CENTER FOR GLOBAL DEVELOPMENT

# Planned Relocation of Climate-Vulnerable Communities

## Preparing Multilateral Development Banks

STEVEN GOLDFINCH · SAM HUCKSTEP


## Abstract

Planned relocation of highly climate-vulnerable communities is becoming increasingly necessary as climate shocks become more frequent and intense. It is also becoming more feasible as modelling of future scenarios improves and adaptation limits become clearer. Despite this, many governments are underprepared for planning and implementing planned relocation projects.

In the absence of an intergovernmentally agreed framework or set of principles on planned relocation, development finance, and specifically climate finance, is not well positioned to respond to this emerging demand from countries. This is heightened by a widespread absence of coherent domestic policies, and by institutional gaps in international assistance.

Multilateral development banks, in particular, could be well-placed to fill this gap. They have extensive experience in undertaking relocation projects, including in contexts of climate adaptation. Multilateral development banks will increasingly field borrower country demand for both technical and financial assistance. They are, however, not yet prepared to meet this demand, nor are countries adequately equipped to make applications for support.

This paper outlines emerging public policy regarding planned relocation, draws from existing standards on development-forced displacement and resettlement, and explores entry points for development financiers in providing technical assistance and finance. The paper proposes recommendations to multilateral development banks and the global climate funds on engaging in this emerging area.


**POLICY PAPER 352** • FEBRUARY 2025

# Planned Relocation of Climate-Vulnerable Communities: Preparing Multilateral Development Banks

**Steven Goldfinch**
*Center for Global Development, on secondment from the Asian Development Bank*

**Sam Huckstep**
*Center for Global Development*

The authors thank Erica Bower and Lorenzo Guadagno for generously taking the time to provide feedback on this paper. Any errors are the authors' own.

Steven Goldfinch and Sam Huckstep. 2025. "Planned Relocation of Climate-Vulnerable Communities: Preparing Multilateral Development Banks" CGD Policy Paper 352. Washington, DC: Center for Global Development. https://www.cgdev.org/publication/planned-relocation-preparing-multilateral-development-banks

**CENTER FOR GLOBAL DEVELOPMENT**
2055 L Street, NW Fifth Floor
Washington, DC 20036

1 Abbey Gardens
Great College Street
London
SW1P 3SE

www.cgdev.org

# Contents

## Figures



## Tables



## Boxes

# Acronyms

| | |
|---|---|
| ADB | Asian Development Bank |
| COP | Conference of the Parties (of the UNFCCC) |
| DFDR | Development-Forced Displacement and Resettlement |
| ESS | (World Bank) Environmental and Social Standards |
| GIZ | German Agency for International Cooperation |
| IDB | Inter-American Development Bank |
| IFRC | International Federation of Red Cross and Red Crescent Societies |
| ILO | International Labour Organization |
| IOM | International Organization for Migration |
| IPCC | Intergovernmental Panel on Climate Change |
| MDB | Multilateral Development Bank |
| NAP | National Adaptation Plan |
| NDC | Nationally Determined Contribution |
| UNDRR | United Nations Office for Disaster Risk Reduction |
| UNFCCC | United Nations Framework Convention on Climate Change |
| UNHCR | United Nations High Commissioner for Refugees |

# Introduction

Many locations will become gradually uninhabitable as the effects of climate change intensify and increase. For vulnerable households and communities living in hazard-exposed areas, especially along coastlines, river basins, and in mountainous areas, extreme weather and the impacts of climate change will make it impossible to sustain an adequate standard of living or simply be too dangerous to remain in their present locations.[1]

In this context, planned relocation will be of great interest in preserving life and economic value: indeed, use of the policy tool is already increasing.[2] This entails moving communities in an organized manner, in response to (or ahead of) risks and impacts so significant that they cannot be managed through in-situ adaptation within existing constraints.

The act of planned relocation varies in practice and involves a high degree of complexity. It can be a *proactive* strategy to avert and minimize future displacement or a *reactive* measure, following a disaster, to provide a durable solution to those in displacement. It can occur in the context of an existing or imminent risk, or in response to increasing levels of risk over time, and therefore be a form of gradual or managed retreat.

In this paper, planned relocation is defined as:

> "a planned process in which persons or groups of persons move or are assisted to move away from their homes or places of temporary residence, are settled in a new location, and provided with the conditions for rebuilding their lives. Planned relocation is carried out under the authority of the State, takes place within national borders, and is undertaken to protect people from risks and impacts related to disasters and environmental change, including the effects of climate change."[3]

At the operational level, planned relocations vary significantly across contexts. Four broad models of planned relocation are commonly used:

- **Single origin—single destination.** In the most common form of planned relocation, a single community or group of households is relocated to a single destination site.

1 Sam Huckstep and Michael Clemens (2023), *Climate Change and Migration: An Omnibus Overview for Policymakers and Development Practitioners*, Center for Global Development Policy Paper, No. 292, Washington, DC: Center for Global Development, 2023. https://www.cgdev.org/publication/climate-change-and-migration-omnibus-overview-policymakers-and-development

2 Elizabeth Ferris and Erica Bower (2023), "Planned Relocations: What we know, don't know, and need to learn", Researching Internal Displacement blog. https://researchinginternaldisplacement.org/short_pieces/planned-relocations-what-we-know-dont-know-and-need-to-learn/

3 Brookings, Georgetown University, and UNHCR (2015), "Guidance on Protecting People from Disasters and Environmental Change through Planned Relocation." https://www.brookings.edu/articles/guidance-on-protecting-people-from-disasters-and-environmental-change-through-planned-relocation/

- **Multiple origin—single destination.** In some cases, multiple communities or groups of households from separate sites of origin are supported in relocating to a single site of destination.
- **Single origin—multiple destination.** Where not all households from a single community or site of origin can be relocated to the same destination, households may be supported in relocating to separate destination sites.
- **Multiple origin—multiple destination.** In some cases, groups of households or communities from separate locations of origin are supported in moving to multiple sites of destination, with no measures put in place to ensure that the majority of households from any shared single origin site remain together at the destination.[4]

Relocation decisions are often top-down, driven by political economy factors, rather than consultative.[5] The affected community's degree of agency in relocation is therefore often limited. Among the highly political factors feeding into relocation decisions is the choice of whether to invest in risk reduction and adaptation measures that could enable, or at least prolong, an in-situ solution. Where adaptation has reached its limits, relocation may be necessitated by the absence of other viable options. The range of options considered viable is, however, inevitably constrained by political will.

The scale of relocations required will grow in the coming years. This requires a formalization of the process for deciding when planned relocations should take place. Despite the development of guidance on planned relocation by the World Bank over a decade ago, ad hoc approaches to planned relocation remain the norm.[6] These approaches will not meet the scale or the needs of those affected by worsening climate shocks. This is increasingly recognized by policymakers, due in part to increased levels of disaster risk and improved modelling.

A small number of countries have put in place, or are in the process of developing, national policies, legal frameworks, and guidelines. These first movers offer blueprints and lessons for other countries to follow. Development partners, in addition, must also begin to respond to growing demand for technical assistance and finance.

To date, there has been limited engagement by multilateral development banks (MDBs) in financing planned relocations. Hindering factors are likely to include:

- A general reluctance of governments to take loans, or use limited grant resources, to address the impacts of climate change caused by the Global North.

4 Erica Bower and Sanjula Weerasinghe (2021), *Leaving Place, Restoring Home: Enhancing the Evidence Base on Planned Relocation Cases in the Context of Hazards, Disasters and Climate Change*, Platform on Disaster Displacement (PDD) and Andrew & Renata Kaldor Centre for International Refugee Law. https://disasterdisplacement.org/resource/leaving-place-restoring-home/

5 Colette Mortreux et al., "Political economy of planned relocation: A model of action and inaction in government responses", *Global Environmental Change*, May, 2018, 123–132, https://doi.org/10.1016/j.gloenvcha.2018.03.008

6 Elena Correa et al. (2011), *Populations at Risk of Disaster: A Resettlement Guide*. Washington, D.C.: World Bank. https://hdl.handle.net/10986/27383

- The relatively small scale of planned relocations to date.
- Economic and efficiency considerations, especially in contexts of poor data and underdeveloped public policy.
- Perceived risk aversion from MDBs to directly engage in often complex land tenure and related safeguarding issues.

Governments are likely to deepen partnerships with international organizations over the coming decades in preparing planned relocations. Given the complexities and high costs of planned relocation at scale, international organizations will need to be ready to offer both technical assistance in implementation and access to finance. At present, however, there is an institutional gap: there is no international organization with a recognized mandate in this space. The International Organization for Migration (IOM), International Labour Organization (ILO), German Agency for International Cooperation (GIZ), and others have some experience, but none have a formal responsibility for technical support.[7] Some also have weaknesses that may reduce their ability to assist. IOM, for example, has significant experience and was involved in the creation of the Solomon Islands' Planned Relocation Guidelines in 2022, among other documents.[8] It relies, however, on project finance from donors, limiting its ability to respond to needs; in 2023, 97 percent of its funding was earmarked.[9] The global climate funds have lending and grant capacity, but do not yet have expertise in supporting planned relocation projects, and have not yet incorporated them into their strategies.

MDBs, by contrast, have both experience and funds available for lending to client states. Much of their extensive experience in relocations relates to development-forced displacement and resettlement (DFDR), also known as involuntary resettlement, and—with adaptations—can be leveraged.[10] If MDBs can supply increased technical assistance to support client states in requesting and managing funds for planned relocation projects, they could, in partnership with other international organizations, take on an important role.

DFDR, which occurs when development projects (large dams, infrastructure, roads, and urban expansion etc.) result in the involuntary resettlement of people, is widespread within MDB financed projects. While there are no reliable estimates, it is evident that millions of people are directly

7 Rachel Harrington-Abrams and Erica Bower, "A Missing Link? The Role of International Organizations in Climate-Related Planned Relocation," *Climate Policy*, August 16, 2024, 1–14, https://doi.org/10.1080/14693062.2024.2390523.

8 Solomon Islands Government (2022), "Planned Relocation Guidelines Handed Over to Government". https://solomons.gov.sb/planned-relocation-guidelines-handed-over-to-government/

9 Multilateral Organisation Performance Assessment Network (MOPAN), (2023), *MOPAN Assessment of International Organization for Migration (IOM)*, OECD Publishing: Paris. https://agulhas.co.uk/our-work/mopan-assessment-of-the-international-organization-for-migration-iom

10 Harrington-Abrams and Bower, 2024.

affected by development projects annually.[11] How many of these people are directly displaced by a project, rather than indirectly impacted, is unknown.

The implementation of DFDR is mixed and in many cases has been flawed.[12] In addition, there are significant differences in contexts, goals, and funding availability between climate-responsive planned relocation and DFDR.[13] DFDR occurs in conditions of relatively less uncertainty, implemented to facilitate deliberate and discrete development projects within known timeframes; climate-motivated planned relocation projects, by contrast, respond to uncertain future risks.[14] DFDR, in addition, responds to an intent to improve development outcomes, rather than to save lives: its impetus for implementation is different.[15] Lessons nonetheless can, and should, be drawn from its implementation and from the experience of affected communities, even while recognizing these differences.[16]

In the absence of coherent and predictable domestic plans governing planned relocation, and the lack of internationally agreed best practices to guide MDBs' engagements, partnerships are unlikely to be timely or efficient. Ad hoc approaches could therefore limit or reduce the ability of countries to benefit from much needed finance, including access to grant and concessional resources. Under international law, states hold primary responsibility to ensure the respect of the human rights of those within their territory or under their jurisdiction. This includes the duty to seek assistance from other actors, including international organizations, if their own capacities are inadequate.[17] As it stands, however, MDBs are not well positioned to respond to requests for support in managing planned relocation—nor are countries currently well positioned to seek it.

This paper outlines the emerging policy landscape, draws from existing standards on DFDR, and explores entry points and priorities for development financiers. The paper proposes recommendations to MDBs and the global climate funds on engaging in this emerging area.

11 Brooke Wilmsen and Michael Webber, "What Can We Learn from the Practice of Development-Forced Displacement and Resettlement for Organised Resettlements in Response to Climate Change?," *Geoforum* 58 (January 2015): 76–85, https://doi.org/10.1016/j.geoforum.2014.10.016

12 Frank Vanclay, "Project-Induced Displacement and Resettlement: From Impoverishment Risks to an Opportunity for Development?," *Impact Assessment and Project Appraisal* 35, no. 1 (January 2, 2017): 3–21, https://doi.org/10.1080/14615517.2017.1278671; Wilmsen and Webber, "What Can We Learn from the Practice of Development-Forced Displacement and Resettlement for Organised Resettlements in Response to Climate Change?"; Lori Udall, "Unacceptable Means: The Inspection Panel Actions on World Bank Forcible Resettlement," *Perspectives* 24 (2024), https://digitalcommons.wcl.american.edu/accountability-perspectives/24

13 Sanjula Weerasinghe (2014), *Planned Relocations, Disasters and Climate Change: Consolidating Good Practices and Preparing for the Future*. Washington, D.C.: Brookings, LSE, ISIM, and UNHCR. https://www.brookings.edu/articles/planned-relocations-disasters-and-climate-change-consolidating-good-practices-and-preparing-for-the-future/

14 Lily Salloum Lindegaard (2019), "Lessons from climate-related planned relocations: the case of Vietnam", *Climate and Development*, 12(7), pp. 600–609. https://doi.org/10.1080/17565529.2019.1664973

15 Weerasinghe, 2014.

16 Alex De Sherbinin et al. (2011), "Preparing for Resettlement Associated with Climate Change", *Science*, 334(6005), pp. 456–457. https://doi.org/10.1126/science.1208821

17 Jane McAdam and Elizabeth Ferris (2015), "Planned Relocations in the Context of Climate Change: Unpacking the Legal and Conceptual Issues", *Cambridge Journal of International and Comparative Law*, 4(1): 137–166. https://doi.org/10.7574/cjicl.04.01.137

## Global policy landscape

Planned relocation has grown in prominence within the global climate change discourse. It first emerged at the international level at the 16th session of the Conference of the Parties (COP 16) to the United Nations Framework Convention on Climate Change (UNFCCC) in Cancun, Mexico, where states were invited to undertake "measures to enhance understanding, coordination and cooperation with regard to climate change induced displacement, migration and planned relocation where appropriate, at the national, regional and international levels".[18] This was further advanced at COP 21 in Paris in 2015, when the Task Force on Displacement under the Warsaw International Mechanism was established to develop recommendations for integrated approaches to avert, minimize, and address displacement related to the adverse impacts of climate change. Planned relocation was considered a last resort.[19]

Alongside these developments, the Intergovernmental Panel on Climate Change (IPCC), in its Fifth Assessment Report, highlighted planned relocation (and migration) as responses to the impacts of climate change, and in particular to sea level rise. The Sixth Assessment Report noted with high confidence that planned relocation is "more effective if combined and/or sequenced, planned well ahead, aligned with sociocultural values and development priorities, and underpinned by inclusive community engagement processes".[20]

More operationally, the intergovernmentally agreed Sendai Framework for Disaster Risk Reduction 2015–2030 calls for the formulation of public policy responses to address "the issues of prevention or relocation, where possible, of human settlements in disaster risk-prone zones".[21] At a regional level, the Pacific Islands Forum Leaders endorsed a regional framework on climate mobility, recognizing the role of planned relocation as an anticipatory and remedial measure.[22]

Several organizations have produced guidance intending to translate intent into action. In 2011, the World Bank published a resettlement guide on populations at risk of disaster.[23] In 2015, Brookings, Georgetown University, and the UN High Commissioner for Refugees (UNHCR) produced a set of general principles to assist states and other actors on framing planned relocations (see Box 1).[24]

18 UNFCCC (2010), "The Cancun Agreements: Outcome of the Work of the Ad Hoc Working Group on Long-Term Cooperative Action under the Convention," FCCC/CP/2010/7/Add .1 §. Cancun: UNFCCC. https://unfccc.int/documents/6527

19 UNFCCC (2016), "Report of the Conference of the Parties on Its Twenty-First Session". Paris: UNFCCC. https://unfccc.int/decisions?f%5B0%5D=conference%3A3958

20 Intergovernmental Panel on Climate Change (IPCC) (2023), "Climate Change 2023: Synthesis Report. A Report of the Intergovernmental Panel on Climate Change. Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change". Geneva: IPCC. https://www.ipcc.ch/report/ar6/syr/

21 United Nations Disaster Risk Reduction (UNDRR) (2015), "Sendai Framework for Disaster Risk Reduction 2015–2030". New York: United Nations. https://www.undrr.org/publication/sendai-framework-disaster-risk-reduction-2015-2030

22 Pacific Islands Forum (2024), "Regional Framework on Climate Mobility". Suva: Pacific Islands Forum. https://forumsec.org/publications/report-pacific-regional-framework-climate-mobility

23 Elena Correa et al. (2011), *Populations at Risk of Disaster.*

24 Brookings, Georgetown University, and UNHCR, 2015, "Guidance on Protecting People from Disasters".

This was subsequently accompanied by a toolbox providing specific measures and examples of good practice.[25] In 2019, the UN Office for Disaster Risk Reduction (UNDRR) provided further guidance on planned relocation in a companion toolbox for implementing the Sendai Framework Target (E) on how to reduce risk, address impacts, and strengthen resilience related to disaster displacement.[26] The International Federation of Red Cross and Red Crescent Societies (IFRC) published guidance in 2022 on planned relocation in the context of disasters and climate change for its Asia-Pacific national societies.[27]

### BOX 1. Brookings, Georgetown University, and the UN high commissioner for refugees guidance on protecting people from disasters and environmental change through planned relocation

The most influential of the planned relocation guidance efforts, the 2015 Brookings et al. toolbox is framed around a series of evidence-based steps.

1. Determine whether planned relocation is necessary.
2. Develop a relocation plan, based on a detailed analysis and participatory process.
3. Undertake preparatory measures, including land acquisition and provision of infrastructure, working with affected persons, including the host community.
4. Undertake the relocation and provide support for a transitional phase supporting restoration of livelihoods and standards of living.
5. Incorporate relocated persons into all aspects of life in the new location, ensuring that needs or vulnerabilities resulting from the relocation are fully addressed.

The guidance sets out overarching principles to underpin planned relocation: inter alia, that:

(i) Planned relocation is undertaken for the benefit of relocated persons and in a manner that respects and protects their rights and dignity.
(ii) States bear the primary responsibility, have compelling reasons, robust evidence, and a sound legal basis for undertaking planned relocation, and can ensure sufficient and sustainable funds for the relocation.
(iii) Planned relocation should be used as a measure of last resort.

25 IOM, Georgetown University, and UNHCR (2017), *A Toolbox: Planning Relocations to Protect People from Disasters and Environmental Change*. Washington, D.C.: IOM, Georgetown University, and UNHCR. https://environmentalmigration.iom.int/resources/toolbox-planning-relocations-protect-people-disasters-and-environmental-change

26 United Nations (2019), *Disaster Displacement: How to Reduce Risk, Address Impacts and Strengthen Resilience*. Geneva: UNDRR. https://www.undrr.org/words-into-action/disaster-displacement-how-reduce-risk-address-impacts-and-strengthen-resilience

27 IFRC (2022), "Planned Relocation in the Context of Disasters and Climate Change: A Guide for Asia Pacific National Societies". Geneva: International Federation of Red Cross and Red Crescent Societies. https://disasterlaw.ifrc.org/media/3797

(iv) Planned relocation should be carried out within a rights-based framework and that relocated persons and other affected persons should be informed, consulted, and enabled to participate in decisions on whether, when, where, and how a planned relocation is to occur, as appropriate.

(v) Planned relocation should provide opportunities and conditions to enable relocated persons to improve, or, at a minimum restore, their living standards, enable host communities to maintain their pre-existing living standards, or to attain the same living standards as relocated persons, whichever is higher; and mitigate adverse impacts related to the planned relocation that may affect persons who live in close proximity.

While these contributions underpin discussions on planned relocation, there is little consensus about the operational side: where, when, and how planned relocation in the context of climate change and disasters should occur in practice and how, and who, should finance it.

## Domestic approaches to planned relocation

Despite the increasing global recognition of planned relocation in the context of climate change, only six countries have so far prepared national frameworks specifically focused on planned relocation.[28] These frameworks often lack key elements, especially concerning financing. Lessons from existing frameworks can, however, serve to inform states developing new strategies or updating existing policies.

**Fiji** developed its planned relocation strategy in 2018. The strategy consists of multiple elements, including standard operating procedures and the creation of a trust fund (see Box 2). Fiji's approach is considered among the best-developed and most comprehensive planned relocation strategies.

**Jamaica** developed a relocation policy in 2018. Its strategy emphasizes the importance of voluntary relocation and community consultation, with extensive detail on how consultations should be conducted. In addition, Jamaica's policy establishes responsibility for each stage of the implementation of a relocation process. The policy is also detailed in its guidelines on land donations, grievance processes, and the documentation of assets.[29] It includes some consideration of funding in the context of the Jamaican Social Investment Fund, noting that the central government or project counterparts should be responsible for financing, but does not include specific details on responsibilities or suggestions of external financing.

**Papua New Guinea** established a relocation policy in 2016, specific to relocation on or from the island of Manam. Its policy establishes a procedure for purchasing land for relocated communities, ensures the provision of 'services and infrastructure' in the area of destination, and establishes a

28 Platform on Disaster Displacement (2024), "Information Brief". Geneva: Platform on Disaster Displacement. https://disasterdisplacement.org/resource/the-platform-on-disaster-displacement-and-planned-relocation/

29 Jamaica Social Investment Fund (2018), "REDI II-Resettlement Policy Framework". Kingson: Jamaica Social Investment Fund. https://www.jsif.org/content/disclosure-documents

grievance mechanism. The act includes very limited information on financing, but does provide for international financing from donors.[30]

**Peru** passed a law on the relocation of populations from areas with unmitigable risks in 2012, and amended this law in 2017. Peru's law contains several commendable elements. It stipulates that any relocation process must follow a cost-benefit analysis; that relocation must be a last resort, after the state has used all possible resources for in situ adaptation; that whenever possible, relocations must be participatory; and that basic services and reduced disaster risk must be ensured in the area of destination. The law also identifies a specific authority whose approval must be provided before a relocation can occur. Peru's law on relocation takes an unusually hardline approach to non-relocation: land owned by populations who refuse to relocate from areas with unmitigable risks is alienated by the government.[31] Responsibility for financing planned relocations is placed with the local government, with provision for additional funding by the regional government in the case of lack of funds.

**Solomon Islands** developed national climate change-related relocation guidelines in 2022.[32] The Solomon Islands' guidelines are relatively fully developed, but do not detail how relocations will be funded beyond noting the high cost and need for sustainable funding.

**Uruguay** established a planned relocation policy in 2018. Several sub-elements to the policy, such as a guide to collaborating with stakeholders, are not yet published, but responsibility for their delivery has been given to the Ministry of Housing. Uruguay's policy notably provides for both funding sources and institutional responsibility, including for evaluations. The policy also establishes procedures for assessing community willingness to relocate.[33]

In addition to these explicit instruments, a number of other policies touch on, or commit to developing, procedures for planned relocation. **Vanuatu** (2018) has included planned relocation in its national policy on climate change and disaster-induced displacement, with the development of standard operating procedures on planned relocation underway albeit without a funding vehicle.[34]

30 Government of Papua New Guinea (2016), "Manam Resettlement Authority Act 2016 (No. 2 of 2016)". Port Moresby: Government of Papua New Guinea. https://www.fao.org/faolex/results/details/en/c/LEX-FAOC177401

31 Government of Peru (2012), "Ley Nº 29869 - Ley de reasentamiento poblacional para zonas de muy alto riesgo no mitigable"; Lima: Government of Peru. https://www.fao.org/faolex/results/details/es/c/LEX-FAOC113598/. Government of Peru (2017) Ley Nº 30645 - Modifica la Ley Nº 29869". Lima: Government of Peru. https://www.fao.org/faolex/results/details/es/c/LEX-FAOC173430

32 Government of Fiji (2018), "Planned Relocation Guidelines - A Framework to Undertake Climate Change Related Relocation". Suva: Government of Fiji. https://www.preventionweb.net/media/97379/download; Solomon Islands Government, "Planned Relocation Guidelines," 2022, https://roasiapacific.iom.int/sites/g/files/tmzbdl671/files/documents/2023-03/Solomon%20Islands%20Planned%20Relocation%20Guidelines.pdf.

33 Government of Uruguay (2020), "Reglamento del Plan Nacional de Relocalizaciones". Montevideo: Government of Uruguay. https://www.gub.uy/ministerio-vivienda-ordenamiento-territorial/comunicacion/publicaciones/reglamento-del-plan-nacional-relocalizaciones

34 Ministry of Climate Change Adaptation, Meteorology, Geo-Hazards, Energy, and Ministry of Climate Change Adaptation, Meteorology, Geo-Hazards, Energy, Environment and Disaster Management (2018), "National Policy on Climate Change and Disaster-Induced Displacement". Port Vila: Government of Vanuatu. https://www.preventionweb.net/publication/vanuatu-national-policy-climate-change-and-disaster-induced-displacement

**Bangladesh**'s (2021) National Strategy and Action Plan on the Management of Disaster and Climate Induced Internal Displacement also includes plans to develop sectoral programs for safe, voluntary, and dignified relocation and resettlement of people internally displaced in a context of climate change. It calls for the creation of a 'displacement trust fund' and access to the existing Bangladesh Climate Change Trust Fund.[35] **Tonga**, while not having a dedicated policy on planned relocation, established the Climate Change Trust Fund in 2017. The fund, capitalized by the Asian Development Bank (ADB) with a $5 million grant, provides up to $250,000 in supplementary financing for small scale community-based, climate-related projects proposed by non-government organizations, including for planned relocation.[36] **Guatemala** and **Panama** are being supported by the Platform on Disaster Displacement in developing comprehensive planned relocation policies, beginning in 2024.[37]

### BOX 2. Fiji's approach to planned relocation

Fiji has taken a comprehensive approach, positioning planned relocation as a proactive measure to address damage and loss in response to escalating climate change risks. In 2014, the government identified 676 coastal communities based on projected climate change impacts that will need to be relocated in the coming decades. Within this group, it prioritized 42 communities for relocation as soon as possible. Recognizing the need for enabling public policy, in 2018 the government published planned relocation guidelines and, in 2019, put in place the Climate Relocation of Communities Trust Fund Act. This established designated funding, in part or in whole, for planned relocation projects. It also sets out individual ministries' responsibilities, and establishes a process for planning, funding, and implementation of relocations.[38]

The government's establishment of a trust fund provides a dedicated vehicle to finance relocation. To resource the trust fund, 3 percent of an environment and climate adaptation levy, applied to luxury goods and services, is allocated to the trust fund annually. In addition, affected communities are expected to contribute their own resources and labor. While the government has been clear that the trust fund requires international and bilateral contributions, only New Zealand has committed funds (NZ$5.6 million).[39]

35 Ministry of Disaster Management and Relief (2021), "Bangladesh National Strategy on Internal Displacement Management". Dhaka: Government of the People's Republic of Bangladesh. https://modmr.gov.bd/site/publications/d4ff8fc0-bab4-4d9d-bd4a-3b9350c13f21/National-Strategy-on-Internal-Displacement-Management

36 Asian Development Bank (2017), "ADB-Supported Climate Change Fund Launched in Tonga". https://www.adb.org/news/adb-supported-climate-change-fund-launched-tonga; Fanny Thornton (2022), "Research Brief on Climate Mobility", Pacific Resilience Partnership brief, https://pacificresiliencepartnership.org/research-brief-on-financing-planned-relocation-and-human-mobility-in-the-context-of-climate-change-in-the-pacific-region/

37 Platform on Disaster Displacement, 2024, "Information Brief".

38 Government of Fiji (2019), "Climate Relocation of Communities Trust Fund: Financial Management Policy Guide". Suva: Government of Fiji. https://fijiclimatechangeportal.gov.fj/res_topics/resources/

39 Government of New Zealand (2020), "Jacinda Ardern Speech to University of the South Pacific Students (Fiji)". https://www.beehive.govt.nz/speech/speech-university-south-pacific-students; Government of New Zealand (2024), "NZ and Fiji Commit to Strengthening Partnership". https://www.beehive.govt.nz/release/nz-and-fiji-commit-strengthening-partnership

The 2021 Climate Change Act sets out the legal framework for the planned relocation of communities and to safeguard their rights. Standard operating procedures for planned relocation were published in 2023 to operationalize the guidelines. As of April 2023, there were 17 planned relocations underway in Fiji.[40]

Subsequent to this Act, Fiji established a Taskforce on the Relocation of Communities Vulnerable to the Impacts of Climate Change. The taskforce brings together director-level representatives from key ministries to steer discussions, make decisions, and coordinate implementation of all initiatives and processes related to planned relocation.[41]

While the adoption of dedicated domestic policy is emerging, governments have supported, and communities have undertaken, planned relocations in the face of natural hazards, disasters, and climate change. Since the 1970s, over 400 planned relocations have been identified across 78 countries.[42] Analysis for the Platform on Disaster Displacement confirms the multiple drivers underpinning a decision to relocate, the context of relocations along the 'proactive-reactive continuum', and the diversity of spatial patterns of planned relocation. This underscores the importance of policy and practice to recognize and enable unique and context-specific approaches.

In terms of financing, limited data was available. However, the analysis included a detailed review of 34 relocations where it was found these were largely supported by governments and non-government organizations, or a combination of both, with contributions from affected communities and, in limited cases, bilateral assistance.

Further analysis cross-referencing the 400 planned relocations in 74 countries with national adaptation planning documents submitted to the UNFCCC highlights a disconnect between adaptation planning, implementation, and financing. As of 2022, out of the 102 reports on adaptation planning submitted by governments to the UNFCCC, only 50 mentioned relocation or managed retreat in their plans. Of the 74 countries, 28 reported existing relocation programs, 37 of the remaining 46 countries have not submitted adaptation plans, and nine have relocations occurring but have not acknowledged them in their adaptation plans.[43] Indeed, a 2023 study of the 49 National Adaptation Plans (NAPs) then submitted to the UNFCCC found that less than half—twenty-four—included references to planned relocation, and that only nineteen included any concrete commitments related to planned relocation (Figure 1).

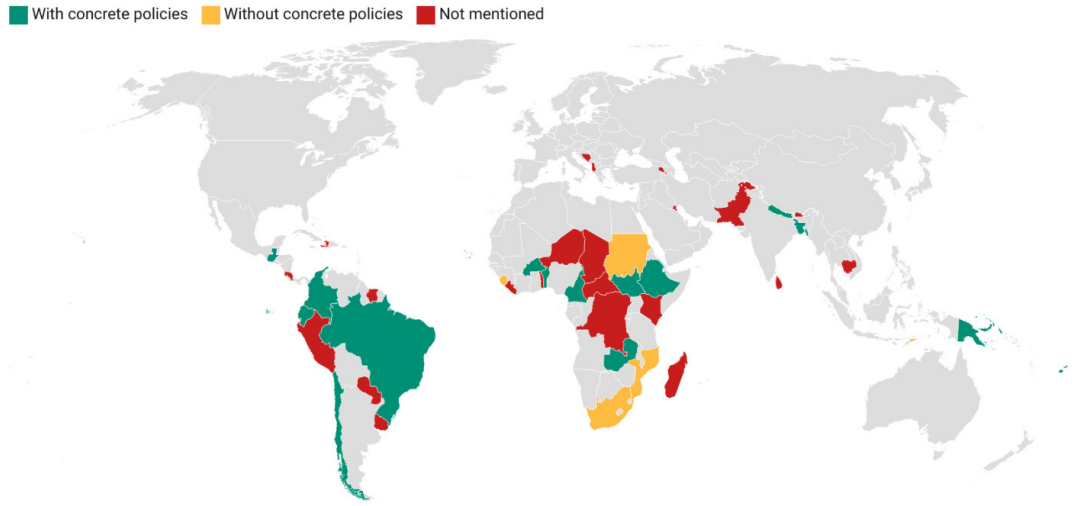
40 Government of Fiji (2023), "Case Study: The Development of Fiji's National Planned Relocation Arrangements and Associated Financing Mechanism". https://unfccc.int/documents/628009

41 Government of Fiji (2024), "Fiji Taskforce Meeting on the Relocation and Displacement of Communities Vulnerable to the Impacts of Climate Change". https://fijiclimatechangeportal.gov.fj/fiji-taskforce-meeting-on-the-relocation-and-displacement-of-communities-vulnerable-to-the-impacts-of-climate-change/

42 Erica et al. (2022), "Mapping of Planned Relocation Cases: A Foundation for Evidence-Based Policy and Practice," *Forced Migration Review*, 69, pp. 48–51.

43 Rachel Harrington-Abrams (2022), "Towards Greater Transparency and Accountability in Decision-Making for Planned Relocation," *Forced Migration Review*, 69, pp. 54–55. https://www.fmreview.org/climate-crisis/harringtonabrams/

**FIGURE 1. Do National Adaptation Plans mention planned relocation?**




*Source:* Sam Huckstep et al. (2023), "Refugees Are Missing from National Adaptation Plans: Why This Matters, and What to Do About It", CGD blog post. https://www.cgdev.org/blog/refugees-are-missing-national-adaptation-plans-why-matters-and-what-do-about-it. Map created using Datawrapper; national borders set by Datawrapper.

Overall, the approach to financing planned relocations appears abstract and ad hoc. While governments are increasingly identifying planned relocation as a policy response to climate change and making the link to adaptation and loss and damage—seemingly in response to global climate reporting obligations—development and climate financing is not connected to upstream planning.

## Technical support for planned relocation

Many countries seeking MDB finance will require technical assistance and support in accessing financing for planned relocation projects. Demands for MDB technical assistance are likely to be wide-ranging and considerable, reflecting the complexity of the policy area and the relatively underdeveloped state of planning in many countries.

Planned relocation is, as noted, viewed as a last resort. This does not, however, mean that it should continue to be undertaken on an ad hoc and reactive basis: this is increasingly untenable given the growing magnitude and frequency of shocks. Instead, it is crucial that MDBs, with other organizations, assist countries in preparing predictable, evidence-based, consultative, and equitable planned relocation policy.

### Proactively assessing when planned relocation is needed

Planned relocation of communities is necessary when life in the current location cannot viably continue. This occurs when adaptation in-situ is no longer possible.

Adaptation becomes impossible when its 'hard' or 'soft' limits are reached. 'Soft' limits refer to cases in which adaptation options are not currently feasible due to technological or socioeconomic constraints, but may be in the future. 'Hard' limits refer to cases in which adaptation is no longer possible: a location is or will become wholly uninhabitable, e.g., due to extreme desertification, uncontainable floods, or sea-level rise.[44] 'Soft' limits may be mitigated through new technologies, increased financing, and greater political will for action.

Both scenarios involve a high degree of subjectivity. Where limits are 'soft', an increased willingness to invest in protecting a hazard-exposed community may allow the community to remain. Even in cases of 'hard' limits, concepts of 'uninhabitability' can be highly contested.[45] Within the same community, or even the same household, different members may have very different views of whether a habitability threshold has been breached.[46]

As climate shocks increase in intensity and frequency, it is important that parameters for continued adaptation support or planned relocation are agreed. Known parameters allow governance actors, the private sector, and communities to judge whether to invest in a community. Without proactive assessment of climate risk and assurance of adaptation or relocation plans, there is a growing risk of 'stranded assets'. Stranded assets are economic resources that "become non-performing before the end of its useful life."[47] A school building with a lifespan of fifty years that is constructed twenty-five years before a planned relocation occurs, for example, would become a stranded asset. The creation of stranded assets should be avoided through advance warning of probable planned relocation, informing investment decisions. Equally, while the risk of asset stranding and public losses should be considered in determining whether to follow in situ adaptation approaches or planned relocation, care must be taken to avoid the 'sunk cost fallacy'. The existence of valuable assets at risk of stranding should not preclude a planned relocation, but should instead be a factor in the necessary cost-benefit analysis.

The process for establishing the parameters for planned relocation is likely to be intensely political and contested. Sound governance of multiple policy areas at multiple levels—Including budgetary management; adaptation planning; urban and infrastructure development; and service provision—nonetheless requires that these parameters exist. Their creation should occur through an accountable and open government-led process with genuine opportunities for participation. An adequate system for assessing relocation prioritization should take into account the relative

44 Adelle Thomas et al. (2021), "Global evidence of constraints and limits to human adaptation", *Regional Environmental Change*, 21. https://doi.org/10.1007/s10113-021-01808-9; Jeroen C.J.H. Aerts et al. (2024), "Exploring the limits and gaps of flood adaptation", *Nature Water*, 2, pp. 719–728. https://doi.org/10.1038/s44221-024-00274-x

45 Radley M. Horton et al. (2021), "Assessing human habitability and migration", *Science*, 372(6548), pp. 1279–1283. https://doi.org/10.1126/science.abi8603

46 Sonja Ayeb-Karlsson et al. (2019), "I will not go, I cannot go: cultural and social limitations of disaster preparedness in Asia, Africa, and Oceania", *Disasters*, 43(4), pp. 752–770. https://doi.org/10.1111/disa.12404

47 Gregory C. Unruh (2019), "The Real Stranded Assets of Carbon Lock-In", *One Earth*, 1(4): 399–401, p. 399. https://doi.org/10.1016/j.oneear.2019.11.012

economic importance of a community; the cost of funding both relocation and in-situ adaptation across a range of climate scenarios and timeframes; and the risk that in-situ adaptation efforts nonetheless fail, resulting in stranded assets. Assessments should also consider non-economic factors, such as the risk of rights violations in both scenarios and of place attachment.

To facilitate planned relocation beyond ad hoc engagements, MDBs should support the development of parameters allowing predictable decision-making. Some countries are already starting to create parameters, and MDBs can transmit lessons. In Fiji, a Comprehensive Risk and Vulnerability Assessment Methodology has been developed to provide "a structured framework for assessing the risks and vulnerabilities of our communities, incorporating not just physical and environmental factors but is also directly informed and rooted in the understanding of the specific social and cultural dimensions that need to be factored into the assessments."[48] The methodology has not been made public at the time of publication, but is intended to identify communities in need of relocation support in a more objective and evidence-based way.

The Marshall Islands provide a good example of a longer-term effort to make planned relocation policy predictable and reliable. The Marshall Islands comprise entirely low-lying atolls and are highly vulnerable to sea-level rise.[49] Its NAP, highly unusually, sets out time-delineated periods in which decisions about adaptation investments and relocation are to be taken:

- Near-term, 2024–2040: Prepare institutional frameworks and prioritize immediate, low-risk adaptation initiatives.
- Mid-century, 2040–2070: Re-evaluate existing measures using updated sea-level rise data, and make decisions about which atolls can be sustainably adapted and which populations must be relocated.
- Longer-term, 2070–2100: Comprehensively review strategies based on sea-level rise, including planned relocation policies and international mobility.[50]

The examples from the Marshall Islands and Fiji provide a reference that can inform practice elsewhere. Long-term planning, incorporating multiple climate and resource scenarios, is crucial to predictable adaptation investments and planned relocation initiatives. Plans should be updated at known intervals, and based on adequate data and decision-making protocols that are public and consultative. MDBs have, or can further develop, pools of technical expertise to respond to demand in these areas.

48 Fiji Climate Change Portal (2024), "PS MECC Dr. Michael officiates at Comprehensive Risk and Vulnerability Assessment Methodology (CRVAM) workshop in Suva". https://fijiclimatechangeportal.gov.fj/ps-mecc-dr-michael-officiates

49 Kees van der Geest et al. (2020), "Climate change, ecosystem services and migration in the Marshall Islands: are they related?", *Climatic Change*, 161: 109–127. https://doi.org/10.1007/s10584-019-02648-7

50 Marshall Islands (2023), *National Adaptation Plan - Marshall Islands*. Majuro: Government of the Marshall Islands. https://unfccc.int/documents/636549

## Data availability

Creating and following decision protocols on planned relocation requires adequate data. Information is needed on hazards, socioeconomic factors informing relocation policy, and adaptation options and costs.

The data needed will depend on the set of indicators chosen to inform parameters for assessing planned relocation policy.[51] These will vary with context, but may include, for example:

- Local supply of fresh water.
- Viability of agricultural production or other livelihoods.
- Adaptive capacity of local population in the face of anticipated hazards.
- Capacity of existing adaptation infrastructure to withstand anticipated hazards.
- Cost of rebuilding infrastructure or dwellings that may fail due to hazards.
- Insurance coverage, where relevant.

Assessing planned relocation needs across both the short and long term requires relatively granular data. This may be provided by commercial actors such as the insurance industry, where available. It could also be provided by government agencies, academic research institutions, or MDB technical capacities. A combination of remote sensing, community science, and data analytics can improve government knowledge of adaptation needs and limits.[52] Greater information-sharing between ministries can also increase decision-making capacities.[53] MDBs can support countries in building capacities in data-gathering and analysis, through funding for technical agencies or discrete projects and direct technical support.

## Supporting increased cross-governmental coordination

Planned relocation requires significant coordination across a wide range of government departments and levels. As relocations become necessary at larger scales and higher frequencies, relocation-specific coordination across ministries and levels of governance will need to increase. This is vital to ensure that the need for planned relocations is minimized; that planned relocations are successfully prepared and implemented; and that planned relocations are adequately financed. Analyses of previous planned relocation efforts suggest that despite the importance of collaboration and clear lines of planning, a lack of governance frameworks remains a major challenge.[54]

51 McAdam and Ferris, 2015, "Planned Relocations in the Context of Climate Change".

52 Richard H. Moss et al. (2021), "Planned relocation: Pluralistic and integrated science and governance", *Science*, 372(6548): 1276–1279. https://doi.org/10.1126/science.abh3256

53 Jessie Connell and Sabira Coelho (2018), "Planned relocation in Asia and the Pacific", *Forced Migration Review*, 59: 46–48. https://www.fmreview.org/guidingprinciples20/connell-coelho/

54 Pranav Prakhyat Garimella (2022), "Planned relocation: An unusual case for developed countries", *Current Research in Environmental Sustainability*, 4. https://doi.org/10.1016/j.crsust.2022.100177

Collaboration is required between national ministries including healthcare, environment, labor, infrastructure, education, and governance actors at the city, regional, and sub-regional levels. Given the long-term nature of planned relocation projects, clear responsibilities and regular contact is vital, and a central coordinating structure is likely to be necessary. Fiji's approach is instructive as it created a framework, funding vehicle, and set out individual ministries' responsibilities (see Box 2).[55]

Given the complexity of planned relocation projects and the potential for high levels of friction between different actors in crosscutting policy spaces, MDBs should engage closely with countries to ensure that governance systems are adequate to the task. Financial assistance should be made contingent on suitable coordination to ensure efficiency. It is possible that, in some countries, national development banks may be a suitable mediating actor for MDB funding needed at subnational levels.[56] In others, support in establishing a trust fund or similar national-level coordinating funding instrument may be useful in reducing frictions over funding sources and commitments. MDBs have previous experience in supporting such engagements. Tonga's Climate Change Trust Fund was supported by ADB, as noted.[57] The World Bank, together with other development partners, supports Bangladesh's Climate Change Resilience Fund; this could be a viable instrument for relocation support, but does not yet have funding responsibility in this area.[58] The IDB's experience in supporting the relocation of the Guna community in Panama (see Box 3) also offers useful lessons.

Finally, MDBs should encourage cross-governmental collaboration in ensuring that the need for planned relocations is minimized through climate-aware and rigorously enforced zoning regulations. Many geographies exposed to future hazards, such as coastlines, are attractive areas for habitation and investment in the short-term. Ensuring that short-term local incentives do not allow the construction of assets that will later become stranded is likely to require multi-level accountability.

55 Government of Fiji (2019), "Climate Relocation of Communities Trust Fund: Financial Management Policy Guide". Suva: Government of Fiji. https://fijiclimatechangeportal.gov.fj/res_topics/resources/

56 Sara Harb et al. (2021), "Leveraging National Development Banks to Enhance Financing for Climate-Smart Urban Infrastructure: Directed to International Finance Institutions", CCFLA Policy Brief. San Francisco: Climate Policy Initiative. https://www.climatepolicyinitiative.org/publication/leveraging-national-development-banks-to-enhance-financing-for-climate-smart-urban-infrastructure/

57 Thornton, 2022, "Research Brief on Climate Mobility".

58 Chakma Kisinger, and Kenichi Matsui (2021), "Responding to Climate-Induced Displacement in Bangladesh: A Governance Perspective", *Sustainability*, 13(14). https://doi.org/10.3390/su13147788

### BOX 3. IDB support in the relocation of the Guna community, Panama

The Guna indigenous community of Gardi Sugdub, a small low-lying Panamanian island, began seeking support for relocation due to sea-level rise in 2010. The community purchased land on the Panamanian mainland, but relocation was delayed by a lack of government coordination.[59] The relocation was ultimately completed in 2024.[60] Panama does not yet have a planned relocation policy: other national strategy documents mention anticipated planned relocations, but without providing guidance on financing modalities or technical assistance.

Between 2018 and 2023, the Inter-American Development Bank (IDB) provided technical assistance, without funding, in the relocation of the Guna community. This followed a request for support by the community and its local governance committee, who requested support in strengthening participatory processes; increasing technical capacities; and facilitating coordination between public bodies. The total cost of the assistance was $945,000, of which $94,500 was provided by Panama.[61] The IDB's engagement had three pillars:

- Technical studies, such as mapping of pre-relocation land uses and needs assessments;
- Participatory planning, coordination, and coherence, including the establishment of a grievance mechanism and a budget;
- Project monitoring, communications, and information management.

The IDB envisaged two potential risks to the project: that it would elevate expectations unfairly, and that other communities would object to perceived preferential treatment. To mitigate these risks the IDB sought to engage closely with all relevant stakeholders, frequently updating them on progress, and with wider community leadership beyond Gardi Sugdub.[62] The IDB also cooperated closely with anthropologists and human rights lawyers, ensuring that communication was adequate; planning was sound; and project elements were well-coordinated to meet the community's cultural needs. It has therefore been suggested to be a model to follow for other MDB engagements elsewhere.[63]

59 Human Rights Watch (2023), "'The Sea is Eating the Land Below Our Homes': Indigenous Community Facing Lack of Space and Rising Seas Plans Relocation". https://www.hrw.org/report/2023/07/31/sea-eating-land-below-our-homes/indigenous-community-facing-lack-space-and-rising

60 Erica Bower (2024), "Panama Completes First Climate-Related Relocation", Human Rights Watch. https://www.hrw.org/news/2024/05/29/panama-completes-first-climate-related-relocation

61 Inter-American Development Bank (2024), "Sustainable Guna Relocation Due to Climate Change". https://www.iadb.org/en/project/PN-T1188

62 Inter-American Development Bank (2024), "PN-T1188 Documento de Cooperación Técnica (CT)". https://www.iadb.org/en/project/PN-T1188

63 Human Rights Watch (2024), "Submission to the UN Special Rapporteur on the Rights of Internally Displaced Persons". https://www.ohchr.org/en/calls-for-input/2024/call-input-hrc56-thematic-report-climate-change-and-internal-displacement

## Cost-benefit analyses

Cross-governmental coordination will be especially important in undertaking ex-ante cost-benefit analyses. These are vital in ensuring that a relocation project is necessary, and that all elements of a relocation project have clear funding cases. This is especially important in ensuring that projects are 'bankable' and able to secure international finance.

Rigorous pre-relocation cost-benefit analyses are not currently undertaken universally. In the analysis undertaken for the Platform on Disaster Displacement, of the 34 planned relocation cases reviewed, only a fifth undertook formal ex-ante assessments of the project (such as environmental risks or a cost-benefit analysis) in origin or destination sites that were documented in available English-language academic and grey literature.[64] Where assessments are undertaken, they may be insufficient. In one study of seventeen relocated communities, assessments of long-term site of destination viability could be found for only two of the communities involved. Even these assessments considered only current—2016—coastal hazard exposure and risk. Future sea level rise projections, which themselves would vary based on emissions scenarios and timeframes, were not considered.[65]

The current frequency and quality of assessment is inadequate. Given the requirement for cost-benefit analyses to be undertaken before an MDB invests, MDBs will need to coordinate with other actors to ensure these are undertaken and are reliable. In the case of the relocation of the Narikoso community in Fiji, for example, a detailed cost-benefit analysis was carried out.[66] It suggested that whole-of-community relocation would be uneconomical; ultimately, seven households were relocated.[67] Despite the detailed pre-project analysis, the relocation initiative nonetheless cost more than three times the anticipated cost, and the relocated community—expected to fund 25 percent of the project—was unable to source sufficient finance. International finance from donors was required to complete the relocation.[68] It appears this disregard of relocation assessments is not exceptional, and that decisions of destination may sometimes be taken on the basis of influential community members' preferences.[69] MDBs providing support to planned relocation projects should seek to

64 Bower and Weerasinghe, 2021, *Leaving Place, Restoring Home.*

65 Erica Bower et al. (2024), "Planned relocation may reduce communities' future exposure to coastal inundation but effect varies with emission scenario and geography", *Communications Earth and Environment*, 5. https://doi.org/10.1038/s43247-024-01854-1

66 James Jolliffe (2016), "Economic dimensions of relocation as an adaptation strategy to climate change: A case study of the Narikoso Relocation Project, Fiji". Suva: Pacific Community. https://www.spc.int/DigitalLibrary/Doc/SPC/Climate_Change/Economic_dimensions_of_relocation_as_an_adaptation_strategy_in_Fiji_WEB.html

67 Merewalesi Yee et al. (2024), "Partial planned relocation and livelihoods: Learnings from Narikoso, Fiji", *Asia Pacific Viewpoint*. https://doi.org/10.1111/apv.12409

68 Clothilde Tronquet (2015), "From Vunidogoloa to Kenani: An Insight into Successful Relocation", in eds. Gemenne, F., et al., *The State of Environmental Migration Review 2015*, pp. 121–144. Paris: SciencesPo. https://publications.iom.int/books/state-environmental-migration2015-review-2014; Liam Moore (2022), "Putting principles into practice: lessons from Fiji on planned relocations", *Forced Migration Review*, 69, pp. 51–53. https://www.fmreview.org/climate-crisis/

69 Bower et al., 2024, "Planned relocation may reduce communities' future exposure to coastal inundation".

ensure that an adequate assessment is undertaken and that project implementation follows an agreed and informed due process.

Cost-benefit analyses must consider the costs of staying in the area of origin; the cost of the relocation itself; and the value of the relocated community. A non-exhaustive list of key factors is set out in Table 1.

**TABLE 1. Key factors in cost-benefit analysis of planned relocation projects**

| | |
|---|---|
| **Costs of non-relocation** | **Costs of adaptation initiatives needed to keep hazard risk below an acceptable threshold** |
| | Direct damages (e.g., flooded dwellings) due to anticipated hazards over a range of emissions pathways and timeframes |
| | Indirect damages (e.g., productivity declines, erosion of tax base, higher insurance premiums, etc.) due to anticipated hazards during the considered timeframe |
| | Cost of stranded assets if relocation is needed despite adaptation investments |
| | Costs to life or health among those remaining |
| | Social costs of non-relocation |
| **Costs of relocation** | Direct costs of relocation, e.g., the purchase of land; construction of dwellings; increased services in the area of destination; and the cost of government staff and advisors |
| | Indirect costs of relocation, e.g., reductions to the tax base of local government in the area of origin; negative externalities in areas of destination |
| | Reductions in community's economic productivity in period following relocation |
| | Costs related to debt repayments if relocation is funded through loans |
| | Cost of stranded assets abandoned due to relocation |
| | Negative externalities of relocation, e.g., if land must be cleared of mangroves |
| | Costs to health of movement |
| | Social costs of relocation |
| **Benefits of relocation** | Reduced state expenditure on reconstruction in the area of origin |
| | Reduced adaptation expenditure versus non-relocation |
| | Reduced risk of stranded assets over the long term |
| | Preservation of life and health |
| | Increases to economic productivity in the area of destination |
| **Discount rates** | Determined by a range of inputs |

In undertaking a cost-benefit analysis, additional attention must also be paid to concerns relating to equity, informing the weighting of different factors when converted into monetary values. This has frequently been neglected in the past.[70] Instead, cost-benefit analyses should include consideration

70 Wilmesen and Webber, 2015.

of social costs and benefits of both relocation and non-relocation.[71] This is challenging and requires further research, but is highly necessary if non-grant funding is to be obtained without perpetuating inequities.

Some examples of cost-benefit analyses for planned relocations can be learned from, although many do not consider all the factors listed above. In Canada, for example, an analysis of possible adaptation strategies in the Acadian Peninsula compares the costs of in-situ adaptation methods using varying flood defenses to relocation options.[72] It does not, however, consider economic contributions in areas of origin and destination; the Narikoso analysis does in part. Several cost-benefit analyses neglect to apply discount rates, discussed below.[73]

Notably, cost-benefit analyses for adaptation initiatives must take a very long-term view on their benefits. This poses significant challenges, both in assessing likely climate scenarios and their associated risks, and in establishing discount rates for investments.[74] Discount rates reflect differences in the valuation of current costs versus future costs. Typically, current costs are considered more important than future costs, creating problems for investment choices intended to alleviate cost burdens on future generations.[75]

In both research literature and practice, a wide range of discount rates are used. The UNFCCC recommends that analyses should apply a range of discount rates, with additional analysis conducted if a discount rate is chosen close to a tipping point that reverses the outcome of an adaptation intervention's cost-benefit analysis.[76] In the Narikoso analysis, a range of discount rates were considered, from 7 percent (commonly used in Pacific contexts) to the 10–12 percent recommended by ADB.[77] Other analyses suggest that adaptation initiatives should use a social discount rate, a category generally lower than financial discount rates due to the intention to maximize social and environmental benefits rather than profit. Social discount rates for adaptation initiatives have been suggested to range from 1–6 percent, but there is no consensus.[78]

71 Peter Penz et al. (2011), *Displacement by Development: Ethics, Rights and Responsibilities*. Cambridge: Cambridge University Press. https://doi.org/10.1017/CBO9780511973499

72 Mélanie Aubé et al. (2016), "Cost Benefit Analysis of Climate Change Adaptation Strategies for the Acadian Peninsula". Shippagan: VALORĒS Research Institute. https://adaptationpa.ca/en/secteur-centre-peninsule-et-shippagan/le-goulet

73 See e.g., Allan Lavell et al. (2016), "Colombia, Peru & Mexico: Cost & Benefit Analysis 3/4". London: UCL. https://www.ucl.ac.uk/bartlett/development/research-projects/2023/mar/reducing-relocation-risk-urban-areas

74 Jonathan Boston et al. (2020), "Designing a funding framework for the impacts of slow-onset climate change — insights from recent experiences with planned relocation", *Current Opinion in Environmental Sustainability*, 50: 159–168. https://doi.org/10.1016/j.cosust.2021.04.001

75 María José Valverde et al. (2022), *Costs of Adaptation vs Costs of Inaction*. Brussels/Berlin/Frankfurt: Ramboll Management Consulting, Ecologic Institute, Frankfurt School. https://www.ecologic.eu/19650

76 UNFCCC (2011), *Assessing the costs and benefits of adaptation options: an overview of approaches*. Bonn: UNFCCC. https://www.uncclearn.org/resources/library/assessing-the-costs-and-benefits-of-adaptation-options-an-overview-of-approaches/

77 Jolliffe, 2016, "Economic dimensions of relocation as an adaptation strategy"

78 Valverde et al., 2022, *Costs of Adaptation vs Costs of Inaction*.

The outcomes of cost-benefit analyses will also vary with the model of planned relocation used—such as whether the project follows a 'single origin–single destination' model, or a 'multiple origin–multiple destination' model.[79] In a study of planned relocation options in Australia, costs are found to be highly variable depending on the design of a scheme (whether undertaken through a buy-back approach or through whole-of-community relocation); a scheme's location, due to varying house and land prices; and the size of a scheme: larger schemes, especially whole-of-community relocations, enjoy economies of scale.[80] Buy-backs were found to be generally more cost-effective than community relocations, especially in small-scale relocations, due to the higher cost of land sub-divisions and housing construction than the purchase of existing properties. The analysis did not, however, attempt to model the economic value of keeping communities together, nor the possibility of housing under-supply. Similar findings are reported in a detailed study of options in a Canadian context.[81]

Support in undertaking cost-benefit analyses is a clear area of valuable contribution for MDBs. MDBs have widespread and deep experience in conducting cost-benefit analyses.[82] They are well-placed to offer countries advice and direct support in ex-ante assessments for planned relocation projects.

## Preparing project proposals

Authorities planning relocations may need dedicated support in preparing project proposals capable of attracting finance from MDBs or other sources, such as the global climate funds. Many planned relocation projects may be undertaken by a municipal or regional governance actor, often with limited administrative capacity and experience in preparing project proposals for international funding. Variations in project proposal capacity often reflects, and shapes, wider inequities. Poorer communities, with lower funding for governance capacity, may be less able to develop proposals for adaptation programs; they may therefore have a greater need for relocation support, but similarly be unable to prepare adequate proposals for funding.[83]

This is a gap in which MDBs may need to develop new programs of support or incorporate planned relocation projects into existing programs. For example, the World Bank currently operates a 'Gap Fund' to support cities in applying for climate finance. This fund:

- Provides technical assistance and capacity building for low-carbon and climate-resilient development;

79 See Bower and Weerasinghe, 2021, *Leaving Place, Restoring Home*.
80 Rhys Thomson (2023), "Planned Relocation – Protecting Our Communities". Neutral Bay: IAG and Rhelm. https://www.iag.com.au/about-us/research
81 Mathieu Boudreault et al. (2023), "Comparison of three flood-related relocation programs with probabilistic cost-benefit analyses", *International Journal of Disaster Risk Reduction*, 96. https://doi.org/10.1016/j.ijdrr.2023.103950
82 See e.g., World Bank (2010), "Cost-Benefit Analysis in World Bank Projects". Washington, D.C.: World Bank. https://hdl.handle.net/10986/2561
83 Huckstep and Clemens, 2023, *Climate Change and Migration*.

- Supports a high-quality pipeline of urban investment projects in preparation for later technical assistance, assisting cities in applying for international climate finance; and
- Shares knowledge on project preparation with developers and financiers.[84]

A similar dedicated facility could be created to support preparations for planned relocation projects. The World Bank estimates that before 2030 approximately $300 billion per year will be needed to support the formulation of project proposals, a need often overlooked by national governments when allocating budgets.[85] Where planned relocations are not coordinated by a well-resourced national-level actor, MDBs may need to step in to assist subnational actors with technical support to prepare plans and access financing.

## Supporting implementation of planned relocations

In the operationalization of a planned relocation protocol, several steps are crucial. MDBs are well-placed to provide technical assistance in operationalization.

Firstly, a detailed understanding of both the area of origin and possible areas of destination must be developed before planned relocation is undertaken. This includes the mapping of community assets and tenure arrangements, in order to better understand risk and to inform levels of compensation, buyout options, and legal approaches. This is, for example, recommended in Vanuatu's National Policy on Climate Change and Disaster-Induced Displacement.[86] In contexts in which land is held communally, tenure mapping may be challenging and buyouts may be functionally impossible.[87] In the area of destination, land for the relocated community can most easily be sourced when the community is being moved within its own holdings. If this is not possible, land may need to be alienated by the government or donated.

Secondly, the methods used in the planned relocation must be identified. As noted, while planned relocations are predominantly whole-of-community projects, there are multiple different forms, with benefits and drawbacks depending on context. For example, in cases in which hazards are imminent and communities do not prioritize remaining together, a system of state property buyouts upon individual application may be appropriate.[88] In cases in which communities prioritize remaining together, by contrast, buyouts must be near-simultaneous and an area of destination adequate for the entire community must be identified. In cases in which relocation is necessary

84 World Bank (2021), "City Climate Finance Gap Fund", World Bank online brief. https://www.worldbank.org/en/topic/urbandevelopment/brief/city-climate-finance-gap-fund; World Bank (2021), "City Climate Finance Gap Fund: Annual Report 2021". Washington, D.C.: World Bank. https://www.worldbank.org/en/programs/gap-fund/publications

85 Ibid.

86 Government of Vanuatu, 2018, "National Policy on Climate Change and Disaster-Induced Displacement".

87 Daniel Fitzpatrick (2022), "Research brief on land tenure and climate mobility in the Pacific", Pacific Islands Forum Secretariat. https://pacificresiliencepartnership.org/en/resources/research-brief-land-tenure-and-climate-mobility-pacific-region

88 Caroline M. Kraan et al. (2021), "Promoting equity in retreat through voluntary property buyout programs", *Journal of Environmental Studies and Sciences*, 11: 481–492. https://doi.org/10.1007/s13412-021-00688-z

but hazards are less imminent, a usufruct arrangement, in which the state purchases properties but households are granted the right to use and derive profit from the property until departure, may be suitable.[89] The suitable relocation model will depend upon the results of consultations and cost-benefit analyses.

Thirdly, the specific populations being moved by an individual project must be identified. This may raise questions of both equity and efficiency. McAdam and Ferris observe that there are challenges in "'counting' the number of people to be relocated", and in selecting the methodology to use when doing so.[90] It must be decided, for example, whether a certain duration of tenure in the community prior to relocation is sufficient to make a household eligible for support; and whether those who move outside a particular window of time should receive assistance. There is a risk of establishing perverse incentives, such as continued habitation of a hazard-exposed area due to the expectation of future relocation assistance.

Fourthly, a plan must be created for negotiating non-participation in relocations. Planned relocation projects are particular in that, unlike programs of government buyouts or evacuations, they typically involve whole-of-community movement to a shared point of destination.[91] This can present challenges. In some cases, a community may not want to remain together; the management of a planned relocation on a project basis may become more challenging if the community splits. Some members may also wish to stay behind in voluntary immobility.[92] In the Panamanian case of relocation from Gardi Sugdub, for example (see Box 3), some islanders expect not to relocate; the government has indicated that support for existing infrastructure will be discontinued.[93] Peru's relocation policy, similarly, specifies that those refusing relocation to remain in areas of unmitigable risk must forfeit their land rights.[94] Where part of a community is not willing to relocate, MDBs can support governments in developing protocols for continued support, or partial withdrawal, from populations remaining in high-hazard areas. For example, decisions must be made about the economic viability and equity of continuing to provide state support for public services, infrastructure, and insurance in areas that regularly require reconstruction, especially in contexts of highly constrained adaptation resources.

Fifthly, community engagement must be ensured throughout the process of planning and undertaking relocation. Numerous studies note the fundamental importance of meaningful participation by affected communities. However, the concept of 'community' is not monolithic, and there may often not be a durable consensus regarding a community's future.[95] Bower et al.

89 Boudreault et al., 2023, "Comparison of three flood-related relocation programs".
90 McAdam and Ferris, 2015, "Planned Relocations in the Context of Climate Change".
91 Bower et al. (2022), "Mapping of Planned Relocation Cases".
92 Carol Farbotko et al. (2020), "Relocation planning must address voluntary immobility", *Nature Climate Change*, 10: 702–704. https://doi.org/10.1038/s41558-020-0829-6
93 Human Rights Watch, 2024, "Submission to the UN Special Rapporteur".
94 Government of Peru, 2012, "Ley Nº 29869".
95 Erica Bower et al. (2024), "Complicating "community" engagement: Reckoning with an elusive concept in climate-related planned relocation", *Global Environmental Change*, 88. https://doi.org/10.1016/j.gloenvcha.2024.102913

differentiate between several possible types of engagement used in preparing planned relocation projects:

- Passive participation: "the affected population is informed, but not heard, such as through dissemination of documents or public briefings by officials."
- Information transfer: "affected populations supply information in response to questions but do not make decisions and do not influence the process."
- Consultation: "affected populations are asked to offer their opinions, suggestions, and perspectives but are not involved in decision-making or implementation of projects."
- Collaboration: "the affected population is directly involved in needs analysis and project implementation, and may contribute agency-led projects with labor and other skills."
- Decision-making and control of resources: "affected populations are involved in project assessment, planning, evaluation and decision making."
- Local initiative and control: "affected populations take the initiative; the project is conceived and run by the community, potentially with the support of agencies."

The *appropriate* form of community engagement will vary across community contexts, but whether or not it is 'meaningful' engagement will be determined by the type of engagement; frequency of engagement over the relocation; and power dynamics. MDBs supporting planned relocation projects must develop guidelines that identify when, and why, particular forms of engagement are to be used.

Sixthly, preparations for the relocated community must be made in the area of destination. This includes the purchase of new land, where the community is not moving within their own holdings, and the supply of new infrastructure. For example, a community of destination may require increased support to schools, waste management systems, and transport. If the relocated community is being moved to join an existing community, rather than into unoccupied land, political buy-in in the area of destination will be important; connecting the relocation to increased local capital support may therefore be important both to the long-term success of the relocation and to its short-term political prospects. Subsistence support may also need to be provided to relocated households in the area of destination in the period after relocation, until livelihoods are reestablished.[96]

## Evaluating planned relocation projects

Planned relocations are fundamentally a disaster risk reduction intervention. Under the Sendai Framework, countries are required to set defined timescales, with targets, indicators, and timeframes for implementation in their disaster risk reduction policies.[97] NAPs and similar policy frameworks of relevance should follow this requirement, but currently seldom do so.[98]

96 Correa et al., 2011, *Populations at Risk of Disaster.*

97 UNDRR (2019), *Words into Action: Developing National Disaster Risk Reduction Strategies*. Geneva: UNDRR. https://www.undrr.org/developing-national-disaster-risk-reduction-strategies

98 Denis Mombauer et al. (2023), "Addressing climate-related human mobility through NDCs and NAPs: State of play, good practices, and the ways forward", *Frontiers in Climate*, 5. https://doi.org/10.3389/fclim.2023.1125936

The Nansen Initiative Protection Agenda, similarly, notes the importance of "engag[ing] both relocated and host communities in consultation, planning, implementation and evaluation of planned relocation programmes and projects[,] tak[ing] into account community ties, cultural values, traditions and psychological attachments to their original place of residence."[99]

At present, however, there is a lack of longitudinal evaluations of planned relocation outcomes.[100] More fundamentally, there are still many open questions in defining 'success' in the context of planned relocation:

- Populations: For whom is a planned relocation successful: for those who relocate, those who remain behind, the community of destination, or the broader polity?
- Time: When should success be assessed? Should a relocation be evaluated a year after it is complete, or a generation after?
- Domains: How should risk reduction and economic constraints be evaluated simultaneously with issues of wellbeing and equity?

In its guidelines on planned relocation, the IFRC advises that evaluators should establish a long-term plan for evaluation, with ringfenced funding allowing analysis up to, for example, three years after movement.[101] Academic studies of existing evaluations stress that given the psychosocial and cultural impacts of planned relocation, evaluation measures need to incorporate qualitative non-economic indicators as well as economic and wellbeing outcomes.[102] Erica Bower and others suggest that for short-term assessments an amended version of the sustainable livelihoods approach, previously used in Fiji, Sri Lanka, and Mozambique, may be a useful starting point.[103]

MDBs are well-placed to assist countries in evaluating planned relocation programs. It is likely that, with other international organizations, MDBs are already providing evaluation support in some contexts (see Box 3 for an example).[104] As the frequency and scale of planned relocations increase, MDBs will need to develop more detailed methodologies for reliable evaluations.

99 Platform on Disaster Displacement (2015), *Agenda for the Protection of Cross-Border Displaced Persons in the Context of Disasters and Climate Change*. Geneva: Platform on Disaster Displacement. https://disasterdisplacement.org/resource/nipa-vol1/

100 Bower and Ferris, 2023, "Planned Relocations: What we know, don't know, and need to learn".

101 IFRC 2022, "Planned Relocation in the Context of Disasters and Climate Change."

102 Mumuni Abu et al. (2024), "Social consequences of planned relocation in response to sea level rise: impacts on anxiety, well-being, and perceived safety", *Scientific Reports*, 14. https://doi.org/10.1038/s41598-024-53277-9

103 Erica Bower et al. (2023), "Enabling pathways for sustainable livelihoods in planned relocation", *Nature Climate Change*, 13: 919–926. https://doi.org/10.1038/s41558-023-01753-x

104 Rachel Harrington-Adams and Erica Bower (2024), "A missing link? The role of international organizations in climate-related planned relocation", *Climate Policy*. https://doi.org/10.1080/14693062.2024.2390523

## MDB finance

The literature on planned relocation underscores the high capital and service delivery costs needed for equitable planned relocations.[105] Without sufficient resources, applying any comprehensive framework for planned relocation becomes almost impossible.[106] However, while the literature has identified generic streams of finance or the use of financial instruments to support planned relocation, it remains largely theoretical.[107]

In terms of utilizing existing modalities to finance planned relocation, MDBs and the global climate funds offer countries options that can be flexibly applied, provided the business case for investment is made (see Table 2).[108] In the absence of an agreed approach, investments are likely to be ad hoc. If countries can be supported in developing clear protocols for planning and implementing relocation projects, including the development of business cases for investment with reliable cost-benefit analyses, increased funding may become available.

**TABLE 2. Indicative modalities to finance planned relocation**

| | |
|---|---|
| Project lending | Supports investments with a clear scope; tangible outputs; and the estimated cost of goods, works, and services needed to complete the project. |
| Emergency assistance lending | Helps rebuild high-priority physical assets and restore economic, social, and governance activities after disasters and emergencies. |
| Multitranche financing | Supports complex projects that require a larger investment and longer commitment than a regular project loan could provide. |
| Sector development program | Combines a policy-based loan with an investment loan, responding to times when a country has both an investment requirement and a need for policy reform in a given sector. |
| Results-based lending | Focuses on the positive change. It finances government-owned programs and relies on country systems for financial management, procurement, safeguards, and monitoring and evaluation. |
| Technical assistance | Supports the preparation, financing, and execution of development projects and programs. It helps increase borrower capacity to make better use of their development resources. |

105 Huckstep and Clemens, 2023, *Climate Change and Migration*.

106 Gabriela Nagle Alverio et al. (2021), "The Role of International Organizations in Equitable and Just Planned Relocation," *Journal of Environmental Studies and Sciences* 11(3), pp. 511–22, https://doi.org/10.1007/s13412-021-00698-x

107 Denis Tänzler and Tobias Bernstein (2022), "The Landscape of Financing Options to Address Human Mobility in the Context of Climate Change. Instruments and Approaches to Finance Measures on Climate Change Related Migration, Displacement and Relocation". Bonn and Eschborn/Berlin: Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH/adelphi. https://adelphi.de/en/publications/the-landscape-of-financing-options-to-address-human-mobility-in-the-context-of-climate

108 Steven Goldfinch (2024), "Displacement as a Development Issue: Enabling Public Policy to Unlock Climate Finance in Asia and the Pacific", Center for Global Development Policy Paper, No. 332. Washington, DC: Center for Global Development. https://www.cgdev.org/publication/displacement-development-issue-enabling-public-policy-unlock-climate-finance-asia-and

At present, few countries are seeking development or adaptation finance from MDBs for standalone planned relocation projects. However, there are examples of where MDBs have financed components of projects or related aspects (see Box 4), including in Sao Tome and Principe.[109]

### BOX 4. Inclusive, resilient, and sustainable housing for urban poor in Tamil Nadu[110]

In support of the Government of Tamil Nadu, the Asian Development Bank financed a $215 million housing sector project to promote access to inclusive, resilient, and sustainable housing and urban development by relocating 6,000 slum households living in areas exposed to natural hazards to newly constructed housing units in safe locations. The project is also mobilizing private sector finance to construct affordable housing for poor urban households, migrant workers, lower-income groups, and other populations that are underserved by the housing market, as well as supporting the government with regional development planning.

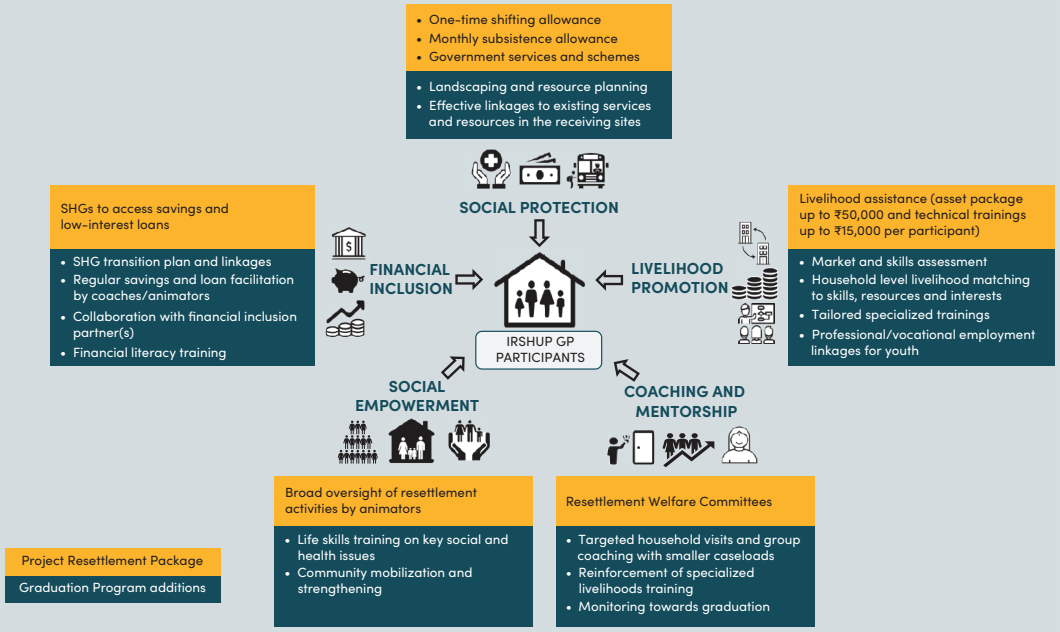
While the displaced households received a standard resettlement package, this was complemented by additions from a graduation program (see Figure 2). To address economic aspects of the displacement, the project piloted the Graduation Approach to reduce the negative impacts of resettlement and support households in rebuilding their lives through sustained economic and social welfare post-relocation.[111] This involved social protection, livelihood promotion, financial inclusion, and social empowerment supported by coaching and mentorship.

109 World Bank (2017), "Voluntary Relocation for West Africa's Coastal Communities", WACA Knowledge Sheet, No. 8. https://documents.worldbank.org/en/publication/documents-reports/documentdetail/884811490277430915/voluntary-relocation-for-west-africas-coastal-communities

110 Asian Development Bank (ADB) (2021), "Proposed Loan and Technical Assistance Grant India: Inclusive, Resilient, and Sustainable Housing for Urban Poor Sector Project in Tamil Nadu". Manila: Asian Development Bank. https://www.adb.org/projects/53067-004/main#

111 The Graduation Approach, pioneered by BRAC in 2002, is a holistic, time-bound, and carefully sequenced set of interventions to place households on an upward trajectory from poverty. It includes four pillars: (i) social assistance in the form of cash transfers or a subsistence allowance and access to immediate needs, such as those related to health and education; (ii) livelihoods promotion through localized market assessment, household-level asset packages/employment matching, and technical training; (iii) financial inclusion through financial literacy training, access to savings and financial services for economic resilience; and (iv) social empowerment through community mobilization and life skills training to induce positive behavior change among families and communities.

**FIGURE 2. Inclusive, resilient, and sustainable housing for urban poor graduation program design**




*Source:* Asian Development Bank (2021).

While the project continues to be implemented, early lessons suggest that this approach can be a reference point for development projects to address the longer-term consequences of planned relocation by integrating targeted social protection, livelihood promotion, and financial inclusions with social empowerment and coaching interventions alongside standard resettlement support. Of note, was the role of civil society in supporting implementation and the high levels of community consultation, alongside investments in building the capacity of government to deliver.[112]

The case for engaging MDBs on planned relocation rests with their comparative advantage in project processing and financing. Once reflected in a country's partnership strategy or framework, an MDB's project cycle provides a defined process for managing the complexities and costs associated with planned relocation. This includes project preparation (including feasibility, cost-benefit analysis, safeguards, and due diligence), approval and disclosure, implementation (including monitoring and accountability), and evaluation. Given the level of detailed analysis underpinning the timing and location of a relocation, among other factors such as sociological impacts, MDBs are well placed to support governments in facilitating this process.

In addition, MDBs can provide vehicles for the implementation of a country's development plans, including Nationally Determined Contributions (NDCs) and National Adaptation Plans. An example

112 Ricardo Carlos Barba et al. (2023), "Resettling Urban Populations: Learning from the Graduation Approach in India". ADB Working Paper, No. 98. Manila: Asian Development Bank. https://doi.org/10.22617/WPS230201-2

is ADB's NDC Advance, a technical assistance platform to help mobilize finance, build capacity, and provide knowledge and other support to help countries realize their climate ambitions.[113]

## Adaptation finance

Planned relocation projects are a response to unmitigable increases in environmental hazards related to climate change. They need, in addition, highly concessional financing reflecting a generous social discount rate. They are therefore eligible for, and have need of, the concessional or grant-based financing made available through flows of climate finance for adaptation.

MDBs already provide relatively high levels of finance for adaptation and have committed to providing more. Analysis undertaken by Germanwatch highlights the theoretical role the global climate funds play in supporting countries finance planned relocation as an adaptation measure.[114] It notes that the funding scope of the Adaptation Fund, Green Climate Fund, Least Developed Countries Fund, and Special Climate Change Fund theoretically cover relocation activities. Indeed, the Adaptation Fund and Green Climate Fund have supported relocation-related components in projects in Rwanda and Senegal, respectively. MDBs may be well-placed to act as an intermediary between national governments and the global climate funds, especially where government capacity is constrained.

Planned relocation is not an explicit measure or approach outlined in the strategic documents of the global climate funds, but where it can be presented as part of efforts to adapt to climate change, there are entry points for it to be financed. On the demand side, countries can create an enabling environment for adaptation finance by aligning their vehicles (such as trust funds) with the fiduciary standards and social and environmental safeguards of the global climate funds.

With the establishment and modest capitalization of the Fund for responding to Loss and Damage, another global fund has the potential to support planned relocation in the context of loss and damage.[115] How the fund responds to demand and manages competing priorities against the backdrop of very limited funding remains to be seen.

### *Planned relocation: adaptation or loss and damage?*

The Paris Agreement recognizes the importance of averting, minimizing and addressing loss and damage associated with the adverse effects of climate change, including extreme weather events

113 Asian Development Bank (ADB) (2023) "NDC Advance: Accelerating Climate Actions in Asia and the Pacific". https://www.adb.org/publications/accelerating-climate-actions-asia-pacific

114 Laura Schäfer et al. (2021), "Potential for Loss and Damage Finance in the Existing UNFCCC Financial Architecture". Bonn: Germanwatch. http://www.germanwatch.org/en/21066

115 UNFCCC (2024), "Report of the Conference of the Parties on Its Twenty-Eighth Session". Dubai: UNFCCC. https://unfccc.int/documents/637071

and slow onset events, and the role of sustainable development in reducing the risk of loss and damage.[116]

Limited progress on adaptation, together with increasing emissions, will add to losses and damages and speed up the fast-approaching 'limits' to adaptation (as discussed above). As adaptation limits are reached and losses and damages increase, it will be the poorest vulnerable populations that will face the greatest impact.[117]

Aspects of planned relocation can therefore be considered both a 'strategy to adapt to the impacts of climate change' and, where adaptation efforts have been reached, or were not possible to stop the impact of climate change, as loss and damage.[118] For example, while moving away from areas increasingly exposed to natural hazards, such as storm surge or erosion, is an adaptation measure, addressing the impacts on assets, income generation, and the intangible, such as the inability to maintain cultural practices or access traditional sites, can be considered loss and damage. There is, however, a risk that placing planned relocation under loss and damage may prevent communities wishing to relocate from accessing support until their situation has become sufficiently critical to meet more stringent criteria, preventing proactive support.[119]

The categorization of planned relocation is relevant given the different funding streams established by the UNFCCC, as well as how financiers, and particularly bilateral donors, earmark climate change finance. This is also notable in the context of climate justice and the call from the Global South for reparations.[120]

## Drawing from development-forced displacement and resettlement standards

Similarities between DFDR and planned relocation present an opportunity for approaches to be adapted and lessons to be drawn. The contexts do differ: DFDR relocates populations to obtain a social good, whereas planned relocations in the context of climate change are intended to protect populations from imminent harm. Both, however, are facilitated by the state; are undertaken as a last resort; and, even when done correctly, are highly complex, requiring significant planning and resourcing.

116 United Nations (2015), "The Paris Agreement". Paris: United Nations. https://unfccc.int/process-and-meetings/the-paris-agreement

117 UNFCCC, 2016, "Report of the Conference of the Parties on Its Twenty-First Session."

118 Karen E. McNamara et al. (2018), "The Complex Decision-Making of Climate-Induced Relocation: Adaptation and Loss and Damage," *Climate Policy* 18(1), pp. 111–17. https://doi.org/10.1080/14693062.2016.1248886

119 Giovanna Gini et al. (2024), "Navigating tensions in climate change-related planned relocation", *Ambio*, 53, pp. 1262–1266. https://doi.org/10.1007/s13280-024-02035-2

120 Andrew L. Fanning and Jason Hickel (2023), "Compensation for Atmospheric Appropriation," *Nature Sustainability* 6(9), pp. 1077–86. https://doi.org/10.1038/s41893-023-01130-8

As noted earlier, the purpose of this paper is not to critique or assess the implementation of DFDR, but rather to highlight its approach to explore potential benefits to planned relocations. Since the 1980s, MDBs have adopted standards that typically require the conditions of those resettled to be restored and preferably improved.[121] While every MDB has a policy on DFDR, the World Bank's framework is referenced here, as it offers the widest reach and largest practice.

Effective 2018, the World Bank introduced a new environmental and social framework consisting of ten environmental and social standards (ESSs), including a standard on land acquisition, restrictions on land use, and involuntary resettlement (ESS5).

The objectives of ESS5 are to:

(i) Avoid involuntary resettlement or, when unavoidable, minimize involuntary resettlement by exploring project design alternatives.
(ii) Avoid forced eviction.
(iii) Mitigate unavoidable adverse social and economic impacts from land acquisition or restrictions on land use by:
    a. providing timely compensation for loss of assets at replacement cost, and
    b. assisting displaced persons in their efforts to improve, or at least restore, their livelihoods and living standards, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.
(iv) Improve living conditions of poor or vulnerable persons who are physically displaced, through provision of adequate housing, access to services and facilities, and security of tenure.
(v) Conceive and execute resettlement activities as sustainable development programs, providing sufficient investment resources to enable displaced persons to benefit directly from the project, as the nature of the project may warrant.
(vi) Ensure that resettlement activities are planned and implemented with appropriate disclosure of information, meaningful consultation, and the informed participation of those affected.

Borrowers must comply with the EESs or use country systems where the outcomes are materially consistent with the EESs. The World Bank supervises fulfilment as a condition of a loan agreement. This is set out in an Environmental and Social Commitment Plan.[122] To support the application of these standards, the World Bank provides guidance, templates, and checklists to its borrowers.[123]

121 Lidewij Van Der Ploeg and Frank Vanclay (2017), "A Human Rights Based Approach to Project Induced Displacement and Resettlement," *Impact Assessment and Project Appraisal*, 35(1), pp. 34–52. https://doi.org/10.1080/14615517.2016.1271538

122 Philipp Dann and Michael Riegner (2019), "The World Bank's Environmental and Social Safeguards and the Evolution of Global Order," *Leiden Journal of International Law*, 32(3), pp. 537–59. https://doi.org/10.1017/S0922156519000293

123 World Bank (2018), "Guidance Note for Borrowers ESS5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement". Washington, D.C.: World Bank. https://documents1.worldbank.org/curated/en/294331530217033360/ESF-Guidance-Note-5-Land-Acquisition-Restrictions-on-Land-Use-and-Involuntary-Resettlement-English.pdf

Building on this approach and the guidance produced by non-governmental entities, the development of a set of standards on planned relocation in the context of climate change would lay the foundations for MDBs and others to then build an operational and compliance framework to guide investments, while also providing certainty to borrowers on loan conditionality.

Several elements of the objectives set out in ESS5 would need to be interpreted in the context of climate-motivated planned relocation projects, and may need some alterations. For example, the application of objective (i) coheres with the principle that planned relocation should remain an approach of last resort, and that the possibility of planned relocation should be mainstreamed in broader adaptation plans to provide alternative support for continuation in situ where possible and desired. In some cases, however, this may be unfeasible, or community members may wish to seek MDB support for relocation. It is possible that MDB climate adaptation projects should include the inverse of objective (i): a modality through which communities can request planned relocation as an alternative to in situ adaptation.

## Conclusion

As the volume and complexity of planned relocations increases, international organizations, and specifically MDBs, can play a valuable role in supporting countries in addressing this challenge. In recent years, there has been growing policy discussion and progress in setting normative approaches to planned relocations. The onus, however, remains on countries to articulate their needs and demand, and on MDBs to prepare to provide technical assistance and financing.

While MDBs have thus far only engaged in climate-related planned relocation to a limited extent, their existing assistance and financing models can be adapted to respond. This will require greater partnership between the demand (countries), supply (international development finance), and organizations working on rights-based approaches to human mobility in the context of climate change and disasters.

Setting the parameters for planned relocation are central to this positioning. This will provide certainty for affected communities and predictable decision-making for international finance to make the investments needed in a systematic fashion. To facilitate the shift away from ad hoc approaches, MDBs—drawing on their DFDR experience—should support the development of these parameters.

By putting in place the normative and operational foundations for planned relocation, countries can draw on an array of existing financing instruments and streams, including from the MDBs and the global climate funds, to complement and scale-up existing domestic, bilateral, and philanthropic sources.

The case for engaging MDBs on planned relocation rests with their comparative advantage. It is up to countries to create an enabling environment to draw on this and to demand responsive technical and financial assistance in addressing this increasing development challenge.

## Recommendations

- MDBs should develop a common approach to planned relocation projects, intended to provide a set of building blocks while still facilitating context-specific and differentiated implementation approaches. This common approach could draw on MDB-specific involuntary resettlement frameworks and existing common approaches, such as the MDB Common Approach to Measuring Climate Results and the Joint MDB Methodological Principles for Assessment of Paris Agreement Alignment.
- The common approach should be underpinned by a set of general principles, and should cover terminology, due diligence, safeguarding, engagement and consultation requirements, in addition to identifying methods and tools to assess and manage potential risks, setting broad conditions under which MDBs are prepared to provide support to a project, and setting monitoring and performance indicators, disclosure standards, and grievance and accountability mechanisms.
- MDBs should explore how existing modalities can be applied and where innovative financing arrangements, including co-finance, can be deployed to increase investments in planned relocation, where adaptation limits have been reached. MDBs should consider how existing financial instruments could support long-term projects with low rates of return, requiring low discount rates.
- Global climate funds should consider how they can better respond to the demand for finance and technical assistance. This will require a shift from the current largely passive and theoretical position on funding planned relocation to one that actively supports investment. This starts with revisiting strategic documents to explicitly recognize planned relocation.
- MDBs should increase efforts to build and disseminate an evidence base on what works and what doesn't in planned relocation as its relevance to communities grows. Capturing, analyzing, and disseminating the growing body of knowledge, practice, and evidence requires coordinated efforts. The Santiago Network, established under the UNFCCC, may offer a vehicle for this if better resourced.

### *Recommendations regarding technical assistance*

Acknowledging MDBs' well-established capacities and the particular areas of support likely to be needed in the context of increasing planned relocation projects, MDBs should prepare to:

- Support countries in establishing protocols for the assessment of current and future planned relocation needs, recognizing that the rigorous mainstreaming of planned relocation into wider adaptation policy will be increasingly important to sound

economic management. Lessons can be learned and shared from countries that have already begun this process, such as Fiji and the Marshall Islands.

- Support countries in increasing the availability of data to inform parameters chosen for assessing when to implement planned relocation policies. Assessing planned relocation needs will often require relatively granular data: in many countries, MDBs will be well-placed to assist in data generation and analysis.
- Assist countries in reforming and improving relevant governance structures, especially in order to increase cross-governmental coordination for coherent policy and implementation.
- Assist countries in preparing and undertaking cost-benefit analyses before planned relocations, ensuring that analyses are rigorous, fully informed, and can serve as the basis for external financial support.
- Provide support in preparing project proposals, especially to institutions with limited capacity and experience in seeking national or international finance. MDBs may be able to learn from existing initiatives, such as the World Bank's Gap Fund.
- Support implementation of planned relocation projects, including by facilitating pre-project technical assessments; assisting in selecting an efficient model of planned relocation; assisting in identifying target populations; supporting the preparation of equitable and efficient protocols regarding state support for households that opt out of relocation; ensuring meaningful community engagement; and preparing the area of destination to receive relocated communities, including the provision of necessary services and infrastructure.
- Support or undertake the evaluation of planned relocation projects, incorporating economic, psychosocial, cultural, and hazard risk factors, over a sufficiently long timeframe.