



# NPRS-PRF

Helping Accelerate Poverty Reduction in Asia and the Pacific

## ENSURING SUSTAINABLE DEVELOPMENT FOR RESETTLED COMMUNITIES IN VIET NAM

Two technical assistance projects were initiated to formulate and implement appropriate livelihood programs for communities affected by hydropower projects and explore viable mechanisms to ensure their share in the benefits accruing from such projects.

Viet Nam has been able to achieve a consistently high level of GDP growth in the past decade (8.4% in 2005) becoming one of Asia's best economic performers. In 1998, 38% of the population lived below the internationally accepted poverty line, but that was down to 29% by 2002, and it has fallen even further in the past few years.<sup>1</sup>

Coupled with Viet Nam's increasing economic growth is the demand for electricity, straining the country's limited generating capacity. Commercial growth and improvements in the living standards of its people have contributed to a growing demand for electricity. Developing the hydropower sector is an important way to solve this problem.

In 2003, Viet Nam had a total electric generating capacity of 8.8 gigawatts (GW) and generated 39.7 billion kilowatt-hours (kWh) of electricity, of which 52% was hydropower.<sup>2</sup> The country currently has five hydroelectric expansions underway. The country's Son La project, which began construction in late 2005, is anticipated to have a generating capacity of 2,400 megawatts (MW) by 2012. It will be the largest hydroelectric project in Viet Nam when completed. In September 2004, construction began on the Ban Ve hydroelectric power plant that is expected to begin operations in 2008. Work on four additional hydroelectric projects began in late 2004. The state power company, Eléctricité of Viet Nam (EVN), plans to commission 16 hydropower plants by 2010.<sup>3</sup>

Large-scale power generation projects have displaced poor rural communities, most of whom are marginalized ethnic groups. It is ironic that while these mega-power generation projects have actually fuelled economic development for the country, involuntary resettlement caused by such projects often has impoverished these marginalized communities further.

The types of loss displaced communities usually face include (i) loss of productive assets, including land, income, and livelihood; (ii) loss of housing, possibly entire community structures, systems, and services; (iii) loss of other civic amenities and community assets; and (iv) loss of community resources, habitat, and cultural sites. The impact of these losses is especially critical when those adversely affected are poor and vulnerable, and have little capacity to absorb the impacts and regain their livelihoods.<sup>4</sup>

### Son La Hydropower

On November 12, 2002, the National Assembly of the Socialist Republic of Viet Nam approved the construction of the Son La Hydropower, requiring the largest resettlement of people in Viet Nam's history. By 2010, 91,000 people or 18,968 households in the three provinces of Son La, Lai Chau, and Dien Bien are expected to be resettled. Most are indigenous people who will be moved between 50–100 kilometers away from their current homes and without access to the Da River (Black River)—a source of livelihood for most of them.<sup>5</sup>

The 215-meter (705-foot) dam wall will create a lake that will swallow 18,000 hectares (ha) (45,000 acres) of mountain land and forests. Around 9,987 ha of agricultural land, including rice paddies, gardens, and fishponds would be inundated. While the availability of electricity generated by the hydropower project is sure to spur economic growth, there is no clear mechanism how the affected people can benefit from the Son La power generation project. Consequently, the adverse impacts of such projects to many indigenous people cannot be mitigated in a sustainable manner.

The Government has developed resettlement sites and livelihood programs for displaced people. However, because of the

inadequate capacity of the authorities at the central, provincial, and district levels, resettlement and livelihood programs often have not been implemented effectively.

Provincial resettlement steering committees and the district resettlement and compensation management committees (DRCMCs) lack the institutional and technical expertise to plan and implement effectively resettlement and livelihood programs.

## Enhancing Local Capacity for Implementing Resettlement and Livelihood Plans

Technical assistance (TA) 4690 (VIE: Strengthening Institutional Capacity of Local Stakeholders for Implementation of Son La Livelihood and Resettlement Plan<sup>6</sup>) intends to develop the capacity of national, provincial, and district authorities from Son La, Dien Bien, and Lai Chao Provinces, as well as commune leaders and other grassroots stakeholders, to formulate and implement appropriate livelihood programs for the affected people, particularly for affected indigenous communities.

Among TA 4690's targeted main outputs are:

- i) Incorporate a livelihood program into the resettlement framework and operational guidelines for preparation of resettlement plan and livelihood programs; and
- ii) Develop and conduct training programs for national, provincial, district, and commune level.

Meanwhile, TA 4689 (VIE: Developing Benefit Sharing Mechanisms for People Adversely Affected by Power Generation Projects<sup>7</sup>) explore viable mechanisms to ensure that affected communities share in the benefits accruing from hydropower projects and to mitigate the long-term adverse social impacts of such projects. Concretely, the TA aims to develop through participatory processes draft guidelines for longer-term benefit sharing mechanisms (BSM) and sustainable financing of environment management components of hydropower projects.

## TA Updates

A review of the existing policies relating to benefit sharing was undertaken under TA 4689 and the rapid appraisal of three hydropower projects concerning the applicability of benefit sharing was carried out. The draft guidelines for financing and delivery mechanism for hydropower projects were presented to the stakeholders in a national workshop held in July 2007.<sup>8</sup>

A review<sup>9</sup> conducted under TA 4690 to study issues surrounding the implementation of the Compensation, Resettlement and Livelihood Plans in 16 resettlement sites, proposed resettlement sites, and affected communities revealed substantive findings, among them:

- i) No documented process on how to select a resettlement site or how to address land sustainability for land use planning was available; and a proper study on technical feasibility and carrying capacity of the resettlement sites was lacking;
- ii) Common problems at the planned and established resettlement sites include lack of water for drinking and

production, insufficient production land for both resettlers and the host communities, and unfertile land or land too rocky, steep, or eroded;

- iii) Livelihood and economic development programs for the sites lacked key information, no detailed feasibility studies or estimation of achievable income, and no market plans;
- iv) Information disclosure, particularly with regard to the due process of land acquisition, compensation, relocation procedures, and grievance resolution (as set out in official decrees and laws) was virtually missing, as well as grievance mechanisms;
- v) Local participation was weak. Both resettlers and hosts were observed participating in village meetings; they were only informed about the detailed resettlement plans, but were not asked to participate in their formulation;
- vi) Insufficient funds allotted for livelihood activities (livelihood budget is 6.4% of the total resettlement budget);
- vii) Use of asbestos roofs<sup>10</sup> in one resettlement site; and
- viii) Resettlement sites lacked sociocultural features appropriate for displaced ethnic groups.

The findings and subsequent recommendations were used to inform the depth and type of training program designed for the stakeholders.

The training program for key stakeholders at the national, provincial, and site levels has been initiated. Training modules on GIS (Geographic Information System) Training on Resettlement Planning, Livelihood, and Macro and Micro Land Use have been developed.

Under TA 4690, the training program focuses on three major areas: (i) training of trainers (TOT) on GIS for developing master trainer and use of GIS for macro-land use planning in the resettlement sites; (ii) TOT on micro-land use planning and soil test for the provincial and district extension staff and farmers from the resettled communities; and (iii) hands-on training on livelihood program development in the resettlement area.

Training under GIS module 1 was completed by 111 trainees. Based on the performance of module 1, 24 master trainers have been selected for advance training on GIS.

TOT on soil testing and selecting suitable crops for different types of soil was received by 142 provincial, district extension staff and farmers.

In the demonstration of livelihood development program, 1,305 resettled households from six resettlement sites participated and were trained.

Under TA 4690, the GIS Guideline on Macro Land Use Plan, Guideline on Micro Land Use Plan, and a draft Operational Manual for Resettlement and Compensation have been developed for the provinces covered.

## The Challenge Resettling Displaced People

Ensuring sustainable development for communities displaced by hydropower projects and establishing mechanisms for the affected households to benefit from such project entail a lot of skills, sensitivity, and political will.

The construction of the Son La Hydropower must be synched with the resettlement of displaced communities. One key learning from initial TA activities is that selecting appropriate resettlement sites is critical to restore the livelihood of the affected people and affected people should be moved into new resettlement sites only after detailed plans, including livelihood, have been developed.

The affected communities have long been poor and marginalized prior to their displacement. The prospect of these communities becoming poor in the resettlement sites is very ominous.

---

### Endnotes

- <sup>1</sup> Available: <http://news.bbc.co.uk/2/hi/business/6084910.stm>
- <sup>2</sup> Available: <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/EASTASIAPACIFICEXT/EXTEAPASTAE/0,,contentMDK:21042063~menuPK:2900632~pagePK:64168445~piPK:64168309~theSitePK:2822888,00.html#Continued>
- <sup>3</sup> Available: [www.eoearth.org/article/Energy\\_profile\\_of\\_Vietnam](http://www.eoearth.org/article/Energy_profile_of_Vietnam)
- <sup>4</sup> Available: [www.adb.org/Documents/PERs/sst-oth-2000-08/ses-resettlement.pdf](http://www.adb.org/Documents/PERs/sst-oth-2000-08/ses-resettlement.pdf)
- <sup>5</sup> Vietnam Union of Science and Technology Associations (VUSTA). 2006. *A Work in Progress: Study on the Impacts of Vietnam's Son La Hydropower Project*. Ha Noi.
- <sup>6</sup> TA 4690 VIE (Strengthening Institutional Capacity of Local Stakeholders for Implementation of Son La Livelihood and Resettlement Plan); approval date – November 2005; completion date – TA amount: \$1 million was financed by the Poverty Reduction Fund (contributed by the United Kingdom Department for International Development Fund and administered by ADB) and \$250,000 from the Government of Viet Nam; and executing agency – Ministry of Agriculture and Rural Development.
- <sup>7</sup> TA 4689 VIE (Developing Benefit Sharing Mechanisms for People Adversely Affected by Power Generation Projects); approval date – November 2005. completion date – December 2007; TA amount – \$150,000 was financed by the Poverty Reduction Fund (contributed by the United Kingdom Department for International Development Fund and administered by ADB); and executing agency – Ministry of Industry.
- <sup>8</sup> TA 4689 VIE NPRS-PRF Semi-Annual Project Status Report, January–June 2007.
- <sup>9</sup> TA - 4690 (VIE) Strengthening Institutional Capacity of Local Stakeholders for Implementation of Son La Livelihood and Resettlement Plan: Draft Status Report and Recommendations. May 2006. Ha Noi.
- <sup>10</sup> The use of asbestos is potentially deadly and companies that used asbestos in workplaces have paid millions of dollars to cancer sufferers.

This case study was written by Mario Randolph Dacanay, ADB Consultant with inputs from Monawar Sultana, Project Officer of TA 4690, Pradeep Perera, Project Officer of TA 4689, and Sonomi Tanaka, Senior Social Development Specialist, ADB. The views and assessments contained herein do not necessarily reflect the views of ADB or its Board of Directors or the governments they represent. ADB does not guarantee the accuracy of the data and accepts no responsibility for any consequences of their use.

For any queries, contact:

**NPRS-PRF** Secretariat  
nprs-prf@adb.org

