

Valuation Issues in Compensation and Resettlement Action Plans: The case of Kwale Titanium Minerals Project in Kenya

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Key words:

ABSTRACT

The current contentious valuation issue in Kenya relate to assumptions and methodologies for estimating values of items eligible for compensation claims by expropriatees of development projects.

Kwale Titanium Minerals Project in Kenya is taken as a case study. The proponent of the project (Tiomin Resources Inc.), a Canadian mineral-prospecting company has provoked the most controversial valuation and environmental impact issues in Kenya's history through the proposed titanium mining by open cast operation. About 10,000 poor peasants will be displaced. The compensation offered by Tiomin is too inadequate provoking public outcry and protracted court cases. This invokes an inquiry into the historical and contemporary valuation theory and practice relating to physical and social compensation in Kenya. Are these valuation principles and methodologies acceptable for assessing compensation at the national or international levels? What are the linkages between valuation methodologies, environmental impact assessment and categories of compensation claims and resettlement action plan?

The emerging answers: valuation and environmental impact assessment should be linked by two approaches to compensation and resettlement action programmes so as to embrace the claims that emerge before and during the project cycle. The pre-loss (anticipatory) approach quantifies all items of compensation claims and looks forward with preventive intent on likely damages before the project is implemented. The post-loss approach looks forward with remedial intent on inadequacy of compensation and latent damages, which become apparent as the project progresses.

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