

RESETTLEMENT
AUDIT
TECHNICAL
NOTE



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01

Introduction



Resettlement audits are critical in ensuring that the livelihoods and living standards of affected stakeholders have been restored or improved. These audits play a vital role in aligning with IFC Performance Standards 1 (PS1) and 5 (PS5), as well as the IDB Invest policy framework. This note provides guidance to clients and practitioners responsible for conducting completion audits or managing resettlement activities.¹ Additionally, it serves as a reference for IDB Invest’s environmental and social specialists, who review and verify the client’s compliance with resettlement obligations.

The resettlement completion audit’s primary aim is to ensure that the client has fulfilled the requirements of Performance Standard 5 (PS5), as well as the commitments outlined in the Resettlement Action Plan (RAP) or Livelihood Restoration Plan (LRP). This includes assessing key performance indicators (KPIs) and obligations arising from the Environmental and Social Management Plan (ESMP), Environmental and Social Action Plan (ESAP), or other relevant documents.

As outlined in PS5², a completion audit of the resettlement activities will be undertaken to determine whether the objectives of the resettlement plan have been achieved. This statement emphasizes the audit’s role in verifying the restoration or enhancement of livelihoods and living standards post-resettlement. The completion audit assesses whether the commitments made in the RAP/LRP have been met and evaluates the effectiveness of the measures implemented to avoid and minimize the impacts of resettlement. This is done by comparing the actual outcomes for land and affected people against the planned outcomes in the RAP/LRP.

The audit verifies that the entitlements outlined in the RAP/LRP have been provided to affected persons, households, and communities, and evaluates whether these measures have successfully improved or restored people’s living standards and livelihoods. It also examines any unresolved grievances and identifies corrective actions necessary to fully meet RAP commitments.

¹ The term ‘audit’ is also used when assessing past performance related to resettlement activities undertaken prior to the involvement of IDB Invest or its clients. For audits of past resettlement activities, readers should refer to Module 8, Section IV of the IFC Good Practice Handbook: Land Acquisition and Involuntary Resettlement (2023).

² IFC PS5, paragraph 15.



Definitions and Principles

Completion resettlement audits are critical for assessing whether the commitments outlined in Resettlement Action Plans (RAP) or Livelihood Restoration Plans (LRP) have been fulfilled, including achieving the plans' key performance indicators (KPIs). Their objective is to ensure that affected individuals receive fair compensation and that their livelihoods are restored.

A completion audit, also referred to as end of project evaluation, is conducted after all resettlement activities have been implemented. Its purpose is to determine if the objectives of the RAP and LRP have been achieved, particularly focusing on the restoration or enhancement of livelihoods and living standards. This involves a comprehensive evaluation of the impacts of resettlement activities and ensures that affected stakeholders have received appropriate support and compensation.

The principle of proportionality is important.

The scope and depth of the audit should align with the complexity, scale, and risk levels of the resettlement impacts. Resettlement audits of projects with significant resettlement risks and impacts will require more actions, effort, and thorough evaluations. In

contrast, for projects with low to moderate risks, internal audits and reviews may be considered adequate, provided the process is conducted with transparency and robustness.

The extent of resettlement planning, implementation, and monitoring required will be proportional to the scope and scale of displacement and the vulnerability of the affected population.³

In some cases, a completion audit may not be required if the resettlement impacts are minor (e.g., fewer than 20 households displaced, no physical displacement, and impacts are not complex).⁴

Significant resettlement-related risks may include:

- Situations with large-scale displacement
- Risks and impacts on disadvantaged or vulnerable groups
- A history of forced displacement in the project area
- Projects operating in settings of conflict and violence.
- Significant contextual risk factors, which may exacerbate adverse impacts from resettlement-related activities, and may pose a higher level of risk to the implementation of mitigation measures.

³ IFC 2018. *Guidance Note 5: Land Acquisition and Involuntary Resettlement*, paragraph 2. Washington, DC: International Finance Corporation

⁴ IFC 2018. *Guidance Note 5: Land Acquisition and Involuntary Resettlement*, paragraph 35. Washington, DC: International Finance Corporation

The audit should not assess inputs and immediate outputs, which fall under monitoring and is part of the client’s Environmental and Social Management System (ESMS). Audits should assess whether objectives and requirements outlined in PS5 have been met, and focus on higher-level outcomes, likely longer-term impacts, and the sustainability of mitigation measures and benefits to affected persons. For instance, audits should clarify whether affected stakeholders have been given viable opportunities to restore lost livelihoods and whether they have been provided with alternative livelihood support needed.

Transparency and Accountability.

Audits should provide a transparent review of the resettlement process and ensure that all stakeholders,

including physically and economically affected stakeholders, as well as project financiers, are informed of the outcomes. Transparency, meaningful stakeholder engagement, and public disclosure are key elements of the resettlement process. Sharing the audit report with relevant stakeholders, including affected communities and financing institutions, helps maintain accountability and fosters trust in the resettlement process.

Improvements and institutional strengthening.

Audits should not only assess past actions but also provide recommendations to improve future resettlement practices and strengthen institutional capacity.



The completion audit should be conducted after all resettlement activities are completed and a reasonable period has passed for the restoration of livelihoods. In certain cases, a later, follow-up audit might be necessary if the initial audit reveals gaps in livelihood restoration or compensation delivery.

Conducting a resettlement audit involves a combination of document reviews, assessing the effectiveness of project grievance mechanisms, field

visits, and stakeholder interviews. The process starts with reviewing all project documents related to resettlement, including the RAP, entitlement frameworks, compensation plans, livelihood restoration programs, and internal monitoring reports. This provides a comprehensive understanding of the intended objectives and measures.

Field visits should be conducted to verify conditions and outcomes for affected households, communities,

and businesses. This on-the-ground assessment with interviews and discussions is important in order to validate the information obtained from the documents.

Projects with significant risks or complex resettlement activities should involve an **independent third-party auditor**. This enhances the objectivity and credibility of the audit, and helps ensure that the audit's findings are reliable and comprehensive.

For projects with significant adverse resettlement risks or impacts, it is good practice to involve external qualified resettlement professionals.⁵

While all projects benefit from an end-of-project audit or evaluation to enhance accountability and institutional learning and strengthening, the decision about whether this should be undertaken by independent, third-party auditors or not may be decided on a case-by-case basis.

A resettlement audit may be commissioned by the client, IDB Invest, or both in collaboration, but should be planned as early as possible in the project cycle to ensure that accurate monitoring data and documentation are collected throughout the project.

This data can then serve as valuable input for the independent evaluation. To make this process effective, it is therefore important to agree on the principles and format of the completion audit early on.

The audit report should include a comprehensive summary of whether the objectives of the RAP were met (including KPIs), documenting successes and identifying any gaps or outstanding issues. The report should also provide recommendations for corrective actions to address any deficiencies found during the audit.

The audit encompasses all facets of the resettlement process, such as evaluating the adequacy of housing, access to resources, livelihood restoration initiatives, the execution of the programs, and social services provided to those who have been displaced. It also



assesses whether vulnerable groups received targeted support and considerations as appropriate.

As per PS5, the audit should at least include a review of the outcomes of any mitigation measures taken, the effectiveness of livelihood restoration activities, and the overall impact of resettlement on the affected population.⁶

The audit should conduct a thorough review of resettlement outcomes and cover both physical and economic displacement. In particular, it will include:

- The adequacy of housing
- Efforts made towards and outcomes of livelihood restoration
- Access to social services
- Delivery of compensation for lost assets at replacement cost
- The impact on and special accommodations made for vulnerable groups.

The completion audit evaluates whether the objectives of PS5 have been met. Below is an outline of topics and questions that may be included in the

⁵ IFC 2018. *Guidance Note 5: Land Acquisition and Involuntary Resettlement*, paragraph 35. Washington, DC: International Finance Corporation.

⁶ IFC PS5, Paragraph 15.

Terms of Reference for the audit. For the relevant questions, the audit process should consider rating the quality, effectiveness and sustainability in terms of how satisfactorily the issues were addressed, e.g., using a scale of satisfactory, partly satisfactory, partly unsatisfactory, and unsatisfactory, and provide documentary evidence.

Minimizing Displacement:

- Were alternative project designs explored to avoid or minimize displacement?
- To what extent did the project succeed in minimizing displacement through alternative designs? How well integrated was the resettlement process with engineering designs and civil works?

Avoiding Forced Eviction:

- Did the project avoid forced evictions? What



processes were in place, and how effectively were they implemented?

- Were all instances of displacement carried out with the informed participation of affected persons, ensuring compliance with legal requirements and the principles and requirements of PS5?

Minimizing Adverse Impacts from Land Acquisition or Restrictions on Land Use:

- Were adverse social and economic impacts from land acquisition or restrictions on land use anticipated and minimized?
- Was compensation provided for loss of assets at replacement cost for all affected persons?
- Was compensation for lost assets and alternative housing opportunities provided prior to displacement taking place?
- Were resettlement activities carried out with appropriate disclosure of information, consultation, and informed participation of the affected communities? How well were affected communities, including host communities where relevant, engaged?

Restoring or Improving Livelihoods and Standards of Living:

- Were alternative livelihood opportunities and adequate support provided to displaced persons?
- Were appropriate measures taken to address gender-differentiated aspects of the resettlement program, including consultation methods and types of livelihood support?
- Were appropriate measures taken to ensure the economic and social sustainability of displaced persons' situation?
- To what degree are economically displaced persons better off or at a minimum not worse off as a result of the resettlement program?

Security of Tenure:

- How was security of tenure ensured for physically displaced persons? Were formal land titles or equivalent legal agreements provided?
- What legal or administrative processes were followed to ensure that resettled individuals have secure, long-term rights to their new land?



- Have there been any disputes or challenges regarding land tenure at the resettlement site? If so, how were they resolved?

Land Rights:

- How were land rights addressed for individuals without formal legal ownership of the land they occupied before displacement?
- Were non-title holders, such as informal settlers, provided with appropriate resettlement assistance? What specific measures were taken to protect their rights?
- In cases where the project affected Indigenous groups or communities with customary land rights, how were these rights recognized and respected during resettlement? Was the principle of Free, Prior, and Informed Consent respected if required in accordance with PS7, both in process and outcome?

Sustainability and Future Risk:

- Has there been any risk of secondary displacement at the resettlement site due to insecure tenure or

unclear land rights? If so, what steps were taken to mitigate this risk?

- How does the project ensure that resettled individuals can legally pass on land rights to future generations or family members?

Legal and Administrative Support:

- What support was provided to resettled individuals in securing legal land titles or resolving disputes related to land tenure?
- Were there any ongoing or unresolved issues regarding land rights or tenure security? If so, what corrective actions are recommended?

Improving Living Conditions for Physically Displaced Persons:

- Were physically displaced persons provided with adequate housing at resettlement sites? Rate the adequacy of housing and overall improvement in living conditions as satisfactory or unsatisfactory, explaining the reasoning.
- Did the resettlement improve people's living conditions? Describe the outcomes in terms of living conditions.

04

References and Links

The following references provide further information and guidance on resettlement audits and Performance Standard 5:

IFC Performance Standard 5 (PS5): International Finance Corporation. (2012). Performance Standard 5: Land Acquisition and Involuntary Resettlement.

IFC Guidance Note 5 (GN5): International Finance Corporation. (2018). IFC Guidance Note 5: Land Acquisition and Involuntary Resettlement.

Good Practice Handbook: Land Acquisition and Involuntary Resettlement: International Finance Corporation. (2023). Good Practice Handbook: Land Acquisition and Resettlement.

Kvam, R. (2018). Social Impact Assessment: Integrating Social Issues in Development Projects. Inter-American Development Bank. DOI: [10.18235/0012592](https://doi.org/10.18235/0012592).



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