



Land Acquisition Due Diligence Report

Vanuatu Affordable Resilient Settlements (VARs) Project

OHLEN MATASO

September 2026

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Executive Summary

The Vanuatu Affordable and Resilient Settlements (VARs) Project is implemented by the Ministry of Lands and Natural Resources (MoLNR) with financing from the World Bank. Under Component 2.2 – Sustainable Urban Drainage for Settlements, the Project is upgrading stormwater drainage infrastructure in Ohlen Mataso to reduce recurrent flooding affecting Ohlen Mataso, 73 Community and surrounding areas.

During detailed engineering design, hydraulic modelling determined that the originally proposed infiltration basin would not provide sufficient storage capacity to safely manage runoff generated during major rainfall events. A range of alternative drainage solutions and design options were investigated during project development. These alternatives were found to be technically, environmentally or economically unviable. Expansion of the infiltration basin was therefore identified as the only feasible option capable of achieving the required level of flood protection while minimizing environmental and social impacts.

The expanded basin required the negotiated acquisition of small portions of two adjacent leasehold titles:

- **Lease Title 11/XXXX/XX1 – 83 m²** (3.3% of the registered title), leaving a residual area of approximately **2,445 m²**.
- **Lease Title 11/XXXX/XX2 – 370 m²** (21.3% of the registered title), leaving a residual area of approximately **1,370 m²**.

The acquisitions were completed through negotiated purchase between the Ministry of Lands and Natural Resources (MoLNR) and the registered Title Holders. The Title Holders were informed of their right to refuse the sale, obtain an independent valuation, seek independent advice and negotiate the purchase price. A valuation was undertaken by the MoLNR Valuation Unit and is presented as **Annex A (redacted)**. Title holders presented counteroffers, which are presented in **Annex B (redacted)**. The MoLNR wrote to the title holders in response to the counteroffers and another consultation and negotiation meeting was agreed. The record of consultation and negotiation is provided in **Annex G (redacted)**.

A negotiated, mutually agreed purchase price was accepted by both Title Holder groups and Sale and Purchase Agreements and Deeds of Release were executed and are provided in **Annex D (redacted)**. The MoLNR formally requested the Department of Finance and Treasury to process payment of the agreed purchase prices (**Annex E redacted**). Payment was made in full on 14 October 2026. Payment advice and receipts are provided in **Annex K (redacted)**.

Field inspections confirmed that the land acquired was vacant and that no structures, gardens, tenants, informal occupants, customary users or livelihood activities were present within the acquisition areas. Accordingly, the acquisition did not result in physical displacement, economic displacement, livelihood impacts or the creation of new Project Affected Persons under ESS5.

This Land Acquisition Due Diligence Report demonstrates that the acquisition was completed through a negotiated settlement process consistent with ESS5. While the MoLNR holds statutory land acquisition powers, the acquisition was pursued through negotiation rather than compulsory acquisition, in line with the objectives of ESS5 to avoid or minimize involuntary land acquisition and to provide fair and transparent compensation to affected parties.

1. Introduction and Project Description

1.1 Purpose of the Land Acquisition Due Diligence Report

This Land Acquisition Due Diligence Report has been prepared by the Ministry of Lands and Natural Resources (MoLNR) for the Vanuatu Affordable and Resilient Settlements (VARs) Project.

The report documents the negotiated acquisition of portions of two registered leasehold titles required to facilitate expansion of the Ohlen Mataso infiltration basin under Component 2.2 – Sustainable Urban Drainage for Settlements.

The report has been prepared in accordance with the World Bank Environmental and Social Framework (ESF), specifically Environmental and Social Standard 5 (ESS5): *Land Acquisition, Restrictions on Land Use and Involuntary Resettlement*. It demonstrates that the acquisition was completed through a negotiated settlement process consistent with ESS5. While the Ministry of Lands and Natural Resources holds statutory land acquisition powers, the acquisition was pursued through negotiation rather than compulsory acquisition, in line with the objectives of ESS5 to avoid or minimize involuntary land acquisition and to provide fair and transparent compensation to affected parties.

The report also confirms that the acquisition does not result in physical displacement, economic displacement, livelihood impacts or the creation of new Project Affected Persons (PAPs) under ESS5.

1.2 Project Background

The Vanuatu Affordable and Resilient Settlements (VARs) Project is implemented by the Ministry of Lands and Natural Resources with financial support from the World Bank.

The Project Development Objective is to:

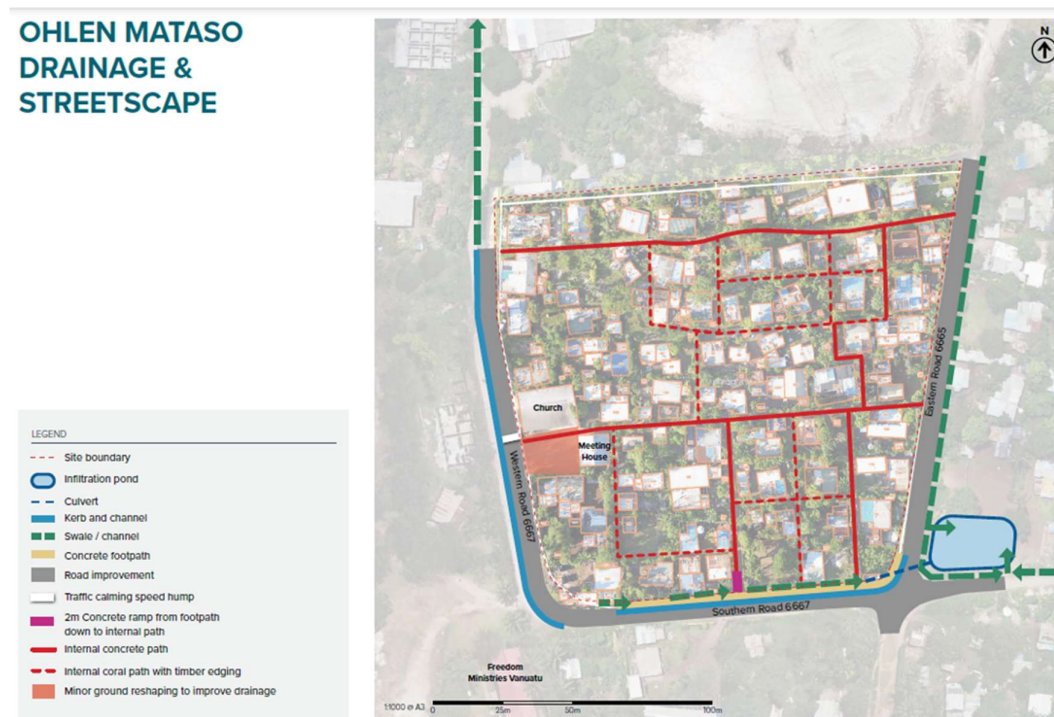
- (i) improve access to and resilience of infrastructure and services in selected new and existing settlements; and
- (ii) strengthen land planning and management for resilient human settlements.

Ohlen Mataso is one of four existing settlements receiving infrastructure upgrades under Component 2 of the Project.

Ohlen Mataso experiences recurrent flooding due to its topography, with runoff from approximately 75 percent of the settlement and the wider upstream catchment converging at a natural depression at the southeast corner of the settlement. Hydrological investigations undertaken for the VARs Project confirmed that this location functions as the principal stormwater ponding area during rainfall events and therefore represented the most suitable location for construction of an infiltration basin as part of the settlement drainage upgrade.

Consistent with the objectives of ESS5 to avoid and minimise involuntary land acquisition wherever practicable, the initial concept design sought to accommodate the infiltration basin within the existing Government road reserve. Figure 1 presents the original design for the infiltration basin within the road reserve.

Figure 1. Ohlen Mataso Drainage Design & Streetscape



As engineering investigations progressed through detailed topographic survey, hydraulic modelling and refinement of the drainage design, it became apparent that the available road reserve alone would not provide sufficient capacity for the infiltration basin to achieve the required flood attenuation performance. The Project therefore investigated options to expand the basin onto immediately adjoining leasehold land.

1.3 Reason for Land Acquisition

The hydrological and flood modelling for Ohlen Mataso progressed through successive stages of rapid flood assessment, baseline modelling and developed design modelling, incorporating updated survey information, revised terrain modelling, infiltration testing and concept drainage infrastructure. The modelling assessed the performance of the proposed drainage network under multiple storm events, including the 10-year Annual Recurrence Interval (ARI) design storm adopted for urban drainage design in Port Vila.

The modelling demonstrated that an infiltration basin located solely within the road reserve would not provide sufficient storage capacity to achieve the desired reduction in flood levels and flood duration. The preferred developed design therefore incorporated an enlarged infiltration basin extending onto two adjoining leasehold titles within 73 Community, to the north and east of the basin. The modelling indicates that the enlarged basin reduces peak flood levels by approximately 200 mm at the southeast corner of the settlement and accelerates the recession of floodwaters in the adjacent area through enhanced infiltration.

No technically feasible alternative could provide equivalent hydraulic performance while avoiding additional land requirements. Expansion of the infiltration basin was identified as the only feasible option capable of achieving the required hydraulic performance while minimizing environmental and social impacts.

The expanded design required acquisition of small portions of two adjacent leasehold titles immediately adjoining the originally proposed basin footprint.

The Ministry therefore commenced negotiations with the registered Title Holders to acquire:

- **83 m²** from Lease Title **11/XXXX/XX1**; and
- **370 m²** from Lease Title **11/XXXX/XX2**.

The acquisition enables implementation of the preferred engineering solution while limiting the extent of land acquisition to the minimum area necessary for construction and long-term operation of the infiltration basin. Both leaseholds currently experience high levels of flooding from rain events. Refer to Figure 2 for an example of flooding on title 11/XXXX/XX2, adjacent to the road reserve, after a recent rain event

2. Scope of Land Acquisition

The land acquisition relates solely to the expansion of the infiltration basin required for the drainage upgrade under Component 2.2. The acquisitions were completed through negotiated purchase following land valuation, consultation and agreement between the parties. The acquisition comprises two partial acquisitions from existing registered leasehold titles:

Lease Title	Registered Area	Area Acquired	Remaining Area
11/XXXX/XX1	2,528 m ²	83 m ²	2,445 m ²
11/XXXX/XX2	1,740 m ²	370 m ²	1,370 m ²

The land acquired is limited to the minimum area required to construct the expanded infiltration basin and associated batters, while maintaining the functionality and improving the usability of the remaining leasehold areas.

Figures 3 and 4 illustrate the acquisition areas (redacted).

3. Impacts and Entitlement

3.1 Nature of Impacts

The proposed acquisition affects only portions of two registered leasehold titles adjacent to the infiltration basin. Field inspections undertaken by the Project confirmed that the acquisition areas are vacant and contain:

- no residential or commercial structures;
- no gardens or cultivated land;
- no informal occupants;
- no customary users; and
- no livelihood activities.

The acquisitions therefore involve only the negotiated purchase of leasehold interests and do not result in displacement of people or interruption of existing land uses.

3.2 Impact Classification

The registered Title Holders were assessed against ESS5 vulnerability indicators during consultation. No title holder was identified as elderly, female-headed, disabled, or otherwise in a position of

heightened vulnerability. Title Holder households hold a registered land title and live in permanent dwellings in a formal subdivision. The participation of one co-holder in the Seasonal Worker Program was noted, and consultation was scheduled to accommodate his absence and he returned to sign the Sale and Purchase Agreement in person.

The assessment confirms that:

- **No physical displacement** will occur.
- **No economic displacement** will occur.
- **No livelihoods will be affected.**
- **No vulnerable households will be affected.**
- **No community assets or public infrastructure will be affected.**
- **No additional resettlement planning is required.**

Accordingly, the acquisition does not create new Project Affected Persons (PAPs) and does not require preparation of a Resettlement Action Plan (RAP) or Abbreviated Resettlement Action Plan (ARAP).

The land acquisition has instead been documented through this Land Acquisition Due Diligence Report, consistent with the proportional approach encouraged under ESS5 for negotiated land acquisitions where no displacement or livelihood impacts occur.

3.3 Applicable Entitlements

The VARS Environmental and Social Management Framework (ESMF) version 4, includes an Entitlement Matrix covering a range of potential impacts arising from land acquisition and resettlement. For the proposed acquisition, only one entitlement category is applicable.

The acquisition involves the permanent acquisition of portions of two registered leasehold titles through negotiated purchase. In accordance with the ESMF, compensation has been determined through valuation by the MoLNR Valuation Unit and agreed through negotiation with the registered Title Holders. Compensation will be paid at the agreed replacement value prior to transfer of the leasehold interests.

As the acquisition areas are vacant and no structures, crops, tenants, informal occupants or livelihood activities are affected, no other entitlement categories under the entitlements matrix are triggered.

3.4 VARS Entitlements Matrix

The table below is from the VARS ESMF with an additional row (highlighted) added for registered leaseholders receiving negotiated compensation.

Type of impact	Entitled person	Entitlement
Permanent use of land (transfer of title through agreement)	Customary land: Land owners/users as recognized by chiefs and clan leaders	Land will be obtained through negotiated purchase following the Land Act. Compensation at existing market rate will be paid for land and other affected properties.
	State-owned land: Users	State land is expected to be free of customary or private use or occupation. If any users or occupants found during implementation, compensation at replacement cost will be paid for any damages of non-land assets.
	Other third party owners, for example	Land will be obtained through negotiated purchase following the Land Lease Act. Church land is almost

	Churches	always held as a long-term lease. Compensation at replacement cost will be paid for land and other affected properties.
	Informal settlers/land users without legal rights on any type of land	Compensation at replacement cost for affected non-land assets.
'Partial acquisition of registered leasehold interest (negotiated settlement)	Registered Title Holder(s)	Compensation at replacement cost for the acquired leasehold interest, determined through independent valuation and negotiated agreement, paid in full prior to transfer of possession.

3.5 Residual Impacts and Overall Outcome

Following completion of the negotiated acquisition, no material residual social or economic impacts are anticipated.

The acquisition has avoided physical displacement, economic displacement and livelihood impacts by limiting acquisition to **vacant portions of the two leasehold titles** and to the minimum additional land required for the infiltration basin. No houses, other structures, gardens, livelihood activities or other improvements are located within the acquired areas.

For **Title 11/XXXX/XX1**, acquisition of 83 m² represents approximately **3.3% of the 2,528 m² title**, leaving approximately **2,445 m²** in the ownership of the Title Holders.

For **Title 11/XXXX/XX2**, acquisition of 370 m² represents approximately **21.3% of the 1,740 m² title**, leaving approximately **1,370 m²**. In both cases, the existing houses and other residential improvements remain unaffected, and access to the residual land is maintained.

The residual portions of both titles remain substantial and viable for continued residential use and further development. For Lease Title 11/XXXX/XX2, field inspection confirmed that the residual area of approximately 1,370m² retains road access and remains suitable for rental development consistent with the Title Holders' stated intentions. The construction of the infiltration basin on the acquired portion does not restrict access to or use of the residual leasehold area.

The acquisition was undertaken through negotiated purchase, supported by formal valuation by the **MoLNR Valuation Unit**, consultation with the registered Title Holders, opportunities to obtain independent valuation or advice and submit counteroffers, and mutually agreed purchase prices. As demonstrated in Section 5, the final negotiated compensation exceeds both the formal valuation benchmark and the assessed vacant land value of each acquisition area.

On this basis, the Project considers that the acquisition has been undertaken in a manner consistent with the objectives and replacement-cost requirements of **ESS5** and the VARS Resettlement Policy Framework, with no material residual impacts requiring additional mitigation measures.

4. Ownership and Land Tenure Verification

4.1 Land Tenure

The land required for the expansion of the infiltration basin comprises portions of two registered leasehold titles situated immediately adjacent to the existing government road reserve. The underlying land is State land held under registered leasehold interests. Accordingly, the acquisition involved negotiation with the registered Title Holders of the leasehold interests.

4.2 Site Registered Title Holders

Lease Registers are provided in **Annex F** (Redacted)

Lease Title	Lease Transfer	Easements	Court Orders	Annual Land Rent
11/XXXX/XX1	15 Jan 2024	none	none	Vt 5,040
11/XXXX/XX2	18 Dec 2023	none	none	Vt 3,480

4.3 Legal Authority to Negotiate

The consultation process commenced in April 2025 and involved the registered Title Holders of both affected leasehold titles and their representatives. Consultation minutes are provided in **Annex G** (redacted).

For Lease Title **11/XXXX/XX1**, consultation was undertaken with the registered Title Holders. In May 2025, both Title Holders provided written consent for the proposed infiltration basin to proceed (**Annex H**), demonstrating their willingness to negotiate the proposed land acquisition.

During the subsequent consultation and negotiation process, Title Holder 1 travelled to Australia under the Seasonal Worker Program. Prior to his departure, Title Holder 1 verbally advised the Ministry that his wife, represent him during the consultations and negotiations along with his brother Title Holder 2. Title Holder 1 was in regular communication with his family and with the PMU during his time overseas and returned from Australia prior to execution of the Sales and Purchase Agreement and confirmed his agreement with all decisions made during negotiations on his half before signing.

For Lease Title **11/XXXX/XX2**, the title searches and consultation process confirmed that negotiations and signing of agreements were undertaken with the registered Title Holders.

The title searches confirmed the registered ownership of both leasehold titles and established that the Ministry of Lands and Natural Resources negotiated with the persons holding the legal interest in the land. The Ministry was therefore satisfied that the parties entering into the Sale and Purchase Agreements had the legal authority to negotiate and transfer the affected leasehold interests.

5. Consultation and Negotiated Acquisition Process

5.1 Consultation Process

Consultation with the registered Title Holders and their representatives commenced on **4 April 2025**, when the Department of Lands explained the proposed expansion of the infiltration basin and the need to acquire portions of Lease Titles **11/XXXX/XX1** and **11/XXXX/XX2**.

At the initial meeting, the Title Holders were advised that they had the **right to refuse the proposed acquisition**. It was explained that, if they agreed to proceed with negotiations, the required land would be surveyed at Government expense, valued by the MoLNR Valuation Unit and a formal offer presented for their consideration.

Following consultation within their respective families, the Title Holders of **11/XXXX/XX2** provided written agreement to proceed with negotiations on **8 April 2025**, and the Title Holders of **11/XXXX/XX1** provided written consent on **15 May 2025 (Annex H redacted)**.

Consultation continued throughout the survey, valuation and negotiation process. On **5 May 2026**, the proposed acquisition boundaries were identified on site with the Title Holders and their representatives in preparation for formal survey. Subsequent meetings addressed the Government valuations, the Title Holders' counteroffers and negotiation of mutually acceptable purchase prices. A detailed record of consultation and negotiation is provided in **Annex G (redacted)**.

5.2 Valuation

In Vanuatu, land valuation is governed by the **Valuation of Land Act [CAP 288]** and the **Land Valuers Registration Act [CAP 289]**. Land is not held under freehold title; land interests are formally transacted through registered leases over Customary or State land. The affected properties at Ohlen Mataso are registered residential leases over **State land**. Valuation therefore considers the value of the leasehold interest, including the unexpired term of the lease and any improvements to the property.

The Office of the Valuer-General and established valuation practice in Vanuatu apply the **Market Value** principle, representing the estimated amount for which an asset would exchange between a willing buyer and willing seller in an arm's-length transaction. Valuation of leasehold property may draw on market comparison, including recent transactions involving comparable leasehold properties, together with the terms and remaining duration of the lease and other relevant property characteristics.

For **vacant or unimproved land**, the valuation establishes the underlying land value using available market evidence and applicable land-value benchmarks. Where the affected interest is leasehold, as in this case, the valuation then determines the value attributable to the leaseholder having regard to the remaining lease term, market rent, contract rent and the respective interests of the lessor and lessee. The detailed valuation certificates and computations are provided in **Annex A (redacted)**.

For the purposes of this LDDR, the valuations and resulting compensation have also been assessed against the **replacement-cost requirements of ESS5**. ESS5 defines replacement cost as a method of valuation yielding compensation sufficient to replace the affected asset, together with necessary transaction costs associated with asset replacement. Where functioning markets exist, replacement cost is based on market value established through competent real-estate valuation, plus applicable transaction costs. ESS5 guidance also recognizes the **remaining period of an existing lease term** as a relevant consideration when determining replacement cost.

The affected portions of both titles were formally valued by the **MoLNR Valuation Unit in May 2026**. The acquisition areas comprise vacant land and contain no structures or other improvements. Accordingly, no depreciation of structures or deductions relating to the condition of improvements were applicable. The Valuation Unit first established the **current vacant land value** of each acquisition area and then calculated the value of the Title Holders' leasehold interest, taking account

of the remaining **17-year lease term**, market rent, contract rent and the respective lessor and lessee interests. The detailed calculations are presented in **Annex A (redacted)**.

The formal valuations established the **market-value benchmark for the affected leasehold interests**. They were not treated as a ceiling on compensation. ESS5 recognizes that compensation rates may be adjusted upward where negotiation is employed and requires the basis for calculating compensation to be clearly documented and transparently applied.

The valuation for Title 11/XXXX/XX1 was presented to Title Holder 2 and Liliane Hatin (representing Title Holder 1) on **15 June 2026**, and the valuation for Title 11/XXXX/XX2 was presented to Title Holder 3 and Wife on **19 June 2026**. At these meetings, the Title Holders were advised that they were **not required to accept the Government valuation**, could obtain an **independent valuation or advice**, and could submit a **counteroffer and negotiate the proposed purchase price**.

The Title Holders did not request independent valuation and instead consulted within their respective family groups and submitted counteroffers. The subsequent negotiation process and the basis for the final agreed compensation are described in Sections **5.3 and 5.4**. As demonstrated in Section 5.4, the final negotiated compensation for both acquisitions **far exceeds the formal valuation benchmark and, in each case, also exceeds the assessed vacant land value of the acquired area**. On this basis, the final agreed compensation is considered to meet and exceed the **replacement-cost standard under ESS5**.

5.3 Counteroffers and Negotiations

Both Title Holder groups exercised their opportunity to negotiate the purchase price. On **26 June 2026**, the Title Holders of 11/XXXX/XX1 submitted a counteroffer. The Title Holders of 11/XXXX/XX2 submitted a counteroffer. The written counteroffers **Annex B** have been redacted.

Further negotiation meetings were held on **13 July 2026**. The Government accepted the counteroffer.

For **11/XXXX/XX2**, the Title Holders explained that their counteroffer took into account the family's intended future development of the property, including a proposed six-unit rental development. The Government considered this position but explained that the valuation of the affected leasehold interest was based on the land and legally held interest as they existed at the date of valuation and did not assign additional value to an unconstructed future development.

Development potential may contribute to market value where it is a recognized attribute of the land and is reasonably capable of being realized. In this case, however, no development associated with the counteroffer has been constructed within the acquisition area, and the area proposed for acquisition is located within the existing flood-prone part of the property.

The current development potential of this portion of the title is therefore materially constrained by existing flooding. The Project's hydraulic investigations demonstrate that construction of the appropriately sized infiltration basin is required to reduce flooding affecting both Titles 11/XXXX/XX2 and 11/XXXX/XX1. Accordingly, the speculative value of a future rental development was not adopted as the basis for determining the replacement value of the existing affected leasehold interest.

This did not prevent the Title Holders from seeking a higher purchase price through negotiation. Following discussion of the Government valuation and the Title Holders' counteroffer, the Government increased its offer. The Title Holders were given further time to consider the revised

offer and seek consultation. At a follow-up meeting on **16 July 2026**, Title Holder 3 and Wife confirmed, following consultation with co-titleholder Title Holder 4 and other family members, that the Title Holders had agreed to accept the Government offer.

The consultation record demonstrates that both Title Holder groups were advised of their right to seek independent valuation and were able to consider the formal valuations, propose substantially different purchase prices, undertake further consultation and negotiate before reaching agreement. The relationship between the formal valuations, the negotiated prices and the ESS5 replacement-cost standard is further assessed in Section 5.4.

5.4 Agreement on Compensation

The negotiation process resulted in mutually agreed purchase prices as follows:
The negotiation process resulted in mutually agreed purchase prices for both affected leasehold titles. For the purposes of public disclosure, individual valuations, counteroffers and agreed compensation amounts have been withheld to protect the financial privacy of the Title Holders.

Lease Title	Area Acquired	Negotiation Outcome
11/XXXX/XX1 Group 1	83 m ²	Group 1 Title Holders submitted a counteroffer that was accepted by the Government. The agreed purchase price exceeded both the assessed value of the affected leasehold interest and the assessed vacant land value.
11/XXXX/XX2 Group 2	370 m ²	Group 2 Title Holders submitted a counteroffer and subsequently negotiated a revised purchase price with the Government. The agreed purchase price exceeded both the assessed value of the affected leasehold interest and the assessed vacant land value.

The formal valuations undertaken by the MoLNR Valuation Unit established the **market-value benchmarks for the affected leasehold interests**. These valuations were considered during negotiations but were not treated as a ceiling on compensation.

For **Title Holder Group 1**, the agreed purchase price substantially exceeded both the assessed leasehold interest and the underlying vacant land value of the acquired area. As an additional reasonableness check, the negotiated compensation was considered against the recent purchase price of the entire property, including its existing residential improvements. The acquisition represents approximately **3.3% of the registered leasehold area**, with the Title Holders retaining approximately **2,445 m²** and all existing residential improvements.

For **Title Holder Group 2**, the agreed purchase price also substantially exceeded both the assessed leasehold interest and the underlying vacant land value. As a further reasonableness check, the negotiated compensation was considered against the recent purchase price of the entire property, including its existing residential improvements. The agreed compensation for the acquired vacant land exceeded the recent purchase price of the entire property, while the Title Holders retained approximately **1,370 m²** and all existing residential improvements.

The counteroffer submitted by Title Holder Group 2 reflected an intended future development rather than an existing improvement or demonstrated current use of the acquisition area. As discussed in Section 5.3, the acquisition area was vacant and located within the existing flood-prone area.

While development potential can be relevant to market value where that potential is reasonably capable of being realised, the proposed future development did not provide an evidenced basis for adopting the Title Holders' initial counteroffer as the replacement value of the existing affected leasehold interest. Nevertheless, the negotiated settlement substantially increased compensation above both the formal leasehold valuation and the underlying vacant land value.

On this basis, the Project considers the final negotiated compensation for both titles to **meet and exceed the replacement-cost standard under ESS5**. The formal valuations established the benchmarks, while the negotiated settlements demonstrably exceeded those benchmarks and, importantly, also exceeded the assessed vacant land value of each acquisition area. Both Title Holder groups retain substantial and viable residual portions of their respective titles and all existing residential improvements.

The complete valuation calculations, agreed purchase prices and supporting compensation records are retained in the Project's official land acquisition records. The supporting annexes accompanying this public disclosure version have been redacted to protect personal and financial information.

5.5 Sale and Purchase Agreements

Following agreement on the purchase prices, Sale and Purchase Agreements and associated Deeds of Release were prepared and executed. The agreements record the affected area and negotiated purchase price and the deeds of release provide for transfer of possession of the affected portions to the Government.

The executed agreements and deeds of release are presented in **Annex D (redacted)**.

5.6 Payment

Following agreement on the purchase prices, the Title Holders were requested to nominate bank accounts for receipt of payment. Each Title Holder provided written confirmation to MoLNR of their nominated bank account. These letters, signed by the respective Title Holders, are provided in **Annex J (redacted)**.

Following execution of the Sale and Purchase Agreements and Deeds of Release, MoLNR submitted a formal request to the Department of Finance and Treasury (DoFT) for payment of the agreed purchase prices to the Title Holders' nominated bank accounts (**Annex E redacted**).

DoFT subsequently issued bank cheques for the agreed purchase prices, which were presented to the Title Holders on **14 October 2026**, in the presence of the PMU Social Officer. The Title Holders signed acknowledgements of receipt of payment. Copies of the bank cheques and signed acknowledgements are provided in **Annex K (redacted)**.

The PMU Social Officer will undertake follow-up consultations with the Title Holders to confirm their satisfaction with the payment process and identify any outstanding or emerging concerns. Subject to confirmation that no issues remain unresolved, the land acquisition process will be formally closed out in the Project's Grievance Redress Mechanism (GRM) register.

In accordance with **ESCP Action 5.1.2 and ESS5 Paragraph 15**, construction works within the acquired parcels will not commence until the World Bank has cleared this Land Acquisition Due Diligence Report (LDDR).

6. Grievance Redress Mechanism

6.1 Purpose and Principles

The Grievance Redress Mechanism (GRM) for the VARS Project, referred to publicly as the Help Desk, provides a structured process for receiving, addressing, and resolving concerns or complaints related to project activities, including resettlement and compensation matters.

The mechanism is designed to be **accessible, transparent, culturally appropriate, and free of charge** to all project-affected persons.

Its objectives are to:

- Provide affected persons with accessible avenues to raise concerns and seek clarification or remedy;
- Resolve grievances promptly and fairly, without the need for judicial action; and
- Strengthen accountability and transparency of project implementation.

6.2 GRM Structure under VARS

The VARS Project GRM is operated by the PMU Social Team and follows a structure five-step process with defined timeframes for response and resolution.

The Help Desk aims to **resolve concerns promptly and fairly**, to prevent simple requests or complaints from escalating into grievances.

Issues related to **sexual exploitation, abuse, or harassment (SEAH)** or **child protection** are treated as immediate grievances and referred to appropriate national support services (Vanuatu Women's Centre – 24000; Family Protection Unit – 22222).

Step 1: Receive and Assess – within 1 day

- The first point of contact is the **PMU Social Officer**, though all PMU staff are trained to receive and record requests or complaints.
- A **Help Desk Form** is completed immediately, entered into the **Help Desk Register**, and shared with the Project Manager the same day.
- The issue is classified as:
 - (A) Request for information or design change;
 - (B) Complaint; or
 - (C) Grievance.
- A case number and follow-up officer are assigned.

Step 2: Acknowledge – within 2 days of receipt

- The claimant is contacted (in person, by phone, or in writing) to confirm receipt and advise the expected timeframe for response.
- Where relevant, the Social Team engages the **Vanuatu Women's Centre, Family Protection Unit, or Vanuatu Cultural Centre** within one week for specialist guidance.

Step 3: Investigate – within 1 week of receipt

- The assigned officer conducts a fact-finding visit or consultation to verify details, determine causes, and identify corrective actions.

- Investigations are documented in the Help Desk Register and approved by the Project Manager.

Step 4: Respond – within 1 week of investigation

- Findings and proposed solutions are presented to the claimant for agreement.
- If the claimant is satisfied, the issue proceeds to resolution; if not, an **appeal** may be initiated through the **Director of Lands** or escalated to the **World Bank Grievance Redress Service**.

Step 5: Resolve and Close Out – within 1 month of investigation (or as soon as practicable)

- Agreed corrective actions are implemented and verified with the claimant.
- The claimant signs the Help Desk Form to confirm satisfaction and closure.
- Outcomes are recorded in the Register with one of the following statuses:
Resolved – solution implemented;
Unresolved – referred to higher level or external mechanism;
Abandoned – no contact after three months.
- A copy of each closed case is shared with the **Director of MoLNR**.

The Help Desk seeks to ensure that **all cases are resolved or closed out within one month** wherever possible.

Data from the Register are reviewed regularly to identify systemic issues and improve project performance.

6.3 Access Points

Affected persons may raise a complaint, grievance or request information through any of the following means:

- **In person:** at the VARS PMU office, MoLNR, Port Vila;
- **By phone:** 5551551 or 7749233 (Social Officer, VARS PMU);
- **By email:** so@vars.vu; or
- **Through Community leadership**, who can relay complaints to the Social Officer directly.

Issues may be raised verbally or in writing, and may be submitted in **Bislama or English**.

6.4 Recording and Tracking

All complaints are entered into the **VARs GRM Register**, which records:

- Date of complaint, grievance or request for information;
- Complainant name (if provided);
- Nature of issue;
- Responsible officer;
- Actions taken; and
- Date and form of resolution.

The PMU Social Officer monitors progress and ensures that all issues are resolved within the prescribed timeframes. Monthly summaries of data are included in the Project's internal safeguard monitoring reports, VARS 6-monthly reports and reviewed during World Bank supervision missions.

6.5 Application to the Negotiated Land Acquisition

Help Desk brochures were provided to the affected title holders and they were informed of the

availability of the VARS Grievance Redress Mechanism throughout the consultation and negotiation process. No grievances were lodged regarding the valuation process, negotiations, agreed compensation or execution of the Sale and Purchase Agreements.

6.6 Monitoring and Reporting

The GRM's effectiveness is tracked as part of the Project's overall **safeguard monitoring framework**. Indicators include:

- Number of complaints, grievances or requests for information received, resolved, and pending;
- Average time for resolution; and
- Satisfaction of complainants with outcomes.

Any emerging or unresolved issues will be escalated to the Director of Lands for review, with corrective measures included in Project progress reports.

7. Conclusion

This Land Acquisition Due Diligence Report confirms that the acquisition of portions of Lease Titles **11/XXXX/XX1** and **11/XXXX/XX2** was completed through a negotiated settlement process consistent with ESS5. While the Ministry of Lands and Natural Resources holds statutory land acquisition powers, the acquisition was pursued through negotiation rather than compulsory acquisition, in line with the objectives of ESS5 to avoid or minimize involuntary land acquisition and to provide fair and transparent compensation to affected parties.

The acquisition was limited to the minimum land required for the expanded basin. The affected areas were confirmed to be vacant, with no structures, gardens, tenants, informal occupants, customary users or livelihood activities affected. The acquisition therefore results in **no physical displacement, economic displacement or livelihood impacts**.

The registered Title Holders were informed of their right to refuse the proposed acquisition and were provided the opportunity to consider the Government valuations, obtain independent valuation or advice, submit counteroffers and negotiate the purchase price. Following negotiation, mutually agreed purchase prices were reached for both titles. The **Sale and Purchase Agreements and Deeds of Release have been executed**.

The Department of Finance and Treasury (DoFT) has paid the agreed purchase prices in full to the Title Holders by bank cheque, in accordance with the executed Sale and Purchase Agreements (**Annex K redacted**). In accordance with **ESCP Action 5.1.2 and ESS5 Paragraph 15**, construction works within the acquired parcels commenced after the World Bank cleared this Land Acquisition Due Diligence Report (LDDR).

8. Disclosure

This Land Acquisition Due Diligence Report will be disclosed on the Ministry of Lands and Natural Resources website and a summary made available at the VARS PMU office in both English and Bislama prior to commencement of works at the Ohlen Mataso infiltration basin. Disclosure will be consistent with the World Bank's Access to Information Policy and ESS10.

Redacted Annexes

Annex A. Valuation Reports

Annex B. Title Holder Counteroffers

Annex C. MoLNR Response to Title Holder Counteroffers

Annex D. Sales and Purchase Agreements & Deed of Release 11/XXXX/XX1

Annex E. Payment Request issued to Department of Finance

Annex F. Lease Registers

Annex G. Record of Consultations & Negotiations

Annex H. Title Holder Consent to Negotiation

Annex I. Approval letter from OAG

Annex J. Title Holder Preferred Bank Account

Annex K. Payment to Title Holders and Receipt of Payment