

Report No. 17540

Recent Experience With Involuntary Resettlement Indonesia — Kedung Ombo

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Acronyms

AGR	Agriculture and Rural Development Department
DGWRD	Directorate General for Water Resource Development
ELSAM	Institute for Policy Research and Advocacy
ERR	economic rate of return
INFID	International NGO Forum on Indonesian Development
INGI	International NGO Forum on Indonesia
JRBDPO	Jratunseluna River Basin Development Project Office
LBH	Legal Aid Institute
LCHR	Lawyers Committee for Human Rights
NGO	Nongovernmental Organization
OED	Operations Evaluation Department
PCR	Project Completion Report
PLN	State Electricity Corporation
RAP	Resettlement Action Plan
RRDP	Resettlement and Reservoir Development Program
SAR	Staff Appraisal Report
SWCU	Satya Wacana Christian University
YPD	Purba Danarta Institute

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Contents

Preface.....	iii
1. Introduction.....	1
2. Description of the Project.....	3
Physical Features and Populations	3
Implementation of the Resettlement Program.....	7
3. Database and Survey Design.....	16
4. Principal Findings: Compensation, Incomes, and Attitudes.....	18
Compensation and Eligibility.....	18
Income Restoration.....	19
Social Infrastructure and Services.....	26
Resettler Satisfaction.....	26
5. Principal Findings: Performance	27
Bank Performance	27
Borrower Performance	31
6. Other Issues	31
Participation by Resettlers.....	31
Participation by NGOs	32
Gender	34
Indigenous Groups	34
Host Communities.....	34
Monitoring and Evaluation.....	35
Changes in National Policy on Involuntary Resettlement.....	35
7. Conclusions.....	36
Annex A1: Lessons Learned from Kedung Ombo Resettlement Experience Which are Relevant to Future Bank Operations	41
Annex A2: Lessons Learned from Kedung Ombo Resettlement.....	43

Tables

4.1 Monthly Family Incomes 20
4.2 Respondent’s Poverty Conditions in 1996 (Percentage of “Poor” Families)..... 24

Maps

Kedung Ombo Resettlement Program: Project and Selected Transmigration Sites (IBRD 29020)..... end
Kedung Ombo Multipurpose Dam Project: Layout of Irrigation Areas Under the Project (IBRD 18529)..... end
Kedung Ombo Reservoir (IBRD 29021)..... end
Kedung Ombo Reservoir: Greenbelt and Drawdown (IBRD 29022) end

This report was prepared by Edward B. Rice. William B. Hurlbut was the editor. Megan Kimball and Benjamin S. Crow provided administrative support.

Preface

This report is one of six impact evaluations to assess the resettlement process of Bank-supported projects and to determine the impact on involuntarily displaced people. A separate Overview report describes the purpose and objectives of the study, the methodology and selection of case studies, the history of resettlement in each project, and the principal findings, lessons, recommendations, and policy implications. The report covers each of the topics of the Overview for the Indonesia project.

This report is based upon a review of the project files, other relevant documents, and the results of a six-year socio-economic monitoring program, with repeating surveys of resettler households and communities in the project area and transmigration sites plus a follow-up survey for the Operations Evaluation Department. Two OED missions visited the project area, one to design the 1997 survey and one to validate the survey results and for further investigation.

The draft report was sent to the Government of Indonesia on November 8, 1997. No comments were received.

The University Research Center of Satya Wacana Christian University (SWCU) conducted the survey under the leadership of Tri Kadarsilo and Slameto. Messrs. Kadarsilo and Slameto accompanied both OED missions and were invaluable in improving the report. Their central involvement in the resettlement monitoring program of the Kedung Ombo Multipurpose Project enriched OED's understanding of the resettlement process at Kedung Ombo and other relocation sites and is gratefully acknowledged. OED is also grateful for the assistance extended to both missions by the Directorate General for Water Resource Development and its Jratunseluna River Basin Development Project Office, and the agencies of the Central Java provincial government and Ministry of Transmigration which facilitated OED's missions and SWCU's final surveys. OED would also like to thank the many resettlers who shared their time and provided us their perspectives on the resettlement experience at Kedung Ombo and four transmigration sites. Finally, thanks are given to INFID and the other NGOs who attended meetings to discuss OED's plans and results, and to Scott Guggenheim of the Bank's Jakarta Field Office who introduced OED to the NGO community and contributed as well to the drafting of the final report.

1. Introduction

1.1 This is part of OED's six-country study of involuntary resettlement behind large dams, a follow up to a three-country study completed in 1992. OED added Indonesia to the new study, because it has one of the largest Bank-supported portfolios of projects involving involuntary resettlement and because OED has had occasion several times in the past few years to make observations on the Kedung Ombo project. The resettlement component has been among the most controversial of big dam projects and the only one with documented evidence of military intervention and coercion of households to move out from the reservoir area. The Bank and the government have been severely criticized for mismanaging their roles in resettlement at Kedung Ombo. An objective of this case study was to determine whether and how that management failure occurred.

1.2 The Kedung Ombo Multipurpose Dam and Irrigation Project was partly financed by Bank Loan 2543-IND, approved in May 1985 for US\$156 million. The project was to finance construction of a dam and downstream weirs on the Serang River in the Jratunseluna Basin in Central Java (maps 1 and 2). The objectives were to supply irrigation to 87,000 farms on 59,000 hectares (ha) in four old and new schemes below the dam, control flooding from the Serang, supplement municipal water supplies for urban centers, and generate a small amount of hydroelectric power. The project was completed and the loan closed in December 1993, with cancellation of US\$1.4 million. A project completion report (PCR) was issued in June 1995 with a comprehensive annex treating the resettlement component.¹

1.3 Government and the Bank claim the project was successful in reaching its objectives: in particular the irrigation component surpassed its physical targets and resulted in an overall economic rate of return (ERR) calculated for the PCR at 12.4 percent. If real paddy prices had remained at their 1984 level, the PCR says the project would have reached the ERR projected at appraisal of 17.4 percent. The dam has eliminated flooding from the Serang, although downstream tributaries continue to put the lower basin at risk. OED rated the project's overall outcome "marginally satisfactory," weighing these positive impacts against the unsatisfactory resettlement experience. However, other observers inside and outside the Bank challenged OED's relative weights of irrigation and resettlement. They asserted that the pain inflicted on the resettlers that suffered above the dam could not be offset by material advantages to populations downstream. The discussion provides some of the best-articulated material in Bank files supporting the primacy of resettlement policy.²

1. PCR, Report No. 14636, June 19, 1995.

2. See especially Memorandum, A. Steer, ENVDR, to R. Picciotto, DGO, May 28, 1995; and Memorandum, G. Davis, ENVSP, to R. Picciotto, May 31, 1995. An earlier Memorandum in the series, J.D. Clark to R. Picciotto, April 12, 1995, captures the spirit of their argument:

The assumption that social costs to one group may be outweighed by benefits to another group is anathematic to the principles of protection and compensation enshrined in Bank ODs on resettlement, indigenous peoples etc. Costs and benefits must be aggregated for each vulnerable population group, not across all populations. If the latter were the case then there would be no point in having such ODs at all. Any resettlement could be ignored as long as more people benefited from the project.

Later, M. Cernea, the Bank's senior sociologist, had his own words—criticizing the PCR's discussion of net costs and benefits—repeated back to the Bank by one of the NGOs concerned with Kedung Ombo:

1.4 This experience cannot be understood without referring to the geopolitics of the reservoir area. As shown in map 3, the Serang and Uter rivers enter the area from the southwest and southeast, respectively. Each passed through a stretch of relatively flat floodplain, before moving into narrower valleys and hillier surroundings leading to the proposed dam. The reservoir occupied parts of three regencies: Grobogan, Sragen, and Boyolali. Most of the occupied land, most of the people threatened by displacement, and all of the extensive southwestern floodplain belonged to Kemusu district of Boyolali.³ Coincidentally, Kemusu plays a special role in the modern political history of Java as perhaps the most important center of repressed resistance by radical groups outlawed and driven underground by the military action of 1965.⁴

1.5 The villages and district headquarters in Kemusu formed the core of the controversy that was to arise over compensation rates for displacees, suitable substitute sites, refusal to evacuate even as the waters were rising, and ultimately, the insistence to stay put and cultivate the *greenbelt* as well as the fertile old floodplain as it reemerged every year in the dry season when water was released for irrigation (the *drawdown* area). Although there was resistance also—to the compensation packages and relocation plans—in the project-affected areas of two districts in Sragen, most of the households there took their packages anyway and moved out years ahead of the water.⁵ Thus, the special conditions of Kemusu, with recoverable fertile lands and a leadership associated with an outlawed opposition, were to shape the resettlement experience of Kedung Ombo. The dam and irrigation works were constructed by the central government's Directorate General for Water Resource Development (DGWRD). Other big power-generating dams on Java with Bank participation have been constructed by the State Electricity Corporation (PLN). Neither DGWRD nor PLN had experienced resettler resistance at this level of intensity in dam projects preceding Kedung Ombo. Afterwards, helped along by new central government regulations in place starting in 1993 that removed some of the arbitrariness over resettler rights of the earlier period, there has been no repeat of the Kedung Ombo violence, at least not on any Bank-supported project and nowhere at the level reported from Kedung Ombo. Thus, however helpful in considering and explaining an evolutionary resettlement record, this is indeed an unusual, watershed event in Indonesia.

this kind of desk macro-accounting of costs and benefits, informed by crude statistical utilitarianism...th[is] kind of spurious rationality...detracts from seeking alternative approaches and solutions [to] the ill effects of such programmes, which otherwise could be prevented or mitigated. (M. Cernea quoted in ELSAM, p. 102. See reference in para. 2.18).

3. Grobogan, Sragen, and Boyolali are regencies (*kabupaten*), administrative units immediately below the provincial level. Kemusu is actually a subdistrict (*kecamatan*), the next lower level. The "district" has effectively disappeared. It is used here for clarity and because that is what many other reports do.

4. D. Butcher reported in 1988 the Boyolali Regency's assertion that there were 500 hard-core radicals (OT), most of them ex-communists, living in the reservoir area in Kemusu district (Memorandum to G. Davis, ASTEN, June 16, 1988, p. 49).

5. Households in Grobogan were never a factor in the controversy. They were few, and the valley lands they farmed were closest to the dam and destined for deep submergence.

2. Description of the Project

Physical Features and Populations

2.1 The dam⁶ is on the Serang River 50 kilometers (km) southeast of Semarang, the provincial capital on the north coast of Java. The reservoir extends to the south and west to a maximum length of 15 km. The reservoir area is part of a hilly upland framed by several surrounding mountain ranges, with deeply weathered rock unsuitable for high-productivity agriculture. The fertility of the original river valleys and part of their floodplains had been restored each year by the rivers themselves: most of this intensively farmed land would be inundated permanently. Below the dam the topography levels out, merging into the rich paddy lands of the middle Jratunseluna Basin. The Kedung Ombo hills are among the least attractive parts of the province for subsistence agriculture. All together, about 5,300 rural families with 24,000 people in 20 villages (*desas*) were initially planned for relocation. At the end, however, only 4,900 of these families had moved out of the reservoir. Another 600 families that were required to move (mostly in Kemusu district) stayed in—or shifted up to but not beyond—the greenbelt zone that in principle should have been cleared of all human habitation.

2.2 Map 3 shows the scatter of traditional and new settlements around the lake. Four categories of resettlers have been identified. The largest category consists of self-settled households (*swadaya*, which means self-effort) that moved up into or next to the traditional villages, surrounding the lake, that survived the inundation. Most, though not all, had accepted a compensation package that covered their previous land holdings as well as homes. Early reports on resettler destinations had assumed that a large proportion of this group left the Kedung Ombo area entirely, moving to provincial cities or Jakarta. Subsequent surveys showed that very few whole households had moved away. The second category consists of the households that elected to enter one of three new villages that government built for the displacees next to (Kedungmulyo and Kedungrego) or a short distance from (Kayen) the lake. All these resettlers (called *pemukti*, meaning replacement settlement) had to accept a compensation package for at least one of their fields before entering the new villages. The villages were built on the high ground above the lake, and these resettlers had to accommodate to the poorer soils unless they retained access to part of the greenbelt or drawdown.

2.3 A third category consists of the households that remained living in or just below the greenbelt, in the prohibited zones immediately above the reservoir's full supply level. The zone of lakeside land between the water line at that level at 90.5 m, and 92.5 m, was reserved to accommodate unusual floods, though it was expected to remain dry in most years. The next higher prohibited zone between 92.5 m and 95.0 m was the greenbelt, which was to remain forever dry but protected against human habitation, erosion, and any other uses and impacts that threatened the integrity of the reservoir. Original households, and parts of them that split off to form new households, that refused to abandon the reservoir are concentrated in the greenbelt, although some continue to live at their own risk in the flood zone. No one lives in the actual drawdown zone, although much of it in the south and southeastern arms of the reservoir is

6. The rockfill dam is 61 meters high and 1,600 meters long. The reservoir at a full supply level of 90.5 meters has a surface area of 46 square kilometers. The irrigation outlet tunnel is at 64 meters above sea level. The water requirements of downstream irrigation schemes fed by the dam were expected to result in reservoir levels fluctuating annually between the limits of 73 meters and 90.5 meters, depending on rainfall.

extensively farmed when it is accessible. Farther north and east both the greenbelt and drawdown areas tend to be steeper and less attractive to farmers. Best estimates are that two-thirds of the original greenbelt farmers (that is, not the new households) have never accepted compensation, and that two-thirds of all households that never accepted compensation are in the greenbelt. Those ratios are changing, however, because the number of greenbelt households is growing.

2.4 The fourth category consists of the households, and parts of households, that joined the official transmigration program and were transported to resettlement schemes on the outer islands. Map 1 identifies the main destinations of the Kedung Ombo transmigrants: the four schemes that were visited by staff of the Satya Wacana Christian University (SWCU) research center that collaborated with OED in this case study.⁷ Members of these transmigrant households continue to make round-trip visits to the Kedung Ombo area, though the number who abandon the transmigration schemes altogether in order to return definitively to Kedung Ombo appears to have shrunk almost to zero. Movement in the other direction continues to all sites: family and friends persuaded to follow by evidence of successful accommodation at most of the transmigration schemes.

2.5 According to SWCU estimates based on survey work in 1993, the numbers of resettler families eligible for compensation in each of the four categories were:

Self-settled	2,800
Government-village	700
Greenbelt	600
Transmigration	1,300

Those figures must be taken as indicative estimates. The total of 5,400 excludes new households formed subsequent to the initial estimates. For example, the government-village and greenbelt figures should each be increased by about 200 to reflect those new households.

2.6 A notable characteristic of the Kedung Ombo resettlement program—one that distinguishes it from all the other case studies—has been the poor quality of both *ex-ante* and *ex-post* estimates of the sizes of these categories of displacees. The problem started at the beginning. Work on assessing the resettlement needs of the project got under way in the late 1970s by SWCU. It was redimensioned and accelerated under a contract in 1981 with the Institute of Ecology, Padjadjaran University in Bandung, supervised by international consultants. Padjadjaran fieldwork indicated that some 5,300 families would have to be relocated. However, based on these same surveys, Padjadjaran estimate that 75 to 80 percent of the families were inclined to opt for transmigration. Padjadjaran made clear that that range included not only families that genuinely preferred transmigration, but also an unstated number of families that were inclined to stay in Central Java but were willing to go along with government policy. The Bank, however, accepted the estimate as a valid projection and later concluded, supposedly based on experience at other projects requiring relocation, that that figure would increase as resettlement got under way. The Bank's staff appraisal report (SAR) assumed that 90 percent would ultimately choose transmigration. As shown in the last table, the actual figure is closer to 25 percent.

7. SWCU is in Salatiga, a 40-minute drive from the upstream end of the reservoir.

2.7 This inaccurate estimate is probably the most important factor explaining the debacle that was to occur. It relieved the planners, implementors, and the Bank from preparing for alternative resettlement and income-generation operations. It also took attention away from the adequacy of the compensation formulas for expropriating land from nontransmigrants (compensation was additional to the benefits of the transmigration package and adequate to leave transmigrants with a margin of cash to set themselves up). Padjajaran, the government, and the Bank have all been criticized for these overoptimistic projections of the size of the transmigration cohort: some critics suggesting the work was sloppy⁸ and others that the misinformation was deliberate and aimed at hiding the problem from view. In fact, SWCU and Padjajaran had both insisted that the resettlers' response to the transmigration option depended upon the quality of the program that was offered.

2.8 The Bank's files expose an interesting debate over the reasons for the switch. The government's consultants said it did not make sense:

Against all expectation, and indeed all rationality, the majority of displaced families have chosen to remain in the locality.... While subsequent events have proved the Appraisal assumption of up to 90 percent transmigration was wrong, it must be pointed out that this was obviously the most rational option.⁹

The Bank's resettlement expert, who made multiple visits to the reservoir after 1987, argued that the people simply changed their minds, and this should have been anticipated:

People change their minds about what they want to do over time. In the case of those displaced by large dams this can happen whether or not they were consulted beforehand on what they would like to do after inundation. Due to a general lack of education and experience it is very difficult for rural people to envisage the enormous changes in the geography which is so familiar to them. When the reservoir becomes a reality, the truth of their position fully enters their consciousness for the first time, and the world never looks the same again. Decisions taken earlier may appear to be inappropriate after all.¹⁰

Another Bank observer challenged both of those positions: what happened was neither irrational nor attributable to a change of mind. The farmers just had not seen any evidence that the sites were suitable—to persuade them to follow through on the preference they had expressed earlier:

The briefing paper concludes that the transmigration option failed because people had “changed their minds” due to “a general lack of education and experience,” implying irrationality. In fact, the oustees were making a perfectly rational judgment based on

8. The PCR also suggests that SWCU was contracted to review Padjajaran's estimates and supported them (PCR, p. 56). The PCR's point appears to be misstated. SWCU was not officially asked to assess the estimates, although some individuals may have offered their opinions. In fact, certain SWCU staff declared then that they thought the 75 to 80 percent range was impractical and could only be reached if the project mounted a major effort to improve the mechanics and popularity of transmigration programs arranged for Kedung Ombo. That was Padjajaran's position too.

9. Persero P.T. Indah Karya, “Kedung Ombo RRDP Completion Report, Volume I,” December 1993, p. 48.

10. D. Butcher, “Briefing Paper for Discussion on Resettlement Lessons Learned from the Kedung Ombo Multipurpose Dam and Irrigation Project, Annual Meeting 1990,” August 20, 1990, p. 1.

information available. Oustee representatives had seen the proposed transmigration sites and realized that they were unprepared, remaining jungle.¹¹

All three explanations are plausible, and each can claim a share of the total.

2.9 One problem with the *ex-post* estimates of transmigration was that there were no means to count the number of Kedung Ombo displacees among the streams of transmigrants. The provincial and regency offices of the Ministry of Transmigration knew by the early 1980s of the plans to settle most of the Kedung Ombo refugees through transmigration. The Boyolali and Sragen regencies both aimed to attend to the displacees. But their quotas and records were based on regency, not project, rolls, and they did not bother (nor think it necessary) to ascertain the legitimacy of a volunteer's claim that he was a displacee from the reservoir. In fact, a large numbers of bogus displacees from Boyolali were treated as if they were genuine and transported to earmarked sites even though they could not have been affected by the dam. The number from Sragen was smaller but significant nonetheless. These records were the basis for government's reports to the Bank in the critical period 1985–87 that resettlement (read transmigration) was proceeding as expected. These reports were the reason also that as late as 1992 Bank staff were still estimating that over 3,000 Kedung Ombo resettler families had already transmigrated or soon would.

2.10 The effect of this misreporting is still felt. In late 1996, OED's evaluation team visited two Kedung Ombo transmigration sites on Sumatra. It was impossible to clarify who among the transmigrants registered from Boyolali and Sragen and claiming to be a displacee actually originated from the reservoir. At one of these sites the OED team, including a staff member from the Jakarta head office of Bappenas, the national planning agency, was confident that it had located two subschemes with large concentrations of legitimate displacees and took notes accordingly. SWCU subsequently visited the two subschemes and discarded them both as impostors, switching to two that counted.¹² The attraction for the misidentified families to claim that they were from the reservoir is that, although they—as volunteer resettlers—could not fake a claim for compensation, they could gain certain other advantages, including places at the transmigration sites reserved for displacees.

2.11 Thus all the figures on numbers within categories and the total must be treated with caution. The estimates in para. 2.5 are the figures reported by SWCU after its last intensive survey in 1993. The *ex-ante* projections of transmigrants turned out to be overly optimistic because no one was responsible for creating attractive conditions at the sites to induce the flow. The *ex-post* estimates of self-directed displacees and legitimate transmigrants are shaky because no one was responsible for counting exactly either group. By contrast, the numbers of households in the three government villages and the greenbelt are known exactly; in fact, the occupation of the greenbelt has been closely observed. Those two categories can be further divided exactly into households originally registered as displacees warranting indemnification, and spin-off households. All are dam-affected people, though if they are all counted, the comparison of before and after totals is thrown off balance. Nevertheless, the two largest categories are the self-settlers and transmigrants with about 75 percent of the total, and these are the figures that are soft.

11. Memorandum, J.D. Clark, EXTIE, to Distribution, August 14, 1992, p. 2.

12. At the Kuamang Kuning resettlement scheme in Jambi Province. SWCU switched from SPs 17 and 19 to SPs 3 and 16.

Implementation of the Resettlement Program

Relocation

2.12 The Bank's loan became effective in November 1985 following award of the contracts for construction and supervision of the dam. The main implementing agency was the Jratunseluna River Basin Development Project Office (JRBDPO), a dependency of DGWRD headquartered in Semarang. Engineering works on the dam, weirs, and irrigation infrastructure were well implemented and completed on schedule. The gates were closed to commence filling the reservoir on January 14, 1988. This was four months later than planned. The delay was due to technical factors, not the lag in moving people out.

2.13 Initially the Project Office left resettlement activities mostly to the Ministry of Home Affairs and the provincial government, and special committees were set up at provincial and regency levels to supervise and coordinate this work. The provincial administration was responsible for determining general levels of compensation for each category of land and other assets, village-level government officials followed these guidelines in determining awards to individual families, and the regency administration was responsible for ensuring that all eligible families were paid. Provision for resettlement within project cost estimates included US\$25 million compensation funds for land acquisition, financed by government, and US\$150,000 for consultants—to monitor progress with both compensation and resettlement—financed by the Bank. The project did not provide any funds for developing infrastructure and other facilities for resettlers remaining in the area. Nor did it provide for transmigration. However, transmigration costs were well known—based on per-family site development estimates—and government was committed to provide cash payments to the Ministry of Transmigration for Kedung Ombo families as it did for all others.

2.14 During appraisal the senior sociologist in the Bank's Agricultural Department (AGR) objected to what he recognized to be inadequate specification of the resettlement plans, especially for the nontransmigrants. He called the discussion in the draft (yellow cover) SAR vague and said it was unclear whether even the overall resettlement plan had been appraised by the Bank and found satisfactory. He asked for clarity on the institutional mechanism, source of finance, and land-based income-generating schemes that could be put in place for local resettlers. His interventions had practically no impact at the time, and he reopened the dialogue in 1989 after his fears had been converted to facts.¹³

2.15 The first small groups of oustees from the reservoir began to leave for transmigration sites in Sumatra and Irian Jaya in 1983. The first small groups from Sragen arrived in Jambi in November 1984. However, mass movement under transmigration did not start until 1988, when the Muko Muko irrigation scheme in Bengkulu Province, Sumatra, was ready to accept Kedung Ombo applicants. Individual families opting for self-settlement were moving throughout this period, before 1986 from Sragen¹⁴ and after 1986 from Kemusu. The contract for monitoring resettlement was delayed for two years. SWCU was finally commissioned in 1987 and delivered

13. Memoranda, M. Cernea, AGR, to J.C. Clive, AGR, July 16, 1984 (Comments on Issues Paper) and to S. Niaz, AGRPT, December 6, 1984 (Comments on SAR Yellow Cover). Also Note, M. Cernea to A. Cole, AS5AG, March 15, 1989. See paras. 5.2–5.3 in this report.

14. By March 1986, 86 percent of displaced Sragen households had accepted compensation.

its first report in April 1988. It was then that SWCU alerted government and the Bank that previous estimates of the numbers of families that had already left the reservoir were grossly exaggerated. Whereas Bank supervision had been repeating government's claims that about 3,000 families had departed from Boyolali and Sragen under the transmigration program alone, SWCU found that fewer than 400 families genuinely threatened by the reservoir had actually left for any destination.

2.16 SWCU's news confirmed alarming reports by nongovernmental organizations (NGOs) that the resettlement component was stuck at the starting gate, and the project faced an imminent social disaster unless dam construction was slowed, the tunnel left open, and compensation rates raised to fair and acceptable levels before work resumed. The first substantial report was a detailed chronological account of incidents reported by villagers demonstrating government's rough handling of the families resisting the move, a report provided informally to the Bank in September 1987¹⁵ by the Legal Aid Institute (LBH). LBH, headquartered in Jakarta with offices in Yogyakarta, Solo, and other cities, had emerged as the principal speaker before government and the courts for the aggrieved project-affected people of Kedung Ombo. The incidents are alleged to have included physical violence (no deaths were claimed, although several people drowned in a storm while fleeing in a homemade boat from their home on an island created by the rising water). The worst injuries were not physical but psychological and social, as government and military officials in some cases (how many is uncertain) allegedly stamped or threatened to stamp the identity cards of recalcitrant head of families with "ET" and "OT," marks indicating a previous record as a political prisoner or membership with an outlawed organization. These marks would have been enough to stigmatize that person and prevent access to certain jobs and other common benefits. Most families feared the impact would be more severe, carrying over to all jobs and other family members and descendants. The regency government encouraged these fears. As expected, the threat of such markings was enough to convince many families to accept compensation and leave.

2.17 The Project Office maintained the momentum of its dam-building program. In late 1987 it was granted permission to close the gates in January 1988, after depositing compensation funds for all outstanding claims in the Boyolali Court. SWCU reckoned there were still about 1,500 families below the 95-meter line, providing estimates as well for the number at risk at each water level. By May the number was down to 790, by January 1989 to 740. Six traditional Kemusu villages (inhabitants had moved in groups to higher positions) dominated that list.¹⁶ NGOs claimed that the 1,500 families were "submerged" by the dam, a colorful misrepresentation.

2.18 The history of the collision between government officials intent on emptying the reservoir and a politically charged populace (with Kemusu in the lead) that refused to move on government's terms was followed closely by the Indonesian press and has been amply described in other documents. The most persuasive is a nearly unemotional¹⁷ presentation of the historical

15. One report in the files claims LBH had first contacted the Bank in May 1987.

16. Kemusu, Bawu, Genengsari, Klewor, Nglanji, and Ngrakum *desas*.

17. "Nearly" is inserted to reflect the fact that the presentation is not wholly unbiased. Single interviews about ugly incidents are referred to repeatedly, giving an impression of widespread and continuous outrageous behavior that is probably exaggerated. Also, it sometimes describes events leading to potentially dangerous confrontations without saying whether or not the actual meeting was peacefully concluded. Nevertheless, the implications are clear, and it would have been difficult to describe these years of conflict without any emotional input.

record issued in July 1995 by an international NGO, the Lawyers Committee for Human Rights, and its Indonesian collaborator, the Institute for Policy Research and Advocacy (ELSAM). This report, *In the Name of Development: Human Rights and the World Bank in Indonesia*,¹⁸ presents Kedung Ombo as one of several case studies confirming the authors' point that the Bank has neglected the rights of its projects' affected people in Indonesia. The worst incidents at Kedung Ombo—chronicled by LBH and retold by ELSAM—would be enough for many readers to agree that no benefits below the dam can justify this type of behavior above it.

2.19 The ELSAM report also describes the later events that were to expose the government to even more criticism, with the Bank implicated again for not being prepared or knowing how to intervene to protect its policies. In 1993 Indonesia's Supreme Court rejected a lower court ruling and awarded compensation for lost land to 34 plaintiffs from the village of Kedungpring—in the greenbelt, the new site of one of the six villages, and determined to resist at any price. The court's award was substantially above levels previously demanded, including in the petition itself.¹⁹ One year later the same high court, with a different chief justice, canceled the previous ruling and advised the Kedungpring group to start again. The decision probably finishes the legal action on compensation and closes that part of the story of the Kemusu rebellion.

2.20 Parallel to the ugly events accompanying the processing of compensation, government began in mid-1987 to seek other sites in Central Java. It recognized that the majority of households would now refuse transmigration and that land compensation rates were too low to allow all households to buy substitute land where they wanted it close to the reservoir. After a protracted search for possible sites, in an already crowded province, several public forest reserves administered by either the national forestry agency or the regency governments were identified. Two were later rejected by the resettlers before any had moved there. Ultimately, three sites were cleared and prepared for settlement, with roads, water, electricity, public buildings, and houses of worship. With a few exceptions, the resettlers were obliged to build their own homes. The first resettlers moved to Kayen in 1988, and to Kedungrego and blocks A, B, and C of Kedungmulyo the next year (map 3). Kedungmulyo, north of the village of Kemusu, was the only one of these three government sites to have access not only to some greenbelt and drawdown land but reasonably good rainfed soils. Kedungmulyo was later extended south through blocks E, F, G, and H—to the border of the unsubmerged parts of the old village of Kemusu itself—in preparation for receiving the households still living in the greenbelt. Since most of the latter have remained where they were, these last blocks at Kedungmulyo have many unoccupied lots.

2.21 The reservoir filled gradually. The water reached 84 meters in April 1988 (the irrigation outlet tunnel is at 64 meters). It did not reach 87 meters until April 1989 and finally topped off at 90 meters in April 1990. The slow rise in the lake was managed by the authorities controlling the dam in response to rainfall levels in the catchment and requirements for water downstream. The Bank debated in the first half of 1988 whether to insist that government reopen the tunnel to protect the resisting families. The issue was sidestepped by the Project Office's decision to reopen it anyway to allow delivery of the first supplies of water to the irrigators for the 1988 cropping season. It must be remembered that the main goal of the Project Office was to expand irrigation as soon as possible. It never repressed the lake level for the purpose of ensuring a more

18. Published by LCHR, July 1995. Referred to in this report as ELSAM.

19. The plaintiffs had demanded the equivalent of US\$9.70 for a square meter of prime paddy land; the court awarded US\$13.

orderly evacuation of the displacees. The government was convinced that regardless of the battle over compensation, the households under threat of inundation had the time they needed to move up and ahead of the approaching water, either incrementally in a series of steps to temporary shelters or out of the reservoir altogether.

2.22 The Bank appears by its behavior to have supported that view: that the rate of advance of the water did not pose a danger to any families except those determined not to move and that delaying the water in order to achieve a better outcome with resettlement was fruitless in the face of government's refusal to substantially increase compensation rates for any of the families that had not yet left. When the first Bank resettlement expert to reach Kedung Ombo finally arrived and reported in May 1988, he confirmed the warnings from LBH and SWCU about the alarmingly poor progress. But he also suggested that delaying the water would not improve the situation.²⁰ Coming from a respected member of the Bank's small but growing group of specialists in this field, that observation is important evidence in assessing claims about Bank negligence. Another visiting Bank resettlement expert, in March the following year, took the opposite position. He supported the view that the tunnel should be reopened to maintain the water level at 64 meters until government presented satisfactory plans for strengthening transmigration and local resettlement.²¹ The agriculture division chief had already arrived at that position,²² but senior management in the Region failed to include it as part of its proposal to government.²³ The threat of swamping the resisting families never materialized (para. 2.21). They moved with the water, some at the last moment, and some to their regret (para. 2.16). Most of those that retreated to the greenbelt subsequently improved their temporary homes and joined the previous occupiers of the greenbelt in holding out for permanent residency. Others kept going. It appears that the number of families living in the greenbelt bottomed out at about 530 in late 1989.²⁴ That was exactly 10 percent of the number of families Padjajaran University in 1984 had said would have to move.

2.23 Then the number of greenbelt families started expanding. A little over a year after the gates were closed, and before the water ever reached the full supply level of 90.5 meters, government began to relax its pressure on greenbelt families to keep moving. Compensation had been overtaken by an equally compelling demand—to keep the greenbelt and drawdown under crops. In March 1989, a Bank resettlement expert joined the first major mission fielded by the Bank in response to the criticism of neglect. His report is the earliest to propose a major adjustment in dealing with the Kemusu issue. Quotes from two memoranda following his mission make his point with gusto:

20. J. Butcher, June 16, 1988, op. cit., p. 54.

21. Unofficial Memorandum, W. Partridge, ASTEN, to G. Davis, ASTEN, March 25, 1989, p. 3.

22. Memorandum, A. Cole, AS5AG, to R.J. Cheetham, AS5DR, February 3, 1989, p. 5.

23. Memorandum, R.J. Cheetham, AS5DR, to A. Karaosmanogulu, ASIVP, February 6, 1989, p. 1.

24. A back-to-office report described the situation with the holdouts from Kedungpring:

SWCU staff undertaking the socio-economic survey told the mission that most of the men had left Kedung Pring to work in the cities, leaving their families behind. They reported that, when last approached, the women were even more determined to hold out in the green belt area than the men. One woman when asked why she did not move to the relative comfort of the Kedung Rejo Settlement replied, "What is the use of coming in out of the rain if you are already wet?" (E. Zimmer-Vorhaus, AS5AG, and D. Butcher, ASTEN, to A. Cole, AS5AG, July 31, 1991, p. 1).

The affected households refusing to move and refusing to accept compensation are doing so with good reason in many cases—their lands will be flooded, if at all, only a few months each year. Most of the year they will be able to harvest bumper crops in the drawdown and greenbelt areas. Note that these families are almost completely in the Kemusu district between EL 80 and 95M which is a remarkably large and level zone of sawah rice cultivation. The mission recommended that these families *not* be forced to abandon these fields for several reasons, First, sawah cultivation is an excellent technology for controlling erosion and reservoir sedimentation, so it makes no sense to plant trees instead (the “green belt” proposal). Second, by allowing cultivation of the drawdown area the number of displaced families could be reduced by perhaps 1,484 families in Kemusu District and probably hundreds of others surrounding the reservoir.²⁵

and:

Objections to government-imposed compensation levels is not unique, but complete refusal to accept *any* compensation is unique in Bank experience. The reason appears to be that acquisition of their rice fields between 92.5 and 95 meters is *not* necessary or justifiable on economic, environmental or other grounds. They correctly recognize lunacy when they see it.²⁶

2.24 The vigor with which this anthropologist pushed his revisionism persuaded the Bank’s agriculture division to prevent his return to Kedung Ombo. But most of his points made good sense, including on the viability of the flooded Kemusu plains. The pressure on the residents diminished, and many of them in turn shifted their aim from higher compensation—in order to leave—to no compensation—in order to stay. They were battling now to preserve a very attractive asset. Map 4 shows the greenbelt and drawdown. At stake were about 9,000 ha, perhaps half of it prime cultivable land, and perhaps three quarters of that in the drawdown (in good years). In 1993, SWCU counted 3,900 parcels of land in the greenbelt controlled by 3,000 farmers, and 4,500 parcels in the (maximum) drawdown, controlled by an overlapping set of another 3,000 farmers.²⁷ The approximately 600 families living in the greenbelt cultivated only about 15 percent of the total, but that was a disproportionately high share compared with the numbers of cultivators from the other displaced and unaffected groups. A third Bank resettlement expert in 1991 repeated the same message from the field: that the farmers were responding to the opportunities of drawdown agriculture, that government had acquiesced, and that there was no discernible damage to the reservoir.²⁸

2.25 By 1993 government made it official—the farmers would be allowed to stay in the greenbelt, but they could not build new permanent structures and would not be provided teachers and other public services. Since then new building has proceeded without objection and the greenbelt is filling up. SWCU counted 815 households in Kemusu in 1997 (and approximately

25. W. Partridge, op. cit., March 1989, p. 6.

26. Memorandum, W. Partridge, ASTEN, to A. Cole, AS5AG, May 4, 1989, p. 5.

27. SWCU’s precise figures are 2,989 farmers in the greenbelt and 2,951 in the drawdown. Of the total of 8,330 parcels, 52 percent were being farmed by the ex-owners, and the rest were under a mixture of contracts between ex-owners and cultivators and unlicensed occupation. Note that the 520 families remaining in the greenbelt were only a fraction of the number of farmers with an interest in maintaining these fields.

28. Aide Memoire, D. Leeuwrik, AS5AG, and A. Sahulata, RSI, December 19, 1991, p. 5.

100 more scattered along the slopes in Sragen). Ex-titles to the parcels (the government “owns” them all now) are a tradable commodity, and some families use them like pieces in a chess game. They may accept compensation for one or two, to gain rights to Kedungmulyo, but keep others for a family member’s home and for farming.

Income Recovery

2.26 In reports on some of the other case studies, a subsequent chapter on performance discusses the process of restoring incomes. It depended largely on individual actions by displacees subsequent to relocation, rather than successful implementation of an integral component of the resettlement plan. In China and Brazil the situation was different. The official resettlement programs included income-generating schemes as well as compensation and relocation, so the discussion had to be brought forward to the chapter on project implementation. Kedung Ombo has elements of both procedures.

2.27 The original design assumed most of the resettlers would move to transmigration sites. There, cleared land, physical infrastructure, and technical assistance were provided in support of one or another income-generating scheme (although none of these destinations were named, let alone programs specified, in the appraisal plans for Kedung Ombo). Thus, among the four sites visited by SWCU as part of this study, Muko Muko on Sumatra and Nabire on Irian Jaya were designed as irrigation schemes, Bukit Saloka in East Kalimantan was designed for smallholder oil palm plantations, and Kuamang Kuning on Sumatra was planned for a consortium of rainfed food and cash crops. However, no plans were made to support resettlers who opted to move themselves within Central Java. The assumption was they would be serviced, if they needed support, by the province’s line technical departments (the *Dinas*).

2.28 By 1989 that omission was no longer defensible. Partly to fill the gaps recently exposed in the local resettlement program and partly in reaction to mounting criticism in the local and international press, the Bank moved decisively to rebuild the resettlement program. Government was also persuaded something had to be done and on a large scale. Neither party contemplated enhancing the compensation package. The province refused to do it. And there appears to have been unanimous agreement by Bank project staff and supporting sociologists and resettlement specialists that the Bank should not object to legally established, province-wide rates.²⁹

2.29 The Bank started with a high-profile, well-staffed supervision mission in March 1989. The new program, originally referred to in Bank files as a Resettlement Action Plan (RAP) and later officially titled the Kedung Ombo Resettlement and Reservoir Development Program (RRDP), was prepared by government during 1989 and agreed with the Bank in September that year. This was a period of intense activity by Bank staff, from both the resident mission and headquarters: for example, seven separate missions to Kedung Ombo were carried out over 12 months starting in March 1989. A staff person at the resident mission was assigned exclusively to Kedung Ombo resettlement for part of that time. The Bank ultimately reallocated US\$7 million of loan funds to support the program.

2.30 RRDP included a range of activities addressing perceived weaknesses in the knowledge base and institutional infrastructure available to support the resettlers (as well as other local

29. See for example D. Butcher, June 1988, op. cit., p 54, and Memorandum, W. Partridge, May 4, 1989, op. cit., p. 3.

residents if their exclusion was impossible). The bulk of the activities was incorporated in a series of contracts signed with four local universities to provide research, extension, and other services. These started in 1991 and included (i) fishery studies and pilot programs for capture and cage fishing (Gajah Mada University in Yogyakarta); (ii) research and extension on appropriate technologies for exploiting the drawdown zone, on one hand, and the dry upland areas, on the other hand (University of Sebelas Maret in Solo and Gajah Mada University); and (iii) research and extension on management of the greenbelt zone to protect the reservoir while maximizing economic use by resettlers consistent with protection (Gajah Mada University). Follow-up contracts were signed with SWCU to (iv) continue its program for monitoring the progress of relocation and also assess the socioeconomic impacts on resettlers. Subsequently, contracts were also signed to (v) prepare an environmental management and monitoring plan (Diponegoro University in Semarang); (vi) investigate sociolegal aspects of occupation of the drawdown and greenbelt zones (SWCU); and (vii) provide extension support for home industry and commercial activity in the three government villages (Yayasan Purba Danarta (YPD), an NGO based in Semarang). The YPD contract was signed in February 1993 and was supposed to launch a new phase in RRDP, as it swung from land-based activities to the small-scale industrial sector and other nonfarm activities. The provincial government expected that by involving the four provincial universities and an NGO in this development program, it could help channel some of the energies that had previously been concentrated on protest (students from these universities had joined the NGOs in the demonstrations at Kedung Ombo).

2.31 In addition to the universities and NGO, RRDP was also expected to involve the relevant provincial departments, in particular the departments of food crops, tree crops, livestock, fisheries, and tourism. Some, such as the livestock service, were funded under the project; most were not. Bappeda, the provincial planning agency, was responsible for ensuring departmental participation in the annual plans.

2.32 RRDP was a massive program while it lasted. It was administered by a special secretariat in JRBDPO, interacting with the many implementing agencies through Bappeda. The secretariat was supported by a large Indonesian consulting firm in association with an international firm. That first contract alone called for about 16 professional staff positions,³⁰ providing what one Bank supervision mission described as an “army” of consultants. The contracts were extended for this consultant and most of the other participating universities and agencies through the end of 1993, when the Bank’s “project” was completed.

2.33 Bank supervision reports toward the end of the project period—as well as the Bank’s PCR, the main consultant’s completion report on RRDP, and related comments in SWCU’s monitoring series—all suggest that the results of RRDP were well below expectations. Virtually none of the programs survived the Bank’s exit. Some of the university activity designs were later described as overly academic, and the price that was paid for turning to them for ulterior motives (para. 2.30). One example was the crop models for upland cropping, which called for rates of application of manure beyond the typical family’s means and even beyond supplies in local markets. Another was the concluding fishery report, which concentrated on technical issues and ignored the marketing side. The greenbelt program faced a particularly unreceptive clientele: with the crowding of households into the greenbelt they preferred to commit their land to food crops. Project authorities and local governments were powerless to prevent this, and as mentioned above, it no longer made sense. The YPD activity included training 1,200 individuals in the three

30. A total of 278 staff months in a 17-month period.

government villages and supporting 24 new small industries. YPD's inputs appear to have been appreciated. Four years later OED visited two cassava chip production lines and a furniture shop that YPD had stimulated. Unfortunately YPD's role was terminated in less than a year.

2.34 The Bank had hoped that the provincial agencies would assume responsibility for those special programs that were doing well. Padjadjaran University, which did the initial socioeconomic survey work in the early 1980s, had hoped so too. It argued in its final report during preparation that the interests of local governments had to be served for the resettlement program to succeed:

The project is not solely to serve national interests, but also provincial and *kabupaten* [regency] interests. It should be made clear that the project is an agent of development for the region. . . . In this way the Kedungombo project will become embedded in the provincial [and] kabupaten plan[s] and form an integrated part of these plans. It will then be in the interest of the provincial government to support it and to bring it to a successful conclusion.³¹

Notice that Padjadjaran, which has been faulted for having predicted unrealistically high rates of acceptance of transmigration, was just as preoccupied with the problems of managing resettlement around the reservoir (para. 2.6).

2.35 In practice, local government ownership never developed. The commitment of the provincial line agencies was lukewarm throughout the period 1989–93. When the Bank's participation ended, the agencies also terminated most of the services that were aimed exclusively at the reservoir area. At the regency level the reservoir area represents only a small share of the rural populations of Boyolali and Sragen (and almost nothing of Grobogan), and the displacees comprise an even smaller share. Bank supervision missions in the final two years were alarmed at signs that Bappeda and the provincial departments were not budgeting the level of funds needed to carry on RRDP activities after 1993. The governor told one of the last missions not to expect preferential treatment for the displacees, and none was given.

Transmigration

2.36 SWCU's estimates, which are the only ones available, show that about 1,250 families were transported to 17 transmigration sites on Sumatra, Kalimantan, and Irian Jaya. The imprecision is because the provincial and regency offices of the Ministry of Transmigration did not maintain separate registries of Kedung Ombo displacees. These transmigrants were not volunteers and tried to move as groups and at times convenient to themselves rather than the ministry. But many were accommodated only to a limited extent and ended up in small clusters scattered over the islands. The four largest clusters were identified by SWCU, and these were the ones SWCU visited on behalf of OED to try to get a sense of average conditions at all 17 sites. The four are described briefly below, to set the stage for the discussion of incomes, assets, and satisfaction in the next chapter.

2.37 *Muko Muko, Bengkulu Province, Sumatra.* This was developed as a paddy irrigation scheme for four subschemes supplied by a weir feeding the left bank of the Air Manjuto River.

31. Institute of Ecology, Padjadjaran University, *Final Report, Resettlement Study of the Kedungombo Dam, Volume 2, Main Report*, June 1984, pp. 4–2 and 4–3.

The intention was also to irrigate the right bank, and three subschemes were established there, but the plans for irrigation have been suspended. The scheme was prepared about the time the Kedung Ombo resettlement program accelerated, and Muko Muko was the area of choice for Central Java's provincial planners. Almost 3,000 lots were eventually occupied, of which at least 1,480 were taken by families from the Kedung Ombo area. SWCU reckons that only about 310 genuine displaced families moved in, which still makes it the largest Kedung Ombo reservoir resettlement colony. These displacees are mostly living on the left bank. All settlers got a 0.25 ha houseplot, a 0.75 ha plot cleared and irrigated ("lahan 1"), and another 1 ha lot with irrigation structures but not otherwise cleared ("lahan 2"). An inexplicable error was made in site planning, because half of the forest area cleared and supplied with irrigation on the left bank was found to be underlain by medium to thick strata of peat. This renders the cleared, swampy fields practically useless for high-productivity paddy agriculture in the short term. Even in the long term they will remain nonviable in the absence of major drainage works and remedial treatment of the soils. The lots in two of the subschemes (SPs 3 and 6) are almost all confined to these poor, peaty soils, and about half of the lots in the two others (SPs 5 and 7) are similarly constructed. The three rainfed subschemes on the right bank have good, upland soils.

2.38 *Kuamang Kuning, Jambi Province, Sumatra.* This site was identified for Kedung Ombo settlers later than Muko Muko. About 180 displaced families moved into several of the 19 subschemes here, but 120 families concentrated in two (SPs 3 and 16). This was planned as a rainfed scheme for annual crops. The settlers got a 0.5 ha houseplot, a cleared field of 1 ha, and another 1 ha lot of forest further afield. In 1988, the transmigration authorities altered the plan, announcing that the second lots (lahan 2) would all be planted for the settlers with oil palm, in stages, by an oil palm enterprise. By 1997 the conversion to oil palm is well under way, although most of the 19 subschemes have less than half planted, and some have none. The conditions of the displacees is representative: half of those in SP 3 have palm that has been producing for about two years, none of those in SP 16 have any palm in production, though some have immature stands. Lots that have not yet been planted must wait at least another six years for the first harvest. That means that some of the displacees who arrived in 1987 still have not had access to lahan 2, and by the time they start harvesting their palm, they will have been waiting for it for at least 16 years.

2.39 *Bukit Saloka Village, Longikis Kecamatan, East Kalimantan.* This special village absorbed 193 displaced Kedung Ombo families. The scheme comprises a nucleus palm oil estate and surrounding smallholder plantations. Each family received a 0.25 ha houseplot, a 0.25 ha field for food crops, and 2 ha of planted palm. The palm provides them with the highest incomes of all the surveyed groups.

2.40 *Nabire, Irian Jaya.* Another group of 86 displacees were resettled in this irrigation scheme, the earliest to receive the displacees, the most distant location of all the Kedung Ombo transmigration sites from the reservoir, and the most expensive for return visits. Despite rumors that most of the Irian Jaya resettlers had returned to the reservoir, SWCU found those that went to Nabire still in place and doing reasonably well. Each settler received a 0.25 ha houseyard, 1.00 ha of cleared and irrigated crop land, and, at a distance, another 0.75 ha of forest waiting to be cleared.

Costs

2.41 The PCR provides estimates of total actual costs and Bank disbursements against each item. This study has no basis for confirming any of the total cost data. Compensation payments for displacees from the reservoir were about US\$30 million.³² Costs of transmigration of the approximately 1,300 families that were transferred are shown as US\$1.3 million, the equivalent of US\$1,000 per family. This is much lower than the US\$14,000 average costs per family of the typical transmigration program reported elsewhere,³³ including transport, site development, and technical support. The higher figure is a better estimator of total costs to all authorities involved in the program. The PCR shows costs of the resettlement activity in the vicinity of the dam, including the new villages and some of the extension work, of US\$4.2 million, and another US\$2.4 million for the university and other consultant work that supported RRDP (including SWCU's monitoring and evaluation studies). Altogether about US\$55 million was spent for resettlement from the reservoir, or a little over US\$10,000 for each of the 5,400 displaced families. The total is about 18 percent of total project costs.³⁴ Most of that 18 percent was for compensation. If compensation rates in the reservoir had been doubled, resettlement would have claimed about 26 percent of total project costs.

3. Database And Survey Design

3.1 During the first three years of supervision, 1985–87, the Bank did not visit, review, or record resettlement performance. The task manager, resident in Jakarta, accepted, and repeated in supervision reports, government's claims that compensation and resettlement via transmigration were proceeding as expected. As stated above, transmigration records of the numbers of families moving from the affected regencies created the illusion that it was the displacees that were on the move. Officials on the ground would have been aware this was not the case, and the widespread resistance to compensation was well known. We have to assume that such evidence was, if not suppressed, at least not offered to Bank staff. The Bank's record of resettlement starts, therefore, not with its own correspondence but with the NGO protests and their documentation of grievances, especially the LBH chronology handed to the Bank in September 1987 (para. 2.16).

3.2 Shortly thereafter SWCU staff and students, financed by the monitoring contract, began a six-year stretch of intensive site investigations that ended with the closing of the Bank's loan at the end of 1993. The first reports were available to the Bank in early 1988, about the time a Bank resettlement expert reported on his first mission. From then to completion the record is robust, with almost constant attention from scheduled and unscheduled Bank missions, SWCU's periodic reporting (which was weekly during one critical interval in the first half of 1988), and the monthly reporting from the Project Secretariat managing RRDP.

32. The PCR reports US\$41.2 million but says 30 percent of that was used to acquire land for the downstream irrigation works.

33. J.H. Eriksen, *A Comparative Study of Involuntary and Voluntary Resettlement Projects in Agriculture and Rural Development* (draft), February 1995, Annex Table 2, pp. 1–3.

34. Taking the PCR figure of US\$282.5 million and adding another US\$16.9 million to account for the upward adjustment of transmigration costs.

3.3 OED contracted SWCU to return to the field in January 1997 to resurvey a sample of the samples of self-settled, government-village, greenbelt, and local-control families last visited in 1993. SWCU attempted to include as many as possible of the self-settled and government-village households that had been interviewed in 1988 and 1989. In all, SWCU interviewed 126 households in the reservoir area in 1997. Only 21 were remnants of the 1988 and 1989 cohorts, a number that has proven too small to provide a robust longitudinal survey over 10 years. Nevertheless, the changes reported between 1993 and 1997 are significant enough to claim a successful outcome to SWCU's update.

3.4 The main reason why OED and SWCU did not attempt a larger sample was because the central and provincial governments had imposed restrictions on all field work in the period leading up to the May 1997 national elections. OED secured an exception with the support of collaborators in Bappenas, but only after promising to get in and out of the field as quickly as possible. For obvious reasons, the project area was especially sensitive. In fact, at the last moment the Kemusu district authorities refused to allow SWCU personnel to interview in that area without full participation by subdistrict staff. Although that was an alarming development, and appeared to threaten the integrity of the interviews, in fact the subdistrict staff had had previous experience with village data collection, were trained intensively by SWCU staff, took off their uniforms,³⁵ absented themselves from interviews with the greenbelt families, with whom relationships were strained, and according to SWCU, did a good job.

3.5 SWCU used a modified and shortened version of its 1993 questionnaire. It covered land holdings and use, employment, incomes, assets, attitudes on resettlement, and many other variables relevant to the current study. Focus group discussions complemented the household interviews. SWCU organized group discussions exclusively with women in seven reservoir-affected villages. Several staff members carried out a special study of the reservoir fisheries, looking at progress with both capture and cage fishing. This study included a visit to the Bank-financed Cirata reservoir in West Java, where there has been a phenomenal expansion of cage fishing and potential lessons for Kedung Ombo.

3.6 SWCU also carried out field interviews with households, key informants, and focus groups in the two Sumatra transmigration sites visited by the OED's first evaluation mission in late 1996 (Muko Muko and Jambi) and added visits to the two clusters of genuine Kedung Ombo displacees in East Kalimantan and Irian Jaya. Altogether 99 households were interviewed at those four locations. These were the first formal visits to Kalimantan and Irian Jaya by any monitoring or evaluation teams tracking Kedung Ombo transmigrants. SWCU had carried out field surveys at the Sumatra sites in 1991 and 1993, but failed then to detect the problem with peat at Muko Muko. This time samples were drawn from subschemes in both the peat and fertile zones at Muko Muko to ensure that that issue was blanketed.

35. All departmental staff normally wear similar khaki uniforms, distinguished only by the epaulets.

4. Principal Findings: Compensation, Incomes, and Attitudes

Compensation and Eligibility

4.1 Compensation rates for houses, trees, and other immovable physical assets other than land appear to have been accepted as fair. Compensation for the houses was not reduced by the salvage value of the materials, so that the householders could take both the compensation package as well as the materials with them. Many sold the high-value traditional teak walls in order to construct a larger substitute house with brick/cement base and cheaper but adequate walls above.

4.2 The controversy was over compensation for the different classes of agricultural land. Households were indemnified for each owned field, and many families accepted it for some fields and rejected it for others. In fact, the district authorities kept records not of the number of uncompensated households but of uncompensated fields. Although there is no doubt that compensation rates were inadequate to allow most landowners to reestablish themselves on land of similar productivity, it is clear also that this was not the case everywhere and that the gap increased as the battle over rates dragged on.

4.3 Without intending to exaggerate the importance of the minority group of displacees that considered themselves reasonably well treated, it is instructive to report on some of these cases to demonstrate that we are not dealing here with a situation of universally undervalued estimates imposed by an indifferent authority. Households in the hilly areas inundated near the dam site, for example, are said to have been overpaid (though not for any fields they may have owned in the valley itself). Transmigrants took packages that were easily adequate to cover set up costs at the destinations. The families that accepted compensation packages early in the period, before 1986, probably found they had enough funds to reestablish an agricultural economy that matched, if not resembled, life in the valley. One family interviewed in March 1997 had accepted compensation and moved from the Sragen side of the lake near the dam site to a higher part of Kemusu in 1984. Five years later it moved back again to a village on the Sragen side, and on both occasions appears to have had enough funds from the original deal—and later the resale—to reestablish itself adequately. Another nearby family interviewed in Sragen, which had also originated near the dam, claimed to have been undercompensated for its land but acknowledged the difference was small. It had been able effectively to exchange 0.12 ha of paddy land (sawah) for 0.86 ha of upland. It planted fruit and trees on part of the new land and said that friends who at first thought the adjustment would not succeed say now they should have done the same. Finally, families moving to Kedungmulyo got an amount of land equal to what they lost, receiving Rp. 350 per square meter for what they gave up and paying Rp. 200 per square meter for what they acquired. The difference was incorporated in the compensation package.

4.4 Those comparisons are undoubtedly biased in government's favor, because what the families were trading for, if they originally owned valley paddy land, was less fertile land where they had to work with more demanding cropping patterns. As is the case with all of these resettlement programs behind large dams, the paddy fields that are flooded cannot really be replaced at any price in the uplands surrounding the lakes. And as pressure built up, of course, prices started rising for cultivable and uncultivable agricultural land of any class. Compensation rates were wholly inadequate to accommodate the majority of displacees once they entered the

market. Thus, by 1987 the recalcitrant households and NGOs were already claiming that the Rp. 250–750 per square meter range of rates offered by the provincial government was completely out of step with market prices of reasonably good land of Rp. 4,000–5,000 per square meter, and that the annual inflation adjustment of 10 to 15 percent made no difference. The pressure on land prices continued. The 34 Kedungpring plaintiffs demanded R10,000 per square meter (worth US\$9.70 when originally submitted) for prime agricultural land, and the Supreme Court in 1993 awarded them Rp. 30,000 per square meter (then worth US\$13). The provincial rate for similar land in 1993 was Rp. 900.

4.5 One reason the Supreme Court reversed itself was because its original award had a built-in component intended to reward mistreated displacees and punish government. The study team's interviews with interested observers show a mixed opinion as to whether the Supreme Court erred in its lavish treatment of the Kedungpring group the first time around, that it invited government to apply pressure for a reversal. But even a judgment for the 1993 equivalent of Rp. 10,000 per square meter would probably have provoked the same reaction. Otherwise government faced a situation where all other, as yet uncompensated, families would have stepped forward. Worse yet, it might have been impossible to avoid granting the difference to all families already paid. This was an unprecedented and intolerable situation.

4.6 Eligibility rules related to the families' claims for compensation for houses and land appear not to have been challenged. Adult sons and daughters living with their parents did not draw additional compensation. Nonlandowners were not compensated for fields they were working under arrangements with the owners, or, if public land, with the local authorities.

Income Restoration

Income Levels

4.7 SWCU's 1997 surveys were deliberately restricted to small samples (para. 3.4), and its findings are not sufficiently robust to determine point estimates of total, farm, and nonfarm incomes with any accuracy. But when compared with SWCU's 1993 findings, they are good enough to show the trends; and what they show turns the Kedung Ombo story in a new direction.

4.8 SWCU's final report in 1993 provided estimates of average total family monthly incomes for the five groups of surveyed households: self-settled, government-village, greenbelt, transmigrant, and "local." The last category served as an instructive although imperfect control. The local villages had been selected farther back from the lake. Some self-settled families may have moved into these villages, but villages were not selected for control unless the influx was small. None of the incoming families were included in the sample of control households, and none of the local families that had lost farms in the reservoir area were included either. The value of the control was weakened by the fact that these villages were located on poorer land, so that they understate what they are supposed to represent: the without-dam conditions of the riverine villages that were inundated. Nevertheless, the trends are valid and these are the most illuminating.

4.9 SWCU's 1993 sample of about 450 households from four groups (transmigrants excluded) showed the greenbelt family incomes were well above the local-control incomes, while the government-village and self-settled families lagged behind. The RRDP consultants reported

these figures in their completion report dated December 1993, and the Bank reported them again in its PCR (Annex 3, Table 1, page 60). The PCR showed the positions of the affected groups relative to the control villages: greenbelt incomes 62 percent above the control, and self-settled and government-village incomes 12 percent and 20 percent below, respectively. The PCR noted that the greenbelt farmers were taking advantage of the rich drawdown soils—an unanticipated benefit—as well as of the relatively good fertility of the greenbelt. It noted also that the self-settled and government-village families seemed to have spent some years establishing infrastructure and adjusting to the new situation but had started catching up with the controls in income generating activity.

4.10 In its 1995 review of the Kedung Ombo PCR, OED calculated that the weighted average of reported incomes across all displacees was higher than the local-control. The Muko Muko estimate played a disproportionate role in that analysis because it was treated as representative of all 1,300 transmigrants from the reservoir. This, plus SWCU's assertion that the other large group of displacees—of self-settlers—were advancing their position as well, helped OED argue its case that the income losses above the dam were not so substantial as to offset the benefits to 89,000 irrigators and other users below the dam, or to override a “marginally satisfactory” rating of the overall outcome. A better projection of future Muko Muko average earnings—taking account of the peat—would have altered the calculus, but not OED's overall judgment. However, a better projection would have strengthened the opinion of those who argued against any satisfactory rating and claimed that OED had got its weightings as well as its priorities wrong (para. 1.3).

4.11 In the three plus years since 1993 the situation has changed dramatically. Householders in samples of all affected groups now claim they are “more prosperous” compared to the time before or right after the inundation.³⁶ This includes the local-control respondents, although they have lost ground to the self-settled and government-village respondents. The estimated incomes of these two groups now surpass the local-control average by 109 percent and 25 percent, respectively. In U.S. dollars, SWCU reported average monthly family incomes, including imputed values of food products consumed at home, as shown in Table 4.1.

Table 4.1: Monthly Family Incomes (US\$ @ Rp. 2,396)

	1993	1996
Self-Settled	47	158
Government-Village	41	95
Greenbelt	87	73
Transmigrant		
Muko Muko	96	57
All Four Sites	—	117
Local-Control	54	76

Source: 1993 incomes from Ministry of Public Works/ SWCU, Final Report, *Socio-Economic Monitoring of Kedungombo Resettlement and Reservoir Development Program 1993*; January 1994, p. 123 (Table 5.17, column June–October '93). The Rupiah figures have been inflated by the increase of 28 percent reported in IMF's Consumer Price Index 1993–1996. 1996 incomes from SWCU, 1997; op. cit. page 80 (Table 3.22, column Total).

4.12 Despite their claim of greater prosperity, SWCU's sample of 26 greenbelt families report incomes measured by U.S. dollars slightly lower than in 1993, falling from US\$87 to about

36. University Research Institute, SWCU, *Survey of Families Displaced by the Kedungombo Dam, now Residing either in the Vicinity of the Reservoir or at Transmigration Sites in Sumatra, Kalimantan and Irian Jaya*, August 1997, p. 77.

US\$73 per family per month. The greenbelt's position relative to the other groups has deteriorated significantly. Since the greenbelt population has the largest concentration of uncompensated families, deliberate understatement of its income estimates can be expected when responding to official or semi-official questionnaires. That factor must have influenced the responses. Nevertheless, SWCU, with long experience and good relations with the greenbelt families (recall that the Kemusu subdistrict interview squad voluntarily dropped out of the 1997 greenbelt surveys), is convinced that the relative decline in the prosperity of these families has another explanation. In the concluding sections of its 1997 report and in subsequent seminars SWCU has focused on the poor long-term prospects of greenbelt residents. This is discussed further below.

4.13 The performance of the self-settled families has been extraordinary, and at US\$158 per family per month they have forged well ahead of all other groups. Government-village incomes have improved, but less rapidly than the self-settled families. Nevertheless, they too have passed the local-controls. Income performance of the latter group lagged behind these two groups, rising over the three-year period 1993–96 from US\$54 to US\$76.

4.14 In its 1997 report SWCU discusses transmigrant incomes separately. But summary tables show that in three of the provinces their incomes exceed the Kedung Ombo local-control incomes. In two cases—East Kalimantan and Irian Jaya—they exceed them by substantial margins. Only in Muko Muko are transmigrant incomes lower than the local-control incomes. For reasons explained below, the fertile-land farmers at Muko Muko have even lower incomes than those families who settled on the peat soils (para. 2.37). The family monthly incomes for these groups are: Irian Jaya irrigators US\$186, East Kalimantan oil palm farmers US\$210, Jambi food crop/oil palm farmers US\$87, Muko Muko peat farmers US\$66, and Muko Muko fertile farmers US\$48.

4.15 Compared with the reservoir farmers, the Muko Muko estimates show a complete reversal from 1993. Four years ago the Muko Muko farmers as a group were ranked first, with incomes 78 percent higher than the local-controls and higher as well than any other group. Questions have been raised about the quality of SWCU's survey work at Muko Muko in 1993, to explain such an improbable reversal. It appears that there are two acceptable explanations other than survey error: first that the peat problem had not yet manifested itself because even on deep peats, paddy yields from the first several harvests will be reasonably good, and second, SWCU's sample was concentrated—unwittingly—in what would later be identified as the fertile zone, a bias the 1997 survey was able to avoid.

4.16 An average income level for all Kedung Ombo transmigrants can be constructed by assuming: (i) they were split equally on fertile and infertile lots at Muko Muko, and (ii) the average income of the 769 transmigrants located at the four sites investigated in 1997 by SWCU represents all 1,300 transmigrants (clearly a less risky assumption than the one taken in 1993). Under those conditions, the average for all transmigrant families would be US\$117.³⁷ This compares with US\$158 for the self-settled and US\$76 for the local-control families.

37. Using the numbers of transmigrants reported in paras. 2.37–2.40 and the average incomes reported in para. 4.14.

Diversification

4.17 SWCU explains these relative shifts and reversals in incomes in the sections of its report dealing with changes in land holdings and income composition. Remember that SWCU's findings are derived from household questionnaires backed up by focus group and key informant interviews, so that SWCU staff are confident about their interpretation of the computer-based analysis of the questionnaires. Self-settled and government-village families have moved ahead of the local-controls partly because they have continued to expand their cultivated farmlands since 1993. The self-settled and government-village families have done the best in this respect, with average increases in cultivated land of 52 and 39 percent, respectively. The local-controls cultivated landholdings, on the other hand, have been static—at 3 percent—with some of them selling or otherwise giving up land. These locals have been deliberately shifting their household economies from agriculture into nonfarm occupations. All the other reservoir groups have been doing the same, although the greenbelt families at a rate much slower than the others. The self-settled families have been doing both: increasing their agricultural enterprise at the same time as sending more family members to jobs outside the farms.

4.18 The aggressiveness of the self-settled families is widely admitted. Traditional leaders in the host villages recognize that many of these displaced, spontaneous migrants are bringing with them modern attitudes toward cash cropping and off-farm enterprise. The fact that they took their compensation (at least most of them did, for most of their fields) and sought their own solutions to dislocation is said to set them apart from the greenbelt farmers who stuck it out and also from those families that waited until the government built new villages for them.

4.19 SWCU discusses some of the characteristics of this process of diversification in its 1997 report, including the following:

- The heads of households tend to stay home, carrying on cropping and other traditional jobs. If they find supplementary work, it is usually in the same village.
- When other members work on the farm, they do it now not as part of a their normal routine but “just to help the family heads.”
- These other family members are leaving for jobs outside the village.
- Between 1993 and 1997 the number of these other family members with industrial and construction jobs—from 21 self-settled and government-village households interviewed in both years—increased from 3 to 23.
- The women mostly find industrial jobs, the men construction jobs.
- The families do not believe fishing offers good prospects. SWCU's view is that aquaculture has not been tried properly in the reservoir because of limited skills.

4.20 The shift in source of incomes is widely recognized and welcomed by those in the reservoir area. The respondents did not complain about it or see it as an undesirable consequence of the dam. The fact that the local-control families are moving more rapidly in that direction makes the point. It is not unique to the reservoir area; it is simply a reflection of the industrial transformation that is pulling all of Java ahead. The provincial and regency road agencies have been supporting this shift, by surfacing many of the local roads that turn off the

intercity trunk roads to penetrate to communities on the edge of the lake. Better road access was one of the factors best appreciated by the respondents—in answers to questions about satisfaction with physical services.

4.21 SWCU's advice to the greenbelt farmers is to get out of there—to better position themselves to take earlier advantage of this irreversible process:

the opportunity to earn a living in the farming sector in the Greenbelt area has already started to diminish. The impact of this condition was that the respondent groups who lived in the Greenbelt [are] becoming more and more economically miserable.³⁸

SWCU says the greenbelt farmers are hemmed in. They cannot expand cultivated farm holdings any more and may even lose ground recaptured over the past three years.³⁹ They have not been acquiring cultivable hilly land as an alternative, to expand their farming enterprise.

4.22 The shift out of agriculture also explains the relative success of the Jambi food crop farmers and Muko Muko peat farmers. They have recognized the limitations of their transmigration plots and have gone out of the schemes to look for other jobs. In both cases some of these new occupations are on neighboring oil palm estates. Otherwise they get construction and industrial jobs, either nearby, which allows them to return home at night, or farther afield. Road improvements are supporting this process of diversification as well. The Muko Muko farmers with fertile fields are behaving like the greenbelt farmers, although from a weaker economic base. They are presently satisfied with the subsistence incomes they derive from their paddy fields and feel less urgency in looking elsewhere. The success of their neighbors in the peat zones has persuaded some of them to look for second occupations, but the percentage is much smaller.

4.23 The situation at the Nabire site on Irian Jaya is unique in the study domain. There the families have done well with the irrigation scheme, while at the same time sending family members to work in a nearby urban center that has been expanding.

4.24 Some outside observers do not accept that diversification is a healthy development triggered in part by the dam. The secretary of INFID, the International NGO Forum on Indonesian Development, questions both the impression of improved prosperity and the notion that the planners can take satisfaction from it:

Due to the lack of income from agriculture as they used to have, some have been forced to make a living from other sources such as working in urban areas as temporary cheap labor while some others have decided to leave the areas for good. The fact that a significant number of ex-Kedungombo people permanently/temporarily leave the areas and find other sources of income outside has some way given an impression that the

38. SWCU, *op. cit.*, p. 46.

39. SWCU's data on monthly reservoir levels show a more rapid release of the drawdown and a drop in the average low water mark, in the past three years (1994–96) compared with the previous three years (1991–93). The low water mark in the later period was four meters lower than in the earlier period. This reflects a change in the regulation of irrigation water and may or may not be permanent. SWCU feels it may be permanent. Farmers are learning how to adjust to the drawdown cycle, including using shorter-season varieties, and the dam authorities are learning how to adjust to the cropping patterns above as well as below the irrigation tunnel (SWCU, 1997, p. 27, and private correspondence).

economic condition is better off. However, the resettlement plan has failed to protect, not to say to improve, the people's economic condition as the additional source of income is generated by the ex-Kedungombo people themselves beyond the plan.⁴⁰

That the increase in off-farm employment may actually reduce family welfare is a theme echoed by one of the Bank's critics of Kedung Ombo:

In the KO case there is now reason to be confident that the majority of oustees are regaining their previous standard of living. However, many of them now have a much reduced asset base, in that they possess less land which is of proven quality. Income levels are increasing through greater out-migration of family members, wage laboring (including increased prevalence of children working), and home industries. No resettlement scheme can be viewed as successful if oustees must work much longer hours, or suffer family fragmentation in order to restore previous income levels.⁴¹

This is an important perspective on rating resettlement outcomes and is addressed again in the conclusions.

Income Distribution

4.25 The distributional consequences of the resettlement process must also be addressed. The self-settled group, for example, includes a spectrum of outcomes, from families who gave up early, took the cash, and ended up impoverished, to families who were confident they could reconstruct their economies without government interference. SWCU reports that at least a third of responding families in all but two of the groups (transmigrants at East Kalimantan and Irian Jaya) still had incomes falling below the US\$56 per month official poverty limit for rural families,⁴² as shown in Table 4.2.

Table 4.2: Respondent's Poverty Condition in 1996 (Percentage of "Poor" Families)

	<i>Percentage</i>
Kedungombo	
Greenbelt	42
Government-Village	34
Self-Settled	32
Local	61
Transmigration	
Muko Muko Fertile	77
Muko Muko Infertile	32
Jambi	45
East Kalimantan	0
Irian Jaya	17

40. Official Correspondence, A. Nababan to H-E. Kopp, Director, OED, March 28, 1995.

41. Memorandum, J.D. Clark, August 14, 1992, op. cit., p. 3.

42. In 1997 the Bureau of Statistics' poverty limit for rural areas was set at Rp. 27,000/capita/month, or Rp. 135,000 per family of five, or US\$56 at an exchange rate of Rp. 2,400 per dollar.

RRDP

4.26 Despite the support thrown behind RRDP by the Bank in 1988–89, and a promising design, this remedial program had very little long-term impact. The land-use demonstration plots established by university staff, with occasional help from the provincial departments, ended in 1993 with no spread effects. Part of the problem was that the demonstration plots were financed by the project, and after that source dried up, the farmers could not or would not continue under self-finance. As mentioned elsewhere, the greenbelt program faced the impossible situation of persuading a resident population that should not have been there not to plant food crops on the land around them. Some of the greenbelt trees and grass strips planted during RRDP survive. But the Jratunseluna Project Authority, which has responsibility for managing the dam and reservoir, has insufficient funds to patrol the lake and enforce the appropriate management standards for the greenbelt, even if it considered that feasible. Among the other components of RRDP: Diponegoro University's Environmental Management Plan was considered too general and unresponsive, and it was set aside; SWCU's fieldwork on sociolegal aspects of the greenbelt and drawdown was aborted by government for being too sensitive politically; the small stock distributed by the provincial livestock department suffered overwhelming death rates; and the drawdown research program was terminated before it had appreciable impact.

4.27 It should be noted that the problems of working the drawdown soils are being solved over time, even in the absence of professional support. Farmers are getting accustomed to the new cropping calendar and using shorter-season varieties. Thus, although they can no longer grow two paddy crops a year as they used to in the valley, they are able to follow up a short-season paddy with another crop before the waters return—if they are lucky and the flooding is relatively low. Also, the fluctuating reservoir waters are depositing thick quantities of mud each year. If untreated, these muds cake and crack in the dry season, frustrating cultivation. However, the farmers are learning to turn this rich layer under with equipment unfamiliar to traditional paddy farmers. Apart from that technological change, SWCU's investigations indicate that there has been hardly any alteration in traditional cropping systems and technologies in the reservoir area.

4.28 The one partial exception to the otherwise bleak observations on RRDP's impact is in the fishery sector. This is the only activity where the regency governments have maintained a presence at the local level to support as well as control the fisher community. That applies to capture fishery. The progress of plans to develop as well the cage fishery has been disappointing. RRDP financed the establishment by a Swiss company of a cage fishing enterprise near the dam (P.T. Aqua Farm Nusantara), which was intended to take the lead in researching and experimenting with the reservoir, in establishing fingerling, feed, and marketing channels, and in organizing small-scale suppliers. Aqua Farm is still in business, but the attempt to develop that business as a common (group) activity did not succeed. Poor management of the cooperative, lack of capital, and distrust of the corporation have prevented the local people from exploiting the reservoir. Local cages are concentrated now off the shores of only three villages.

4.29 SWCU counted 660 villager cages ("floating net fish ponds") in 1997 and reported that the number had been falling. This compares with 5,200 cages in the reservoir behind the Cirata dam, which SWCU staff visited in the process of preparing its report to OED. SWCU explains the poorer performance at Kedung Ombo in terms of the absence of a fishing "culture" in this area, the failure to secure the input and marketing channels, and, most important, the lack of funds for villagers to establish what is a very capital-intensive operation. SWCU points out in its report that at Cirata outside investors have moved in to finance the expansion, while indigenous

people have been turned into wage-earning managers. This process—whether desirable or not—has not yet started at Kedung Ombo. Aqua Farm currently offers no substitute.

Social Services and Infrastructure

4.30 OED and SWCU did not attempt to quantify the provision of educational and health services to the local resettlers. Responses to questions about adequacy of these facilities were almost always positive. Even the families living in the greenbelt, where construction of public buildings is not permitted, did not complain about the lack of services. This is attributable to the roads and the residents' sense that school and health services in the surrounding communities were close enough. Of course, the *project* only provided facilities to the three government villages while the Ministry of Transmigration provided them to the transmigration sites. Self-settled as well as greenbelt families depended on nonproject services.

4.31 SWCU did assess the availability of electricity and water. These varied by group. For example, all the new houses in the government-villages were connected to the power grid, whereas 65 percent and 46 percent of the self-settled and greenbelt households respectively reported electric connections to their new houses (compared with 95 percent of the local-controls in their older houses). While all transmigrants at the Irian Jaya site were connected, and a few in Jambi, none of the other transmigrants had electricity in their homes and depended rather on lanterns and candles. The water supply situation also varied. In this case, the East Kalimantan transmigrant households all have connections to a piped water supply, at least as close as the yard, about 15 percent of government-village and local-control households have the same, and all other displacees still depend on public and private wells, springs, and rivers. As mentioned elsewhere, the respondents were pleased with the transport services: the roads and the buses. Exceptions are the Bukit Saloka village in East Kalimantan, a relatively isolated position, and, with respect to the access road to the camp, the more distant subschemes in Jambi.

Resettler Satisfaction

4.32 The SWCU surveys did not include questions prompting qualitative responses about levels of resettler "satisfaction" per se. Rather, SWCU personnel inquired about the displaced families' sense of being "established" (*krasan* in Bahasa Indonesia), which implies stability and the intention to remain. The numbers putting themselves in this group were remarkably high across all groups—89 percent—including greenbelt families. In principle, *krasan* would not be the response of choice for a family that was still unhappy with the involuntary relocation but had no opportunity or was not allowed to leave. When SWCU went on to ask reasons for this sense of *krasan*, a quarter to a third of the respondents listed as one of them "no alternative residence," perhaps implying a measure of coercion to bring them to where they are. But the local-controls also listed this factor, at about half the rate the greenbelt families did, suggesting the answers may be revealing an uneasiness about being passed over by the industrial revolution rather than any lingering resentment of relocation.

4.33 The only exception to this high level of apparent satisfaction with the present status quo was a minority of those Muko Muko farmers who had peat below their lots. Even here the attitudes were remarkably benign. "Resigned" would be an inaccurate description. The evaluation mission in November 1996 was astonished during interviews at subschemes in the middle of the deep peat zone to hear heads of households admit the difficulties with the soils but nevertheless

see opportunities to progress. There and in other Muko Muko communities they spoke with optimism about the future: if not for them, at least for their children. One man recounted the story of his father coming for a visit from the banks of the reservoir and weeping when he saw the foul conditions of the deep peat. Nevertheless, this man had no intention of leaving.

4.34 This discussion of attitudes can be complemented by data on family possessions of consumer durable equipment and other conveniences. About a third of the households have televisions, the shares ranging from 28 percent in government-villages to 36 percent for the self-settled. Local-controls reported 44 percent. Radio ownership was about double those figures. The locals are also ahead with bicycles: 58 percent versus about 35 percent for the other groups. Motorcycle ownership ranges from 7 to 14 percent, again the locals being ahead. The fact that the locals dominate these ownership categories, but are falling behind in incomes, suggests they may lose this advantage as well to the displacees. The transmigrants fall into the same patterns with the exception of bicycles, where ownership reaches 100 percent at most of the sites.

5. Principal Findings: Performance

Bank Performance

5.1 The Bank's appraisal team accepted Padjajaran University's projections that 75 to 80 percent of families in the reservoir would opt for transmigration. It raised the estimate to 90 percent, based on what it called "experience at similar dam sites in Central Java."⁴³ This passed the problem of organizing for resettlement to the Ministry of Transmigration, which had long-established procedures for handling the influx from Kedung Ombo. Bank and outside critics were to claim later that the team misread the "experience," and should have anticipated a much greater resettlement load on local authorities.

5.2 The Bank's Sociology Advisor, who up to appraisal had played and was to continue to play the dominant role in formulating a policy for the Bank on involuntary resettlement, was paying close attention to developments at Kedung Ombo. He accepted the appraisal team's contention that most displacees would opt for transmigration. But he warned nevertheless in two memoranda dated July and December 1984 that the local component was seriously deficient. Among other things he pointed out that (i) the institutional apparatus was underdefined and probably inadequate, (ii) the project provided no funds for whatever resettlement would be carried out in the catchment area,⁴⁴ and (iii) provisions for resettling on productive land even 25 percent of the displacees under the crowded conditions of Central Java had not been spelled out.⁴⁵ His concerns were ignored as appraisal passed from Issues Paper to Yellow Cover (draft) to Gray Cover (final). The appraisal report issued nine months after his first memorandum adds nothing on local arrangements except a generalized organizational chart and a promise that regency coordinating committees would prepare the remaining 10 percent of the families by giving them

43. Staff Appraisal Report, Report No. 5346a-IND, April 24, 1985, p. 33.

44. Sufficient transmigration funds were expected to be made available whatever the load, though they were not included in project costs.

45. Memorandum, M. Cernea, AGR, to J.C. Collins, AGR, "Comments on Issues Paper," July 16, 1984.

“preference for vocational training, work in local rural works programs, and in the project’s civil works construction program.”⁴⁶

5.3 The Bank may be excused for anticipating a large transmigration cohort, but the appraisal team’s indifference to the warnings from the sociologist is inexcusable. The disconnect is all the more regrettable because the irrigation advisor to the team was a member of the Agriculture Department (AGR), not the Regional Department, and his sign-off memorandum to his Vice President was silent on the fact—which he was obliged to report—that a colleague from AGR (in fact, his neighbor in the next office) was unsatisfied.

5.4 Later, given the warning, and the penalties for error on this critical judgment, the Bank should have paid close attention during supervision to the processing of compensation and the organization of the transmigration program, starting with or even before the first recorded mission in May 1986. It paid no attention at all. Even if the government claimed that the compensation and transmigration plans were on schedule, the Bank would reasonably have been expected to so constitute its supervision team as to provide for visits to the reservoir area to observe the scheme unfold, and to the transmigration sites to investigate the infrastructure being prepared for the displacees. Again nothing. The task manager for supervision was the same engineer who had advised the appraisal team. He felt the Bank’s attention ought to be directed to the technical problems at and below the dam, and government would be allowed to handle whatever problems appeared above it.

5.5 When LBH provided the Bank a copy of its chronology of abuse in September 1987, the task manager considered the informal transmission irregular and did not warrant a response.⁴⁷ Even after the Bank’s first resettlement expert visited the site in May 1988 (no Bank resettlement expert visited the site during preparation or appraisal), the resident mission was uncomfortable with his observations and felt his report was emotional and exaggerated. In fact, the headquarters division responsible for the project as well as the resident mission were uncomfortable even that his mission had been planned—by AGR and outside the regular supervision routine. At this point, the Bank’s performance on the resettlement component would have to have been rated exceedingly unsatisfactory, especially since the Bank’s new policy on involuntary resettlement was taking shape all around the responsible project staff.

5.6 The Bank was already mobilizing to correct for the lapse in attention. The resettlement component received more of it in the next two years than any other in the Bank’s portfolio. Most missions were run out of the resident mission and not even registered in official files. The Bank was not only working to salvage a program that was already in deep trouble, but had to contend with mountains of angry letters arriving from NGOs and other critics around the globe. Whether or not the Bank was correct in concluding that it should not challenge the provincial government’s compensation policies will remain a point of contention. But in all other respects the Bank tried to develop a package of supports and benefits that would ensure that the relocatees in the reservoir area had a good chance of reestablishing themselves whether they be self-directed settlers, residents in the new villages, or holdouts in the greenbelt. The Bank encouraged

46. SAR, p. 33.

47. The task manager wrote in the margin of one of the internal memoranda: “no further action needed. Attached has not been submitted to us officially so we need not take any notice of this. Also we know [of the] progress in resolution of the issue from [the Department of Irrigation].” Hand-written note dated October 14, 1987, on the Memorandum, M.C. Zernick to G. Fox, October 7, 1987 (available in ENV and central files).

government to concentrate on establishing its three villages, while the universities, through their research, extension, and demonstrations, were expected to cover the whole of the reservoir area.

5.7 Thus, Bank activities in the field during phase two met all the standards of the new policy directives. That intensity of involvement continued until the end of the project. If one counts the months spanning the two phases, the second clearly dominates: (i) the loan became effective in November 1985; (ii) LBH sounded the alarm with a letter to the Bank in mid-1987 climaxed by handing over a version of its the detailed chronology in September that year; (iii) partly in response to that alarm,⁴⁸ the first resettlement expert was originally scheduled to visit the site as soon as possible and eventually made it there in May 1988; (iv) by March 1989 the Bank was mobilizing in strength to intervene, about 18 months after receiving the chronology; and (v) for the next five years the Bank closely attended to all the local resettlement operations.

5.8 In terms of the Bank's timely response to a rapidly developing crisis, however, 18 months was too long. In terms of the Bank's image as the world's new leader in resettlement policy, the delay was a disaster. The PCR says:

While supervision of resettlement should have been taking place on a regular basis, LBH's submission to the Bank was the first documentary evidence that there were major discrepancies between what the Bank thought was happening and what was taking place on the site. Furthermore, not only was an important opportunity to make early interventions lost, but the initial lack of Bank response made NGOs feel as if they had little choice other than to mount the bitter international campaign that ensued.⁴⁹

5.9 Unfortunately, this second phase was also darkened in its early years by the Regional Office's disingenuous efforts at damage control. At first the objective was to show the Bank had not been negligent either in planning or supervising the resettlement component. An accompanying theme was that the Bank had to accept government's reports that resettlement was under control. Later, the Bank was to agree that in hindsight errors may have been made. Several quotes give the flavor of that argument:

- On planning: "A detailed resettlement plan (including land acquisition, number of families to be resettled and compensation budgets-by each year 83/84 to 88/89) was prepared including plans for transmigration...institutional mechanisms were also set up, i.e., a committee in Central Java. . . ."⁵⁰
- On supervision: "Your contention that there was 'no monitoring or supervision of the project for three years (after loan approval)' is incorrect. Bank supervision missions have regularly supervised the project since its inception, and reviewed the progress in resettlement during these missions."⁵¹ And: "Supervision missions from RSI regularly reviewed progress of resettlement. Supervision reports of March 1987,

48. ELSAM points out that this mission was not devoted to Kedung Ombo, but part of a Bank-sponsored study of resettlement in four projects in Indonesia.

49. PCR, op. cit., p. 64.

50. Supervision Report, D. Purcell, AS5RA, to T.R. Daves, AS5RA, Annex 4: "A Background Note on the Kedung Ombo Multipurpose Dam and Irrigation Project," April 14, 1989.

51. Letter, R.J. Cheetham, ASSDR, to A. Hakim and P. Kardoes, INGI, May 5, 1989.

November 1987 and April 1988 reported satisfactory progress in acquiring land for the reservoir.”⁵²

- On confidence in government’s reports: “These accusations of coercion were made in 1987. The Government has a clear policy of non-coercion in these matters. Nevertheless, in view of the allegations made, the Bank did raise this matter with Government and understands that Government has taken steps to curb such actions.”⁵³
- On hindsight, and also to shift part of the blame: “We have concluded in hindsight that the Bank supervision of the resettlement component of this project could have been handled in a better way by allocating more resources during the earlier years of project implementation for the resettlement component, particularly by assigning staff with special qualifications. We treat this as an important lesson learnt from the Kedung Ombo experience. Supervision of the project initially concentrated more on the civil works as compared to resettlement, until resettlement issues surfaced in 1988. Under the project, monitoring of resettlement activities was to be carried by a consultant; this work did not start until early 1988 (due to a delay of two years in the employment of this consultant by Government).”⁵⁴

5.10 The references to *hindsight*, to *lesson learning*, and to resettlement issues *surfacing in 1988*, are unacceptable, given the senior sociologist’s warnings four years earlier about the problems that could—and did—occur.

5.11 While senior management at headquarters was trying to *control* the damage, field staff were working overtime to *correct* the damage. They also were trying to identify the appropriate lessons for the Bank to carry away from Kedung Ombo.⁵⁵ They were supported by headquarters with successive revisions in the loan agreement and reallocation of US\$7.1 million to finance resettlement, most of it near the reservoir. That is the correct image to remember from this experience, not the paper traffic at headquarters.

5.12 And yet RRDP was essentially a failure, and the Bank’s attempts to rescue the situation were frustrated. The work of the universities was impractical, fragmented, and inconclusive. The components of RRDP were in any case unsustainable without ownership and follow-up by the provincial departments. An overall rating on Bank performance during implementation also has to be unsatisfactory. Nevertheless, the resettlers have progressed, and the ineffectual efforts to ensure that outcome do not appear to have mattered. The concluding chapter returns to this contradiction.

52. Memorandum, A.P. Cole, AS5AG, to R.J. Cheetham, AS5DR, February 3, 1989, p. 2.

53. Letter, R.J. Cheetham to A. Hakim and P. Kardoes, op. cit., p. 3.

54. Memorandum, I. Zincir, AS5DR, to Y. Yoshimura, Alternate Executive Director, October 24, 1990, p. 1.

55. Following the March 1989 supervision mission, two mission members drafted separate sets of lessons. Headquarters supported this work, although it warned against including lessons that had yet to be learned.

Borrower Performance

5.13 Government's performance also has to be rated unsatisfactory throughout the project period. It committed all the errors that the Bank now says are to be avoided while planning and executing a resettlement component, especially: no participation by the people living in the condemned area in planning for resettlement; failure to establish an institutional mechanism that can manage a large and painful exercise in social adjustment; setting compensation rates that do not acknowledge the project's impact on land prices and allow resettlers to buy substitute land assets of approximately equal earning capacity; and—highlighted by the NGO, student, and settler protests and the worst feature of the Kedung Ombo case—the physical violence, psychological harassment, and abuse of other civil rights that persisted throughout and after the acquisition period.

5.14 The judgment on government performance has to be harsh even while recognizing the mitigating circumstances: some of the Kemusu and Sragen heads of households and leaders were immovable; related to that, there was no easy solution to the residual compensation issue once most of the families had accepted payment: the protesters should have worked with government to find other solutions; the Supreme Court made a mistake in raising the ante and guaranteeing government intervention; and the worst errors have not been repeated, in fact they have been avoided in subsequent dam projects on Java and the other islands.

5.15 The government underfunded the program for Central Java, even after designing RRDP. Almost all of RRDP was financed by the Bank's loan. The provincial governments did not earmark extra funds for the reservoir during RRDP, and when the Bank withdrew, the resettlers lost whatever privileges they might have just enjoyed. There is an issue as to whether governments should accept the Bank's conditionality that involuntarily resettled families have to be treated deferentially in comparison with other poor rural families, even after a project closes. This case study will not address that issue.

6. Other Issues

Participation by Resettlers

6.1 With one exception, the resettlers were not invited to participate in any of the major decisions about compensation, relocation, and income-generating activity. They did help with the final selection of sites for the three new villages, rejecting two distant Forestry Department locations and thereby forcing the authorities to develop and expand Kedungmulyo and Kedungrejo. Resettler reluctance to move in the expected numbers to the forest (and uncultivable) location at Kayen also helped shift attention to these two lakeside areas. But the resettlers had demanded a much broader participatory framework and did not get it.

6.2 Participation is more than a noble ideal; it is a fundamental right established by Indonesian law for persons affected by government acquisition of land and other assets. Compensation rates are supposed to be agreed according to the principle of *musyawarah*—a process of deliberation to reach consensus, in this case between the landowners and the party requiring the land. If the landowners are not satisfied with the outcome of the *musyawarah*, they can appeal to the courts. This process was ignored at Kedung Ombo.

6.3 The lack of beneficiary participation is one of the features of this project most heavily criticized by local and foreign NGOs. Speaking before the Congressional Human Rights Caucus in September 1989, the Brussels director of the then International NGO Forum on Indonesia (INGI, now INFID⁵⁶) said:

The fact that the local community did not have a voice in the resettlement process and were not consulted at any stage in the project cycle is the single most important factor in the serious problems which surrounded the course of events over the last few years. This point can not be over-emphasized.⁵⁷

6.4 The Bank's resettlement expert had made the same point the year before: "the underlying cause of their grievances appears to be that they were informed about what was going to happen to them, but they were not consulted."⁵⁸ Failure here was also one of the three "critical turning points" identified by the PCR in explaining the poor outcome.

Had initial assessments focused on developing mechanisms to improve local participation and feedback between the government and the resettlers, planning would have been more flexible and the project management structure more responsive to a situation that was highly dynamic from the outset.⁵⁹

6.5 These comments suggest that if the regency governments had opened the dialogue over compensation rates, the process of relocation, and the prospects and mechanics of transmigration, much of the resistance could have been avoided. While one must be wary of committing fully to that position, given the political sensitivities in Kemusu and neighboring districts, there is clearly a strong argument favoring a participatory process strengthened far beyond that which prevailed. A discussion with Sragen's planning staff lends support to that assertion. Bappeda regency officials who were present in the mid-1980s told the study team that they tried hard at least to explain the project to the displacees, and that their efforts may help understand why the Sragen farmers accepted the compensation formulas more readily than the Kemusu farmers. In Boyolali the government took another route, substituting a relatively moderate regent with a hard-liner renowned for mistreating known and suspected radicals.

6.6 Beneficiary participation in transmigration followed the conventional route, although here too critics maintain that the ministry could have been much more attentive to the needs of these forced relocatees to send leaders of their choosing to inspect the prospective sites ahead of time.

Participation by NGOs

6.7 The NGO contribution was substantial, generally beneficial, and phenomenally successful in calling attention to a situation that was headed toward disaster. It was shaped to

56. International NGO Forum on Indonesian Development.

57. Statement of P. Van Tuijl "Concerning the Consequences of Forced Resettlement in the World Bank Financed Kedung Ombu Dam in Indonesia," September 27, 1989, p. 5.

58. D. Butcher, *Impact and Trade-offs of Hydro-Power on Sustainable Development in the tropics and Sub-tropics: the Impact of Dam Construction on People* (draft), September 30, 1988, p. 61, quoted in ELSAM, op. cit., p. 5.

59. PCR, p. 64.

confrontational advocacy, and it is doubtful that a more conciliatory posture would have been any more successful. The numbers of local and international NGOs involved in the protest were enormous, a gathering guaranteed under the leadership of INFID. ELSAM, co-author of the comprehensive report mentioned above (para. 2.18), and LBH, the legal society whose chronicle of abuse was publicized worldwide, were part of this team.

6.8 Another important part of this cohesive strike force was a group of individuals and local NGOs that trace their origin to a breakaway faction at SWCU itself, the contractor of choice for the Kedung Ombo monitoring exercise and a neighbor to the reservoir. This faction later challenged the reliability of the university's reporting on Kedung Ombo developments, implying that the SWCU research team that survived the departure of the faction was not only influenced by government but unfamiliar with events on the ground.⁶⁰ Neither accusation was justified, and both were unnecessary detours from one of the main agendas of this group, which was to keep the Bank's attention riveted on the Kedung Ombo abuses after the reservoir had been filled. Thus, in a series of similar letters sent to OED in February and March 1995—in anticipation of OED's involvement in reviewing the PCR and perhaps following with an audit—individually and under the name of their offices they asked OED to look again and in depth at the allegations of abuse by government and mismanagement by the Bank and this time to get the story right. One of the most useful contributions of this group was by the Salatiga-based NGO GENI, which was the first to say that the Bank had misrepresented the desperate situation of the peat (“swamp”) farmers at Muko Muko and that OED ought to go there and see.

6.9 The NGOs played their role in the face of mounting government hostility, and their courage deserves special recognition. The first international airing of the Kedung Ombo grievances was provided by representatives of INGI at the June 1988 meeting of the Inter-Governmental Group on Indonesia at The Hague, Netherlands. The next year, INGI's own Fifth Annual Conference near Brussels, Belgium, in April 1989 spotlighted Kedung Ombo. Indonesian members of INGI were called before government on their return and accused of injuring the image of Indonesia and jeopardizing its development program—in short, unpatriotic activity. But they persevered.

6.10 Two factors stain the NGOs' otherwise impressive record. First, militant activism by some of their field troops may have pushed the resettlers' resistance farther than they intended. The government claimed, and SWCU's investigators confirmed, that some of the local NGO representatives had promised that resistance would succeed to an adjustment in the rules of compensation.⁶¹ Also, the NGO involvement in technical assistance to the resisting resettlers and those already relocated was not sustained beyond the first few years. A Bank resettlement consultant reported in 1990 that she could find only one volunteer Catholic teacher providing material support to the resettler communities below the 95-meter level (there were no government services in the greenbelt). In 1997, SWCU staff again tried to count the numbers still active, and again found only a few volunteer Catholic school teachers. SWCU also heard complaints by the

60. Letter, A. Budiman to H-E. Kopp, Director, OED, Salatiga, February 20, 1995.

61. SWCU's Weekly Special Report No. 1, February 1989, p. 2, says:

The household who were refusing held on the believe that their lands would never be inundated. Another reason, which is worthy of further consideration and attention is that they are still expecting the fulfillment of a promise from a third party for attempting better compensation rate for them (sic./sic.)

householders about how they felt abandoned by the NGOs, who they had understood had committed themselves to a longer presence.

6.11 It should be noted that the resident mission organized two constructive meetings: between OED and NGO representatives (including INFID and ELSAM) in December 1996 and between OED, SWCU, and the NGOs in March 1997. The NGO participants could legitimately claim that the first meeting fell short of its main objective, which was to involve them closely with the design of the new SWCU survey, including selection of the research agency. Because of the pressure to get in and out of the field as quickly as possible, OED was obliged to re-engage SWCU and build upon its earlier survey design and questionnaire, although some of the NGOs objected (para. 6.8). The second meeting was held to present and discuss with the NGOs SWCU's initial findings from the survey just concluded. The seven-person SWCU team that attended the meeting included two of the Kemusu government staff that had participated in the interviews (again without uniforms). This was a satisfying meeting, especially because of the good relations that developed between the NGO representatives present and the SWCU group. The NGO contribution at both meetings was friendly and helpful.

Gender

6.12 SWCU's female staff conducted separate group interviews with women to prompt discussion of any issues that received too little attention in the household and main group interviews. They added less than was expected. With respect to complaints, a few gave examples of male drunkenness and "disguised" female prostitution, both of which phenomena they felt were attributable to the dislocation caused by the dam and dangerous developments in terms of disturbing social peace and adversely influencing the children. With respect to their own priorities they gave much more emphasis than the men to the importance of higher-level schooling to improving the children's future. With respect to the impact of the relocation on their own lives, they said they had less work on the farm "as peasants," but were more involved in associated farm jobs such as fishmonger and running stalls. It was the nonfarm occupations, however, that provided the biggest change for these women: locally in the service sectors and outside their villages as industrial laborers, household servants, "and others."⁶²

Indigenous Groups

6.13 There were no minority groups.

Host Communities

6.14 SWCU reports no serious problems with "hosts" in the reservoir area. The self-settlers generally moved into nearby villages where they had friends and relatives who were sympathetic to their situation. Land purchase in these host villages was governed by the land market and not by any concerted effort to limit the inflow. The only tension reported by SWCU and in OED's own interviews at the reservoir was between the people remaining in the greenbelt and still holding out for higher compensation⁶³ and those among them who elected to leave the greenbelt

62. The Kedungpring wives' role in the resistance movement by that village was mentioned in footnote 22.

63. This resistant group is usually associated with six reconstituted villages in and on the edge of the greenbelt in Kemusu district, including Kedungpring.

and move up to one of the three new government villages. When they move, they may be called traitors by those who stay and be obliged to relinquish any claims to drawdown property.

6.15 By contrast, a host problem has been endemic at Muko Muko since the settlers first moved in beside the people already living in the Air Manjuto River valley. These hosts had had first claim on the newly irrigated lots and left the poorer areas—including the forests that they knew were underlain by peat—to the newcomers. Low-level tension between the hosts and the transmigrants continues. The study team is not aware of similar problems at the other transmigration sites.

Monitoring and Evaluation

6.16 SWCU's initial contracts with project authorities starting in 1987 were aimed at monitoring the compensation payments, movement out, and relocation of families to new sites in the vicinity of the dam. For a period in 1988, after the dam was closed in January that year, SWCU was obliged to carry out weekly assessments of progress in moving the 1,500 households that remained below the 95-meter perimeter. In 1990 the contracts were reshaped to focus on the socioeconomic conditions of the displaced families. This led to a series of three field surveys in December 1990, June 1991, and December–January 1992. These surveys had two parts. The first included interviews at the level of villages purposively selected to represent the regencies and the different types of village contexts (government-villages, villages with concentrations of self-settlers, and local-control villages). The second was with samples of households in these and other villages, stratified to represent different forms of land tenure. A final contract put SWCU back in the field again in late 1993, with the same samples. SWCU made "rapid appraisal" visits to the Air Manjuto (Muko Muko) and Air Seluma transmigration colonies in Bengkulu Province, in 1991 and 1993, and to Jambi in 1993, but did not conduct any household interviews. OED's contract in 1997 financed a return visit to the reservoir, with smaller selections from the same samples, revisits to Muko Muko and Jambi with household interviews, and visits for the first time to colonies of transmigrants in East Kalimantan and Irian Jaya. This 11-year involvement constitutes the basis for SWCU monitoring and evaluation reporting, which is the main monitoring system on the resettlement program.

6.17 During the period of RRDP, 1989–1993, the several universities and other contract agencies also maintained a reporting system on their activities, and these were consolidated by the principal RRDP contractors in Semarang and submitted to Jakarta and Washington. The reports are all available and help define the roles and accomplishments of RRDP. There are no comparable reports from the transmigration sites.

Changes in National Policy on Involuntary Resettlement

6.18 The team for the current study was informed of two improvements in the government's position vis-à-vis involuntary resettlement. The first was a Presidential Decree issued in 1993 (No. 55/1993) that provided stronger protections and a formalized grievance system for situations calling for land acquisition. The decree also reinstates *musyawarah* as the guiding principle for negotiation and conflict resolution. The issuance of the Decree was reportedly linked directly to the painful lessons of Kedung Ombo.

6.19 Second, and a richer context, was the discussion with staff of the Subdivision of Evaluation, Directorate of Programming Development in the DGWRD. There the study team heard repeated references to the lessons of Kedung Ombo and to substantial improvements in resettlement practices in ongoing and projected irrigation projects. Compensation rates are now related to land tax rates, and, supported by 55/1993, present what the staff called a fair deal to the displacees. More important, DGWRD offers a range of resettlement options and does not promote compensation alone as the offer of choice. In recent projects, including the massive Jatigede Irrigation Scheme under development in West Java, displacees can select between a compensation package (“free choice”), transmigration to the islands, or local “transmigration.” The latter, wherever possible, includes rights to an irrigated lot and a house built by the authority. The irrigated lots can be in the command area downstream from the dam or other smaller irrigation schemes in the hills. The Subdivision of Evaluation staff see these improvements as a direct result of the painful experience at Kedung Ombo. There, for example, the possibility of letting some resettlers move into the command area was never seriously considered.⁶⁴ The staff admits that the legacy of underpaying compensation extends farther back than Kedung Ombo, and the fact that Bank-financed dams at Saguling and Cirata escaped the turmoil at Kedung Ombo was not because the compensation rates were fair but because the residents were not inclined, or driven, to resist. They insist that that period of injustice has passed into history.

6.20 The discussions at DGWRD were convincing, but the NGO community may not agree. ELSAM, in its 1995 report, discusses both Presidential Decree 55/1993 and the alleged trend toward fairness in compensation. On the first it says that the decree has limitations which, among other things: (i) prevent it from offering “any meaningful advances from the perspective of the rights of the poor;” (ii) insist on physical proof of ownership that is not available in many places; and (iii) limit the topic of *musyawarah* to compensation only, “and not the process of land expropriation itself.”⁶⁵ Whether the last “limitation” implies ELSAM is holding out for *ex-ante* participatory discussions about whether the dams should be built in the first place is unclear. With respect to an improving trend in DGWRD’s policies and practices, ELSAM is silent. But it does mention a 1993 research study of protests arising from 93 resource development projects between 1971 and 1993. The study found that compensation figured in 80 percent of the cases and that the number of protests had increased from five per year in the 1980s to nine per year in the 1990s. However, that research is not specific to dams, in particular to irrigation dams built by DGWRD. Bank staff have visited the Jatigede dam and reservoir sites and find satisfactory resettlement activities proceeding on schedule.

7. Conclusions

7.1 The project is full of lessons about the do’s and don’ts of involuntary resettlement behind large dams. These have been well covered in at least three Bank documents, testimony to the Bank’s dedication to successful resettlement outcomes despite the lapse in attention at the beginning of this project. The first two sources are the lists of “lessons learned” generated by two members of the March 1989 supervision mission that initiated the period of intense Bank interventions. They are attached to this report as an annex and quoted or referred to below. The

64. The issue is discussed briefly in Bank files in 1989.

65. Op. cit., p. 6.

third source is the most impressive treatment, the final three sections of the PCR annex on the resettlement experience: sections titled “what went wrong,” “lessons that can be learned,” and “were other outcomes possible.” These are also quoted or referred to below. The fact that the three sources each add to the discussion is a good indication of the richness of this experience. The following points present the highlights of these memoranda—with or without modifications—and add a few that we believe were missed.

7.2 First, and this is also listed first in the PCR, *field supervision is essential, particularly in the early years of project implementation*: “in Kedung Ombo’s case, supervision of resettlement aspects came late, after the situation had deteriorated to the point where only salvage operations were possible” (PCR, p. 62).

7.3 *Hands-on Bank monitoring of the process of compensation, the movement of families from the reservoir, and perhaps most important, the status of the transmigration sites should have accompanied—from the start of or even preceded—supervision of the dam and irrigation works.*

7.4 The fact that *the Bank’s senior sociologist’s warnings were ignored at appraisal*, though they were to be proven accurate within two years, is an unfortunate comment on the indifference of some operational staff in the mid-1980s to accept the reality of a new Bank position on involuntary resettlement.

7.5 *Resettler participation in planning the program, either by village representatives or in collaboration with NGOs, also should have been encouraged from the start.* But OED does not agree with statements quoted in the text above (paras. 6.3 and 6.4) that this was the fundamental weakness of the program. It is doubtful whether the most recalcitrant of the Kemusu families would have been persuaded to abandon their positions simply by talks and transparency.

7.6 OED is also uncertain about the Bank’s position of not interfering with the rules of compensation. Annex A1 makes a nice statement of this issue, giving an alternative:

Compensation levels are always a contentious issue, and the Bank can do little more than be satisfied that the due legal process is being followed in implementing a project in which it is involved. However, if there is reason to question the adequacy of the process, this should be addressed as a general policy issue on a country-wide basis before proceeding with the project.

A case can be made for the Bank to intervene in setting compensation rates, at the project level and even during implementation, if government fails to react to evidence that the rates are ineffective in achieving the desired results.

7.7 Early supervision of transmigration would have revealed that the program was not attracting the families that earlier declared a willingness to go. Annex A2 and the PCR get into that issue:

Under present policy and institutional constraints, transmigration is only a partial solution to involuntary resettlement problems in Indonesia. If transmigration could be targeted to specific, and entire household units so that all members could transmigrate then transmigration could be applicable. . . . [however,] *the receiving areas must be prepared*

in advance of recruitment of the people. Otherwise the displaced people will be reluctant to move or lose interest when preparations are delayed one, two, or more years as happened at Kedung Ombo (Annex A2, emphasis added).

and

. . . the families who joined transmigration were primarily the young, landless or particularly land-poor villagers who had little to lose. For the others, perceived risks were much higher. Older families with multiple plots, families with children attending school, and families with part-time employment outside the reservoir had sound reasons to remain where they were, especially given the difficulty of obtaining reliable information from local authorities (PCR, p. 63, emphasis added).

7.8 OED's short visits to two transmigration sites on Sumatra showed a much darker side of transmigration, that was largely but not entirely offset by SWCU's subsequent detailed interviews there and on two other islands. *The treatment of some of the transmigrants, in particular the Muko Muko peat farmers and the Jambi food crop farmers who are still waiting after 10 years for oil palm, is unconscionable.* It appears that if errors are made in siting these schemes, or establishing the production systems, the transmigrants are left to their own devices to recover. The Bank had not visited these schemes while supervising the Kedung Ombo project. Fortuitously, Bank personnel supervising another project stumbled into the Muko Muko peats and incorporated these subschemes in a remedial program provided by their own project. It should not have been left to an NGO (para. 6.8), or a supervision mission on another assignment, to reveal that the largest group of Kedung Ombo transmigrants was in deep trouble.

7.9 *The NGOs played an indispensable role in forcing the Bank to look above the dam.* The ferocity of the outcry was justified. In the short intervals between LBH's presentation of its chronicle (September 1987) and the Bank's first resettlement mission (May 1988), and again between that mission and the next resettlement mission (March 1989), the Bank seemed to have put the issue aside. Hence NGO statements about the Bank having "completely lost touch with reality" and "turning a blind eye." Hence the PCR's reference to "the bitter international campaign that ensued" (para. 5.8).

7.10 *The Bank's two-year effort at damage control (1988-90) is another unfortunate element in this history.*

7.11 *Nevertheless the Bank's field staff did respond in force, trying to recover the high ground with a broad assault on the constraints on development of the agricultural economy of the region. The RRDP was a blueprint for a local development/incomes policy that should have been ready from the beginning.*

7.12 *And yet, RRDP was not a success. It failed to induce a sense of ownership on the part of provincial and regency governments and had no success in generating budgets after the Bank's loan was closed.* This distinguishes the RRDP from the area development programs executed by the Chinese authorities at the Shuikou and Yantan reservoirs. There the development plan was the driving force behind all district activities. At Kedung Ombo RRDP was an external initiative. *Whether local ownership would have made a difference is uncertain, because RRDP was less a development program than an academic study with unsustainable demonstration plots.*

7.13 *Whether also the local authorities should have continued to give disproportionate assistance to the displacees, in preference over their much larger populations of non-displacees at similar income levels, is an issue warranting further thought.* The Bank by its policy was obliged to press for exceptional treatment. The central government accepted the policy but found execution difficult. The regency governments appear to have cared little about the policy. Were they wrong, given their responsibilities to the larger constituencies?

7.14 *One option discussed only briefly, and then only within the Bank, would have been to resettle some of the displacees in the command area of the dam.* Bank resettlement experts assert that that is a fair way to distribute the costs and benefits of resettlement:

People benefiting from government investment in a project receive tens of thousands of dollars in benefits which they have done nothing in particular to deserve, yet people forced to resettle are sometimes provided much less in compensation and resettlement benefits in exchange for the sacrifice of lifetimes of investment and achievement. The two sides of the ledger should be more closely balanced (Annex A2).

The government of Maharashtra State in India did this on the Krishna River by acquiring part of the landholdings of traditional villagers in the command area. These were left with more valuable holdings than in the pre-dam era, while the displacees also got (or were supposed to get) viable irrigated lots.

7.15 *SWCU surveys show that the displacees on average have been able to rebuild their production systems. The self-settled families have done the best.* The greenbelt families did much better than was first expected by taking advantage of the cultivable greenbelt and drawdown fields. But their relative position has slipped, and SWCU has advised many of them to move out.

7.16 That positive finding refers to averages. *SWCU also shows that there are large minorities in all groups of displacees that still live in poverty. Some of these can be assumed to have lost income due to the dam. If Bank policy were to insist that all displacees must come out at least as well as before, then the averages are the wrong indicators.* OED believes that position is impractical, but others disagree.

7.17 *Self-settled and government-village families that have improved their income base have had to do so by diversifying out of agriculture. The heads of households stay on the new farms, but the older sons and daughters get jobs outside. This is a common phenomenon on Java, and in no way attributable to farsighted planning by resettlement officials.*

7.18 *There is general agreement that the land-for-land policy was appropriate to the extent it allowed for transmigration, but that it became inoperable when applied only to areas nearby the reservoir.*

7.19 *It can be argued that if a resettlement program does not aim for diversification, yet income recovery objectives are met because of coincidental regional developments, then the program cannot be considered successful. Kedung Ombo is an example. OED finds room for debate on that point.*

7.20 *OED does reject the argument that if people have to work harder after being displaced, or accept a loosening of family cohesiveness, then the resettlement program cannot be*

considered successful. The comfortable and relatively riskless subsistence economy in the river valleys can never be replaced and is doomed with or without a dam.

7.21 *Finally, one must step back and consider what really happened at Kedung Ombo. One plausible story line is that the unanticipated potential of drawdown cultivation overtook the compensation issue in Kemusu and was overtaken in turn by opportunities for diversifying the household economy. SWCU's surveys reveal behavior in all groups that was neither planned nor expected. With the exception of those greenbelt families who are reacting too slowly to the industrial revolution on Java, it could be argued that the displaced people of Kedung Ombo have moved well beyond that ugly episode, leaving the Bank, government, and NGOs to quarrel about what should have been done when.*

7.22 *The geopolitical elements that gave shape to the Kedung Ombo resettlement story are largely coincidental. The river that had to be dammed was the Serang. The upper reaches of the reservoir, which released a rich drawdown area annually, included the heavily populated plains of Kemusu district. These plains were inhabited by political outcasts who had reason to be distrustful of any government development program.*

Lessons Learned from Kedung Ombo Resettlement Experience Which Are Relevant to Future Bank Operations

1. The involuntary resettlement component of a development project must be given as much importance as the directly productive project components in the preparation, appraisal, and supervision phases of Bank involvement. Missions should, therefore, be staffed accordingly.
2. Although it is often difficult, even through household surveys, to ascertain the eventual occupational preferences of displaced families after evacuation, an attempt should be made to take into account all options rather than only the option(s) most favored by Government or the Bank in preparing a comprehensive resettlement program.
3. The resettlement plan prepared at the start of the project needs to be continually revised in the light of new developments of an economic, social, technical or organizational nature.
4. It is essential that Bank supervisions are able to work with a permanent, responsible agency or group which is capable of responding to changing circumstances in the complicated task of involuntary resettlement.
5. Valid representatives of the population should be involved in developing or modifying the resettlement plan. Bank missions should openly encourage this.
6. All the anticipated costs of-resettlement should be included as a project cost, and, wherever possible, loan support provided to any components ,which are likely to suffer from inadequate funding from local resources.
7. The provision of annual budgets to enable efficient implementation of the compensation/resettlement plans should receive special attention in supervision missions.
8. The Bank should encourage Governments to use NGOs as effective communicators with the population to be displaced, in view of the distrust of Government officials which often tends to develop due to the nature of involuntary settlement programs. NGOs can have a special role in monitoring implementation of resettlement programs.
9. Compensation levels are always a contentious issue, and the Bank can do little more than be satisfied that the due legal process is being followed in implementing a project in which it is involved. However, if there is reason to question the adequacy of the process, this should be addressed as a general policy issue on a country-wide basis before proceeding with the project.

Source: Memorandum, D. Purcell, AS5RA, to T.E. Daves, AS5RA, "Supervision Mission, Full Report," April 14, 1989, Annex 3.

Lessons Learned from Kedung Ombo Resettlement

22. The Bank

- (i) Under present policy and institutional constraints transmigration is only a limited solution to involuntary resettlement problems in Indonesian investments. If transmigration could be targeted to eligible, entire household units it might have greater applicability to involuntary resettlement operations.
- (ii) Adequate resettlement plans entail choice by affected households among several viable alternative programs for rebuilding production systems. One alternative is not a choice.
- (iii) Participation of the affected population in design and implementation of viable alternative programs for rebuilding production systems, either directly through village organizations or indirectly through non-governmental organizations, is a key ingredient of an involuntary resettlement plan acceptable to the affected population. Plans which conflict with known preferences are likely to be rejected.
- (iv) Involuntary resettlement implementation requires careful and specialized supervision by the Bank. Such operations should be supervised directly from headquarters if RSI continues to lack suitably qualified and experienced staff. The Bank should seriously consider strengthening RSI by the addition of a social anthropologist or sociologist experienced with involuntary resettlement, perhaps also with responsibility for environmental management issues as these entail social changes.
- (v) Design and implementation of involuntary resettlement plans in Indonesia requires active participation of the Bupati and his staff, and should not be left to project implementation agency officials nor ministerial-level administrators in Jakarta.
- (vi) The Bank should finance development programs to rebuild the production systems of people displaced by its investments in Indonesia as a regular component of such projects in order to assist the government in designing and implementing more effective involuntary resettlement.

The Borrower

- (i) The objective of involuntary resettlement should be stated so that proposed programs for restoring the productive capability of affected people can be considered in relation to agreed goals. The Bank's policy objective, to enable affected people to regain, and, if possible, improve levels of livelihood they had before the project, could be considered.
- (ii) People benefiting from government investment in a project receive tens of thousands of dollars in benefits which they have done nothing in particular to deserve, yet people forced to resettle are sometimes provided much less in compensation and resettlement benefits in exchange for the sacrifice of lifetimes of investment and achievement. The two sides of the ledger should be more closely balanced.

(iii) Under present policy and institutional constraints, transmigration is only a partial solution to involuntary resettlement problems in Indonesia. If transmigration could be targeted to specific, and entire household units so that all members could transmigrate then transmigration could be applicable to involuntary resettlement operations.

(iv) Where transmigration is one alternative provided to displaced people, the receiving areas must be prepared in advance of recruitment of the people. Otherwise the displaced people will be reluctant to move or lose interest when preparations are delayed one, two, or more years as happened at Kedung Ombo.

(v) Monetary compensation alone is inadequate to resettle affected people into new production systems to keep them from becoming impoverished. This is because the value of compensation money paid quickly erodes due to accelerated inflation in the vicinity induced by the project, and because money is quickly consumed by moneylenders and corrupt individuals who prey upon affected people who are unaccustomed to managing large amounts of cash.

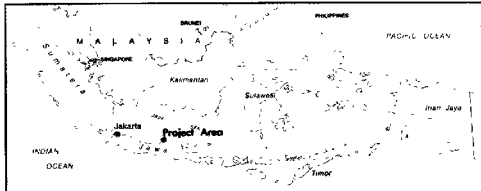
(vi) Direct and frequent communication with the people to be displaced is essential if rumors and fears, which are easily exploited by corrupt individuals or opponents of the project, are to be contained and quieted. Resettlement plans should be widely disseminated at the household level through information campaigns.

(vii) People forced to resettle often mistrust government officials whom they perceive as responsible for their suffering, so non-governmental organizations should become a vital part of planning and implementing involuntary resettlement operations. Experience with non-governmental organizations at Kedung Ombo confirms this.

(viii) Management of resettlement operations requires a sensitive monitoring system whereby project managers are provided information on progress in a timely fashion, including actual field surveys of conditions by project staff assigned responsibility for resettlement rather than rely upon other agencies to inform project management.

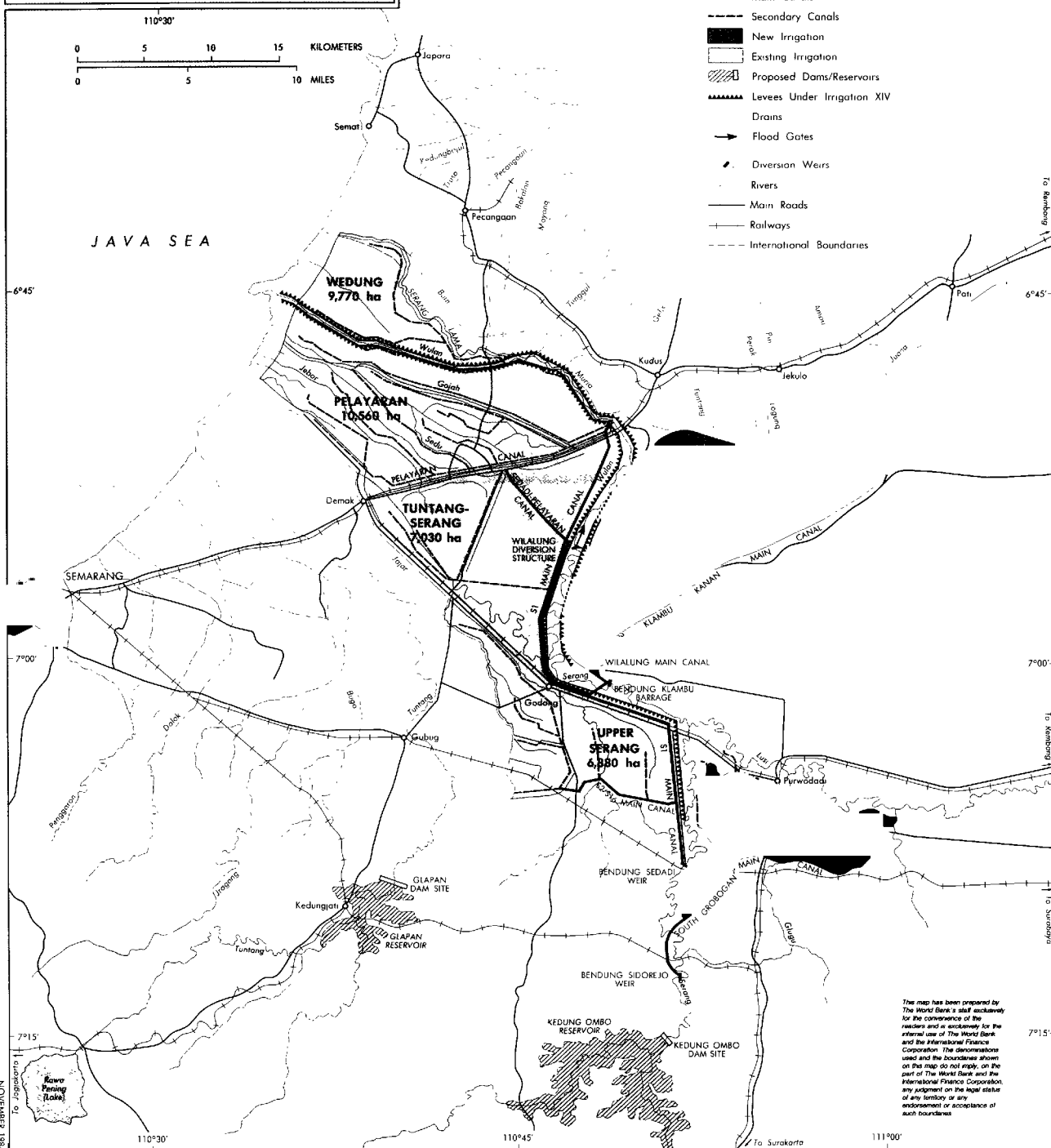
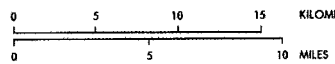
(ix) All land acquisition entails some population displacement, and, therefore, programs for involuntary resettlement. A country-wide review of experience with involuntary resettlement across sectors could provide insight into what works and what does not work, which government could use to provide guidance and assistance to project agencies which must deal with social, economic, technical and environmental problems inherent in involuntary resettlement. Approaches, procedures and policies for the design and implementation of land acquisition and resettlement are needed if difficulties experienced at Kedung Ombo are to be averted in the future.

Source: Unofficial Memorandum, W. Partridge, ASTEN, to G. Davis, ASTEN, "Indonesia-Kedung Ombo Resettlement Mission," March 25, 1989, pp. 9–10.



INDONESIA
KEDUNG OMBO MULTIPURPOSE DAM PROJECT
 LAYOUT OF IRRIGATION AREAS UNDER THE PROJECT

- Diversion Weirs
- Main Canals
- Secondary Canals
- New Irrigation
- Existing Irrigation
- Proposed Dams/Reservoirs
- Levees Under Irrigation XIV
- Drains
- Flood Gates
- Diversion Weirs
- Rivers
- Main Roads
- Railways
- International Boundaries












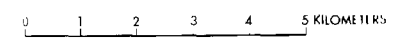
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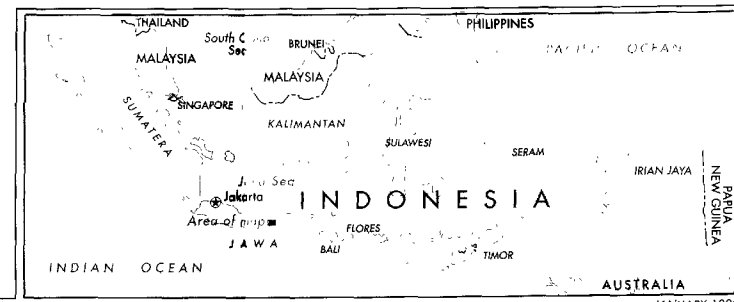
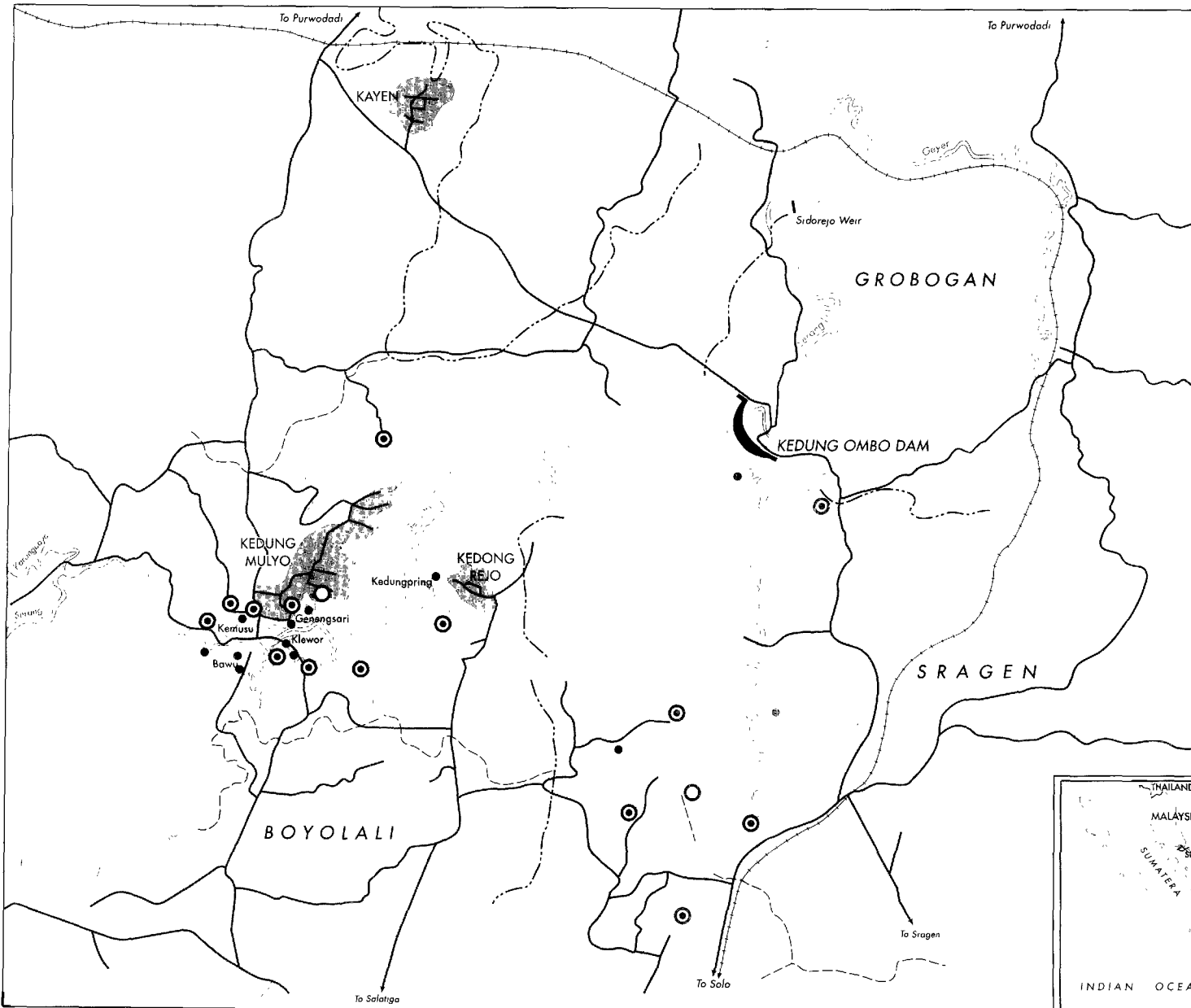
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INDONESIA KEDUNG OMBO RESERVOIR

-  GOVERNMENT VILLAGES
-  VARIOUS GREENBELT VILLAGES
-  SURVIVING VILLAGES NEAR GREENBELT
-  VILLAGES WITH SUBSTANTIAL NUMBERS OF DISPLACED
-  ROADS
-  RAILROAD
-  INUNDATED RIVER BED
-  KECAMATAN (SUB-DISTRICT) BOUNDARIES
-  REGENCY/KABUPATEN BOUNDARIES



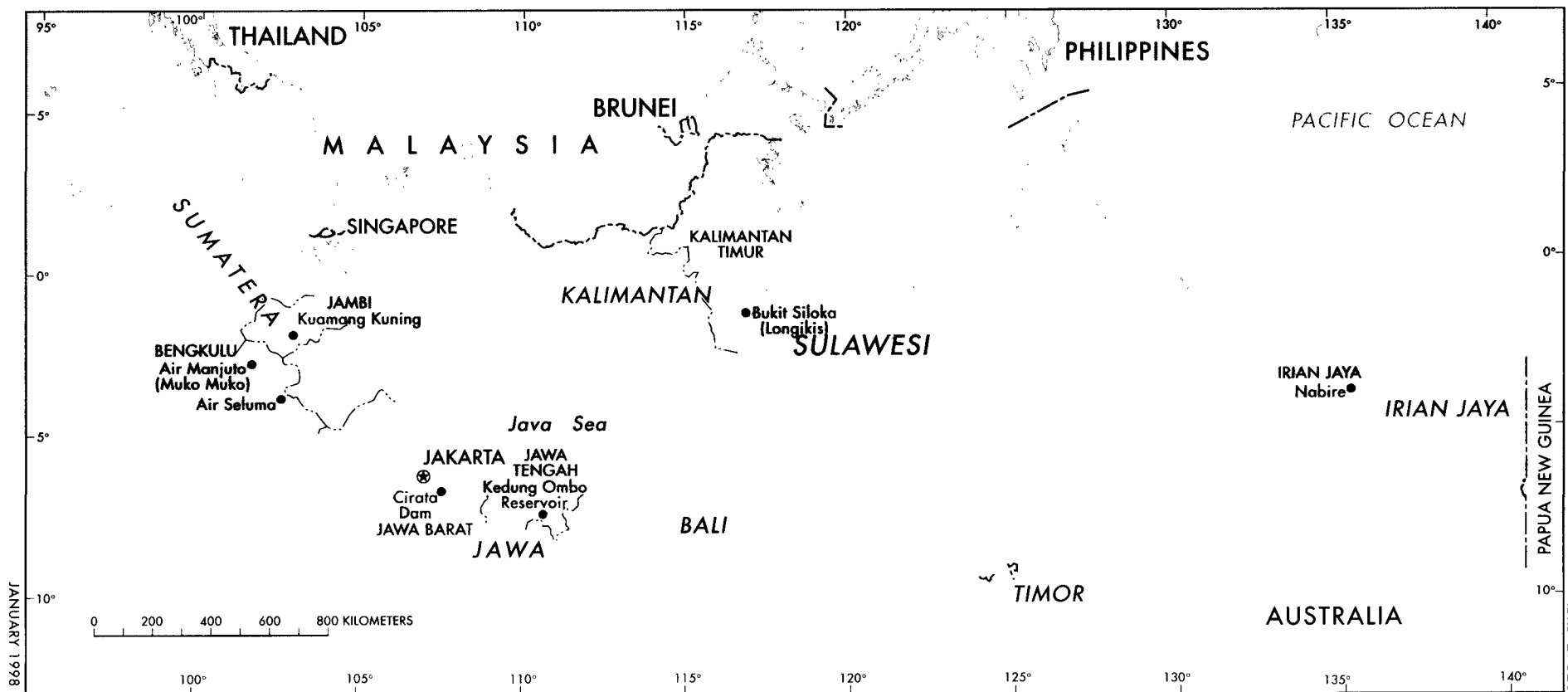
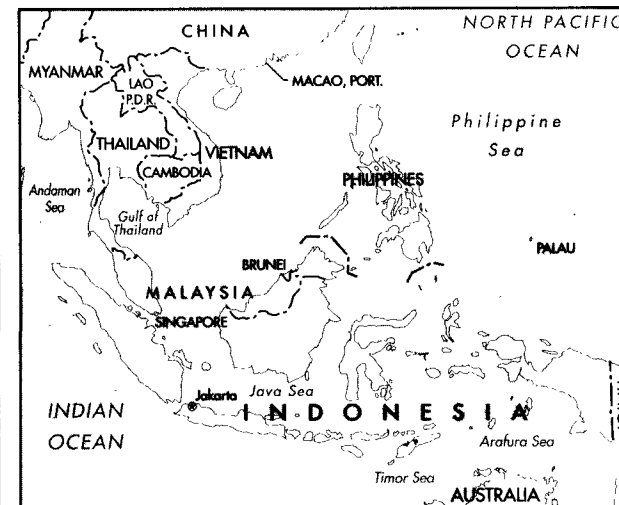
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INDONESIA KEDUNG OMBO RESETTLEMENT PROGRAM PROJECT AND SELECTED TRANSMIGRATION SCHEME SITES

- SWCU STUDY VISITS
- ⊗ NATIONAL CAPITAL
- SELECTED PROVINCE BOUNDARIES
- INTERNATIONAL BOUNDARIES

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INDONESIA KEDUNG OMBO RESERVOIR GREENBELT AND DRAWDOWN

GREENBELT (INCLUDING FLOODZONE) 90 5 95 0 m ASL

DRAWDOWN (MAXIMUM) 77 90 5 m ASL

GOVERNMENT VILLAGES

GREENBELT VILLAGES



0 1 2 3 4 5 KILOMETERS

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