIP	Resettlement Implementation Plan
RSP	Resettlement Site Plan
SPO	State Planning Organization
TKGM	General Directorate of Land Registry and Cadastre
TOKi	Housing Development Administration of Turkey
ToR	Terms of Reference
VRC	Village Resettlement Committee
WB	The World Bank

***“To make a small hut,
you need a small ladder.
To build a big building,
you need a big scaffolding”***

(Old folk saying)

***“The over-riding theme of Ilisu’s
resettlement now...is the theme of capacity
creation.***

***Nothing can be more important now, in
our view, than assembling and coalescing
a body of specialized organizations and
skilled staff, organized into a coherent
entity, indispensable for addressing the
enormous resettlement challenges that this
project places on the country. These
challenges are multi-sided...,***

***Without a solid institutional set-up...there
is no chance for the massive resettlement
in Ilisu to be completed successfully.”***

*(Excerpt from CoE-R Report on Ilisu
1st Field Visit Dec. 2007, p. 16.)*

Acknowledgements

The CoE expresses its appreciation for DSI/PIU's efforts in organizing and hosting the 2nd field-visit of the CoE resettlement and for the contribution of the members of the PIU-Resettlement Committee, in particular Mr. Hikmet Icten, (Chairman of the PIU-R), and Mr. Tuncer Dincergok, PIU Coordinator. Special thanks go to each of the Ministries and central agencies such as SPO, DSI, MPWS, MARA, GAP, GDDA, TKGM, GDF, TOKi, and Ilisu Consortium – with which the CoE-R had working sessions to assess institutional capacity for resettlement. The representatives of these institutions who participated in these sessions are listed in the report.

The CoE much appreciates the assistance received from the teams of the three ECAs, and in particular, the constant guidance offered by Edna Schöne-Alaluf (Euler-Hermes, Germany). The collaboration of Ms. Victoria Voss, representing all ECAs, was helpful in the field throughout the duration of the 2nd field visit. We appreciate the participation in the final CoE wrap-up meeting of Mr. Thomas Wohlwill and Ms. Edna Schöne-Alaluf (Germany), Mr. Werner Schmied (Austria), and Mr. Bernhard Mueller (Switzerland) and their contribution in assessing the ToRs' status.

The authors of the photographs included on the cover and inside this report are acknowledged with appreciation. In the field, the CoE's work was facilitated by the work of the translator, Mr. Tayfun Evyapan. The CoE also extends its thanks to Julie Koppel, graduate student and research assistant, and to Maya Silver and Michelle Kim, students and research assistants, whose help and skills in different processing stages of this report are recognized and valued.

Cover Picture:

Traditional village bread-baking in Koctepe Village, Ilisu Dam displacement area.

Photo: Thomas Leye

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Executive Summary

The present CoE-R report covers the period of Dec. 2007-May 2008. The field findings and recommendations of the CoE-R 2nd visit were initially presented to the PIU/DSI in the wrap-up meeting on March 19th, 2008, enabling PIU-R to immediately use these recommendations in its work. This report further describes the visit's findings.

The report also expands its analysis of basic institutional, strategy, and performance issues in resettlement and comments on the remedial actions documents submitted by PIU to the ECAs on April 30, 2008 for ECAs review and approval.

Report Theme, Structure, and Main Issues

Overriding Theme. The report addresses many issues, large and small, but one theme overriding all others throughout the report is the paramount need for creating a real organizational and staff capacity in Ilisu for tackling the huge dimensions and complexity of the displacement and resettlement process. Twelve annexes support the report's chapters with documents and additional information.

This report regards the institutional structure as indispensable "scaffolding" for the constructive work involved in the involuntary resettlement process triggered by Ilisu dam. The essence of this work is not just the initial expropriation and forced displacement, but the economic and social reconstruction necessary for replacing the affected population on a productive basis. The displacement and resettlement of 55,000 – 65,000 people, currently living in no less than 185 settlements distributed, is the largest endeavor at this time, not only in Turkey but all of Europe. By its size and agenda, it is in itself a tantamount development project, in fact, a "project within a project", although it is usually termed a "component".

Nothing can be more important now, in the CoE-R's view, than assembling and coalescing a body of specialized organization and skilled staff into a coherent and well-organized entity acting as the "institutional scaffolding" capable to shoulder this major undertaking. This justifies the focus of the present report on the institutional set-up for resettlement.

Main sets of Issues. In this context, the project is structured along the following 4 groups of issues:

1. Analysis of how CoE-R findings and recommendations made at the first field visit (Dec. 2007) have been acted upon by the PIU-R (Chapter 2)
2. Analysis of Ilisu's current capacity for resettlement. Institutional review of DSI's partner organizations in resettlement. (Ministries and central agencies), as well as of IC and in PIU. Rationale for reorganizing the PIU-R (Chapter 3).

3. Outline for a new and strong organizational structure for work on resettlement, with four levels, for the management and implementation of Ilisu's resettlement component, as proposed by the CoE-R (Chapter 4).
4. Analysis of the new deadlines for ToRs proposed by PIU in April 2008 and of the current state of preparedness of Ilisu's resettlement component (planning of RAP and IRP) (Chapter 5).

Chapter 1 – Introduction and Background: CoE's 2nd Field Visit

Chapter 1 describes the schedule and objectives of the field visit, informs about changes in the composition of the CoE-R and of PIU-R and also constructs the "timeline" of main events relevant to Ilisu resettlement occurred between Dec. 2007 - May 2008. The **main objectives of the CoE 2nd field visit** were to:

1. Understand and ascertain the capacity for resettlement work by institutions outside DSI: structures, resources, commitment, information, mobilization, work to date, and plans;
2. Reach closure on the establishment of the External Monitoring Group (EMG);
3. Discuss PIU response – actions to CoE-R's recommendations in the first field report;
4. Review PIU overall progress during Dec. 2007-March 2008;
5. Focus on land-sites identification and Income Restoration Plan (IRP) preparations
6. Evaluate compliance with ToRs and review DSI/PIU/Dolsar ToRs deadlines of January 2008;
7. Discuss training on resettlement policy and standards.

Chapter 2 – PIU's Follow-Up on CoE's Recommendations in the First Resettlement Report

Chapter 2 analyzes how the PIU-R has followed up and acted upon the CoE-R's recommendations from the first visit to catch up on the backlog in meeting ToR deadlines and to improve performance in preparing resettlement

To this respect, the chapter begins with a summary of CoE-R findings and first visit's recommendations regarding key resettlement issues. These highlighted key issues regarding: consultation & information of local population on displacement and resettlement, with recommendations; land issues – identification of lands for new relocation sites, land expropriation, land and house compensation levels, with specific recommendations; the need to start medium-term and long-term planning, and related recommendations; capacity building; and accomplishments and failures in meeting agreed ToR deadlines.

The present report notes with satisfaction that, on several issues, **PIU-R agreed with and acted on** CoE's recommendations (*see pp 26-27*).

However, the report also notes that several “clusters of issues” brought to PIU’s attention in December 2007 **were not acted upon** even when the PIU had agreed with CoE’s recommendation (*see pp. 28-29*).

The following “building blocks” of resettlement work addressed in the CoE report have received **little or no follow up**: Consultation & participation of the communities subject to displacement; Land identification for relocation sites; The Income Restoration Program; Census of the reservoir population; Consolidating staff from various institutions to work “under one roof” for RAP preparation (*see sections 2.3 to 2.8*).

Although a new (second) “List of Deadlines” for ToR completion had been submitted by PIU in January 11th 2008, the field visit found that actual work on the majority of ToRs had made limited progress.

The CoE notes that many individual members of the PIU-R work hard at their tasks, but overall results are affected by systemic problems. The CoE signals that the **institutional roots of insufficient follow-up** reside in (a) dysfunctions resulting from the current PIU structure and lack of staff, and (b) late and only incipient mobilization of some agencies expected to participate with DSI in the resettlement component.

The report concludes that **the preparedness of the resettlement component remains unsatisfactory. It is far behind the level anticipated in ToRs for this stage** (*p. 31*).

As Ilisu project is a system with 4 interdependent components – technical infrastructure, population resettlement, environmental mitigation, and cultural heritage protection – the lack of preparation in the resettlement component **creates an imbalance that jeopardizes the advance of the entire project**. It also entails serious risks of impoverishment, destitution, and social disorganization for the massive population inhabiting the reservoir.

The interval Dec. '07 – March '08 was insufficient for catching up on the backlog. The discrepancy persists between the ill-preparation of the resettlement component and the meticulous and well-advanced preparation of the technical-engineering component, which is rapidly approaching its intended start.

The CoE recommends that PIU-R internalize the recommendations of the first CoE report. They remain valid and need to be carried out, particularly on land site-identification for relocating villages, farming and grazing; remedies to compensation for land and houses; and planning of the full RAP and IRP. The CoE hopes that PIU will improve also its method of **internalizing CoE’s recommendations**, by following up with time-bound specific planning and action on each agreed recommendation.

Chapter 3 – Institutional Capacity for Resettlement: Assessment and Recommendations

Chapter 3 reports on the in-depth review undertaken by the CoE-R to ascertain the capacities for resettlement work available outside PIU and DSI in several Government Ministries and central agencies. These are expected to shoulder the preparation and execution of Ilisu's resettlement component.

The CoE-R has initiated this **broad institutional review** to understand its rather surprising finding during the first field visit: namely, that during 2006-2007, none of the agencies listed in ToR-R as collaborating with DSI have started their share of work to carry out the agreed ToR-R.

The PIU/DSI **provided strong support to CoE-R in carrying out this institutional assessment**, as a joint CoE-PIU exercise, with the participation of the PIU Coordinator and of an ECS consultant throughout. Working sessions were organized at the following eight Ministries or central agencies, as well as with senior officials of the Ilisu Consortium (IC) and of DSI itself:

- The Ministry of Public Works and Settlement – General Directorate of Disaster Affairs (MPWS-GDDA)
- The State Planning Organization (SPO)
- The General Directorate of Cadastral Works
- The Ministry of Agriculture and Rural Affairs (MARA)
- The Ministry of Environment and Forestry - The Directorate of Forestry
- TOKi (State Agency for Housing Construction)
- The GAP (Development Agency in charge of Southeast Anatolia Region).

To factually clarify existing potentials, level of agency information, commitment and readiness for action, the CoE-R engaged with senior staff in these agencies in a professional dialogue along the same four criteria/indicators:

- a) Organization and functions of each agency relevant to resettlement;
- b) Level of agency's information about Ilisu resettlement;
- c) Activities to date, if any, to participate in preparing the Ilisu Resettlement Action Plan and IRP; and
- d) Planned actions in the future, agreed with DSI, to support resettlement, and how these actions will be carried out.

The **institutional assessment was a very fruitful exercise**. It offered both the CoE-R and the PIU-R a measure of the agencies' knowledge about Ilisu resettlement and of the steps to be taken to improve and formalize collaboration between DSI, PIU and each of these agencies.

The CoE-R reports both positive findings and issues of concern. Real capacities exist in most agencies but are diminished by dispersion and low interaction. The implications for PIU are important.

The findings about each agency are summarized in the report (*see pp. 34-38*) and reveal interesting facts about resettlement activities, or lack thereof, in each one of the visited Ministries and agencies.

One challenging question emerged during all these meetings: **if such capacities for resettlement do exist, why haven't they already been mobilized in Ilisu's resettlement preparation**, under DSI's & PIU's authority?

The answer to this question is somehow different in each case but significant commonalities were also identified.

The **common weakness is a lack of information and awareness in these agencies** about the resettlement tasks in Ilisu and the fact that each is expected to contribute directly. No official communication has been received by these agencies from any central government authority that they have to participate and contribute to the resettlement component of the Ilisu Project.

Further, no information was given to these institutions in 2006 or 2007 that their names are officially listed as partners in the ToR agreed between DSI and ECAs. Without such knowledge none of these agencies could act. Information from DSI about Ilisu's resettlement component started to arrive only by end 2007 or beginning 2008. The first formal collaborative understanding was reached through a "protocol" concluded by DSI with MPWS and TOKi in January 2008.

The findings summarized above explain why none of DSI's institutional partners has carried out any substantial activity in preparing the Ilisu resettlement action plan and IRP. Similarly, except the protocol with MPWS and TOKi, none of the other agencies, at the time of the visit, had planned any future actions to support resettlement in Ilisu.

Information received by the CoE-R after the field visit, during April and May, indicates that **PIU-R has intensified its efforts to mobilize** collaborating institutions and involve their personnel in various resettlement preparation activities. New protocols are under preparation. This is a very positive effort. Recommendations regarding such activities and the increase of staffing resources are given in the subsequent (fourth) chapter.

The institutional review also found that knowledge inside these institutions about international standards in resettlement is either limited or absent. The prior experience of most agencies is with a different type of displacements – those caused by natural disasters – and much less with displacements caused by development projects like Ilisu. Since the latter type involves different norms, entitlements, and legal rights for families uprooted by the public sector, most agencies would have to go through a learning process themselves. Only two agencies (GAP and partially MPWS) have had significant exposure to development-caused displacement.

The principal conclusion of the institutional review is that the existent **capacities are highly compartmentalized and weakly integrated** (*pp. 39-42*).

CoE considers the absence of integration as a major problem. Turkey's existing legislation allocates the resettlement responsibilities to various central and regional agencies, but by design each has to deal only with one segment of the "continuum displacement-resettlement." This compartmentalization is not balanced by a tight integration and tends to have functional disadvantages compared to unified organizations under a **single management** system. To use a metaphor, the capacities identified by the CoE could be compared to "fingers": each finger is capable, but the fingers don't belong to the same hand. Neither are these fingers under the command of "one brain," one management. Certainly they have not acted together as an "Ilisu hand." Mobilizing and coordinating them involves now, and will continue to involve, very high transaction costs and efficiency losses.

IC Involvement. The CoE-R also calls attention to the fact that good but still unused potential exists also inside the Ilisu project itself. The capacities of existing actors must be harvested for the benefit of resettlement.

The main issue in this respect is the **lack of formal involvement** of the Ilisu Construction Consortium (IC) in the preparation and implementation of the resettlement component. This critical issue was raised by the CoE-R from its first field visit, but hasn't yet been resolved (*see p. 42*)

Earlier, in year 2006 and up to February 2007, the IC had exercised the key role in managing the draft RAP preparation by Encon consultants. However, after February 2007, the **IC disengaged itself** from further involvement in the preparation, planning, and implementation of the RAP.

This disengagement has proved counterproductive. It left the submitted documents and commitments on resettlement without actual follow-up work on the ground.

This disengagement also left out **the vast engineering, logistic, and staff capabilities** of the IC from the preparation (and the further implementation) of the resettlement process, even though the very advance of technical construction depends on resettlement as well. During the last 2 months, the IC took the initiative of joining in some civil works necessary for relocation in Phase I villages. This effort, however positive, does not address in any way the long term needs, that is – the similar needs for the other 184 settlements that have to be displaced and resettled. Conversely, continuing such activities further, at the scale of the entire reservoir, could improve preparation and implementation.

The CoE-R recognizes, however, that IC's commitment and participation depend not only on the willingness of the IC itself, but also on DSI's contractual request, without which the IC cannot assume a substantial role.

The CoE-R recommends, in light of the structural capacity limitations of PIU, and also given IC's corporate social responsibilities, that DSI needs to give most careful consideration to the option of harnessing the vast capacities of IC in the service of the resettlement process caused by the dam. This refers particularly to the civil works, land terracing, road building and other engineering that the reconstruction

of a very large number of new settlements above the maximum water level of the reservoir will require.

Both DSI and IC could reach an agreement on the re-engagement of the IC in the resettlement component through substantial contribution in planning, preparation and implementation. This re-engagement, in CoE-R view, could considerably help to achieve the fundamental economic/social objectives of Ilisu's resettlement in relocating, restoring and improving the displaced population's livelihood.

The Report concludes its institutional review with a discussion of the constraints, dilemmas, and weaknesses in the PIU-R itself (*see pp. 44-48*).

The sum-total of CoE's institutional findings, outlined in chapter 3, is the **springboard for the new proposals** for restructuring the PIU and creating a stronger institutional capacity for resettlement. This is the subject of the next chapter.

Chapter 4 – Proposed Institutional Structure for the Resettlement Component

The CoE-R and the PIU-R discussed the lessons of the institutional review and of resettlement performance to date, and **jointly concluded that a substantial organizational improvement is indispensable.**

The PIU agreed on the necessity to "*increase the capacity and do the studies necessary for the PIU under the umbrella of a single organization.*" DSI and PIU-R informed the CoE that this point is "*being negotiated with other authorities*" and "*DSI and other organizations are trying to establish a strong unit under one umbrella for planning and implementation*" (*see Section 2.10.1*)

What has not been discussed yet, however, is the actual extent and forms that this restructuring, and the needed massive increase in staff resources, could take. Therefore, the CoE-R has prepared a **proposed outline for a new institutional structure**, germane to the complex task of managing and implementing the resettlement component.

The CoE-R considers that the starting point for strengthening Ilisu's institutional capacity should be the demands of the resettlement process itself and the **grave uneven-ness** in the preparation of Ilisu's various project components. (*see sections 4.1 and 4.2, pp. 49-51*)

The CoE recommends that – in order to create a high-grade institutional structure with managers and dedicated staff at the center & in the field, under "one roof and one budget" – **the desirable institutional framework could have four levels**, or four tiers. These are:

First Tier: The **Ilisu Ministerial Committee**, in Ankara. All collaborating Ministries will be represented on this Committee at the highest level: Minister or Deputy Ministers. The Ministerial Committee will consider issuing the Ilisu

project resettlement policy and will make decisions on all key matters of project policy, resource allocation and implementation. (see p. 53)

Second Tier: The **Resettlement Management and Implementation Unit**, also located in Ankara. This Management Unit will exercise day-to-day overall management and responsibility over the entire resettlement component. It will have a high-level specialist staff, full-time, responsible for the different “building bricks” of the resettlement and livelihood restoration component. (see pp. 53-54)

Third Tier: The **Resettlement Main Field Unit**, located at the dam site. This Unit will consist of a substantial number of professionals, who will guide the work on the ground for the entire resettlement process. (see pp. 54-55)

Fourth Tier: The **District Resettlement Units**, to be created in each of the 5 districts. These Units will bear responsibility and accountability for preparing and adequately implementing in their district all aspects of the Resettlement Plan and of the Income Restoration Project. (see p. 55)

CoE-R also **recommends that the position of an Ilisu High Commissioner be created** and located in the Prime Minister’s office. Its function is to monitor the constant collaboration between the multiple ministries and agencies asked to support Ilisu resettlement. The High Commissioner will report both to the Prime Minister of Turkey’s Government and to the Chairman of the Ilisu Ministerial Committee.

The CoE recommends also that **the overall number of staff involved in the above structure should be large**, commensurate with the magnitude of the resettlement component and with lessons from international experience (see *Box 1 on experience in Three Gorges Project in China*, p. 52).

The CoE further recommends that the current pattern of giving two or more different administrative functions to the same person (as in PIU-R now) **should be modified, since it conflicts with the labor-intensive demands** of resettlement work. Each manager (tiers 2, 3, and 4) and staff members should be **dedicated full-time** to work on the resettlement component and also be remunerated at levels equal to or above their current level.

Finally, the CoE-R is aware that this proposal **may be improved and adjusted further** and is prepared to participate in the discussion of this or other alternative institutional framework for resettlement.

Chapter 5 – Status of Resettlement ToRs: New Deadlines Proposed by DSI/PIU and CoE-R Comments

This chapter includes, and analyzes, the important remedial document submitted by DSI/PIU to ECAs on April 30, 2008, containing new deadlines for all ToR’s on the resettlement.

The CoE is pleased to note that the new list **contains additional information** compared to the prior two lists of deadlines. It also defines sub-deadlines for the three phases of the resettlement process. The CoE-R appreciates the effort involved in reprogramming the work on ToRs with new and more realistic deadlines.

The intermediary deadlines spread activities on a larger calendar span. It is not evident, however, how these deadlines relate to the date contemplated for the beginning of the construction, since they **do not reconcile the newly proposed dates with ECAs' and ToRs policy-based requirement** that the resettlement planning for the Ilisu project should be completed at least six months before the start of construction.

It is also not clear the extent to which the collaborating agencies, which actually have to deliver on the deadlines for various ToR products, have been involved in defining these deadlines and in committing themselves to provide the specialists staff resources necessary to accomplish the ToRs at the indicated dates.

The problems that the CoE-R identifies are of two kinds:

- a) Issues regarding the disconnect between deadlines and the staff and institutional resources for carrying them out
- b) Issues regarding the proposed deadlines themselves

The CoE considers that, at this stage, planning must focus on the simple old dictum: "*define who does what and when*". The deadlines respond partly to the "*when*" question, but leave the "*who*" question with rather vague institutional approximation and leave the "*what will be done*" question without a specific definition beyond the generic ToR definition. It is not at all clear what staff resources and which teams of specialists will be in charge of delivering the ToR "products" at the given calendar dates. This keeps the new list of deadlines from becoming a realistic tool for planning and action.

The CoE recognizes that the logic of resettlement work suggests that deadlines cannot be prescribed with a detailed definition of "who" and "what" unless, first, the institutional restructuring intended by DSI is actually accomplished. The new organizational framework is the prerequisite for the vast work promised in the new deadlines to be carried out successfully; in itself this reorganization will take some time.

The CoE recommends that the staff deemed for each one of the ToRs, or for groups of ToRs must be assembled with priority and specified, per ECAs requests.

The CoE analysis also identified **contradictions between the newly proposed ToR calendar and actual facts on the ground**. This matter was signaled also in the EMG's first report. The dates listed for work "commencement" on Phase II of several ToRs are antedated to October 2007, January 2008, or March 2008, while in fact work on Phase II has not started. This detracts from the credibility of the new calendar. It also causes more concerns about the discrepancy between the falling behind of the resettlement component vis-à-vis the technical component's advance to Phase II.

Altogether, it does not appear possible to the CoE-R that the backlog of 1.5-2 years in resettlement preparation could be overcome in the 3-4 months left until the preliminary date contemplated for technical construction to start.

Also, the CoE-R is concerned that final completion deadlines for certain key ToR-Rs are set rather late, leaving insufficient time after the completion of ToR-R planning document for its actual implementation on the ground. This will risk causing rushed relocation in the last moment, which usually tends to be disastrous. Such issues will require detailed face-to-face examination by the PIU and the CoE jointly.

The CoE-R calls full attention to the fact that neither the letter and spirit of the ECA-DSI agreement, nor the logic of development projects and resettlement preparation, can support the start of the construction engineering in **the absence of the indispensable preparation, planning, population data, and land resources for Ilisu's vast resettlement component.**

Beginning the technical construction without having a soundly prepared program for resettlement, material resources for relocation, a full population census, and a feasible timetable for population transfer harmonized with the technical construction over the duration of the project, would only **aggravate the current time discrepancy rather than reduce it.**

The major risks resulting from the imbalance in planning are detailed in the report – in particular, the risks of impoverishment and social disorganization to the affected population (*see Sections 5.3 and 5.4*).

The CoE-R concludes its analysis by expressing its hope that DSI management, the PIU, and the Ministry of Environment and Forests will carefully consider the analyses and recommendations contained in this report. The CoE-R aimed to develop these recommendations in an internally coherent and interconnected manner, and stresses that they need to be considered as a system of mutually complementing actions and not only as separate, discrete points.

The CoE will be ready to cooperate further with DSI and PIU in carrying out these recommendations and the multi-sided tasks involved in the preparation of sustainable resettlement as a sound component of the Ilisu project.

Chapter One

Introduction and Background: CoE's 2nd Field Visit

1.1 Time-span of the Present Report

The present CoE-R report covers the period of December 2007-May 15th, 2008. After its 2nd field visit to the Ilisu project that took place between 03/10th-03/19th, 2008, the CoE-R decided to extend the report's coverage to May 15th, 2008, in order to comment (as PIU requested) upon the documents presented by PIU to the ECAs on April 30, 2008. These documents include an important new timetable for the ToRs on resettlement.

The field findings and main conclusions of the CoE-R 2nd visit were first presented to the PIU/DSI in the wrap-up meeting on March 19th, 2008, and were discussed by participants. The CoE handed over the PowerPoint summary of its findings to PIU on the spot, (also attached as Annex 1 to this report) so that PIU could use it in its work and also evaluate and react to CoE-R's recommendations.

The present report elaborates in detail on the CoE's findings. It also expands the discussion of the general strategy pursued in Ilisu resettlement in light of the additional PIU documents submitted to ECAs on April 30th, 2008.

The CoE-R calls attention to the continuity between its first report (February 8th, 2008) and the present report. The analyses and recommendations contained in the first report maintain their validity and actuality. Therefore, the best way of using the present report is to read it in connection with the first report.¹ The key recommendations on the strategy for preparing resettlement and on what the CoE called "the three golden rules" in resettlement, outlined in the first report, remain fully relevant for the present document.

1.2 Participation of ECA's Representatives

An ECA delegation also visited DSI/PIU on March 16th-March 20th, 2008, overlapping partially with the CoE-R's field visit. The ECAs informed DSI/PIU on their analysis of the current status of project preparation and that the project appears to be off-track compared to agreements reached at FAM. On this basis, the ECAs requested DSI that a series of "remedial actions" for improving project preparation be immediately carried out by April 30th, 2008 for ECAs review on reaching compliance from agreements and deadlines. The ECAs stated that if FAM agreement is not met, ECAs governments would be obliged to initiate legal consequences in the form of Environmental Failure Notice. The CoE-R participated in the session discussing that presentation and in subsequent meetings with DSI/PIU through March 19th.

¹ See Report on the First Field Visit of the Committee of Experts – Resettlement, prepared by Michael M. Cernea, Shi Guoqing and Yavuz Kir, February 8th, 2008.
(on: <http://www.ilisu-wasserkraftwerk.com/page.php?modul=HTMLPages&pid=77>)

1.3 The Committee of Experts (CoE-R)

At the beginning of the field visit, the composition of the Committee of Experts - Resettlement was renewed with the inclusion of a new member, Mr. Turan Hazar (Turkey), a resettlement and rural development specialist with long experience, formerly a senior staff member of DSI and currently a national and international consultant.

Ms. Victoria Voss (Germany, Euler Hermes), representing the three ECAs, accompanied the CoE-R on all visits to collaborating agencies and to DSI/PIU.

1.4 Creation of the External Monitoring Group (EMG)

The structure of the CoE-R was reinforced during this visit by the establishment of the External Monitoring Group, appointed by the ECAs and DSI in fulfillment of ToR No. 34. The EMG consists of Professor William Partridge (Anthropologist, USA), Professor Birsen Gokce (Sociologist, Turkey), Professor Aytul Kasapoglu (Sociologist, Turkey) and Professor Nilay Cabuk Kaya (Sociologist, Turkey).

The EMG's function is to support the work of the CoE-R by field-monitoring the on-the-ground implementation of the resettlement component. The EMG will generate research-based data on how resettlement achieves its objective of restoring and improving displaced families' incomes and livelihoods (see a description of EMG's functions in Annexes 3 and 4, and further in para. 3 of this report).

1.5 The PIU-Resettlement Committee

The composition of the PIU-R Committee has been slightly modified during the reporting period. The current membership of the PIU-R, with the institutions they represent, is given in Annex 10. The Annex also lists the positions as yet not filled, indicating the need for specialists (e.g. such as GIS experts – 2 positions, agricultural engineer, sociologists, etc.).

1.6 Objectives of Field Visit

In consultation with the ECAs and PIU/DSI, the CoE has set the following objectives for its second visit:

1. To understand and assess capacity for resettlement work by governmental agencies expected to collaborate in Ilisu: their structures, resources, commitment, degree of mobilization, and work to date;
2. To reach closure on creation of External Monitoring Group (EMG);
3. To discuss PIU response and follow up actions to CoE recommendations in the first field report;
4. To review PIU progress during December 2007-March 2008;

5. To accelerate land identification and preparation of the Income Restoration Plan (IRP) preparation;
6. To evaluate compliance with agreed ToRs and to jointly review the DSI/PIU/Dolsar January 2008 new ToRs deadlines;
7. To discuss PIU staff training programs on resettlement policy and international standards.

1.7 Schedule of the CoE-R Visit

Consistent with its focus on assessing institutional capacity for resettlement, the CoE had working sessions² at several Ministries and other agencies designated to collaborate in the implementation of the resettlement component, as follows:

- Ministry of Public Works and Settlements (MPWS), General Directorate of Disaster Affairs (GDDA), Mr. Mustafa Taymaz and Mr. Ayhan Ciftci.
- Ilisu Construction Consortium (Ertan Demirbas, Bulent Dincer, Bulent Erdogan, Ali Riza Öc)
- State Planning Organization (SPO), Mr. Hasan Coban
- General Directorate of Title Deeds and Cadastral Works (Nihat Sahin, Davut Guney, Ramis Soytemiz)
- GAP (Development Agency in charge of Southeast Anatolia Region, Mustafa Kolmek, Cemalettin Erol)
- TOKI (State Agency for Housing Construction, Haluk Karabel)
- Ministry of Agricultural and Rural Affairs (MARA), Director General Mehmet Tasan, Mr. Nezvati Pinarer
- Ministry of Energy and Forestry – Directorate of Forestry (Mehmet Ali Yilmaz, Salih Turhan)

The schedule of CoE's activities and meetings with the names and functions of senior Ministry and Agency officials is attached as Annex 7.

1.8 Timeline: Main Resettlement Events between December 2007-May 2008

For continuity in reporting, and to provide the context for the issues addressed further, the timeline of main events (Dec. 2007 - May 2008) regarding resettlement is provided below. This continues the "Milestone Events" timeline of the first CoE report.

² Ms. Victoria Voss (Euler Hermes, Germany) and Mr. Tuncer Dincergok, PIU coordinator, participated with the CoE-R in these visits and discussions.

-January 11th, 2008: New List of ToR-R Deadlines

- Following CoE's analysis of December 2007, the PIU and Dolsar (ECS) prepared a new general List of Deadlines for fulfilling all resettlement ToRs.

-February 8th, 2008: First Report of CoE-Resettlement

- The CoE report to ECAs and PIU/DSI was reviewed and discussed by PIU in a workshop held in Diyarbakir between March 10th-15th, 2008.
- The PIU prepared a response to the CoE-R report's comments, findings and recommendations, sent to the CoE in April 2008. (PIU's evaluation is discussed in Chapter 2, together with the summary of CoE's first visit findings; Annex 5 reproduces the full text of PIU's evaluation itself.)

-March 10th-19th, 2008: Second Field Visit of the CoE - Resettlement

- The visit's findings and recommendations are contained in the main chapters of this report.
- The day-by-day schedule of CoE's activities is given in Annex 7 of this report.

-March 11th-15th, 2008: PIU-R Workshop in Diyarbakir

- The PIU Workshop, initially scheduled for January, took place beginning March 2008, hosted by the DSI staff in Diyarbakir. The workshop discussed: the ongoing work on resettlement, the status of expropriations in Phase I, the program of cadastral work for Phase II and III and several other items. The CoE's first report translated into Turkish, was distributed to PIU members and discussed.
- On return to Ankara, Mr. Hikmet, Mr. Sinan and Mr. Gurkan briefed the CoE on the unfolding of the workshop.

-March 16th-20th, 2008: ECA Representatives' Visit to Ilisu-Ankara

- A group of ECA representatives consisting of Edna Schoene-Alaluf, Thomas Wohlwill, Victoria Voss, Bernhard Mueller, Karl Lenauer and Kurt Schaerer visited DSI/PIU.
- ECAs presentation to DSI/PIU analyzed ToRs progress based on ECAs field observations (Dec. '07 and March '08) and on the three CoE reports. The presentation found that the relevant works on Cultural Heritage, Environment and Resettlement have not been undertaken and that the project is off-track - a matter of great concern to ECAs governments.
- The ECAs expressed "full support" to the recommendations of the CoEs. ECAs stressed the need to radically improve the project performance significantly.
- The ECAs requested DSI/PIU to take eight groups of remedial measures and to inform the ECAs of adopted remedies by April 30th 2008. The ECAs stated that if FAM agreement is not met, ECA governments would be obliged to initiate legal consequences in the form of Environmental Failure Notice.

-March 19th, 2008: The External Monitoring Group- Confirmation

- CoE prepared, in consultation with the EMG members, the Terms of Reference for the work of the EMG (Annex 3).
- One member of the CoE, Prof. Yavuz Kir, accompanied the EMG on a 3-day reconnaissance visit in the six villages of Phase I Construction.
- PIU managers committed to issue the contract for the EMG by end-March 2008.

-April 2008: PIU's Evaluation of the CoE-R's First Report

- A detailed review by PIU of CoE's Resettlement First Report, including acceptance and objections to CoE's assessments or recommendations is submitted to CoE-R and ECAs.

-April 30th, 2008: Remedial Measures Reports by PIU to ECAs

- PIU submits to ECAs the responses to the eight requested remedial actions, for ECAs review and acceptance.
- PIU submission includes documents relevant to the resettlement component. Among these: a new list of deadlines for ToRs (included and discussed further in the present CoE report); PIU's response to the main recommendations of the 2nd field visit of the CoE-R; assurance about PIU's forthcoming approval of the contract for EMG).

1.9 Structure of the Present Report

This report covers four main clusters of issues:

- a) Analysis of how CoE-R findings and recommendations made at the first field visit (Dec. 2007) have been acted upon by the PIU-R (Chapter 2)
- b) Analysis of Ilisu Project's capacity for resettlement. Institutional review of capacities for resettlement work existent in partner institutions (Ministries and central agencies), in IC and in PIU. Rationale for reorganizing the PIU-R (Chapter 3).
- c) Outline proposed by the CoE-R for a stronger organizational structure, with four levels, for the management and implementation of Ilisu's resettlement component (Chapter 4).
- d) Analysis of the new deadlines for ToRs proposed by PIU in April 2008 and of the current state of preparedness of Ilisu's resettlement component (planning of RAP and IRP) (Chapter 5).

Chapter Two

PIU's Follow-Up on CoE's Recommendation in the First Resettlement Report

The CoE system is an institutional innovation in the organizational set-up of DSI, brought by Ilisu. Therefore, follow-up action by PIU to the CoE-R field visit's analyses and recommendations is essential. There is much to learn on both sides in this interaction. It is also important that conceptual understanding is achieved between the PIU-R and the CoE-R, so that the international standards and concepts pertinent to displacement and resettlement are interpreted in the same way.

The present chapter is dedicated to PIU's follow-up to the CoE-R's first and second visits. It therefore contains first a summary of issues and recommendations, followed by a summary of, and comments on, PIU's response. The CoE then proposes improvements in such exchanges in the future.

2.1 Summary of CoE Findings from first Field Visit

This opening summary offers a frame of reference for assessing whether advances after December 2007 have been made along the recommendations of the CoE and for evaluating the current state of resettlement preparedness.

The reports of the CoE-R consist of two types of contributions: First, detailed and reasoned analysis of basic issues of policy of operations; Second, specific recommendations for action. Both require consideration and precise responses from PIU-R.

The CoE believes that most of the analyses and recommendations in the first report ³ maintain their validity, because they addressed not only the period of December 2007-March 2008, but also issues of policy and long-term strategy that cannot be resolved in just three months. These recommendations are of strategic nature, regarding basic standards, "golden rules", and approaches with long-term validity, fully relevant for the forthcoming months and years of the resettlement component. The CoE expresses its hope that the PIU will regard the CoE reports as documents that need to be used in a constant manner and not just for a short, passing duration. The summary also contributes to continuity in progress reporting from one CoE field visit to the other.

The first CoE report addressed analytically 5 major clusters of issues:

- Analysis of ToR status and the accomplishments or defaults in meeting agreed deadlines and expected products;
- Consultation, participation and grievance issues;

³ The full presentation of findings and recommendations in the First CoE-R Report is available on: <http://www.ilisu-wasserkraftwerk.com/page.php?modul=HTMLPages&pid=77> .

- Major land issues: identification of land sites for relocating the displaced villages, land expropriation, land compensation;
- Long-term and medium-term planning for resettlement
- Capacity-building for resettlement;

On each of the above, the CoE made an in-depth assessment of the situation by end 2007 and specific recommendations. The bullet summary below follows cluster by cluster.

2.2 Status of Work on ToRs by End-2007

- **Findings and Recommendations on ToRs' Status:** By December 2007, 26 out of 35 R-ToR were in default. Work on them should have been commenced on October 2006 and finished by March 2007, but had not started yet.
- The default on ToRs completion was caused mainly by lack of institutional mobilization and capacity. DSI has been working without collaboration from other agencies, and did expropriation only, neglecting resettlement.
- The failure in ToR execution is a *de-facto* departure from the legal agreement with the ECAs. It has thrown the critical-path timetable for starting Phase I construction engineering out of track.
- A sound resettlement plan with an income restoration program does not exist yet for reservoir settlements, or for dam site settlements (Phase I).
- CoE-R recommended that PIU/DSI re-plan the entire set of R-ToRs coherently **at one time**, DSI/PIU agreed to mobilize the institutional and staff capacities for resettlement for each R-ToR both within and around DSI/PIU.
- CoE-R and PIU agreed that plan-measures for population relocation must be fully prepared before the start of the technical component.
- Knowledge Gap: The international resettlement standards (World Bank policy) are either unknown, insufficiently known, or known but not yet internalized. Overcoming this knowledge gap requires a massive and systematic staff-training program, currently absent.
- The ECAs didn't have a mechanism for assessing ToRs fulfillment on the ground between FAM (Oct 2006) and the start of CoEs (Dec 2007) and was not informed in time by DSI of the delay.
- Expropriations were executed one-sidedly not linked to farmers' relocation. This process has materially diverged from ToRs.CoE's Recommendation: identify and offer relocation land & site choices to PAPs before expropriation and plan for their income recovery.

2.3 Consultation, Participation, Grievance System

- Information of and consultation with the reservoir area population were not carried out as agreed. CoE's recommendation: plan and begin immediately the vast information and consultation campaign, involve all affected communities in site identification, relocation planning, and income development.
- Expropriations started without the creation of the grievance system for PAPs

2.4 New Sites' Identification

- Identification of new relocation land sites for villages to be flooded and of replacement farming lands is of capital importance, but was totally neglected until now. Must be done before expropriation and alternative sites must be shown to farmers.
- Out of the 1474 parcels and structures to be expropriated in six villages, 351 plots and almost 100 structures in Ilisu and Kartalkaya villages have been expropriated and payments deposited in the Banks.
- The affected farmers did not accept the valuations, claiming underpayment. **449** Court cases were opened for the parcels and houses expropriated in Ilisu and Kartalkaya.
- The Courts ruled in favor of the farmers that compensations were undervalued. CoE's recommendation: change valuation procedures for next expropriations, and retrofit the initial expropriations.

2.5 Land and House Compensation

- Compensation for parcels and houses was not paid at "replacement costs levels" as provided in ToRs. The PIU and the CoE agreed that a gap exists – and must be legally overcome – between compensation norms under Turkey's Law and international standards.
- For agricultural land, the "income approach" now used by DSI to determine compensation results in farmers not being able to purchase replacement land of equal size and productivity.
- For houses and other structures, the deduction of depreciation from compensation results in families not being able to construct a replacement house or structure of equal size.
- Until land availability at prices offered to expropriated farmers is demonstrated in practice, "the income approach" to land valuation does not meet the goal of producing the replacement cost of land.

- Obtain legal agreement to pay full replacement cost for house plots and structures so that buildings lost can be rebuilt at no added cost. The CoE recommends that the depreciation deduction not be applied any longer.
- PIU, through MARA and Treasury, should make the land-for-land option real by pro-actively securing replacement land. The CoE recommends that the PIU consider (a) terracing nearby hilly lands; and (b) purchasing agricultural replacement land for offer to owners.
- To prevent impoverishment risks to farmers, displaced households must receive allowances for: disturbance; moving; and transition period.

2.6 The Income Restoration Program

- PIU informed the CoE that the IRP does not exist and its preparation had not started yet. This was a most important finding, of high concern. CoE-R recommended that PIU urgently focus on the IRP for all Phase I villages.
- An plan for employment with estimated wage-income flows, time-bound by construction milestones, and a time-bound plan for vocational training (both formal and on-the-job) need to be immediately prepared jointly by IC and PIU.

2.7 Resettlement Cost and Budget

- The financial analysis of cost and budget issues recommends:
 - (a) A contingency allowance for resettlement must be set at 20% of total resettlement cost;
 - (b) An inflation adjustment for one year over the amount owed for 208 parcels must be provided to owners whose compensation was calculated in 2007, but will be paid in 2008;
 - (c) PIU should study benefit-sharing approaches employed in dam projects in other countries, to explore their introduction in Ilisu.

2.8 Long and Medium Term Planning (Phases II and III) versus Short-Term (Phase I)

- The new list of ToRs' deadlines (Jan. 11th, 2008) was reviewed by the CoE and found to lack connection between deadlines and capacity to execute.
- The CoE cautioned the PIU-R that outsourcing ToRs and IRP planning to consultants who don't implement them, and asking Ministries-staff to implement planning that they did not prepare, does not cultivate "ownership" and may create dysfunctionalities.

- Cadastral work for Phase I area made the mistake of not recording the unaffected parcels in the 6 villages and not identifying lands for relocation. This delays site identification for relocation for these villages.
- CoE recommended PIU to combine Phase I resettlement work with concomitant work on planning Phase II and III. Given the huge size of population displacement, preparation of Phase II and III resettlement cannot be postponed after the completion of Phase I.

2.9 Capacity Building for Resettlement: Recommendations

- Institutional capacity for implementing resettlement was found to be very weak, non-organized and not-mobilized. PIU is created based on a “coordination function” not an “implementation execution” function.
- Staff “under one roof” was not assembled. No work-plan was adopted to organize capacity under one roof principle.
- CoE-R recommended reexamining current PIU institutional role and create institutional capacity for resettlement, structured at 3 levels:
 - (a) In Ankara, a Central Resettlement Unit (CRU);
 - (b) At Ilisu site, a staff-strong Field Resettlement Unit (FRU);
 - (c) In the 5 reservoir districts, create 5 District Resettlement Units (DRU), with responsibility for site identification and sustainable resettlement with income improvement.
- A sub-unit for training is needed inside the Central Resettlement Unit in Ankara, with a trainer cognizant of international standards.
- The Ilisu Consortium (IC) has disengaged itself from resettlement preparations after Feb. 2007. In CoE’s view, the vast magnitude of Ilisu’s displacement, and IC’s corporate responsibility, own interests and development ethics, justifies further IC involvement in helping execute resettlement at agreed standards.

2.10 Evaluation of PIU Responses to 1st CoE Report

The CoE paid considerable attention to evaluating how the findings and recommendations of its first field visit have been addressed and internalized by the PIU-R in its strategic thinking and practice, operationally.

The CoE is interested in what and how is accepted from its analyses. The CoE is also prepared to recognize that some of its recommendations may be disputed or disagreed with, as in any normal working interaction. But it does not expect that any

of the analyses incorporated in its reports be bypassed or left out from the follow-up by the PIU and its responses to the CoE.

2.10.1 Positive Points in PIU's Follow-Up Responses

PIU's reaction sent to the CoE on April 9th, 2008 (in table format) is attached as Annex 6 to this report. It needs to be seen in reference to the comments below.

The CoE is pleased to note the presence of several constructive, good responses from the PIU on the issues raised, indicating agreement and intention to follow up. Examples are:

-On point 4.1. The PIU agrees with CoE and states verbatim that, in the future, *"before starting the expropriation work, an equivalent land will be offered and this offer will be documented."*

We regard this as a positive decision by PIU and expect its application. The EMG will monitor this new pattern of action in the field

-On point 2.9. The PIU embraces the CoE's emphasis on the necessity to *"increase the capacity and (do) the studies necessary for the PIU under the umbrella of a single organization."* The PIU informs that this point is *"being negotiated with other authorities"* and that *"DSI and other organizations are trying to establish a strong unit under one umbrella for planning and implementation."*

This is, indeed, another important and positive response.

-On point 3.3. The PIU informs that a booklet containing information on the project and on resettlement is under preparation for dissemination amongst the reservoir population.

The CoE welcomes this information and looks forward to review this booklet (through the EMG) to assess how it informs the PAPs about the new standards under which resettlement will be carried out.

-On point 3.2. The PIU informs that prompt action was taken for creating the first Grievance Office, located at Dargecit; Additional offices will be established at Hasankeyf and in other locations, to be in the close vicinity to the villages affected.

-On point 6.1. The PIU informs that it started to pursue changes in the current legislation, to make possible compensation at replacement cost levels. It states: *"the work regarding the legislative arrangements that foresee the state compensating the cost of depreciation of buildings for those being subject to displacement, will be completed and conveyed to the relevant authorities."*

This response is essential as it refers to a fundamental ToR plank on compensation standards. The CoE expects progress reporting on the result of representations made for legislative adjustments.

These, and some other points, suggest that good communication can indeed be established not only via oral communication, but also via written reports by the CoE on the field visits.

2.10.2 Issues Overlooked by PIU in its Follow-Up

However, despite the above good examples, the CoE must note that PIU response is incomplete. Several important CoE analyses and their recommendations have been ignored. They received little or no mention in PIU's response and it appears that PIU has not acted upon them. This reduces effectiveness and should be avoided in the future.

The CoE does not see its reports as a checkpoint list, which can be summarily checked off and disposed of. The CoE considers that its professional contribution must consist in serious analyses and reasoned advice, to explain how basic policy matters relate to Ilisu and what needs to be done to elevate performance levels to agreed standards.

Therefore, we fully expect that each of the reports' analyses (and not only the points that are labeled "suggestion" or "recommendation") be considered by PIU managers in the same patient and reasoned manner. Genuine follow-up on some of these analyses on matters of strategy may sometimes be even more important than one or another recommendation.

The CoE notes with regret some entire "clusters of issues" raised in the first report were virtually left out from PIU's follow-up documents. This can be easily noticed by a simple look at this document in Annex 5. Many boxes labeled "Action Taken" are left...empty.

"The basic building blocks" of the resettlement work on which the follow-up does not indicate practical follow-up are:

-Consultation and Participation. The CoE report critiqued the absence of any information and consultation work in the reservoir area during the prior two years. Such work was one of the basic ToR agreed requirements. Without it, no good planning for resettlement and for income restoration can take place.

-The CoE expected that the PIU will respond and follow up to our chapter on consultation by immediately planning the organization of systematic consultation and information meetings in the area. Nothing of the sort, however, is mentioned in PIU's response. No follow-up appears initiated on organizing a systematic program of consultation.

-Land Identification. The CoE report devotes a full chapter to the issues of land identification. The report points out how dangerous for

the entire resettlement process is the neglect of land identification, as it will lead to landlessness, severe impoverishment, and will not allow income restoration. Despite the general statement that land sites will be searched for before expropriation, the PIU response does not indicate **how** this is being set up in practical terms immediately.

Identifying land is one of the hardest tasks in resettlement, as is well known. Until now, the PIU has not set up any mechanism to do so. The single village where steps were taken is Ilisu. This does not come even close to the ToR requirement. Any single day lost without working on this task is a cost and added risk to the project, a risk to the affected farmers, and a risk of prolonging delays in construction.

In the CoE's view, follow-up to this requires that PIU allocates staff in the center and in each district to immediately start work on land-sites' identification, and on negotiating land release by Treasury. Only this way can a "land pool" be for relocation, to prevent landlessness and impoverishment among displaced farmers. However, by May 2008, six months after the CoE visit, no mechanism and no systematic follow-up work for land identification and a "relocation land pool" has started.

-Inactivity on Preparing the Income Restoration Program. A full chapter of the CoE report is devoted to the fundamental issue of income restoration and the absence of staff work and planning for it. Again, however, the PIU response (see Annex 5) practically skips over this serious cluster of issues with no specific "action taken".

The CoE regrets that its attempt to convince the PIU of the importance of income restoration has found no echo and no follow-up staff. We can only repeat the warning: the flip side of income restoration option is impoverishment. *Tertium non datur*: if displaced people become worse off, and their incomes and livelihoods are not restored and improved, impoverishment will set in.

This is why addressing income restoration does not suffer any postponement. The CoE is deeply surprised that such important issues addressed in the report have not been answered by PIU with immediate practical follow-up measures.

-Population Census and Database. The CoE report signals in many places that PIU itself is deeply handicapped in its work by the lack of basic data about the population that must be displaced and relocated. No reservoir-designed Census has been planned so far. Information on the household composition of affected villages is lacking for all the 185 settlements to be affected.

-Lack of key data is a prohibitive obstacle to starting any planning. Yet the PIU has not followed up until now on the CoE's recommendation to initiate a Census, except its request to Dolsar to do in April 2008 a limited survey of the first 6 villages.

References to the general census carried out in Turkey in 2007 do not resolve the matter, because of differences in the type of census data (even the data of the general 2007 census are not in PIU's hands). Moreover, the Dolsar small survey has demonstrated how difficult and time consuming such a survey is when done only on 6 villages; the magnitude of the Dolsar effort will be compounded 30-fold(!) by the 185 affected settlements.

The CoE-R is very concerned that the full population census is not yet launched and reiterates its recommendation that commissioning the Population Census is a major priority.

-Relationship between Medium/Long Term Planning Strategy and Short-Term Tasks. Another analysis raised in the CoE report, but omitted in the PIU follow-up, is the matter of combining work on short-term tasks with concomitant work on the medium and long-term planning.

The CoE emphasized that "short-termism" may undercut the work for accomplishing medium and long-term objectives, contrary to PIU's good intentions,. Short-term priorities need to be addressed, but not at the cost of postponing fundamental preparation and planning for overall reservoir resettlement.

The CoE recognizes that this complex issue depends also on how the PIU's institutional structure is designed. Indeed, the current structure of PIU may not yet be designed to allow the proper integration of short-term, medium-term and long-term work.

The institutional issues of PIU's structure will be addressed in detail in chapters 3 and 4 of the present report. The current absence of a regular staff working "under one roof" for the PIU-R, may explain the unsolved dilemmas in planning.

Because important recommendations have not been acted upon and effective remedies could not be implemented in the short interval between Dec. '07 – March '08 for catching up on the backlog, the inescapable conclusion is that the **preparedness of the resettlement component has remained unsatisfactory, far behind the level anticipated in ToRs for this stage.**

As Ilisu project is a system with 4 interdependent components – technical infrastructure, population resettlement, environmental mitigation, and cultural heritage protection – the lack of preparation in the resettlement component **creates an imbalance that jeopardizes the advance of the entire project.** It also entails serious risks of impoverishment, destitution, and social disorganization for the massive population inhabiting the reservoir.

The interval Dec. '07 – March '08 has been insufficient for catching up on the backlog. The discrepancy persists between the ill-preparation of the resettlement

component and the meticulous and well-advanced preparation of the technical-engineering component, which is rapidly approaching its intended start.

The CoE therefore recommends that PIU-R reexamine and internalize the recommendations of the first CoE report that have been agreed but not acted upon. They remain valid and need to be carried out, particularly regarding: land identification for relocating villages, farming and grazing; remedies to compensation for land and houses; planning of the full RAP and IRP.

The CoE hopes that PIU will improve its method of **internalizing CoE's recommendations**, by following up with time-bound specific planning and action on each agreed recommendation.

2.11 PIU's Responses to Findings of 2nd CoE Field Visit

The follow-up by PIU-R to the findings of the 2nd field visit, as communicated in the wrap-up meeting of March 19th, are contained in the PIU remedial document attached as Annex 6, submitted to ECAs on April 30, 2008.

The CoE is pleased to note that this response is, by in large, an improvement over the response to the first visit. It is more complete, more specific, and provides clearer indications of practical actions to follow.

PIU's answer categorically in agrees now with CoE recommendations on institutional restructuring. Responding to CoE's recommendation to "*create high grade institutional capacity with staff and managers under one roof, budget, training program, etc.*", the PIU states:

"Regarding the suggestion of CoE-R about institutional capacity, PIU is in the same opinion. This suggestion was explained to the Ministry. The Ministry is also of the opinion that this suggestion has a vital importance for the success of the Ilisu Project." (Annex 6)

Other specific responses are given further.

Some of the CoE analyses and recommendations are still left with empty "action taken" boxes (see Annex 6). Nevertheless, the CoE-R wants to highlight that this document shows that improved responses and follow-up are feasible.

We do not elaborate more on this, but rather express the hope that an improved understanding of communication and follow-up patterns can be developed.

The CoE expects that in future communication the responses from PIU will address both the "analyses of issues" in CoE-R's reports and the explicit "recommendations" of the CoE. This will maximize the benefits from this form of in-depth professional exchanges.

Chapter Three

Institutional Capacity for Resettlement: Assessment and Recommendations

From the outset, the CoE-R emphasized **capacity building as an immediate imperative**. The CoE submitted preliminary recommendations for changing the organization of resettlement work for Ilisu. We return to this subject in the present report and expand our recommendations for reorganization, based on the institutional analysis carried out during the 2nd field visit.

The first CoE-R report formulated a strong call to DSI and PIU for the creation of a “better organized capacity” for managing and implementing resettlement both at the center and at the project site. It stated:

“The over-riding theme of Ilisu’s resettlement now...is the theme of capacity creation.

Nothing can be more important now, in our view, than assembling and coalescing a body of specialized organizations and skilled staff, organized into a coherent entity, indispensable for addressing the enormous resettlement challenges that this project places on the country. These challenges are multi-sided, claiming resources of a technical, social, economic, cultural, environmental, and organizational nature... **without a solid institutional set-up...there is no chance for the massive resettlement in Ilisu to be completed successfully.**⁴

The 2nd visit reinforced CoE’s conviction and analysis, voiced in the above statement.

To explore further how such a strong organizational scaffolding can be created to support resettlement, the CoE devoted most of its second visit to the institutional set-up. We report below our findings and recommendations. This analysis has three parts:

1. CoE-R’s review of the collaborating Ministries and Agencies listed in the ToRs as agencies cooperating in resettlement planning and implementation
2. PIU as “implementation unit” – analysis of its current strengths and weaknesses
3. Recommendations for restructuring the PIU and for creating a three-tier organizational structure, with appropriate functions and staffing, for managing and implementing the resettlement component

⁴ Report on the First Field Visit of the CoE-R, page 16.

3.1 Collaborating Ministries and Agencies Involved in Resettlement

The CoE-R held a series of working meetings with Ministries and central organizations that have been listed in the ToRs and by DSI as institutions expected to participate in carrying out the ToRs and the resulting tasks for resettling the displaced population.

The following organizations were visited by the CoE: the Ministry of Public Works and Settlement – General Directorate of Disaster Affairs (MPWS-GDDA), the State Planning Organization (SPO), the General Directorate of Cadastral Works, the Ministry of Agriculture and Rural Affairs (MARA), the Ministry of Energy and Forestry – the Directorate of Forestry, TOKI (State Agency for Housing Construction) and the GAP (Development Agency in charge of Southeast Anatolia Region).

DSI expects to receive the cooperation of these institutions (their staff specialists and logistical means, etc.) in the design, planning and implementation of the resettlement process and in the Income Restoration Program. DSI holds the legal mandate to execute expropriations and, implicitly, to displace people. However, Turkey's legislation places the functions crucial for resettlement and post-displacement economic and social reconstruction under the responsibility of other ministries and agencies, and without the deep, long term, and well organized participation of these Ministries and agencies. It is not possible to carry out the ToRs for resettlement.

The meetings requested by the CoE-R engaged these agencies in a professional dialogue to factually clarify and inform about the following key aspects:

- (a) Organization and functions of each agency relevant to resettlement;
- (b) Level of agency's information about Ilisu resettlement;
- (c) Activities to date, if any, to participate in preparing the Ilisu Resettlement Action Plan and IRP; and
- (d) Planned actions in the future, agreed with DSI, to support resettlement, and how these actions will be carried out.

The "capsule" descriptions below summarize the information received from these agencies, followed by CoE's conclusions from its review.

Cooperation Protocols. Existing regulations require that to ensure the participation of collaborating agencies, DSI as "project owner agency," must conclude formal protocols with the respective agencies.

The first such Protocol was concluded in January 2008 between DSI, MPWS and the social housing agency, TOKI. The text of the Protocol DSI/MPWS/TOKI is attached as Annex 9. The provisions of this Protocol are rather general, and do not contain a detailed work plan, calendar based, a task-specific budget, or the number of staff-allocated, and a definition of the expected resettlement outcomes

DSI informed the CoE that other Protocols would be concluded subsequently.

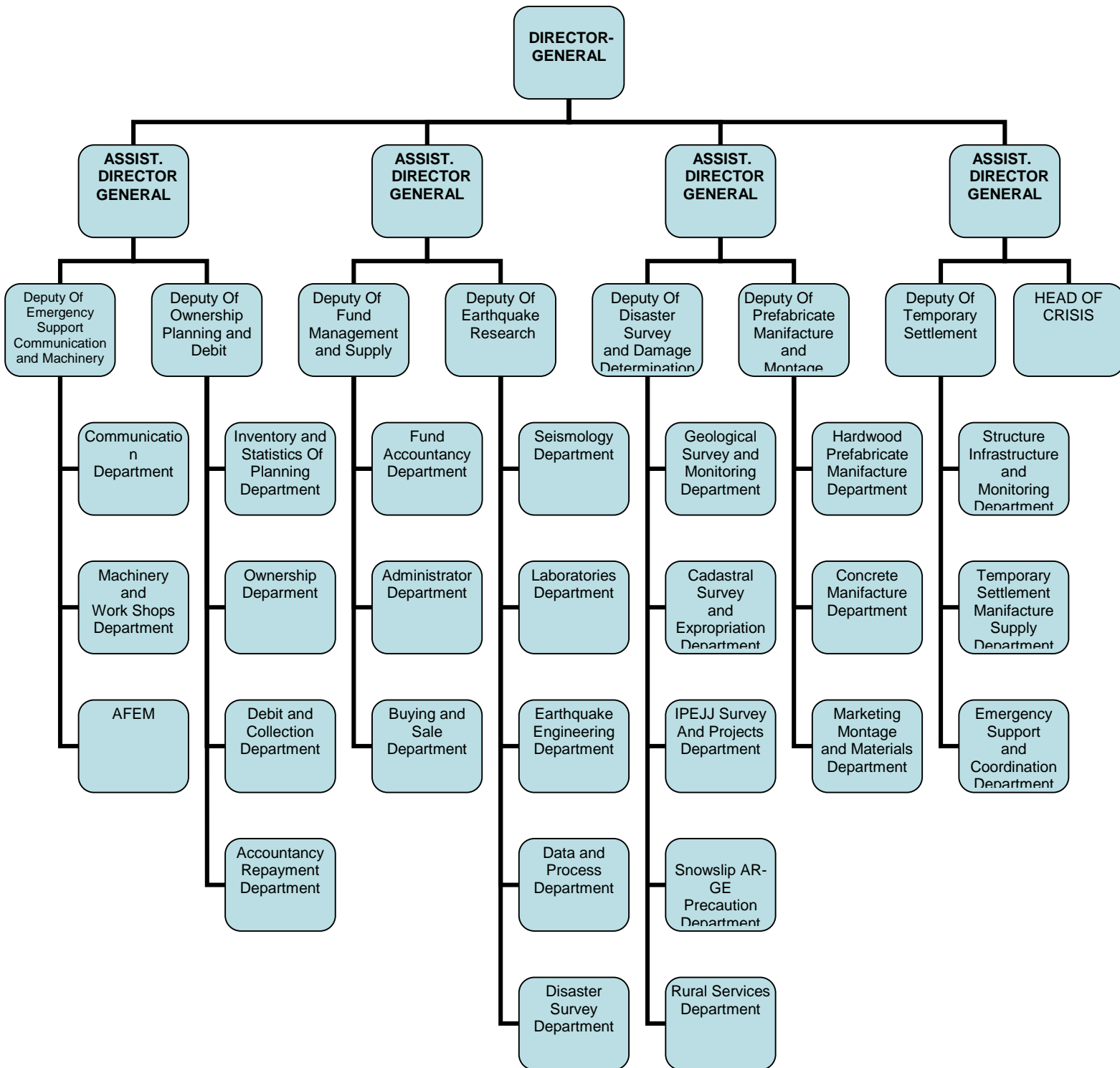
3.1.1 The Ministry of Public Works and Settlement (MPWS)

The Ministry of Public Works and Settlement (MPWS) is vested by Turkey's legislation with the responsibility to assist people affected primarily by natural disasters, but also by other causes, including state expropriation for the right-of-way of development projects. Because of its major role in resettlement (likely to be broader than that of other agencies) a more detailed description of its activities and legal frameworks for its operation is given in Annex 8, supplementing the information contained here below.

The MPWS carries out civil works concerning public buildings and highways, as well as providing services related to physical planning, land development, housing and disaster relief for low-income families. Director General Mustafa Taymaz explained that the MPWS is comprised of three General Directorates, of which the one directly relevant to the villages to be inundated by the Ilisu Reservoir and to the houses to be demolished is the "Directorate-General of Disaster Affairs". However, this Directorate has worked mostly on displacement and homelessness caused by major natural disasters, and not primarily on displacement and loss of assets and housing caused by regular development projects, financed by the State, although it has contributed in some cases.

The organigram below reflects the structure of this Directorate, whose detailed description is given in Annex 8.

Figure 1. Organizational Structure of the Directorate-General of Disaster Affairs, MPWS



This organizational chart makes it obvious that the GDDA is designed primarily *for natural disaster situations* and has technical, logistics, and relief capabilities to intervene primarily in situations of earthquakes (rather frequent and catastrophic in Turkey) and in other natural disasters. The way the Directorate works toward preventing the effects of natural disasters is through geological studies, mapping and, for example, by installing avalanche prevention structures.

This type of disaster-prevention and subsequent relief work is of a different nature than the work for socio-economic reconstruction of settlements, households, and farming systems displaced by the state itself for the purpose of development projects like the Ilisu Dam, in which the population has entitlements to full income restoration and the state has completely different, and considerably higher, obligations vis a vis those whom it is displacing.

The **main legal framework** under which this Directorate carries out its activities is the Law 7269 regarding assistance to victims displaced by natural disasters, and not primarily Turkey's Law Nr. 2942 regarding displacement caused by development projects, which is different in substantive ways. The MPWS also assists in resettling families whose land has been expropriated by the state, for other different reasons, and supports eligible families with loans.

For this Department, re-tooling itself for the kind of social and economic reconstruction work required in the Ilisu Project would be a special task in an already complex department.

To see whether and how this fundamental task could be handled, the CoE requested the Directorate General whether a work-plan exist, but none was available. The MPWS promised to prepare a document called "the Roadmap". Yet this promised "Roadmap" hasn't yet been provided to the CoE, several months after the committed deadline. Even more than for the sake of CoE review, such work-plan or "roadmap" is needed by PIU itself to define what the Department will do in Ilisu, in line with the protocol.

3.1.2 GAP Regional Development Administration

The GAP Regional Development Administration, established in the late 1980s, works on sustainable development projects related to irrigation and hydraulic energy production in nine regions in South-Eastern Anatolia (Euphrates and Tigris Rivers). Several villages affected by the Ilisu Dam, including Batman and Diyarbakir, fall into the GAP's domain. The ultimate purpose of GAP is to raise the living standards of Turkey's lower classes, reaching toward social stability and national economic growth.

As a development execution and coordination agency/program, the GAP works under the authority of the Prime Minister's Office. The GAP Administration has both a central and regional structure and branches.

The GAP has potential to contribute to the reconstruction of the farms that are to be inundated and to the development of the new villages. Until the visit of the CoE,

the GAP had not been actively engaged by DSI/PIU or contacted for work planning purposes. Information on Ilisu Project has been, apparently, received by mail, without direct negotiations for involvement. Recently, the GAP has undergone restructuring to become more effective and efficient.

3.1.3 The Ministry of Agriculture and Rural Affairs (MARA)

MARA is responsible for the preparation and implementation of rural development plans and programs, establishing infrastructure facilities in rural areas and guiding the agricultural sector. There are several General Directorates in the central Ministry, and a provincial directorate of the ministry in each province. **The General Directorate of Institutionalizing and Support (GDIS)** deals with the establishment of rural institutions (e.g. cooperatives, etc.), providing technical and financial support. During resettlement projects, it assists in the creation of cooperatives, handicraft production centers, and training and extension services for the PAPs.

An important information received by the CoE in its meeting with MARA was that the Ministry no longer deals with resettlement. While at an earlier stage MARA did include a special unit for resettlement and settlement issues, now these tasks are under the charge of the Ministry of Public Works.

Therefore, the MARA will no longer be quite as instrumental as originally thought in assisting with the Ilisu Dam resettlement.

Furthermore, Director General Mustafa Tasan explained that MARA cannot assist in obtaining lands to cede to displaced farmers because the Ministry's farms have almost all been privatized and are rented out to farmers or companies, or have become breeding farms. Again, the MPWS is the agency in charge of granting acreage on behalf of the Government to farmers who have lost their land.

MARA also introduced and explained to the CoE some of their current major projects, which could potentially aid or involve the dam-displaced farmers. One of MARA's projects involves granting credit at low interest to the farmers who belong to a Cooperative. Should resettled farmers join or form a Cooperative, they could potentially benefit from this program.

Another new MARA program that might benefit the dam-displacees is to assist farmers in the construction of new irrigation systems by absorbing 50% of the cost. In the case of Ilisu displacement, this program could potentially be used only *after the displaced farmers receive new land* and if that land's location is suitable for irrigation.

3.1.4 State Planning Organization (SPO)

The Undersecretariat of the SPO works under the Prime Ministry for developing economic, social and environmental policies for the five-year development plans, and prepares annual programs and public investment programs. It approves all public investment projects as well as those proposed by municipalities for financing by either domestic or foreign sources.

The Higher Council for Planning (HCP) chaired by the Prime Minister, is responsible for decision making on macroeconomic and social policies and evaluation and allocation of resources for large-scale investment projects.

The SPO also provides high-level coordination between the organizations involving resettlement process.

3.1.5 TOKI (Housing Construction Agency)

TOKi works to support the urbanization process, by providing accessible and affordable housing to Turkey's growing urban population. The new housing should provide living conditions similar to those found in urban environments.

TOKi has also initiated work on the Agricultural Producer-Villages Project, which aims to create "model, exemplary" rural settlements, with adequate housing and social and economic facilities.

The ultimate objective of this project is to improve agricultural production in rural settlements, and reduce rural-to-urban migration and the expansion of urban slums on account of people displaced from rural areas.

3.1.6 General Directorate of Forestry of the Ministry of Environment and Forestry

The Forestry Directorate is responsible for forest cadastral works and assisting forest villages. The Directorate delineates the boundaries of Turkey's forests and often resettles forest villages for living on more workable agricultural land, and for better preserving the forests.

This Directorate cannot provide support for most of the resettlement that will occur as result of Ilisu dam. But it can help in resettling those villages that may be now located in forest areas to be inundated by the reservoir. The Director General noted that he had received the contours of the reservoir from DSI and forwarded the information to the regional Forest Cadastral Commissions, who would each complete cadastral works and determine if, and how many, of the displaced villages are located in forests. According to the Directorate, a forest is defined as an area of three hectares or more of natural or artificially planted trees or tree-like plants of five meters or more in height.

Though the Directorate has displaced and resettled forest villages in the past, usually to preserve the forest, its resettlement experience is not extensive.

The Directorate pointed the CoE to several sections of Turkish legislation, relevant to the Ilisu displacement: Articles 170 and 169 of the Constitution of the Republic of Turkey and Articles 1 and 2 of Law Number 6831.

3.2 CoE's Assessment: Resettlement Capacity in Collaborating Agencies – Issues and Recommendations

The PIU/DSI made an obvious effort to enable the CoE to learn how responsibilities relevant to resettlement are allocated among various Ministries.

We express our thanks to PIU-R for its help towards the success of this engaging review.

CoE's assessment of collaborating agencies' was a very fruitful exercise. It offered the CoE-R a measure of those agencies' knowledge about, or engagement with, Ilisu and about what needs to be done to improve the institutional capacity and performance of PIU/DSI itself in resettlement.

The CoE's conclusions include both positive findings and issues of considerable concern. The implications for PIU are important.

Real capacities that exist in various agencies are diminished by dispersion and lack of collaboration.

Major organizational decisions are now needed in the Ilisu context, for marshalling better the existing potentials and for filling current gaps in PIU work.

CoE's conclusions are summarized succinctly, in "bullet" form.

- **Available Skills.** Specialists for various resettlement-relevant activities do exist in most agencies visited by the CoE, and vary from agency to agency. Resources are real but scattered in many places, with limited inter-linkages.
- **Unexplained question:** If such capacities do exist, why haven't they been already mobilized and involved in Ilisu's resettlement preparation, under DSI's authority or PIU's? DSI/PIU must understand the causes and act to correct them.
- **Specialization in Disaster Displacement.** Most specialists, particularly in MPWS, have more experience in relief assistance (to disaster-caused displacement (like MPWS) than in economic reconstruction after development-caused displacement (which exists more in the GAP).
- **Compartmentalization without Integration.** CoE considers the absence of integration as a major problem. Turkey's existing legislation allocates resettlement responsibilities to several Government agencies, and by design each has to deal only with one segment of the displacement-resettlement continuum.

The CoE found that institutional *compartmentalization* is not balanced with a tight *integration* of activities and specialists into one unified organization, and under

one accountable management system. This imbalance results in structural dysfunctionalities, that affect work on Ilisu.⁵

- Planning activities that, for Ilisu, must be carried out in an integrated manner are split under different administrative managements, far apart. Multi-disciplinary teams and fully dedicated “task-forces” are indispensable.
- **Information Deficiency About Ilisu.** The level of information of most agencies on Ilisu’s specific resettlement problems is very low and insufficient. It varies from limited to extremely limited or virtually nonexistent.
- None of the agencies could confirm receipt of documentation about resettlement before or immediately after the FAM 2006, or after the Vienna meeting 2007. Apparently, the names of these agencies were included in the ToRs without their knowledge, and without subsequent information.
- Because these agencies were not informed about specific ToRs, they did not act. This is part of the explanation for their lack of involvement in resettlement.
- Some agencies have received Ilisu resettlement ToRs and other documents only shortly before the CoE’s visit. The PIU representative accompanying the CoE expressed his regrets that the relevant documents were simply posted by mail to GAP rather than discussed face to face for agreeing on cooperation.
- MPWS and TOKI are better informed now due to the fact that a protocol was concluded between them and the DSI.
- **Activities to Date.** Except initial steps in MPWS and partly TOKi, no measure was initiated in the other visited agencies to allocate staff for the preparation of the Resettlement Action Plan or Income Restoration Plan.
- **Planning.** Involvement of these relevant agencies, and perhaps others, in preparing the RAP and IRP will require special agreements (protocols) between DSI and the respective agencies. The only protocol concluded until the CoE visit was the one with MPWS and TOKI.
- The CoE asked to review the work plan developed by MPWS, but such a plan did not yet exist 2 months after the protocol. The DG of the General Directorate of Disaster Affairs (GDDA) committed to prepare and send CoE such a work plan (named: The Roadmap) in one month. However, three months after the meeting with GDDA, the CoE has not yet received “The Roadmap Work Plan”.
- **Protocols.** Except the initial protocol signed in January, the CoE has not received any information on whether PIU concluded protocols with other agencies or Ministries.

⁵ These structures may or may to be adequate for the “parent agencies,” but the CoE makes no judgment on that. Our comments refer only to adequacy of outside structures for collaborating to Ilisu’s most complex and vast resettlement tasks.

- Because protocols are an important instrument in Turkey's system for interagency cooperation, the CoE recommends that DSI/PIU develop an Ilisu-specific format for concluding such protocols that would reflect the complex nature of involuntary resettlement. Protocols need to be much more explicit in their commitments, allocations, obligations, and deadlines for performing agreed tasks.
- The CoE-R also recommends that every future protocol be accompanied by a time-bound work plan, based on the RAP and the IRP, outlining the parts of the RAP and IRP for which the respective agency is responsible, dates for intermediary tasks completion, and the final objectives to be reached in terms of the restoration and improvement of PAPs income and livelihood.
- **Weak Capacity for Rural Resettlement.** While TOKI has accumulated broad experience in building social housing in urban settlements, it has done comparatively much less in rural villages or hamlets.
- **Agricultural Income Restoration.** In its meeting with MARA, the CoE learned with high concern, that the Department identified by PIU for the meeting no longer deals with resettlement in rural areas. At an earlier stage, MARA did have such a Directorate, specializing in land-based resettlement, but that Department was abolished several years ago. The task has been transferred to the MPWS, which does not have the requisite agro-technical resources.
- **MARA's Land Unavailability.** The CoE was informed in the MARA meeting that MARA could not assist in identifying and obtaining lands for displaced farmers. The Ministry's "state farms" have almost all been privatized and/or rented out to farmers or companies, which became breeding farms. The CoE challenged this statement, based on prior information from PIU, and we suggest that MARA's potential land contribution be re-ascertained by PIU.
- **Treasury Lands.** The Ministry of Treasury has authority over available state lands. PIU expects to obtain some lands from the Treasury lands for the land-losing reservoir farmers. So far, no land was made available by the Treasury either. CoE cannot comment more on this because a meeting with the Treasury was not included in its schedule.
- **Experience with Integrated Development.** The GAP agency has already done programs comparable in content (though not identical) with what is necessary for resettling Ilisu's displaced farmer's productively. However, GAP has not yet been formally engaged in direct collaboration by PIU.
- The CoE-R concluded that the experience of GAP is an advantage and recommends that PIU gives priority to reaching a protocol for cooperation with GAP.

3.3 The Ilisu Consortium's Participation in Resettlement

The CoE-R recommended in December 2007 the participation of the Ilisu Construction Consortium as an important actor in the preparation of the resettlement component. This essential recommendation has been met with silence by the Consortium, which did not communicate any reaction to the CoE. No progress was achieved in this respect.

- The CoE regards IC's participation as a critical issue for building up institutional capacity. The Consortium has vast engineering, logistic, and staff-specialist capacities. It also has a vested interest in timely and good quality resettlement, as a pre-condition of dam construction.
- Earlier, the Consortium had assumed the key role in managing the preparation of documents for resettlement, when these documents were a condition for ECAs decision on financial guarantees. However, shortly after February 2007 Vienna meeting and ECA's decision on guarantees, the Consortium disengaged itself from the execution of ToRs for resettlement.
- The CoE considers that this disengagement has proven to be counterproductive and recommends that it be reconsidered. The vast engineering and organizational capacities of the Consortium can be a very helpful factor in building up the current low capacity for the resettlement component.
- The CoE is aware that the IC's commitment depends not only on the IC itself, but also on DSI. It is up to DSI to formally decide on requesting an expansion of IC's existing contract obligations.
- It is worth mentioning that during the last 2 months, the IC took the initiative of joining in some civil works necessary for relocation in Phase I villages. This confirms that such participation is feasible, and extending such activities could further improve preparation and implementation at the scale of the entire reservoir.
- The CoE-R recommends that, in light of the serious constraints faced by DSI/PIU, and also given IC's corporate social responsibility, that DSI gives consideration to the option of harnessing the vast capacities of IC not only to the dam's construction but also to the resettlement process triggered by the dam, particularly to the civil works and engineering that the reconstruction of a very large number of new villages sites and their infrastructure will require (e.g., land leveling, local roads, connections for water supply, etc). The CoE regards this as a matter of project effectiveness as well as of development policy and development ethics.
- The CoE urges both DSI and IC to reexamine the IC role in resettlement and to resolve it favorably. **Both the DSI and IC could reach an agreement on the re-engagement of the IC in the resettlement component through substantial**

contribution in planning, preparation and implementation⁶. This re-engagement should cover participation in the key technical and economic dimensions of the resettlement process and should contribute in the achievement of sustainable resettlement, with restoration and improvement of the displaced population's livelihood.

- To avoid repetition, we also refer the IC and DSI to the detailed reasoning on this issue in Section 11.2 of the first CoE Report.
- In conclusion, we hope that this recommendation will receive due and careful examination, and we respectfully ask that the CoE be informed of the outcome.

3.4 Overall Conclusions

What conclusions can be derived from the assessments summarized above?

3.4.1 Dispersion and Needed Integration

The CoE found, overall, that significant capacities do exist outside of the DSI. But these are not yet articulated coherently into a “traction force” capable of pulling forward the resettlement process. Current dispersion of institutional capacity and human resources confronts DSI/PIU with vast problems of mobilization and coordination. This high degree of dispersion subtracts from the existing capacities and diminishes their potential effectiveness.

3.4.2 Transaction Costs

If the resources that now are dispersed (for other reasons) in so many agencies are left where they are now instead of being coalesced (for Ilisu reasons) into one single group, then DSI/PIU will have to spend time and effort to mobilize the dispersed groups and control how they supply their contribution. This will entail vast transaction costs with likely frictions and inefficiencies.

- It is highly doubtful that maintaining the current pattern would produce the DSI and ECA-expected results in fulfilling the ToRs. Until now, such *orchestration of outside resources* into one orchestra that can “sing together the same concert” has definitely not happened.

⁶ Very positive results have been obtained in other projects involving the participation of major foreign enterprises and corporations, which became partners in carrying out the resettlement component of development projects causing displacement. For instance, in the large-scale Tangguh project in Indonesia (co-financed by Japan, British Petroleum, ADB), the main construction company, British Petroleum, took the lead role in carrying out the Tangguh project's resettlement component. BP undertook the construction of housing infrastructure for the displaced population at the new sites, including, improving the infrastructure for the non-displaced villages, which were affected only by the influx of resettlers. BP allocated engineers, heavy equipment and other resources to the execution of resettlement. (See BP Tangguh *LARAP – Land Acquisition and Resettlement Action Plan*. BP Soyo-Jakarta 2005 Indonesia). In Angola's large LNG project at Soyo (currently under construction), Chevron and other international companies participate directly in the component focused on reconstructing the livelihood of the fishermen economically displaced by the project's civil works and operations.

- **The Needed “Deliverables”**. The proof that the existing organizational pattern is not functional enough is that until now, it has not delivered on the agreed ToRs.
- The ToRs are tangible “deliverables,” indispensable in order to proceed step-by-step in resettlement preparation and subsequently in implementation. Even if the 15 months of no-work on ToRs prior to PIU’s creation are discounted, during the last 8-9 months after the PIU was appointed, no substantial progress on any major ToR can be reported.
- It would be very risky to not recognize this de-facto situation and assume that maintaining the current pattern will produce “deliverables” in the future on time. Ilisu has produced until April 30, 2008 three different “Lists of ToRs Deadlines,” but despite the deadlines, the vast majority of the TOR-R is not carried out. The actual ToR “deliverables” are still to be delivered.

The topic of ToR “institutional actors” will be discussed also in chapter 5 of this report, dedicated to ToRs. But we call now attention to the implications of the findings described in the present chapter for the evaluation of the April 30, 2008 list of ToR deadlines in chapter 5.

3.4.3 DSI/PIU’s Own Efforts

In fairness to DSI, the CoE recognizes that DSI cannot be requested to do tasks that in Turkey’s institutional systems are the responsibility and competence of other Ministries and Agencies. That implies that adjustments are needed in the system.

The CoE-R also notes that many dedicated DSI and PIU members have multiple job responsibilities outside their role in PIU. Their tasks for Ilisu have to be performed simultaneously with their permanent (outside Ilisu) responsibilities in their agencies.

The DSI staff appointed as members in the PIU-R sub-committee are probably the persons who have worked most to advance the displacement-resettlement process. But the inescapable conclusion, resulting from the experience to date, is that individual efforts cannot substitute for needed and empowered structures, and for the work of collaborating agencies.

3.4.4 Many Fingers, but Not of the Same Hand

To use a metaphor, we can say that the capacities identified by CoE in various organizations could be compared to “fingers”: each one is capable of doing something for resettlement. But these “fingers” don’t belong to “the same hand.” They do not act together as an “Ilisu hand” or group. These “fingers” are not under the command of, so to say, “one brain,” one management.

This pre-existent dispersion has forced DSI to appoint the PIU along the principle of creating a coordination committee, consisting of “representatives” of various agencies and intended to bring those agencies to action.

The question that needs to be asked now is: does the PIU really have the organizational *convening power and authority* to carry out this difficult coordination task, given its present structure and composition? The CoE will address this question in the following section, devoted to PIU's own strengths and weaknesses.

Responding to this question, this section will express the CoE-R's conclusion that the experience of the first 8-9 months of PIU existence **strongly suggests that PIU needs to be reorganized.**

The CoE-R is encouraged by the fact that several PIU members themselves have expressed their support to the rationale for this reorganization and for CoE's prior recommendations in this respect⁷.

3.5 The Rationale for Reorganizing the PIU

The CoE must candidly state that the PIU-R system has deficiencies of structure. The difficult functions that PIU must carry out require a reorganization to make better performance possible.

In recommending such restructuring, we do not impugn any individual PIU-R members as such. The issue is structural inadequacy. This issue has to be examined objectively; learning from lessons of international experiences in dam-building with massive resettlements, and from the hurdles faced by the current PIU structure since its creation in September 2007.

The analysis of PIU's mode of operations is organized along the following headings:

- (a) Coordination Unit or Execution Unit?
- (b) Weak Decision-Making Authority
- (c) Lack of Internal Operational Structure
- (d) Lack of Staff
- (e) Excessive Transaction Costs
- (f) Knowledge Insufficiency

In the considerations that follow, we refer explicitly to the PIU-R. Some of our considerations may apply to the PIU at large. However, it is up to DSI, ECAs and the other CoEs to analyze the PIU-E and PIU-CH and to assess whether some of the following considerations apply to those parts of the PIU as well.

3.5.1 Coordination Unit or Execution Unit?

The PIU-R sub-committee has been created as a *coordination* organ, rather than as an actual *execution* unit. The name of the PIU as an "Implementation Unit" is

⁷ This consideration was mentioned also in the PIU comments on the CoE's 1st and 2nd field visits' recommendations (see annexes 5 and 6).

somehow overstated or premature, since, in fact, the main tasks of the PIU are still of *preparation work* (and fulfilling the ToR obligations), rather than of doing already implementation/resettlement work. In fact, there is not yet an approved “Resettlement Action Plan” or an approved “IRP” to implement. These plans still have to be prepared and approved, after which will start implementation.

Even the only resettlement execution task so far (the Phase I) is still in the starting blocks. It has not yet taken off: the only task actually executed was expropriation, done by DSI itself even before PIU creation.

The fact that the PIU is conceived as a coordination body results from its composition as a set of “representatives” of several Ministries but without a staff of its own (see Annex 11).

Unfortunately, many of these “representatives” are unable to work full time for Ilisu because they simultaneously hold other non-Ilisu functions in their parent Ministries. However, a major component of any project normally requires a strong execution staff, not only a coordinating committee.

The current confusion between the “function of coordination” and the “function of execution”⁸ weakens the operation of the PIU.

3.5.2 Weak Decision-Making Authority

The representatives of other Ministries have been designated from among senior mid-level officers of those organizations and not from among the highest, top management tier.

These representatives are not vested with the necessary authority to make decisions on behalf of their Ministries. The task of these representatives is to convey to their Ministries information and requests, which those Ministries have to approve and decide about what they have to do. Therefore, the representatives have a function of “transmission belts” rather than the function of high-level decision-makers.

On the aggregate, that means that the PIU-R in its totality has a relatively weak decision-making authority. Conversely, creating such an authority capable for prompt decision-making and execution is of paramount importance.

Therefore, the CoE will recommend further that collaborating Ministries must be represented in such a national endeavor as Ilisu Dam by their most senior officials – e.g. at the level of Ministers or Deputy Ministers, fully vested with decision-making authority and capable to engage the needed resources from their Ministries.

3.5.3 Lack of Internal Operational Structure

A real central Implementation Unit, focused on implementation must have its internal structure and division of labor. PIU-R has neither a staff, nor a differentiated structure with a clear division of labor.

⁸ Some of individual staff may have.

By “internal structure,” we mean a sub-division in groups assigned to different tasks, accountable for specific products and “deliverables.” The diversity of resettlement activities requires both division of labor inside the implementation unit and complementarities between staff.

Such internal structure in the PIU-R is rather vague now. Instead, it must be crystallized and formalized. A review of the Table that reflects PIU structure (attached as Annex 10) shows that the individual PIU members are grouped in boxes by their “origin” and belongingness to the “parent” agencies, rather than being grouped functionally along specific tasks that need subsets of multi-skill specialists.

To produce the “deliverables” for which the PIU is responsible, it would need to entrust the work on such “deliverables” to specific PIU-R subunits, task-focused, accountable for their performance and time delivery. The current structure, however, is not designed this way. The central Resettlement Implementation Unit needs both a firm structure and the ability to be flexible within this structure.

Clearly, this is a structural matter that needs to be rectified through reorganization.

3.5.4 “Task-Focused Forces”

The CoE-R recommends that the PIU-R employ the tool of multidisciplinary “task forces,” entrusted with major tasks and accountable for completion on deadline.

One example could be the obvious advantage of creating a multi-disciplinary “Task Force” for producing the Income Restoration Program”. Such a task force should have the authority to use full time its members’ skills, to commission studies, to hire short-term individual experts, to request contributions from the district staff, etc. The final product of this unified Task Force will be to assemble the long-awaited “Income Restoration Program” over a period of, say, 18 months, with intermediary control dates. In many other projects, such work patterns have given good results.

3.5.5 Lack of Staff for Resettlement

Continuing our analysis, we emphasize that the PIU-R **does not have a staff for itself**. It now consists of the PIU members (about 68 members). Most can be available only part-time.

Financial information given to the CoEs indicates that PIU members are not paid salaries for their PIU work on Ilisu; they receive the same salaries from their parent organizations, for work they must continue to do in those organizations.

The members of the PIU do not work “under one roof,” but are dispersed all over Ankara in their “mother-institutions.” They cannot work coherently and interact day-in and day-out, constantly, as any implementation unit does. Meeting once in 3-4 weeks is definitely insufficient for performing continuous tasks that demand everyday work.

Because of staff and time shortages, PIU is forced to outsource to outside consulting companies key tasks that are the heart of the **normal work** of an implementation unit, like planning. Planning is *par excellence* the first task of an implementing unit. But in the case of planning the work on the ToRs, the exact opposite is happening: outside consultants are used to plan what the PIU members and staff have to do. This is an anomaly.

The CoE much appreciates the competence and efforts⁹ of consultants who are employees of ECS and who do many tasks that normally belong to the PIU (like, for example, the “List of New Deadlines for ToR”). Surely, consultants have a very important role in a project, but not the role of doing tasks that are germane to staff responsibility. There is an essential distinction between specialists-consultant and execution staff with only specialized contributions from outside consultants when necessary.

Experience in many other projects shows that when staff resources are so insufficient that consultants must be called in and given the tasks of executing and managing the planning, the project owner is better off by hiring the consultants as regular staff for the duration of the project, rather than paying outside consultants only for prescribing what regular agency staff, with no ownership on planning, must then carry out.

3.5.6 Knowledge Gap and Training Needs

As ascertained previously, a factor that detracts from the effectiveness of PIU work is insufficient knowledge about the international resettlement standards agreed upon by the Government of Turkey, DSI and the ECAs for the resettlement component, standards derived from World Bank policy.

It is somehow illogical to expect that staff who are not well familiar with international resettlement standards to be able to implement them. The representatives of outside institutions in PIU come from some agencies that might never have worked directly with World Bank projects and their standards. The “Knowledge Gap” is therefore aggravated.

The previous recommendations made by the CoE-R for an **intensive training process, although** agreed upon by the PIU, are not yet implemented.

The CoE repeats its recommendation that a small **training unit**, consisting of 1-2 training course organizers, be established as part of the reorganization of PIU. A training plan with a 2-year horizon should provide the necessary training to group after group of Ilisu resettlement-involved staff from all collaborating organizations.

Resettlement standards cannot be studied only in abstract. Therefore, **visits for exchange of experience** by Ilisu managers and personnel should be organized to projects in other countries with experience in international standards.

⁹ The current work of consultant specialists from Dolsar/ECS, as before from the consultant company ENCON, has provided valuable and considerable help.

* * *

CoE's review of the characteristics listed above reveal structural and formative weaknesses of the PIU-R as implementation unit. The consequence is **that tasks take much longer than they would if this (a) unit would work with full-time staff, (b) concentrated under one roof, (c) accountable to the same immediate manager rather than to outside ministries, (d) and with up to date training.**

The overall CoE-R conclusion is that a "coordination" unit cannot perform the tasks of an "implementation" unit. Therefore, the PIU needs to be restructured and transformed into a real implementation unit. This is universal practice in projects of this kind.

Based on the observations collected in all Ministries and on the analysis of PIU, the CoE makes in the next chapter, proposals for restructuring the current PIU and creating a much more suitable organizational capacity, tailored to the tasks of resettlement in Ilisu. The CoE is aware that these are not the only conceivable alternatives. But the CoE advances these proposals for examination and discussion by DSI and PIU, as well as by the ECAs.

Chapter Four

Proposed Institutional Structure for the Resettlement Component

This chapter outlines CoE's proposals for creating an institutional structure commensurate with Ilisu's large and complex resettlement component.

These present recommendations elaborate, with additional detail, on the initial CoE proposals in December 2007¹⁰. The new elements result from the foregoing analysis of collaborating agencies and PIU itself.

We suggest that the proposals described below be carefully and critically examined by DSI senior management, by PIU-R, as well as by the Minister of Energy and Forestry to which DSI itself reports. Decisions are necessary on how to regroup the forces and create the structures for both high-level decision-makings on resettlement and for on-the-ground execution.

The CoE-R does not doubt that our recommendations may be further enriched, adjusted, and improved. But we believe that the proposals for restructuring and creating stronger, nimbler, and preparation and implementation responsive organizational structures may go a long way towards better resettlement.

4.1 Rationale for a Radically Improved Organizational Capacity for Resettlement

The starting point in strengthening Ilisu's institutional capacity should be the displacement-and-resettlement process itself and its exacting demands.

Ilisu is causing the largest involuntary resettlement process in Turkey and in Europe at this time. It comprises a mass of 55,000 to 65,000 people (census data is not yet available). In turn, the complex demographic and ethnic area characteristics are compounded by the settlement characteristics of the area consisting of small units scattered over a vast territory: about 185 settlements (villages and hamlets) affected by inundation, some fully, and others partially. Thus, a very large population will be both economically and physically displaced, and will have to be resettled physically and reconstructed economically.

Furthermore, vast areas of land must be identified for relocation. Available data indicates that about 7,000 ha. are needed in the vicinity of the reservoir, consisting of cultivatable farming land (including orchards, vineyards, etc.) and of many hectares for grazing, tree planting and other agricultural activities. Simply paying cash compensation for so-called "self-resettlement" must be avoided by all means, because it will impoverish the PAPs and will send many to inflate the slums around Turkey's large towns.

¹⁰ See CoE Report on the First Field Visit, page 106-107.

These impressive dimensions clearly indicate that a very strong and multi-sided capable organization needs to be put in place to carry out the job.

Precious time has been lost by not starting this work earlier and by not creating earlier the type of organization necessary. These circumstances add urgency to the need of a better organization.

4.2 Uneven Readiness of the Project's Components

The work for designing even the basic planning instruments for the huge resettlement process is only at its beginning. The two basic planning instruments are the Resettlement Action Plan (RAP) and the Income Restoration Program (IRP) for the tens of thousands of people affected (farmers, but also artisans, shopkeepers, administrative employees, teachers, etc.). Yet both are tools still in the same conceptual shape as in February 2007, with no addition made to them since. Preparatory studies for the IRP still have to be initiated.

A key cause of this severe fall behind is the inadequacy of the organizational pattern employed so far to produce the needed plans. Too much was outsourced in the 2006-2007 stages to outside consultants and virtually no contribution was received by DSI from the relevant Ministries.

It should, therefore, be no surprise that the resettlement component does not yet exist in the form of a documented and accepted RAP. The *economic* preparation of RAP and IRP has to be started soonest. The economic feasibility of a sound and sustainable population resettlement must be demonstrated to DSI, ECAs and CoE. Economic and financial analyses must be initiated to plan for income restoration of those who lose their income sources. Significantly, the current PIU doesn't have –but must recruit– a nucleus of economic, agricultural, and sociological specialists, who should collaborate on preparing the Income Restoration Plan.

More could be added to support the rationale for organization. The CoE-R believes that the above considerations fully give the reasons for restructuring the existing PIU setup. The needed organization must match – on the social, agricultural, and economic sides – the strong type of organization created for the technical component of Ilisu.

At present, Ilisu project suffers from a gapping discrepancy between its four components, resulting from their very uneven state of preparation. The engineering component is well advanced, while the resettlement component, the cultural heritage component and the environmental component are still – discrepantly – only in their early stages of being drafted.

This deep unevenness between the four components has historical and organizational roots. Obviously, the technical-engineering component for building the dam and the HEPP is the product of the strong organizational and technical capacities that have been mobilized for years to work on technical planning. These technical organizations – the DSI on the Turkish side and the foreign and national companies of the Ilisu Consortium – are well known as exceptionally specialized entities, with strong structures and long years of experience.

Conversely, for the preparation of the other 3 components that are guaranteed by the ECAs, **no organizations and capacities comparable in professional strength with DSI and the IC members have been mobilized** to do the necessary planning.

This explains to a large extent why the planning of the resettlement component (which on the social side is as complex as the dam is on technical side) **is today still unacceptably behind the preparation of Ilisu's engineering component.**

In sum, the imperative to urgently organize the institutional and professional capacity for the resettlement component is now the **basic argument** for the decisions proposed below.

4.3 New Institutional Structure for Managing and Implementing Resettlement

To create a high-grade institutional capacity, the CoE-R recommends the establishment of an institutional structure with four levels¹¹.

These four levels must be closely inter-linked, must work under a high central commanding organ, and must be based on a division of functions: decision-making functions; planning functions; and execution functions. The new structure would also combine the advantages of a strong center in Ankara, with the benefits of decentralized branches on the ground.

¹¹ The proposals may extend to the entire PIU, not only to PIU-resettlement, but differences exist regarding the various sub-structures needed for each of the three non-engineering components (resettlement, CH, and environment).

Box 1.

China – Three Gorges Dam Project: Institutional Structures and Staffing

The Three Gorges Dam project (TGP) is China's largest dam project both in terms of power generation and size of population displacement and resettlement. At China's scale, the TGP is comparable to Ilisu at Turkey's scale.

Ilisu is currently the largest dam-caused displacement in all of Europe. The TGP caused the displacement of about 1.3 million people (PAPs), of which 44% were farmers and 56% were urban citizens from 2 of China's large provinces and from 21 districts or counties. 1,599 enterprises, 11 towns and 2 cities were inundated by the reservoir.

Institutional System. The building of institutional capacity for TGP holds precious lessons for Ilisu, which similarly needs a multi-tiered institutional structure with broad authority and large financial resources for resettlement.

To build a proper institutional and management structure at the state level, China's State Council established the Three Gorges Project Construction Committee (TGPCC) **and appointed China's Prime Minister as the Chairman of the entire Project Construction Committee.**

Several Ministers and Vice ministers from relevant Central Ministries or Central Government agencies (e.g. The State Planning and Reform Committee, Ministry of Finance, Ministry of Water Resources, Ministry of Construction, Ministry of Environment Protection) were also appointed as leaders of various Sub-Committees of the Central Project Construction Committee.

Special Policy Framework. China's State Council then formulated a special "project policy" for resettlement, as a formal state legislation specifically tailored for TGP, with standards higher than China's national policy regulations for other hydropower dams. This special TGP policy and law is defined as the '**Yangtze Three Gorges Resettlement Regulation**'. It provides additional benefits to people displaced by this project of national importance.

In turn, the Chongqing area government also **enacted a number of public policies** about fund management, records management, rural resettlement, urban resettlement and restoration, relocation and reconstruction of enterprises from the inundated area and for cultural heritage protection. Vast human and financial resources were allocated for archaeological excavation, protection measures, including the salvage and transfer of cultural heritage assets as necessary.

Budget. The total budget for the resettlement component alone was **40 billion Yuan RMB** (in May 1993), representing **no less than 44.6% of the total dam project budget** (97 billions Yuan RMB). The 1.3 million displaced people were all relocated by July 2006.

Staffing. An enormous concentration of staff was indispensable, and the Chinese Government made it possible, providing also the financial resources required to carry out the resettlement component in time and consistent with the enhanced policy and legal standards granted for the TGP. Many thousands and thousands of highly qualified specialists worked full time for tens of thousands of staff/years devoted to the resettlement component alone.

The total number of staff was really impressive. "Provincial Resettlement Offices" were established in 11 host provinces, each having up to 20 staff, except two "Provincial Resettlement Offices" (for Hubei Province and Chongqing Municipality), which had between 50-80 full time staff each, both under the supervision of the central government. "Resettlement Bureaus" were established in 3 municipalities and 21 counties/districts, each with between 20-100 full time staff. A design and research center, the Yangtze River Survey and Design Institute (YRDI), prepared resettlement plans for settlements and communities at different levels (village, township, county, and provinces). The YRDI employed about hundreds staff specialists with expertise in civil engineering, environment planning, socio-economic analysis, agricultural engineering, agricultural economics, etc. Local governments received the responsibility for implementation at the local level and for creating new settlements for which "resettlement departments" were created in each local government. Hundreds of community-level workers were employed for a total duration between 8-12 years.

The four tiers of the new organizational structure we propose are:

1. **First Tier:** The **Ilisu Ministerial Committee**, located in Ankara. All collaborating Ministries will be represented on this Committee at the highest level: Minister or Deputy Ministers.
 - This Committee could have as its Chairman and CEO – the Minister of Environment and Forestry. Instituting for Ilisu this high-level of ministerial leadership would replicate international practice (for example, see China Box 1), in which also the single most important national hydropower project is being presided over by a high member of the government.
 - The Ilisu Ministerial Committee will be the policy and decision-making body for Ilisu. It will consider issuing an Ilisu project resettlement policy guidance and will make decisions on all key matters of project policy and on decisive matters of implementations. It will encompass the key all four components of the Ilisu Project: engineering, resettlement, environment and cultural heritage.
 - This high-level Ministerial representation will invest the Committee with authority for promptly mobilizing the contributions needed from each Ministry on schedule.
 - The Ilisu Ministerial Committee will meet periodically and have the decision-making power for all key issues of the Ilisu Project. It will make its decisions based on the proposals and staff work carried out by the next level, which is the Project's Central Resettlement Management Unit, located also in Ankara, described below.

It is also proposed to create the position of an Ilisu **High Commissioner** in the Prime Minister's office, to monitor the collaboration between the multiple Ministerial and central agencies supporting resettlement Ilisu. The High Commissioner will be associated to the Ministerial Committee and will report both to the Prime Minister and to the Chairman of this Committee.

Like in China today, Turkey's past experience confirms that an institutionalized link of a project of national relevance to the country's Prime Minister's office can prove beneficial for assuring the timely mobilization. Such links to the Prime Minister's Office existed in the Ataturk Dam Project Office and in the Keban Dam Project.

2. **Second Tier:** The **Central Resettlement Management Unit** also located in Ankara.
 - The central Project Resettlement Management Unit will be led by a high level official, equal in rank with a Deputy Director General of DSI. His/her professional specialty and prior experience should

be relevant to the content of the resettlement component (e.g., economics, agriculture, etc.).

- The Resettlement Management Unit will exercise the day-to-day overall management and responsibility over the entire resettlement component.
- The Central Resettlement Management Unit will have a high level of specialists, each responsible for a different “building block” of the resettlement component. It will oversee all operations in the field and will report to the Chairman of the Ilisu Ministerial Committee.
- The Central Resettlement Management unit will act also as the Executive Secretariat of the Ilisu Ministerial Committee. It will bring key policy, strategy and operational issues for decision to the Committee and will be responsible for implementing the Committee’s decisions. It will also have full supervision authority over the next two tiers, located in the field.
- The Training Sub-unit will be part of the Resettlement Management Unit, with responsibility to organize the training programs and experience-exchange programs for all staff working on the resettlement component.¹²

3. Third Tier: The Resettlement Field-Site Unit, located at the dam site. This Unit will consist of a substantial number of professionals, to guide the work on the ground for population displacement, transfer and relocation, both in the reservoir and at the relocation areas.

- The Field Site Unit will be the key link between the Ankara-based management and the field-based implementation staff, who will be de-centralized in 5 Resettlement Units, in the 5 affected districts¹³.
- The Field Site Unit will have a sizeable number of staff, located at the site, working to ensure that the planning of the displacement and relocation process and the programs for income restoration are prepared in time on a settlement-by-settlement basis. The staff should consist of planners, technical specialists in agriculture, livestock and related farming activities social and economic specialists, community agents experienced in consultation and communication processes, to work with Village Resettlement Committees, agro-economists knowledgeable about farming systems economics and apt to

¹² One or two trainers with experience in international resettlement should be employed in this unit, at least for a period of 1.5-2 years, until the Central Management Unit is satisfied that the training process has achieved its objective.

¹³ The location of this main Field-Site Unit may need to shift to a reservoir district after first 2-3 years of the project, when the bulk of resettlement work will become the Phase II preparation and relocation

evaluate the economic feasibility of the Income Restoration Program, and other necessary skills.

- Site identification and preparation for relocated villages and the identification of farming and grazing lands for the resettled farmers will be a key task of this Unit.
- The Site Resettlement Unit, in collaboration with all five district units, will prepare the timetable for population relocation and transfer, to ensure a staggered and smooth process with an average number of people to be relocated even every year (e.g. 3-4,000 people in the first two years, and 10-11,000 on the average in each of the following 5 years of the project.)
- The internal structure of the Site Unit will need to be defined in detail.

4. **Fourth Tier: District Resettlement Units** in each of the 5 districts. These Units will bear responsibility and accountability for preparing and adequately implementing all activities of the Resettlement Plan and of the Income Restoration Program in their district.

- Each district Resettlement Unit will consist of full-time staff allocated from among the staff currently employed in the district branches of DSI, MARA, MPWS and other relevant Ministries. Existing staff will be supplemented with professionals possessing skills that currently may not be available in one or another district, such as community development agents, economists, sociologists, consultation organizers, etc.
- The district Resettlement Units will be pivotal in collecting and generating data necessary for planning purposes, as well as for regular progress reporting.
- The composition and attribution of staff in this Unit would also require detailed definition from the outset.

The above description provides for a **system consisting of four levels**, which range progressively from the grassroots all the way to the Ilisu Central Governmental Committee.

This summary description is intended to provide the basic structure or skeleton of the institutional capacity that the CoE-R considers necessary. This description does not intend to spell out all details.

CoE would be ready to help further. At this time, our intent is only to suggest a possible alternative structure to the current single level PIU-R subcommittee.

Staffing. The overall number of staff implied by the above structure is considerably wider than what the membership of the PIU sub-committee currently

has. The CoE-R considers that the staffing needs for Ilisu's resettlement component have been much underestimated until now. However, if the number of staff available now in the districts is counted, the necessary increment will be still substantial but reasonable. The Resettlement component is, by definition, a staff intensive activity. In resettlement, communication, understanding, empathy, the encouragement of participation and support to people who are uprooted must underline every step and staff attitude. Full staff availability is of paramount importance.

The current pattern of giving two or more different administrative functions to the same person (as in PIU-R now) would not suit the labor-intensive demands of resettlement work.

Important Specification. The first of the above four levels, the Central Ministerial Committee will encompass activities in all four components of Ilisu. The subsequent three levels (tiers 2, 3, and 4) refer only to the vast population displacement and resettlement process. (The environment and CH components may or may not consider a different pattern altogether.)

Further examination. In conclusion, the CoE-R emphasizes that, while we recommend the above structure for examination as a desirable option, the CoE is not "wedded" rigidly only to the alternative suggested above.

The CoE-R is prepared to participate in the discussion of this or of any alternative proposal, should DSI/PIU or the ECAs request such participation.

Chapter Five

Status of Resettlement ToRs: New Deadlines Proposed by DSI/PIU and CoE-R Comments

As part of the remedial actions requested by ECAs on April 30th, PIU/DSI submitted a fully new List of Deadlines for the set of 35 ToRs covering the resettlement component of the Ilisu Project.

5.1 Short History of ToRs

The initial list of ToR deadlines was jointly adopted at the Ankara Oct. 2006 FAM (Final Assessment Meeting) when the time estimated for carrying out the ToR outlined preparation work was about 18 months. The ToRs system agreed by all parties provided that construction could start six months **after** full ToR completion and verification. Thus, on the premise that all ToRs will be fulfilled in time by DSI, the start of construction by IC was assumed, on a preliminary basis, to be October 2008.

However, during the 18 months allocated, only few of these deadlines were met or partly met in submission by DSI to ECAs (as discussed in detail in the CoE first report on resettlement (*See first report¹⁴, chapters 2 and 9*))

At the 2007 Zurich meeting, DSI announced the non-fulfillment of the majority of ToRs and requested that the deadlines for all ToRs be wholesale and automatically postponed for one full year after their initial dates set at the FAM. This implied the postponing with one year the anticipated start of technical construction from October 2008 to October 2009.

However, the ECAs did not immediately accept DSI's wholesale proposal for postponement, since the ECAs had not had the means to examine on the ground and in detail, what was and what was not done for various ToRs in environment, resettlement and cultural heritage.

The ECAs therefore asked that such major postponement of ToRs initial dates be made only after the three established CoEs would have a chance to review in the field the situation of the three components and each set of ToRs.

Such on the ground review took place in November-December 2007 when the three CoEs made the first field visit. As a result, PIU-R submitted a new list of deadlines for all the resettlement ToRs shortly after the CoE-R field visit to ECAs (January 11th, 2008), with a note indicating that the beginning date of the technical construction is also under consideration.

¹⁴ <http://www.ilisu-wasserkraftwerk.com/page.php?modul=HTMLPages&pid=77>

For various reasons – mainly because the PIU had been only freshly created and the collaborating agencies had not yet started any work by January or February, 2008 – the January 2008 new list of deadlines was not followed up immediately by corresponding activities on the ground.

Given insufficient progress in carrying out both the old and the new set of deadlines¹⁵, in March 2008 the ECAs requested DSI/PIU to develop and implement a comprehensive set of remedies before or by April 30, 2008.

These remedies required a comprehensive self-review by DSI/PIU of the status of all ToRs' fulfillment and the proposal of another revised List of Deadlines, accompanied by a work sheet for each ToR to specify authors, agency responsibilities and implementation schedules. (The ECA requests covered all ToRs, for CH, Environment and Resettlement components). To replace the unfulfilled FAM deadlines and to become binding, the deadlines suggested by DSI on April 30, 2008 have to be reviewed and accepted by the ECAs.

Acting on ECAs request, the PIU involved the Dolsar consulting company in preparing new deadlines, which were submitted for ECAs review on April 30th, 2008.

This new list, the third one, proposes significant changes in the commencement and completion dates of each ToR, compared to both the FAM deadlines and to second list of deadlines of January 11th, 2008 (reproduced as Annex 10 of the first report). The new list is structured by resettlement Phases I, II and III. It also specifies the Ministries expected to collaborate, plus – on some of these ToRs – explanations on how some of these ToRs will be completed.

This important document requires careful examination as it represents, at the present time, the “road map” proposed by PIU for the entire forthcoming project preparation work on resettlement (as well as the other project components), and is subject to ECAs approval. Given its relevance, the **April 30th 2008 List of Deadlines for resettlement ToRs is included below, as received from PIU, for current and future reference.**

The CoE-R's analysis of this list is given in Section 5.3 of the present chapter that follows immediately after the end of the table list, and it will be continued during the forthcoming field visit of the CoE-R. (See continuation of this chapter on p. 93)

¹⁵ The detailed analyses of the non-fulfillment of ToRs can be found in the three reports prepared by the three Committees of Experts (Environment, Cultural Heritage, and Resettlement), submitted to the ECAs and to PIU/DSI and posted on the Ilisu website.

5.2 List of New Deadlines for ToRs by Phases of Displacement

Heading:	Resettlement		
Serial Number:	R-1		
Item:	RAP – people affected by the project		
Task:	PIU will provide reliable and robust figures on the numbers of people affected (and the degree to which they are affected) by the project. This task collates the information garnered in the fulfillment of Tasks R-2 to R6.		
Coordinator Institution:	DSI		
Cooperation with other institutions:	GDTDC, GDDA, ECS (DOLSAR), Host Communities		
	Phase I	Phase II	Phase III
Commencement	January 2006	January 2006	January 2006
Actions taken and Current Situation:	<p>Affected parcels by the project were determined by cadastral surveys, owners of these parcels were determined by expropriation plan which based on cadastral survey</p> <p>To define affected people who is landless/ homeless and the degree to which they are affected a socioeconomic survey was performed between 8-16 April, 2008.</p> <p>Socioeconomic survey is being analyzed to determine affected people by type (landless/ homeless etc).</p>	<p>Cadastral survey was completed.</p>	<p>Cadastral survey was completed.</p>
Estimated Completion:	30.05.2008	30.12.2008	30.12.2011
Actions to be taken:	<p>Auxiliary infrastructures will be defined</p> <p>The degree to which people are affected by the project (dam and auxiliary infrastructure) will be defined</p>	<p>Expropriation plan will be prepared.</p> <p>To define affected people who is landless/ homeless and the degree to which they are affected a socioeconomic survey will be done.</p>	<p>Expropriation plan will be prepared.</p> <p>To define affected people who is landless/ homeless and the degree to which they are affected a socioeconomic survey will be done.</p>

Heading:	Resettlement		
Serial Number:	R-2		
Item:	RAP – parcels/owners affected		
Task:	PIU will provide reliable and robust figures on the numbers of parcels/owners affected including absentee owners and what this means in terms of people to be resettled.		
Coordinator Institution:	DSİ		
Cooperation with other institutions:	GDTDC/ ECS (DOLSAR)		
	Phase I	Phase II	Phase III
Commencement	January 2006	January 2006	January 2006
Actions taken and Current Situation:	Affected parcels were determined by cadastral surveys, owners (including absentee owners) of the parcels were determined by expropriation plan based on cadastral survey. The degree to which owners are affected by the project is being clarified	Cadastral survey was completed.	Cadastral survey was completed.
Estimated Completion:	10.05.2008	30.12.2008	30.12.2011
Actions to be taken:	This figure will be analyzed in terms of people to be resettled		

Heading:	Resettlement		
Serial Number:	R-3		
Item:	PAP – resident and absentee owners		
Task:	PIU will provide reliable and robust estimation figures on the numbers of resident and absentee owners affected and what this means in terms of people to be resettled.		
Coordinator Institution:	DSI		
Cooperation with other institutions:	GDTDC/ ECS (DOLSAR)		
	Phase I	Phase II	Phase III
Commencement	January 2006	May 2008	May 2009
Actions taken and Current Situation:	Affected resident and absentee owners were determined by expropriation plan. The degree to which owners are affected by the project is being clarified.		
Estimated Completion:	31.05.2008	30.12.2008	30.12.2011
Actions to be taken:	This figure will be analyzed in terms of people to be resettled		

Heading:	Resettlement		
Serial Number:	R-4		
Item:	RAP – people affected by auxiliary infrastructure		
Task:	PIU will provide reliable and robust estimation figures on the numbers of resident and absentee people affected by auxiliary infrastructure and what this means in terms of people to be resettled.		
Coordinator Institution:	DSİ		
Cooperation with other institutions:	GDTDC/ ECS (DOLSAR)		
	Phase I	Phase II	Phase III
Commencement	December 2007	December 2007	December 2007
Actions taken and Current Situation:			
Estimated Completion:	30. 05. 2008	30. 12. 2008	30. 12. 2011
Actions to be taken:	Auxiliary infrastructures will be clarified People affected by auxiliary infrastructure will be defined by expropriation map studies and/or surveys The degree to which owners are affected by auxiliary infrastructure will be clarified This figure will be analyzed in terms of people to be resettled		

Heading:	Resettlement		
Serial Number:	R-5		
Item:	RAP – number of PAPs by type		
Task:	PIU will provide reliable and robust figures on the numbers of PAPs by type including different categories such as homeless/landless reflecting the degree to which the household is affected and what this means in terms of people to be resettled.		
Coordinator Institution:	DSİ		
Cooperation with other institutions:	PIU/ GDTDC/ GDDA/ ECS (DOLSAR)		
	Phase I	Phase II	Phase III
Commencement	January 2006	March 2008	March 2008
Actions taken and Current Situation:	<p>Affected owners were determined by expropriation plan which based on cadastral survey To define affected people by type (landless/ homeless etc) and the degree to which they are affected a socioeconomic survey was performed between 8-16 April, 2008.</p> <p>Socioeconomic survey is being analyzed to determine affected people by type (landless/ homeless etc).</p>		
Estimated Completion:	30.06.2008	30.12. 2008	30.12. 2011
Actions to be taken:	This figure will be analyzed in terms of people to be resettled		

Heading:	Resettlement		
Serial Number:	R-6		
Item:	RAP – number of affected host populations		
Task:	PIU will provide reliable and robust figures on the number of affected host populations (that is, any area, village, city, or similar receiving people relocated due to the project).		
Coordinator Institution:	DSİ		
Cooperation with other institutions:	GDDA/ GDTDC/ ECS (DOLSAR)		
	Phase I	Phase II	Phase III
Commencement	January 2008	January 2008	January 2008
Actions taken and Current Situation:	Due to the fact that resettlement area of Ilösu village is still in its own border, no host population will be affected.		
Estimated Completion:	01.01.2009	30.12.2008	30.12.2011
Actions to be taken:	According to determination of resettlement area of Koçtepe Village (with its hamlet of Koçyurdu) host population and figures about affected host population will be defined		

Heading:	Resettlement		
Serial Number:	R-7		
Item:	RAP – Land requirements for auxiliary facilities Phase I, II and III		
Task:	PIU will provide an estimate of the land requirements for auxiliary facilities (such as transmission lines, roads, public buildings).		
Coordinator Institution:	DSI		
Cooperation with other institutions:	PIU		
	Phase I	Phase II	Phase III
Commencement			
Actions taken and Current Situation:	<p>Land requirements for the access roads within Phase I have already been studied as a part of construction program and affected areas.</p> <p>The transmission line of 154 kV will be transformed to 31,4 kV level in the switchyard of Ilisu Dam, therefore no land requirement for transmission line. For infrastructures there is no land requirement, because they follow the existing roads.</p> <p>For public buildings of school, mosque and village common house in new Ilisu Village, approximately 1500 m2 of area will be allocated. The figures will be clarified after the completion of development plans of the</p>	<p>Required Relocation Works for the roads, bridges and railways affected by the reservoir area were planned and Master Relocation Works Map was prepared. Detailed studies will start soon</p>	<p>Required Relocation Works for the roads, bridges and railways affected by the reservoir area were planned and Master Relocation Works Map was prepared. Detailed studies will start soon</p>
Estimated Completion:	30.04.2008	30.06. 2009	30.12. 2011
Actions to be Taken:			

Heading:	Resettlement		
Serial Number:	R-8		
Item:	RAP – analysis of adverse impacts		
Coordinator Institution:	GDDA		
Cooperation with other institutions:	DSİ/ ECS (DOLSAR)/ Host Communities		
	Phase I	Phase II	Phase III
Commencement	January 2008	March 2008	March 2008
Actions taken and Current Situation:			
Estimated Completion:	01.01.2009	30.12.2009	30.12.2011
Actions to be Taken:	If results of R-6 show that there will be affected host populations due to the resettlement of Koçtepe village, mitigation measures will be developed according to analysis of adverse impacts.		

Heading:	Resettlement		
Serial Number:	R-9*		
Item:	RAP- Analysis of land ownership inequities		
Task:	PIU will provide an analysis of inequities in land ownership in the affected region, the potential impacts of these ownership patterns on resettlement and measures to mitigate each of these impacts. These measures will assure that until solutions are found for cases under consideration, no party suffers any disadvantages.		
Coordinator Institution:	DSİ		
Cooperation with other institutions:	PIU/MARA/ECS (DOLSAR)		
	Phase I	Phase II	Phase III
Commencement	October 2007	March 2008	March 2008
Actions taken and Current Situation:	To define land ownership cadastral survey and, socioeconomic survey was completed. Socioeconomic survey is being analyzed to determine ownership pattern etc.		
Estimated Completion:	31 .07.2008	30.06.2009	30.12.2011
Actions to be Taken:	According to findings, potential impacts of ownership patterns on resettlement will be analyzed and mitigation measures will be defined with reference to National Rural Development Strategy, Agricultural Strategy (2006-2010) and GAP Regional Development Plan.		

* CoE was requested to clarify this ToR

Heading:	Resettlement		
Serial Number:	R-10		
Item:	RAP - Long term income restoration		
Task:	<p>PIU will provide information on all measures for income restoration (as e.g. education programs for change of profession, adaptation of agricultural practices, fishery, founding of own companies, employment in HEPP etc.) including details on group of people to which measure can be applied, funding of measure, steps to implement measures, time schedule for implementation, responsible entity etc. according to template A.</p> <p>Measures for income restoration for all groups of affected people will be included. These are: landless, owner of marginal land, small landowners, owners of property on the banks reservoir, pastoralists, farmers involved in husbandry, non-agricultural groups etc.</p>		
Coordinator Institution:	GAP		
Cooperation with other institutions:	PIU/DSI/MARA/GAP/ECS (DOLSAR)/IC		
	Phase I	Phase II	Phase III
Commencement	October 2007	March 2008	March 2008
Actions taken and Current Situation:	In order to support employment, occupational skill and initiative as well as to determine necessary activities for supporting the farming in the first 6 affected villages in the first phase, necessary information was collected by GAP, concerning the people without or limited land, young people, women and seasonal workers in the region.		
Estimated Completion:	30.06. 008	30.12. 2011	30.06.2009
Actions to be Taken:	Aiming at increasing the agricultural net income of the farmer families according to these data studies with respect to agricultural management and modernization and courses for vocational education and long term restorations will be carried out.		

Heading:	Resettlement		
Serial Number:	R-1 1		
Item:	RAP - Cadastral survey		
Task:	PIU will provide a complete cadastral survey (including vacant villages) using data that has become available. PIU will provide an analysis of this new survey in the following respects: a) magnitude of absentee ownership; b) magnitude of title disputes; and c) problems, including legal fees/expenses and their effects on resettlement and include mitigation measures, budgets and implementation schedules for each specific measure.		
Coordinator Institution:	TDCW		
Cooperation with other institutions:	PIU/DSI/IC/ECS (DOLSAR)/ TDCW		
	Phase I	Phase II	Phase III
Commencement	January 2006	January 2006	January 2006
Actions taken and Current Situation:	Cadastral survey has been completed up to reservoir maximum water level. Cadastral survey of remaining areas of six villages has been completed in April 2008.		
Estimated Completion:	30.05.2008	30.06.2009	30.12.2011
Actions to be Taken:	PIU will analyse magnitude of absentee ownership magnitude of title disputes; and problems, including legal fees/expenses PIU will develop mitigation measures according to analyses.		

Heading:	Resettlement		
Serial Number:	R-12		
Item:	RAP - Compensation and resettlement		
Task:	PIU will develop time-bound step-by-step compensation and resettlement measures, implementation schedule and monitoring concept for all affected populations regardless of whether they seek resettlement assistance from the state or not assuring the timely completion of resettlement six months prior to the area being affected (such as land, infrastructure, access roads) and avoiding temporary resettlement.		
Coordinator Institution:	GDDA		
Cooperation with other institutions:	PIU/DSI/GDDA/ ECS (DOLSAR)/ IC/ Sub governorates		
	Phase I	Phase II	Phase III
Commencement	December 2007	December 2007	December 2007
Actions taken and Current Situation:	First phase expropriation plan has already been prepared. The new settlement for relocating the Ilisu Project which has been affected was determined together with participation of the villages in January 2008. The present maps to form the basis for the settlement plan was prepared in April, 2008.		
Estimated Completion:	31 .05.2008	30.12.2009	30.12.2011
Actions to be Taken:	Losses of income/buildings of the households affected by expropriations will be found with the support as provided by the cadastral studies and socio-economic survey results for this plan. The Ilisu Urban Development plan which was affected in the first phase will be completed (with the participation method) with the allocation of the land, infrastructure, transportation, drinking water and sewerage studies and drawing of lots for the plots will take place on May 10 th , 2008. Studies for determining the new settlements for relocation of the Koçtepe village (with Koçyurdu hamlet) will be performed in parallel with the preparation of the New Settlement Implementation Plan (Phase I).		

Heading:	Resettlement		
Serial Number:	R-13		
Item:	RAP - Distribution of land		
Task:	PIU will provide measures, implementation schedule and monitoring concept for the distribution of land assigned to DSI by MARA including the option package under the umbrella of government assisted resettlement to all landless households or those with less than adequate land ownership to support their families, using as a benchmark either MARA or state statistical office standard or farm models for each of the affected areas Evidence that the communities and households affected have been informed of the options package will be provided by PIU.		
Coordinator Institution:	GDDA		
Cooperation with other institutions:	PIU/DSI/ECS (DOLSAR)/ MARA/ GDDA/National Real Estate		
	Phase I	Phase II	Phase III
Commencement	October 2007	October 2007	October 2007
Actions taken and Current Situation:	Cadastral works aiming at determination of the existence of lands above the Maximum Water Level of the reservoir in six villages were completed in April 2008.	Cadastral works for determining the existence of lands above the maximum water level for the villages affected in the second phase have started.	
Estimated Completion:	31 .03.2009	30.12.2009	30.12.2011
Actions to be Taken:	A technical visit will be organized for the purpose of introducing the Ceylanpinar State Breeding Farm for all households who will lose their land in consequence of the 1 st phase expropriation and resettlement works or for those having lands below the sufficient level for subsistence of their families. Measures intended for the distribution of lands will be prepared in coordination with the implementation calendar, follow up concept, land reform and land consolidation.		Cadastral works intended for determining the existence of lands above the maximum water level for the villages affected in the third phase will start.

Heading:	Resettlement		
Serial Number:	R-14		
Item:	RAP - Benefits for project affected people		
Task:	PIU will provide measures, implementation schedule and monitoring concept for benefits for PAPs, for example improved water/electricity supply for existing and new villages, improved health services, schools, infrastructure projects, irrigation etc. Positive benefits accruing to non-affected people will be recorded.		
Coordinator Institution:	DSİ		
Cooperation with other institutions:	PI U/DSİ/TOKİ/GDDA/Governorates/ECS (DOLSAR)		
	Phase I	Phase II	Phase III
Commencement	October 2007	October 2007	October 2007
Actions taken and Current Situation:	To determine baseline for the PAPs a socioeconomic survey and general village questionnaire were completed. Socioeconomic survey is being analyzed to determine baseline for water/electricity supply for existing and new villages, improved health services, schools, infrastructure projects, irrigation etc.		
Estimated Completion:	30.04.2009	30.12.2009	30.12. 2011
Actions to be Taken:	Measures, implementation schedule and monitoring concept for benefits for PAPs will be defined according to main findings.		

Heading:	Resettlement		
Serial Number:	R-17		
Item:	Transaction costs		
Task:	PIU will provide calculation for all transaction costs associated with displacement (e.g. compensation for productive equipment and livestock that has to be sold out at low prices, title transfer costs, etc.) and measures, implementation schedule and monitoring concept for the payment of these costs.		
Coordinator Institution:	DSI		
Cooperation with other institutions:	PIU/DSI/ GAP/ GDDA/ ECS (DOLSAR)		
	Phase I	Phase II	Phase III
Commencement	October 2007	October 2007	October 2007
Actions taken and Current Situation:			
Estimated Completion:	10.05.2008	30.06. 2009	30.06.2010
Actions to be Taken:	After determination of PAPs who will be resettled, PIU will provide calculation for all transaction costs, and measures.		

Heading:	Resettlement		
Serial Number:	R-18		
Item:	Resettlement sites		
Task:	<p>Task A: PIU will calculate approximate land requirements for resettlement in all relevant categories based on an assumption of a land-for-land resettlement policy. PIU will identify all resettlement sites for all PAPs (including those opting for expropriation)</p> <p>Task B: For each resettlement site a feasibility study will be performed once adequacy of resettlement sites has been confirmed through consultation with the PAPs. Planning includes concrete measures and budget for site preparation. Based on the feasibility study, a farming model for income restoration will be provided. PIU will develop a participation plan in order to inform and consult PAPs.</p>		
Coordinator Institution:	GDDA		
Cooperation with other institutions:	PI U/DSI/GD DA/MARA/ECS (DOLSAR)		
	Phase I	Phase II	Phase III
Commencement	October 2007	October 2007	October 2007
Actions taken and Current Situation:	Resettlement area of Iisu village was determined.		
Estimated Completion:	30.11.2008	30.12.2009	30.12.2011
Actions to be Taken:	<p>Approximate land requirements for resettlement in all relevant categories based on an assumption of a land-for-land resettlement policy will be prepared.</p> <p>Cadastral survey above the maximum water level of the reservoir has been completed in April 2008 in order to define land-for-land resettlement.</p>		

Heading:	Resettlement		
Serial Number:	R-19		
Item:	Income restoration forecasts		
Task:	PIU will provide income restoration forecasts for all PAPs during dam construction and after completion of dam construction until income restoration is reached to the satisfaction of the CoE, based on the independent monitor reports.		
Coordinator Institution:	GAP-RDA		
Cooperation with other institutions:	PIU/ECS (DOLSAR)/IC/ GAP-RDA/ GDDA/ MARA/		
	Phase I	Phase II	Phase III
Commencement	October 2007	October 2007	October 2007
Actions taken and Current Situation:	Necessary information was collected by GAP in April 2008 concerning the people without land or limited land, young people, women and seasonal workers in the region in order to support employment, occupational skill and initiative as well as to determine necessary activities for supporting the farming in the first 6 affected villages in the first phase.		
Estimated Completion:	30.06.2008	30.12. 2009	30.12.2011
Actions to be Taken:	Aiming at increasing the agricultural net income of the farmer families according to these data studies with respect to agricultural management and modernization and courses for vocational education and long term restorations will be carried out. Income restoration strategies will be finalized after the findings of these studies		

Heading:	Resettlement		
Serial Number:	R-20		
Item:	Income restoration Continued farming		
Task:	As has been the tradition, PIU will ensure that PAPs will be allowed to continue farming their expropriated lands until impoundment. Brief description of process to be provided in RAP		
Coordinator Institution:			
Cooperation with other institutions:	PIU/ECS (DOLSAR)/DSI		
	Phase I	Phase II	Phase III
Commencement	October 2007	October 2007	October 2007
Actions taken and Current Situation:	It was declared that "expropriated agricultural lands will be used by their initial owners (PAPs) until the effective impounding in line with common existing practices in Turkey". It was declared to PAPs in both value assessment commission studies and informative meetings held before socioeconomic survey.		
Estimated Completion:	30. 04. 2008	30.12. 2009	30.12.2011
Actions to be Taken:	This procedure may be evaluated by CoE-R and EMG in further site visits (example: Ilisu and Karabayir Villages)		

Heading:	Resettlement		
Serial Number:	R-21		
Item:	Labor/skill demand projections		
Task:	PIU will provide a forecast of labor/ skill demand and define how apprenticeships/training programs for the affected communities will be organised and paid for.		
Coordinator Institution:	DSİ		
Cooperation with other institutions:	PI U/GAP/DSİ/ECS (DOLSAR)/M N E/MARA/G DDA/I C		
	Phase I	Phase II	Phase III
Commencement	October 2007	October 2007	October 2007
Actions taken and Current Situation:	Socioeconomic survey was done in order to determine labor/ skill demand Socioeconomic survey is being analyzed for labor/ skill demand projections Besides, a survey is being held to collect demand for training programs by DSİ.		
Estimated Completion:	31 .07.2008	30.06. 2009	30.12. 2010
Actions to be Taken:	Unpaid training programs for the affected communities will be organised according to findings above mentioned studies by DSİ.		

Heading:	Resettlement
Serial Number:	R-22
Item:	
Task:	PIU will prove that a minimum of 60% of the construction workers are recruited from PAPs.
Coordinator Institution:	IC
Cooperation with other institutions:	PIU/ DSI/ IC/ ECS (DOLSAR)
Commencement	October 2007
Actions taken and Current Situation:	<p>For the construction works, a detailed employment statistics have been kept since October 2007. The Employment list as of January 2008 was sent to CoE-R and ECAs on February 17, 2008. Further employment lists will be sent to CoE-R semi-annually.</p> <p>According to the latest figures, the number of employment since October 2007 is 595 where 474 of them are the PAPs. These figures correspond to a rate of 80% which is 20% more than the expected (see Annex 2 of R-22).</p> <p>Also an employment strategy (Annex 1 of R-22) has been developed. In accordance to the defined strategy, pre-application forms (Annex 3 of R-22) have been distributed to the initially affected villages via village headmen. Up to now, 2072 PAP applied where 1995 of them applied via headmen corresponding to a rate of 96%.</p> <p>The list of required qualified staff has been delivered to GAP Administration upon their request for Income Restoration Plans.</p>
Estimated Completion:	Employment Strategy : 30.04.2008
Actions to be Taken:	Semi-annual Reports will be sent to CoE-R continuously until the completion of construction.

Heading:	Resettlement	
Serial Number:	R-23	
Item:	Employment after construction	
Task:	PIU will prove that also after the construction of the dam a significant minimum recruitment quota for PAPs is achieved.	
Coordinator Institution:	DSI	
Cooperation with other institutions:	PIU/ DSI/ EÜA?/ ECS (DOLSAR)	
	Proposing Quota	Reporting
Commencement	March 2008	After construction of the dam
Actions taken and Current Situation:	Discussions were held with EÜA? and studies were started to determine the necessary number of personnel after commissioning of the dam and power plant. 50 people will be working 3 shifts.	
Estimated Completion:	December 2008	-
Actions to be Taken:	After having designated the number of personnel, minimum employment quota for affected people will be determined and a protocol will be drawn up with EÜA? for implementation of such quota. After having designated the number of personnel, minimum employment quota for affected people will be determined and a protocol will be drawn up with EÜA? for implementation of such quota.	

Heading:	Resettlement		
Serial Number:	R-24		
Item:	Replacement value		
Task:	PIU will ensure that any monies paid out for expropriation (of land and houses) reflect replacement value at time of expropriation.		
Coordinator Institution:	DSİ		
Cooperation with other institutions:	DSİ/ ECS (DOLSAR)		
	Phase I	Phase II	Phase III
Commencement	October 2007	October 2007	October 2007
Actions taken and Current Situation:	<p>1. Planning is in course to have an analysis of prices for the buildings existing in the region performed by evaluation experts in such a manner as to reflect the properties of such buildings without fail. It is similarly planned to make a detailed survey of the real estates for the purpose of substantiating that all costs paid for expropriation reflect the value of the resettlement on the date of expropriation. But, as a result of the failure to come to a mutual agreement, almost all the landlords selected to go to law.</p> <p>2. DSİ prepared a draft law and transmitted this draft law to the Grand National Assembly on April 25th, 2008 to ensure that the payment of all values for buildings reflect the resettlement value on the date of the resettlement and not deducting depreciation cost portion as per Turkish Expropriation Law No 2942,</p>		
Estimated Completion:	05.07.2008	30.06. 2008	30.06. 2008
Actions to be Taken:	<p>3. If revision to the expropriation law will not pass through Grand National Assembly, DSİ will pool to supplement the expropriation under Turkish legislation in cash or in kind to close any gap according to the World Bank Standards. Payments for all houses will be</p>		

See Annex 1: The Methods of Expropriation According to Law no. 2942:

Heading:	Resettlement		
Serial Number:	R-25		
Item:	Vacant settlements		
Task:	PIU will provide a supplementary list of measures, implementation schedule and monitoring concept in which measures are described for people displaced earlier from now vacant settlements.		
Coordinator Institution:	DSİ		
Cooperation with other institutions:	PIU/ DSİ/ IC/ GDTD/ ECS (DOLSAR)		
	Phase I	Phase II	Phase III
Commencement	October 2007	October 2007	October 2007
Actions taken and Current Situation:	There is no vacant settlement in Phase I.		
Estimated Completion:	30.06.2009	30.12.2011	30.05.2008
Actions to be Taken:	A report will be prepared showing Phase I settlements and their populations.		

Heading:	Resettlement
Serial Number:	R-26
Item:	RAP/RIP
Task:	PIU will provide a comprehensive resettlement plan for communities affected by the construction activity in the dam construction area itself in the first year of construction (Ilisu village and three other communities) including concrete figures of property to be expropriated by household, livelihood restoration measures (short and long term), resettlement site, exact timing, etc.
Coordinator Institution:	GDDA
Cooperation with other institutions:	PIU/ ECS (DOLSAR)/ DSİ/ GAP/ GDDA
Commencement	October 2006
Actions taken and Current Situation:	A comprehensive resettlement implementation plan (RIP) was prepared in January 2007. A socio-economic survey was completed (in April 2008) to get data necessary for revising RIP. Socioeconomic survey is being analyzed.
Estimated Completion:	30.06.2009
Actions to be Taken:	

Heading:	Resettlement		
Serial Number:	R-27		
Item:	Grievance redress mechanism		
Task:	PIU will develop a grievance redress mechanism for all resettlement issues including income restoration. PIU will provide a list of actions necessary for implementation, an implementation schedule and a monitoring concept.		
Coordinator Institution:	DSİ		
Cooperation with other institutions:	PIU/ DSİ/ ECS (DOLSAR)/ IC		
	Phase I	Phase II	Phase III
Commencement	October 2007	October 2007	October 2007
Actions taken and Current Situation:	A grievance redress mechanism was developed in RIP. A grievance office was established in Dargeçit and Diyarbakir (in DSİ 10 th Regional Directorate) in March 2008. These offices serve as grievance office and information office to PAP.		
Estimated Completion:	30.05.2008	30.06.2009	30.12. 2010
Actions to be Taken:	A grievance office will be established in Ilösu Dam Site		

Heading:	Resettlement		
Serial Number:	R-28		
Item:	Public disclosure plan		
Task:	PIU will provide a comprehensive disclosure plan towards the public for all material aspects of the overall project		
Coordinator Institution:	DSİ		
Cooperation with other institutions:	PIU/ DSİ/ ECS (DOLSAR)/ MARA/ GDDA/ Sub Governorates		
	Phase I	Phase II	Phase III
Commencement	October 2007	October 2007	October 2007
Actions taken and Current Situation:	Although a comprehensive public disclosure plan was not prepared, several disclosure activities were held in Phase I villages by DSİ, other related public institutions, IC and ECS (Dolsar). i.e: public informative meeting before socio-economic survey (April 8-16, 2008), public informative meeting about resettlement implementation in Ilisu village etc.	Although a comprehensive public disclosure plan was not prepared, several disclosure activities was held in Hasankeyf. Public informative meeting about resettlement, expropriation, housing etc was held in April 15 th 2008.	
Estimated Completion:	30.05.2008	30.06.2009	30.12.2011
Actions to be Taken:	Public disclosure plan will be prepared by using feedback of informative meetings to develop a applicable plan.		

Heading:	Resettlement		
Serial Number:	R-29		
Item:	Participation Planning		
Task:	<p>PIU will plan, organise and hold appropriate forums to ensure informed consultation of PAPs.</p> <p>PIU will provide evidence of this informed consultation with all PAPs in both the planning and implementation phases of the resettlement process. This evidence will include a description of the forum, a list of attendees, and content of information/consultation.</p>		
Coordinator Institution:	PIU/DSi		
Cooperation with other institutions:	PIU/DSi/ECS (DOLSAR)/ IC/ and all related agencies		
	Phase I	Phase II	Phase III
Commencement	October 2007	October 2007	October 2007
Actions taken and Current Situation:	<p>Although participation planning was not prepared, several participatory activities was planned and organized.</p> <p>ie: definition of Ilisu resettlement area (January 2008), public informative meeting before socio-economic survey (April 8-16, 2008), public informative meeting about resettlement implementation in Ilisu village etc.</p>	<p>Although participation planning was not prepared, several participatory activities was planned and organized.</p> <p>ie: Hasankeyf public informative meeting about resettlement, expropriation, housing etc was held in April 15th 2008.</p>	
Estimated Completion:	30.05.2008	30.06.2008	30.06.2008
Actions to be Taken:	Participation plan will be prepared by using feedback of informative meetings to develop an applicable plan.		

Heading:	Resettlement		
Serial Number:	R-32		
Item:	RAP/RIP		
Task:	PIU will develop three RIPs, which include RIP 1 (Construction sites), RIP 2 (Reservoir Phase I – impoundment up to the cofferdam level) and RIP 3 (Reservoir Phase II – impoundment up to level 490 -- and Phase III – impoundment up to the maximum water level) for all resettlement issues and update based on RAP and detail consultation with Affected Households and other stakeholders. PIU will provide a list of actions necessary for implementation, an implementation schedule and a monitoring concept.		
Coordinator Institution:	GDDA		
Cooperation with other institutions:	PIU/ ECS (DOLSAR)/ DSİ/ GAP/ GDDA		
	Phase I	Phase II	Phase III
Commencement	October 2007	October 2007	October 2007
Actions taken and Current Situation:	A comprehensive resettlement implementation plan (RIP) was prepared in January 2007. A socio-economic survey was completed (in April 2008) to get data necessary for revising RIP. Socioeconomic survey is being analyzed		
Estimated Completion:	30.06. 2008	30.06.2009	30.06.2009
Actions to be Taken:	According to survey findings, RIP will be revised.		

Heading:	Resettlement		
Serial Number:	R-33		
Item:	Institution Arrangement and Capacity Building Plan		
Task:	PIU will provide an institutional arrangement and capacity building plan which covers resettlement implementation, supervision, and administration at all levels (national, province, district and village), planning and design, internal monitoring, external monitoring, CoE, auditing agency and other relevant agencies or institutes which are involved in resettlement implementation of Ilisu Project. It should show the institution name, responsibilities, staff numbers, capacity, capacity building activities, schedule and budget (if it needs financial source).		
Coordinator Institution:	DSI		
Cooperation with other institutions:	DSI/ECS (DOLSAR)/ IC		
	Phase I	Phase II	Phase III
Commencement	October 2007	October 2007	October 2007
Actions taken and Current Situation:	<p>PIU developed an institutional arrangement and capacity building plan including charts with all involved ministries and authorities with the responsibilities and names of dedicated staff in Ankara and on site of each agency. In DSI, a new branch manager and two engineers have already been charged for Ilisu Project in order to strengthen the capabilities of DSI.</p> <p>Also Tuncer Dincergok has been assigned as Deputy Head of Dams and HEPP Department and a new branch manager and 3 new engineers have been charged under him.</p> <p>On the hand all the preconditions for the date of commencement have been achieved and ECS Contract is effective since April 10, 2008. Although ECS (DOLSAR) have not officially started FAM/ToR services, ECS (DOLSAR) has provided a team of qualified experts assisting DSI/PIU for the execution of ToRs together with other institutions. PIU has also agreed to establish an internal monitoring to monitor whether the activities and targets mentioned in the ToRs are being realized on time and on demanded level, if not, to develop necessarily preventive/corrective actions and implement them.</p>		
Estimated Completion:	30.04.2008	30.06. 2008	30.06. 2008
Actions to be Taken:			

Heading:	Resettlement
Serial Number:	R-34
Item:	Plan for independent monitoring
Task:	PIU will propose a plan for independent external monitoring of resettlement implementation, including required profile of monitoring company/team (e.g. composition local with good language skills for project area, experienced staff in resettlement policies and practice in development projects especially in dam projects, plus reputed international company resettlement experts or monitoring company), proposed scope, indicator, methods, frequency of monitoring activities, reporting and budget both in baseline survey and following monitoring. Once monitoring is in place the ECAs and CoE will receive semi-annual monitoring reports on the basis of the concept
Coordinator Institution:	DSİ
Cooperation with other institutions:	PIU/ ECS (DOLSAR)/ DSİ
Commencement	
Actions taken and Current Situation:	PIU and ECAs have already agreed and designated the external monitoring committee consisting of an international expert (William Partridge) and national experts (Prof. Birsen Gökçe, Prof. Aytül Kasapoğlu, Dr. Nilay Çabukkaya). Between March 13 th and 16 th , 2008, a first site visit of External Monitoring Committee took place. >A plan for independent external monitoring of resettlement implementation has been defined in the Contracts with the Experts. The Contracts will be concluded before May 9.
Estimated Completion:	30.04.2008
Actions to be Taken:	

Heading:	Resettlement		
Serial Number:	R-35		
Item:	Update of URAP		
Task:	PIU will present an update of the URAP including the following: <ul style="list-style-type: none"> • relevant materials included in the amendment already published • all new information and plans presented in accordance with TORs: R1-37 (all framework plans), and C-6 This update should be organized in chapter according to the table of		
Coordinator Institution:	DSI		
Cooperation with other institutions:	PIU/ ECS (DOLSAR)/ all related agencies		
	Phase I	Phase II	Phase III
Commencement	October 2007	October 2007	October 2007
Actions taken and Current Situation:			
Estimated Completion:	01.04.2009	30.06.2009	30.12.2011
Actions to be Taken:	PIU will update the URAP after completion of ToRs R1-37 and C-6.		

Heading:	Resettlement		
Serial Number:	R-36		
Item:	Revised Budget		
Task:	PIU will update the budget for the implementation of all resettlement actions, including the ones outlined in TORs R1 – R 37 and reflecting full legal costs and budgeting for the resettlement related tasks and staff described in the TORs of PIU and CoE		
Coordinator Institution:	DSİ		
Cooperation with other institutions:	DSİ/ECS (DOLSAR)/ PIU		
	Phase I	Phase II	Phase III
Commencement	October 2007	October 2007	October 2007
Actions taken and Current Situation:	PIU updated the budget for the implementation of all resettlement actions such as DSİ expropriation budget (including additional budget) for the year 2008, TOKI's and GDDA's resettlement implementation budget. Also, DSİ has prepared all activities draft budget for the year 2009.		
Estimated Completion:	30.04.2008	30.06. 2009	30.06. 2009
Actions to be Taken:	The budget for the implementation of resettlement actions will be discussed with financial expert (Mr. Martin ter Woort		

Heading:	Resettlement		
Serial Number:	R-37		
Item:	New Resettlement Law		
Task:	<p>Taking note of the fact that a new law concerning resettlement, Law No. 5543, came into force on September 26, 2006, DSI will</p> <p>a) prepare a comparison of the old and the new law</p> <p>b) examine the impacts on the Ilisu Project RAP</p> <p>c) PIU will present necessary adjustments in view of these impacts and any necessary implementation measures for the URAP and present an updated project policy based on this law</p>		
Coordinator Institution:	GDDA		
Cooperation with other institutions:	PIU/ DSI/ GDDA		
	Phase I	Phase II	Phase III
Commencement	October 2007	October 2007	October 2007
Actions taken and Current Situation:	<p>A comparison of the old resettlement law (Law No: 2510) and the new resettlement law (Law No: 5543) has been made and presented by DSI prior to ECAs Final Commitment</p> <p>The impacts on the old resettlement law (Law No: 2510) and new resettlement law (Law No: 5543) have been reviewed on the Ilisu Project RAP and presented by DSI prior to ECAs Final Commitment</p>		
Estimated Completion:	30.05.2008	30.12. 2008	30.12.2008
Actions to be Taken:	PIU will present necessary adjustments and implementation measures if necessary.		

5.3 CoE-R Comments on the Revised List of ToRs Deadlines

The revised deadlines proposed by PIU/Dolsar for planning work for resettlement ToRs lends itself to comments on various dimensions.

The CoE is pleased to note that the new list **contains additional information** compared to the prior two lists of deadlines. It reflects an effort to define sub-deadlines in a staggered manner, along the three phases of the resettlement process. The CoE-R appreciates the PIU and Dolsar's efforts for reprogramming the entire work on ToRs with new and more realistic deadlines.

The intermediary deadlines included in the new list spread activities on a larger calendar span. It is not evident, however, how these deadlines relate to the date contemplated for the beginning of the construction, since they **do not reconcile the newly proposed dates with the ToRs requirement** that the resettlement planning for the Ilisu project should be completed at least six months before the start of construction.

It is also not clear the extent to which the collaborating agencies, which actually have to deliver on the deadline for various ToR products, have been involved in defining these deadlines and in committing themselves to provide the specialists staff resources necessary to accomplish the ToRs at the indicated dates. The CoE-R would welcome receiving information on this important point.

The problems that the CoE-R identifies are of two kinds:

- a) Issues regarding the disconnect between deadlines and staff plus institutional resources for carrying them out
- b) Issues regarding the proposed deadlines themselves

Disconnect between Deadlines and Institutional resources. The difficulty in accepting this new list as realistic is that the deadlines are not accompanied by the detailed outline of who is doing what and when. The lack of answer to this question results from the current PIU structure and the lack of an organization for the resettlement component.

As chapters 3 and 4 of the present report make clear, the CoE's analysis in chapters 3 and 4 indicates that the existing structures are not functionally suited to deliver the type of work necessary for planning resettlement in line with agreed standards. To actually do such planning, the institutional structure has to be reorganized. Only an adequate staffing capacity and structure will be able to "put muscle behind the calendar".

At present, various agencies are listed, but no indication is given of how many staff and of what specialties will be allocated, by which institution, to produce what the list of ToR deadlines promise. The listing of several institutions for one ToR is mostly a

paper listing, as the CoE's reviews of institutions indicated lack of information and mobilization with few exceptions.

Work on producing basic planning instruments of for resettlement, such as the RAP and the IRP, should be carried out by teams with a multi-disciplinary composition, with full time appointed and specialized managers, adequately staffed, and with available bodies of data. Very little of these premises exist.

The staff teams for each one of the ToRs and its products must be assembled; it is not known how long it will take to assemble them. The institutions listed have not designated the individual staff who can work on one or another ToR. The PIU members are at the same time carrying out different work in their parent institutions.

The principle of creating a unified, well-coalesced staff under one roof has been agreed by almost everybody in prior discussions between CoE, DSI, PIU-R and ECAs, but it still is a theoretical principle on paper, not yet in practice. Staff "under one roof" does not exist yet. The human authors of the ToRs products listed above have not yet started their work and are dispersed, with different agendas in different institutions.

The CoE must state that the complexity of resettlement planning and execution for such a large farming population is still under-estimated. A change in the mindset is needed to recognize the vastness and demands of the endeavor. The change in mindsets, first in DSI, is the premise for allocating the staffing and financial resources needed.

International practice of hydropower dam operations with large resettlement shows that the average duration of preparing a Resettlement Action Plan for such a large number of people may vary from a minimum of 3 years and go up to 5-6 years or more. This time assessment results for the experience of many World Bank-financed large-scale hydropower dam projects.

In the Ilisu case, the time allocated by FAM in October 2006 for preparing the resettlement, environment and CH planning was only 1.5-2 years until construction start. Unfortunately, even this period has not been used.

It is therefore not possible to assume that what typically takes years of patient and intense work can be carried out in Ilisu in only 3-4 months, between now and October 2008.

Neither the letter and spirit of the ECA agreements, nor the logic of development project preparation, can support the start of the construction engineering in the absence of the indispensable preparation and planning of Ilisu's vast resettlement component. This would not be consistent with World Bank standards either, since these standards require fully prepared resettlement plans for the entire project before the World Bank proceeds to even appraise the feasibility of a project causing forced displacement and resettlement. The question has been asked whether the relocation of only 1 village, (Ilisu) is sufficient for starting construction, based on the heroic assumption that the full

resettlement plan preparation, land site identification, house reconstruction, planning for income restoration, etc. could be done for all other 180 plus settlements of Phase I, Phase II and Phase III, after the construction begins.

The response to this question is obvious and is provided by reality itself, that is by what the entire process until now has demonstrated beyond doubt: namely, that preparing resettlement is a labor-intensive and complex process, taking at every step more time than assumed, and that this process had advanced much less than either DSI or IC or PIU assumed, and much less than ECAs expected.

There is no doubt that the PIU-R very much wanted to complete the work for a minimum of six villages (Phase I) and strived for that goal. Nevertheless, with the current staff and consultants, the PIU was not yet able to produce the resettlement plan for the six villages, or the IRP for the six villages and the following 2 phases. Furthermore, Phase II, which comprises only 17 settlements including Hasankeyf is at an even more rudimentary stage of preparation than the first six villages.

The facts on the ground provide the answer: it is not sufficient to wish for the resettlement component to be prepared and to happen, for it to actually occur in reality.

The CoE-R considers that it would not be responsible to assume that what DSI/PIU could not do for six villages over two years, could be done for the full resettlement process just after construction starts.

The international standard in public hydropower projects, as mentioned above, is that an international financial institution such as the World Bank does not accept to appraise a dam project unless the owners and builders present **in advance** to the World Bank a full-scale resettlement plan for the entire process, designed at the standards required by the Bank. Such a plan should demonstrate the feasibility of resettlement in terms of land availability for the relocated populations and specific options for income restoration and improvement. The CoE has called PIU's attention to the World Bank's known, detailed manual¹⁶ for preparing and implementing resettlement in development projects which outlines well known basic procedures that do not need to be repeated in CoE reports. Given the sensitivity of forced displacement, and the risks for disastrous impoverishment and social disorganization through population uprooting, the World Bank has long set the standard that only when the policy and procedural requirements are met should a project be ready for appraisal and only if full appraisal confirms feasibility is the project regarded as ready for starting construction. Usually it takes about 1-1.5 years from appraisal of feasibility of all components to actual approval and "project effectiveness" for implementation to start.

Issues Regarding the Proposed Calendar. The second issue that CoE-R highlights refer to the correctness and reliability of some deadlines for ToR commencement and completion announced by the Dolsar-PIU new list. For several

¹⁶ World Bank (2004) *Involuntary Resettlement Sourcebook. Planning and Implementation in Development Projects*. The International Bank for Reconstruction and Development: Washington D.C. 434 p.

ToRs, the list announces that work has commenced on March 2008 (that is, before the list's submission on April 30th, 2008). This has to be verified in the field because it does not coincide with existing prior information. The External Monitoring Group (EMG) has reviewed in June 2008 the ToR dates regarding commencement of work on several ToRs for Phase II and III. The EMG report notes that the dates stated in the recent list reflect "possible intentions" but in the EMG's view, these dates *"should be considered speculative because there is no work plan written down and agreed among the various actors in the PIU regarding preparatory work for Phases II and III"*¹⁷.

Indeed, the data available indicate that the work on a number of ToRs for Phase II resettlement are listed as having commenced in December 2007, or January 2008 or March 2008. However, it appears that this work has in fact not yet started in earnest. Examples are ToRs R-2, R-3, R-4, R-5, R-6, R-8, R-9, and R-10, with respect to Phase II villages for each given basic data are still to be corrected. The data on a number of households affected and non-affected in the 17 settlements that will be inundated, fully or partially, in Phase II are not yet corrected.

Another set of calendar dates for Phase II commencement indicate that R-12, R-13, R-14, R-17 and R-18 have had their start date in October 2007, that is, 9 months ago. No evidence has been provided by PIU or Dolsar for this statement.

PIU must clarify the reliability of deadlines included in the submission to ECA, specifically whether or not such works have been commenced during the 8-9 month period to enable the CoE and the EMG to review the results.

5.4 Missing Data

The CoE-R would also like to ask for a more complete and prompt access to basic data about the resettlement process. On important indicators, the hard information necessary for review and analysis is missing.

The first data on Phase II and III resettlement have been received by CoE-R on May 2008 (see table 1) indicating the distribution of settlements totally affected or partially affected by inundation. However, the information refers only to wholesale numbers of settlements in each sub-category without indicating an estimate of households and population. This kind of data are particularly necessary for the settlements which are partially affected because in those cases, a segment of the population resides above the maximum level and may not have to relocate but is likely to lose lands which fall below the maximum water level. Having a breakdown of population data is indispensable for further analysis and planning.

In particular, the CoE is concerned that for the 17 villages totally or partially affected in Phase II, which is to start about 2 years after the beginning of construction, detailed data by settlement are still missing.

¹⁷ Report of External Monitoring Group, July 2008 on Ilisu Dam and HEPP Project, pp. 4

In particular, the table indicates that Phase II settlement includes the District Center Hasankeyf, which is not only a town with a significant concentration of population but also the well-known site of extraordinarily important cultural heritage endowments. DSI/PIU have started land works for the area to which it plans to relocate the Hasankeyf population but no documentation about these plans has been offered for review to the CoE-R, despite repeated requests.

Table 1. Distribution of Inundation Zone Settlements by Phase of Resettlement and Degree of Inundation

Phase	Partially Affected Settlements			Totally Affected Settlements				TOTAL
	Partially Affected Villages	Partially Affected Hamlets	Total	Totally Affected District Center	Totally Affected Villages	Totally Affected Hamlets	Total	
Phase 1	4	0	4	0	2	1	3	7
Phase 2**	8	2	10	1	1	5	7	17
Phase 3	47	43	90	0	27	43	70	160
Total	59	45	104	1	30	49	80	184

** Note

1. The settlements affected by Phase 2 studies are identified through the investigation of 1/ 25.000 maps. However, new location of Hasankeyf and other villages (considered in Phase 2) will be identified after the completion of expropriation maps.

2. The settlements that lay in Phase 3 studies are identified through the investigation of 1/ 25.000 maps and by deducting the total number of settlements within Phase I & Phase II, from the total number of affected settlements.

The CoE-R also signals that several ToR-Rs cover land expropriation for a series of auxiliary works necessary around the dam site. Yet for these ToRs, the CoE-R has received no data until now regarding land affected by such expropriation, number of households affected by such loss of land, and economic displacements. For instance, ToR-R-4 indicates “that PIU will provide reliable and robust estimation figures of the numbers of resident and absentee people affected by the auxiliary infrastructure and what this means in terms of people to be resettled”.

The same refers to ToR-R-5, ToR-R-6 and ToR-R-11 that also address PAPs by sub-categories, “absentee ownership”, and host populations. Specifically, both ToR-R-5 and ToR-R-6 provide for “reliable and robust figures on the number of PAPs by categories “ and for “reliable and robust figures on the number of affected host populations”. The host population is an important category but neither of these two ToR-Rs data has been offered for review or analysis.

It is also noted that even some of the completion deadlines proposed in the new List of Deadlines have already expired without the data being for CoE-R review. This is the case of ToR-R-4 and ToR-R-11 whose completion deadlines were May 30, 2008. At the date this present report is completed, mid-June, this data has not yet been received.

5.5 The Income Restoration Program

During its field visit, the CoE-R discussed with PIU-R the state of work on the Income Restoration Program (IRP). The PIU explained that, given other tasks, work on the IRP has not started yet. The CoE-R emphasized that the IRP is a major building block in the architecture of the Ilisu resettlement program, because it has to prevent the impoverishment risks embedded in every forced displacement process from becoming a reality in Ilisu.

The impoverishment risks in displacement are well known and were explicitly identified by DSI in the early documents presented at Vienna in February 2007. They are: landlessness; homelessness; joblessness; marginalization; food insecurity; increased morbidity and mortality; lack of access to common property assets; and social disorganization. The DSI documents stated that the preparation of the Ilisu resettlement plan and of income restoration measures aims to counteract these impoverishment risks. However, the work carried out to date has not yet addressed these issues. It becomes imperative to focus on them since the project made advances toward an expropriation that will trigger physical displacement, while the income restoration measures have not yet been prepared.

The CoE-R emphasized in discussion with PIU members the need to direct increased attention to the economic dimensions of displacement and to the economic reconstruction assistance for farmers (or shopkeepers, etc.). Such economic reconstruction should be facilitated through recovery measures and the re-establishment of the displaced farmers on a productive basis as close as possible to their former location.

The need to develop economic measures for the Income Restoration Program ties in with the task of identifying replacement lands. The intention of the PIU is to identify Treasury lands in the vicinity of the reservoir area which can be allocated to the Ilisu project for use as "land for land" compensation to farmers in the reservoir area who will lose their current plots to expropriation. Indeed, this will avoid transferring displaced farmers at faraway distances and will reduce the uprooting effects of displacement.

The CoE strongly recommends, therefore, that PIU initiates as soon as possible the arrangements necessary with the Treasury to identify such Treasury and forest land and begin transferring these lands to DSI and PIU, in order to create a pool of farming lands and grazing lands necessary for Phase II and III resettlement. This task is at the heart of the Income Restoration Program, which is an integral part of the Ilisu Project.

The CoE will make more detailed suggestions to PIU and other relevant agencies to assist in commissioning the agro-pastoral and socio-economic preparation studies, indispensable for designing a feasible income restoration and development program. Such studies need to be carried out to identify the agricultural potential of the areas surrounding the future reservoir, the pastoral development potential, the options for horticulture, the options for small-scale local industrial activities, the availability of water resources for irrigation at the new sites, etc. Such economic studies have not been yet

initiated for the IRP. These studies will create the basis for financial estimates and budgetary allocations for the IRP, which at this time are only broad estimates¹⁸. It is likely that compensation amounts will not be sufficient to restore, let alone to improve, incomes and livelihoods. Development investments in the income recovery program will be necessary and for this – the economic studies need to be initiated as well.

The task of carrying out such preparation studies for the IRP is suitable for employing consulting specialists (particularly agricultural economists) who may be available in ECS, Dolsar, Encon, Rast, or other consulting companies in Turkey.

The CoE recommends that PIU prepares a plan for such agro-economic and social studies necessary for RP work to be discussed during the next few visits of the CoE in September.

The CoE proposes to devote a good part of its next field visit beginning September 2008 to discussing the issues of preparing and starting the process for the Income Restoration Program.

* * *

There are a number of other issues regarding the current stage, which will be followed up by the CoE in subsequent communication with the PIU-R, even before the next field visit. We hope that the preparation process will gain speed and depth. The CoE will be ready to provide its assistance in terms of review, guidance, suggestions or training, as required.

We conclude this report by expressing our strong hope that the constructive recommendations included in it on a broad range of issues, and primarily on issues of institutional capacity and on creating a new structure for managing resettlement, will be examined carefully and appropriate decisions will be taken.

¹⁸ See in this respect the discussion of budgetary allocation of the Report of Financial Expert to Chairs of Environment, Cultural Heritage and Resettlement Committees of Experts, Ilisu Project, June 2008