

# Resettlement Due Diligence Report

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September 2014

VIE: Viet Nam Water Sector Investment Program –  
Cua Lo Water Supply Subproject

Prepared by Cua Lo Water Supply Company for the Asian Development Bank.

**VIET NAM**

**MFF0054-VIE**

**WATER SECTOR INVESTMENT PROGRAM**

**PROJECT 3 (PFR3)**

**SUB-PROJECT:**

**UPGRADE AND EXPANSION OF WATER SUPPLY SYSTEM  
FOR CUA LO TOWN, NGHE AN PROVINCE**

**LAND ACQUISITION AND RESETTLEMENT DUE  
DILIGENCE REPORT**

**SEPTEMBER 2014**

## ABBREVIATIONS

ADB	=	Asian Development Bank
AFS	=	audited financial statements
AP	-	Affected Persons
CQS	=	consultant qualification selection
DMF	=	design and monitoring framework
DSC	=	design and supervision consultant
EARF	=	environmental assessment and review framework
EIA	=	environmental impact assessment
EMP	=	environmental management plan
FAM	=	facility administration manual
FDIC	=	International Federation of Consulting Engineers
GDP	=	gross domestic product
ICB	=	international competitive bidding
IEE	=	initial environmental examination
IPP	=	indigenous people plan
IPPF	=	indigenous people planning framework
LIBOR	=	London interbank offered rate
MFF	=	Multitranches financing facility
MOF	=	Ministry of Finance
MPI	=	Ministry of Planning and Investment
NCB	=	national competitive bidding
NGOs	=	nongovernment organizations
PAI	=	project administration instructions
PAM	=	project administration manual
PRF	=	periodic financing request
PMU	=	project management unit
QBS	=	quality based selection
QCBS	=	quality- and cost based selection
RRP	=	report and recommendation of the President to the Board
SBD	=	standard bidding documents
SBV	=	State Bank of Vietnam
SOE	=	statement of expenditure
SPS	=	Safeguard Policy Statement
TOR	=	terms of reference

## NOTES

The fiscal year (FY) of the Government and its agencies ends on 31 December.

In this report, "\$" refers to US dollars.

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## **1. PROJECT DESCRIPTION**

### **1.1 MFF Description**

The ADB Board of Directors approved a multitranche financing facility (MFF) on 22 February 2011 for \$1,000 million from the Ordinary Capital Resources (OCR) for the first time in Viet Nam for the water sector. In the last two decades, the water sector in Viet Nam has achieved significant improvements in coverage for water supply to urban and rural areas throughout the country. To provide longer-term support for Viet Nam's continued success in water supply development, improve the level of service delivery, and to meet the increasing demands for water of the expanding population and economy of the country. The government of Viet Nam requested ADB assistance to develop a series of water supply projects.

Cua Lo town water supply project is part of the seven water supply subprojects that formed the third Periodic Funding Request (PFR-3) of the Multi-tranche Financing Facility (MFF0054-VIE) for Support of the Water Sector in Viet Nam. The tranche finances 7 water companies for urban water supply, including one economic zone (see Figure 1).

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**Figure 1: Location of Sub-Projects under PFR-3**



## 1.2 Cua Lo Water Supply Project

The proposed project consists of:

- The construction of a raw water intake from Phuong Tich river and the rehabilitation and expansion of the actual Water Treatment Plant with an additional production capacity of 10,000 m<sup>3</sup>/day;
- The construction of a Booster Pumping Station (BPS);
- The construction of a transmission and distribution network 65 km pipes HDPE diameter D100 – D400 and 216 km service pipes HDPE D40 – D90;
- The connection of 7,352 houses with water meters;
- The construction of an office building and auxiliary facilities;
- And support for the implementation and operation of the project;

Land acquisition for the construction of the water treatment plan is about 8.2 ha; for the booster pumping station and administration office it is 1.25 ha. Land for the construction of the water

treatment plant is idle public land managed by Nghi Hoa commune people's Committee. Land for construction of the booster pumping station is sandy soil also managed by Nghi Huong ward of Cua Lo town. The 32 AHs did not own the affected land; local authorities had allowed people to temporarily plant trees and raise fish on public land.

Compensation was already paid to 32 affected households (AHs) in February 2013 and the resettlement process has been completed. The Water Company requested ADB funds while resettlement activities were ongoing. Resettlement activities were completed before loan fact finding.

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Since payments had already been made without an approved RP, a due diligence report has been prepared to determine the level of risk for affected people and the ADB by association<sup>1</sup>. The due diligence report will review compliance with ADB requirements as per agreed MFF Resettlement Framework (RF).

This due diligence report examines (i) the requirements of the approved RF and the extent to which these requirements have been satisfied by the subproject, (ii) compliance with national laws and regulations on land acquisition and social issues; and (iii) aspects where significant discrepancies exist between the observed outcomes of the resettlement implementation and objectives of the RF. In case of discrepancies, corrective actions have to be implemented by the Cua Lo Water Company (CLWACO).

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<sup>1</sup> The ADB's Operational Manual (OM) F2/OP, paragraph 2, footnote 2.



Figure 2: Layout of the water supply system



## **2. METHODOLOGY**

The activities conducted to prepare this report, were the following:

- Meetings with all stakeholders (commune's People's Committees, local organizations such as Women's Unions, Farmer's Association, Department of Labour Invalids and Social Affairs, Resettlement Committee of Cua Lo town);
- Meetings with affected persons and site visits;
- Preparation and implementation of a survey among affected persons (household questionnaire);
- Preparation of a Replacement Cost Survey;

### **2.1 Meetings with APs and Local Organizations**

Meetings with affected households and local organizations such as the Women' Union, Veteran's Union, National Frontier and the Farmer's Association of the affected commune. The questions discussed during the meeting were: (i) compensation prices; (ii) availability of land; (iii) measures to help APs to restore income; (iv) and other social issues.

Minutes of meetings held on the 9<sup>th</sup> of October 2013 in Nghi Hoa commune and Nghi Huong ward are presented in Appendixes 4 and 5.

### **2.2 Household questionnaire**

The purpose of the survey was to collect socioeconomic information (livelihood, income, etc.), to identify the extent of losses for APs, the actual status of APs, the compensation received, and the satisfaction with the compensation policy and the compensation rates.

All 32 AHs were surveyed; they are located in Nghi Huong ward of Cua Lo town and Nghi Hoa commune of Nghi Loc district.

### **2.3 Replacement Cost Survey**

To assess if the compensation prices paid to AHs (based on Provincial Peoples Committee (PPC) prices) were at replacement costs, a replacement cost survey was conducted. As the land acquired for the project implementation is public land and managed by commune/ward Peoples Committees, the objective of the replacement cost survey was to undertake an independent classification and valuation of trees and structures in the Project area based on the current market value of trees and structures. Direct interviews were undertaken with local people in the Project's affected area, including those whose trees and structures are affected and those whose trees and structures are not affected. The interviews covered the following issues:

- The price, at which owners are willing to sell the different types of affected trees, structures; and
- Government established rates for trees and structures.

### 3. THE PROJECT AREA

As indicated above, land acquisition is needed for the construction areas of a water treatment plant, a booster pumping station and an administration office building.,.

#### 3.1 Location of the Project Area

The water treatment plant construction area is located in Nghi Hoa commune, Nghi Loc district; the booster pumping station and the administration office building are located in Nghi Huong ward of Cua lo town, Nghe An province.

#### 3.2 Socioeconomic profile of Affected Persons

A socio-economic survey was conducted among the 32 AHs in August 2013.

##### 3.2.1 Average Land Size of the affected households outside the project area

Farmers in the project area own in average between 1,600 and 3,500 m<sup>2</sup> of agriculture land per household. About 37.5% of the farmers own an area between 1,600 and 2,500 m<sup>2</sup>, and 40.6% between 2,600 and 4,500 m<sup>2</sup>. No farmer surveyed owns agricultural land larger than 4,500 m<sup>2</sup>. Only two households owned an area less than 1,500 m<sup>2</sup> (see details in table 3-1 below).

**Table 1: Area of Land Size outside the Project Area**

Commune/ ward		Area of agriculture land owned by AP (m <sup>2</sup> )									
		<1,500		1,600-2,500		2,600-3,500		3,600-4,500		>4,500	
		HH	%	HH	%	HH	%	HH	%	HH	%
Nghi Huong	28	2	7.1	10	35.7	12	42.9	4	14.3	0	0
Nghi Hoa	4	0	0.0	2	50.0	1	25.0	1	25.0	0	0
Total	32	2	6.3	12	37.5	13	40.6	5	15.6	0	0

Source: DMS 2013

##### 3.2.2 Economic Activities of Affected Persons

- Main Source of Income**

The results of the socio-economic survey show that all the AHs are involved in farming activities (mainly paddy cultivation). AHs also have other income sources. The table below shows the different sources of income of affected households.

**Table 2: Different sources of income of Affected Households**

Commune/ ward	AH	Agriculture		Trading – retail		Services		Hired labor		Wages / Salary		Aqua-culture		Gover-nment		Other	
		HH	%	HH	%	HH	%	HH	%	HH	%	HH	%	HH	%	HH	%
Nghi Huong	28	28	100.0	11	39.3	0	0	2	7.1	2	7.1	3	10.7	0	0	10	35.7
Nghi Hoa	4	4	100.0	2	50.0	0	0	0	0.0	0	0.0	0	0.0	2	50	0	0.0
Total	32	32	100.0	13	40.6	0	0	2	6.3	2	6.3	3	9.4	2	6.25	10	31.3

Source: Socio-economic Surveys (2013)

- **Secondary Source of Income**

With its 10 km long beach, Cua Lo is an important tourist area. Most of the affected people in Cua Lo town live near the beach area. They therefore have the opportunity to work in trading services and take part in a small business activities considered as their secondary source of income.

- **Income of Affected Persons**

In the project area, the average individual income is 5,000 000-11,000,000 VND per month for both men and women.

It is noted that in some cases income from trading service is much higher than income from agricultural production.

**Table 3: Average income per capita per month by area**

Commune	Average Amount of Income per HH head per month		
	From primary source	From secondary source	From all sources
Nghi Huong	3,832,000.0	1,136,000.0	4,968,000.0
Nghi Hoa	8,500,000.0	2,875,000.0	11,375,000.0

Source: Consultant Due Diligence - Socio-economic Survey (2013)

### 3.2.3 Tenure

All 32 AHs own a Land Use Right Certificate (LURC) and are legal owners of their affected assets for their land outside the project area.

In the project area, farmers were allocated land by the Nghi Hoa and Nghi Huong commune/ward authorities; all HH signed a contract for the temporary use of the land.

### 3.2.4 Incidence of Poverty

None of the AHs are classified as poor households.

The national poverty line in the period of 2011-2015 is below VND 400,000 per capita per month for rural areas, and below VND 600,000 per capita per month for urban areas.

### 3.2.5 Ethnic groups

In the project area, the Kinh ethnic group accounts for 100% of the population.

Results from the socio economic survey also showed that no AP belongs to an ethnic minority group .

### 3.2.6 Health, Education and Gender Issues

- **Health**

Residents of the affected commune have access to a health center and a central hospital in the district town. No specific diseases were reported in the project area.

- **Education**

The affected commune and ward have their own primary and secondary schools. High schools can be found in Nghi Loc district town and Cua Lo town.

No HH head in Nghi Hoa commune and Nghi Huong ward reported having no education. Most of the HH heads have completed a lower secondary school and upper secondary school.

**Table 4: Academic Level of HH head**

Commune	AHs	No Education		Primary not Completed		Primary		Lower secondary		Upper secondary		Other	
		HH	%	HH	%	HH	%	HH	%	HH	%	HH	%
Nghi Huong	28	0	0	0	0	3	10.7	16	57.1	9	32.1	0	0
Nghi Hoa	4	0	0	0	0	0	-	2	50.0	2	50.0	0	0
Total	32	0	0	0	0	3	9.4	18	56.3	11	34.4	0	0

Source: Socio-economic Surveys (2013)

- **Gender issues**

Women are involved in field work and share the same tasks as men. In addition, women take part in farming and are responsible for housekeeping work.

**Table 3.2.6-6: Allocation of family work between members**

Activities	Husband	Wife	Both	Others
<b>Household activities</b>				
Managing the money	11	19	2	0
Doing housework	3	24	5	0
Making major financial decisions (on buying expensive items: house, land, motorbike, etc.)	17	3	12	0
Making decisions on your children's education & occupations	14	8	10	0
Making decisions on your children's marriages	7	5	20	0
<b>Economic activities</b>				
Farming	6	8	18	
Harvesting	6	8	18	
Kitchen gardening	2	5	8	

## 4. PROJECT IMPACTS

### 4.1 Impacts on trees and secondary structures.

As previously stated, there is no loss of any agricultural land. Land for the construction of the water treatment plant is idle public land and for the booster pumping station it is sandy soil owned and managed by of the Nghi Huong ward of Cua Lo town and the Nghi Hoa commune of Nghi Loc district. Impacts are limited to loss of trees and some secondary structures such as brick kilns and temporary shelter previously used for storing bricks.

**Table 5: Scope of Resettlement Impacts**

Commune/ward	Surveyed HHs	Resettlement impacts			
		Temporary shelter for storage brick	Secondary structures	Fish pond	Trees
Nghi Huong	28	-	-	-	28
Nghi Hoa	4	3	4	2	4
Total	32	3	4	2	32

Note: secondary structures are culverts, concrete poles, etc.

The temporary shelters for storing bricks were previously used by 3 AHs, but are now abandoned because the PPC had stopped the brick production in 2011 due to environmental pollution.

### 4.2 Satisfaction with Compensation

The adequacy of compensation provided to AHs was investigated not only based on the expressed level of satisfaction of affected people but also through interviews with local authorities and social organizations. Due diligence confirmed that all affected people were happy and satisfied with compensation they received for their affected secondary structures and trees (Refer to Appendix 3 for Minutes of Meeting and Appendix 7 for signed claim compensation forms). In the project area where an administration office building and a booster pumping station (BPS) will be constructed, the development of Cua Lo Industrial zone is also planned; there are no private land owners in this proposed area for construction of the WTP and BPS. In the project area for the construction of the water treatment plant in Nghi Hoa commune, the land is managed by the local authority and people have signed temporary contract with communal PC to cultivate fish and produce brick. The brick-kilns were stopped in 2011 due to air pollution. However, people still maintained storage tents/shelter for bricks and Cua Lo WSC has already paid full compensation to owners.

### 4.3 Reestablishment of Livelihood

Most of affected households (27/28 HHs) in Nghi Huong ward have agricultural land in other non-affected places, average land area is around 2,800 m<sup>2</sup>/HH. However, the income of households doesn't depend much on agricultural production. As they live in a

tourist area, they can earn additional income from different jobs such as trading services and small business activity.

Questions about the reestablishment of livelihood were undertaken with the 2 affected households who signed a temporary contract to raise fish. Besides fishing cultivation, these two households also have agricultural land in other areas for paddy cultivation. Discussion with the local authority of Nghi Hoa commune concluded that the local authorities will arrange ponds for aquaculture along the Cam river for these two households to continue aquaculture production. In September 2014, it was confirmed that the 2 AHs received such ponds. In addition local authorities authorize the 2 HHs to continue to raise fish on the project site until the start of the project implementation. The 2 HHs committed to stop their activities when the project will start.

Allowances were also provided to an AH (Mr. Nguyen Dinh Phu) to move his livestock (ducks) to an alternative location.

#### **4.4 Water Supply**

Most of the households are using drilling well. The water quality has not been verified. Most of people want to use clean water from the tap water system and support the project.

### **5. PROJECT POLICY**

#### **5.1 Status of Resettlement Activities**

Resettlement activities started in early 2012. DMS was completed in December 2012. Full compensation and allowances were paid to affected people in February 2013.

CFLD and local authorities organized a meeting on 20 May 2012 to inform AHs of the scope of the land acquisition, compensation and of the process of resettlement activities. Minutes of this meeting are attached in Appendix 3. All the APs met have participated in public meetings.

DMS and compensation claims were prepared with the collaboration of AHs. AHs agreed and signed all documents. Appendix 6 presents an example of the DMS form and Appendix 7 presents the compensation claims of AHs

Table 4.1 presents the status of resettlement activities in the Nghi Huong ward and Nghi Hoa commune.

**Table 6: Status of Resettlement Activities**

Activity	Date
Public meetings	May 2012
DMS	December 2012
Compensation payment	February 2013
APs handed over the site to project	March/April 2013

## **5.2 Project Implementation Arrangements**

### **5.2.1 Cua Lo Water Supply one Member Company Limited (CLWSCo)**

The Cua Lo Water Supply One Member Company Limited (CLWSCo) is the executing agency for the Cua Lo water supply project, under the responsibility of the Nghe An People's Committee (PPC). The Center for Land Fund Development (CLFD) of Cua Lo Town and Resettlement Committee of Nghi Loc district are in charge of the resettlement activities. CLWSCo is not in charge of the implementation of resettlement activities for Cua Lo water supply project.

### **5.2.2 Nghe An People's Committee (PPC)**

The Nghe An Provincial People's Committee (PPC) will be responsible overall for resettlement activities within its administrative jurisdiction through CLFD - .

### **5.2.3 Centre for Land Fund Development**

The Centre for Land Fund Development is in charge of the preparation and implementation of all resettlement activities. Specific to the Project, the Centre for Land Fund Development executed the following tasks:

- a) Issued Notice of Land Acquisition when the project was formally approved;
- b) Informed AHs about Detailed Measurement Survey process;
- c) Conducted Detailed Measurement Survey;
- d) Prepared compensation plans;
- e) Prepared individual "AH Compensation Forms" which detail all types of losses with its corresponding established compensation rates.
- f) Informed AHs regarding payment schedule.
- g) Presented proposed compensation amounts to AHs and explain in detail the AH's rights and entitlements based on Project policies and explain how compensation amounts were calculated.
- h) Conducted compensation payment.
- i) Review grievances in consultation with main stakeholders and HH who raised grievances. Submit recommendation to solve grievance to District and Province PC;

### **5.2.4 Peoples Committees of Cua Lo Town and Nghi Loc district**

The Peoples Committees of Cua Lo Town and Nghi Loc district are in charge, in collaboration with the Center for Land Fund Development of Cua Lo Town and Resettlement Committee of Nghi Loc district in the planning and implementation of resettlement activities for water supply project area.



District/City authorities are responsible for determining legal rights to land and structures on land, land acquisition and land allocation (residential land) and to review grievances.

### **5.2.5 Commune/ward People's Committee**

The People's Committee of Nghi Huong ward and Nghi Hoa commune are assisting city/district authorities for resettlement activities. The Nghi Huong and Nghi Hoa communal PCs have already been involved in the planning and implementation of resettlement activities in the project area.

## **5.3 Legal and Resettlement Policy**

### **5.3.1 Policy applied for the Project implementation**

The Center for Land Fund Development of Cua Lo Town and Resettlement Committee of Nghi Loc district have followed Government of Vietnam Regulations on involuntary resettlement (Decrees 84/CP, 197/CP, 69/CP) and Nghe An PPC' Decision No. 04/2010/QD-UBND, dated 13 August 2010 on compensation, assistance and resettlement when the State recovers the land. Decision No. 10/2012/QD-UBND dated 04 February 2012 on amendment and supplementary of some articles of Decision No.04/2010/QD-UBND. Decision No.16/2011/QD-UBND, dated 22 March 2011 on compensation rates for different types of trees, crops and Decision No.01/2012/QD-UBND, dated 04 January 2012 on compensation rates for houses, structures existing on land when the State recovers the land (Refer to Appendix 8).

### **5.3.2 Replacement cost survey**

A replacement cost survey was conducted in the project area. Local authorities, affected persons and non-affected persons were met. The survey focuses on different types of trees and on prices of construction materials.

- **Objectives**

The purpose of the replacement cost survey is to determine the rates that will be used to compensate for losses of crops, trees, and structures to ensure that project affected persons (APs) are compensated at the current market value. This is required in order to comply with the project policy framework of compensation at replacement cost at current market value, and to meet one of the project principles which is to ensure that (a) no one is left worse off with the project than without it, and (b) people affected by the project should be able to maintain, if not improve, their pre-project standard of living.

The established replacement costs must be equivalent to, or higher than, the prevalent market prices.

- **Approach**

The evaluation of replacement costs have been carried out based on information collected from both research and field work including surveys and data collection from people in the affected area, both those affected and those not affected.

Desk research focused on relevant publications, materials of Government authorities, both at provincial, and district levels. However, these materials only had a supporting role. As the work is aimed at obtaining reasonable replacement costs for different types of affected assets, market evidences are the factors which most strongly base the formulation of these costs. Surveys with people in the affected area, both those, whose assets are affected by the project, and those whose assets are not, will produce reliable data for evaluation.

- **Information Collection**

The data has been collected through interviews directly with owners of structures, trees and crops.

**For crops and trees:** along proposed project, local people raised fish, and planted trees such as timber trees.

Interviews were undertaken with people (affected and not affected) who owned the same types of timber trees in the locality. The interviews covered the prices at which owners were willing to sell or buy the trees.

**For structures,** the objective of this evaluation is to determine whether the provincial prices enable APs to rebuild their affected structures. The evaluation of compensation for affected structures is based on the principle of replacement cost. The information to base the evaluation were mainly collected from direct interviews with parties involved, including owners of structures (both those whose structures are affected by the construction of water treatment plant and those whose structures are not affected).

The table below presents results of replacement cost survey.

**Table 7: Comparison of replacement costs with PPC's price units**

	Groups	Types	Unit	Prices/costs (VND) in 2012		
				Replacement costs	Price/costs by PPC <sup>2</sup>	Compensation costs
1	Prices of trees	Eucalyptus	tree			
		(Ø 6-10 cm)		13,000-17,000	15,000	14,000-17,000

<sup>2</sup> From Decision No. 16/2011/QĐ-UBND on compensation rates for different types of trees, crops and Decision No. 01/2012/QĐ-UBND on compensation rates for houses, structures existing on land when the State recovers the land

		(Ø 11-20 cm)		35,000-50,000	45,000	40,000-55,000
		(Ø 21-30 cm)		120,000-170,000	160,000	130,000-170,000
		(Ø 31-40 cm)		130,000-180,000	180,000	140,000-180,000
		Casuarina-tree	tree			
		(Ø 1-5 cm)		8,000-12,000	10,000	10,000
		(Ø 6-10 cm)		10,000-16,000	15,000	15,000
		(Ø 11-20 cm)		30,000-45,000	45,000	35,000-45,000
		(Ø 21-30 cm)		120,000-170,000	160,000	130,000-170,000
		Cajeput	tree			
		(Ø 1-5 cm)		8,000-10,000	10,000	10,000
		(Ø 6-10 cm)		12,000-16,000	15,000	13,000-15,000
		(Ø <3 cm)	tree	2,000-3,500	3,000	3,500
2	Prices of construction materials	Tile roof	m2	1,800,000	2,140,000	2,200,000
		Brick wall (Ø 110 cm)	m	1,100,000	1,210,000	1,300,000
		Concrete pole	m	100,000	112,000	120,000
		Iron fence	m	30,000	35,000	40,000

- Trees**

There is no transaction activity for trees in the project area. However, the survey team conducted interviews with local people and local authorities. The result indicates that the compensation paid for different types of trees , based on PPC rates corresponds to market rates . The latest and highest rates issued by Nghe An PPC were used for compensation.

- Construction materials**

Compensation rates for construction material correspond to replacement cost at the time of compensation payment. At the time of due diligence the prices of some construction materials such as cement, brick, sand, stone, and wage of workers were similar to the ones at the time of compensation payment. The PPC rates and market prices for construction materials are essentially the same. Therefore, the affected people are satisfied with compensation paid by Resettlement Committee and Center for Land Fund Development.

The structures affected are wooden shelters built with wood structure without walls. Roof was made by bamboo. The compensation received for this type of temporary structure met the replacement costs for materials.

Regarding the 3 AHs who owned brick kilns: as said above, since 2010 the PPC of Nghe An issued Decision to close all artisanal brick producing activity in all localities of the province due to environmental pollution. The land was under management of the commune. Before 2010 all 3 AHs had temporary right to produce brick on commune's land. Recently, all 3 HHs have changed their jobs: one HH relies on agriculture production as main occupation and also has a small shop. The other 2 HHs also changed their jobs and are raising fish in the Cam river. One of them, Mr. Hoa developed a livestock farm located near the project site for chicken and ducks. All 3 HHs now have stable income.

### **5.3.3 ADB Policy on Involuntary Resettlement and other relevant Policies**

The Safeguard Policy Statement (SPS) was approved by the ADB Board of Directors on 20 July 2009 and became effective on 20 January 2010. This includes Involuntary Resettlement Safeguards. The SPS and the safeguard requirements on involuntary resettlement supersede the ADB's Policy on Involuntary Resettlement (1995) policy on involuntary resettlement and the new Operations Manual section will supersede the Operations Manual on Involuntary Resettlement (OM/F2, 2006).

The objectives of the ADB Safeguards concerning Involuntary Resettlement are to avoid or minimize the impacts on people, households, businesses and others affected by the acquisition of land and other assets, including livelihood and income, in the implementation of development projects. Where resettlement is not avoidable, the overall objective of the ADB safeguards is to enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to pre-project levels; and to improve the standards of living of the displaced poor and other vulnerable groups by compensating for lost assets at replacement costs and by providing, as necessary, various forms of support.

The main policy principles are to:

- Screen the project early on to identify past, present, and future involuntary resettlement impacts and risks. Determine the scope of resettlement planning through a survey and/or census of displaced persons, including a gender analysis, specifically related to resettlement impacts and risks.

- Carry out meaningful consultations with affected persons, host communities, and concerned nongovernment organizations. Inform all displaced persons of their entitlements and resettlement options. Ensure their participation in planning, implementation, and monitoring and evaluation of resettlement programs. Pay particular attention to the needs of vulnerable groups, especially those below the poverty line, the landless, the elderly, women and children, and Indigenous Peoples, and those without legal title to land, and ensure their participation in consultations. Establish a grievance redress mechanism to receive and facilitate resolution of the affected persons' concerns. Support the social and cultural institutions of displaced persons and their host population. Where involuntary resettlement impacts and risks are highly complex and sensitive, compensation and resettlement decisions should be preceded by a social preparation phase.
- Improve, or at least restore, the livelihoods of all displaced persons through (i) land-based resettlement strategies when affected livelihoods are land based where possible or cash compensation at replacement value for land when the loss of land does not undermine livelihoods, (ii) prompt replacement of assets with access to assets of equal or higher value, (iii) prompt compensation at full replacement cost for assets that cannot be restored, and (iv) additional revenues and services through benefit sharing schemes where possible.
- Provide physically and economically displaced persons with needed assistance, including the following: (i) if there is relocation, secured tenure to relocation land, better housing at resettlement sites with comparable access to employment and production opportunities, integration of resettled persons economically and socially into their host communities, and extension of project benefits to host communities; (ii) transitional support and development assistance, such as land development, credit facilities, training, or employment opportunities; and (iii) civic infrastructure and community services, as required.
- Improve the standards of living of the displaced poor and other vulnerable groups, including women, to at least national minimum standards. In rural areas provide them with legal and affordable access to land and resources, and in urban areas provide them with appropriate income sources and legal and affordable access to adequate housing.
- Develop procedures in a transparent, consistent, and equitable manner if land acquisition is through negotiated settlement to ensure that those people who enter into negotiated settlements will maintain the same or better income and livelihood status.
- Ensure that displaced persons without titles to land or any recognizable legal rights to land are eligible for resettlement assistance and compensation for loss of non-land assets.

- Prepare a resettlement plan elaborating on displaced persons' entitlements, the income and livelihood restoration strategy, institutional arrangements, monitoring and reporting framework, budget, and time-bound implementation schedule.
- Disclose a draft resettlement plan, including documentation of the consultation process in a timely manner, before project appraisal, in an accessible place and a form and language(s) understandable to affected persons and other stakeholders. Disclose the final resettlement plan and its updates to affected persons and other stakeholders.
- Conceive and execute involuntary resettlement as part of a development project or program. Include the full costs of resettlement in the presentation of project's costs and benefits. For a project with significant involuntary resettlement impacts, consider implementing the involuntary resettlement component of the project as a stand-alone operation.
- Pay compensation and provide other resettlement entitlements before physical or economic displacement. Implement the resettlement plan under close supervision throughout project implementation.
- Monitor and assess resettlement outcomes, their impacts on the standards of living of displaced persons, and whether the objectives of the resettlement plan have been achieved by taking into account the baseline conditions and the results of resettlement monitoring. Disclose monitoring reports.

ADB also issued safeguards requirement on Indigenous Peoples. In this Safeguard the term Indigenous refer to a distinct, vulnerable, social and cultural group possessing the following characteristics in varying degrees: (i) self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; (ii) collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories; (iii) customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture; and (iv) a distinct language, often different from the official language of the country or region.

The objective of this safeguard requirement is to design and implement projects in a way that fosters full respect for Indigenous Peoples' identity, dignity, human rights, livelihood systems, and cultural uniqueness as defined by the Indigenous Peoples themselves so that they (i) receive culturally appropriate social and economic benefits, (ii) do not suffer adverse impacts as a result of projects, and (iii) can participate actively in projects that affect them.

ADB's Policy on Gender and Development adopts gender mainstreaming as a key strategy for promoting gender equity, and for ensuring that women participate and that their needs are explicitly addressed in the decision-making process. For projects that have the potential to have substantial gender impacts, a gender plan is prepared to identify strategies to address gender concerns and the involvement of women in the design, implementation and monitoring of the project.

Other policies of the ADB that have bearing on resettlement planning and implementation are the (i) Public Communications Policy (March 2005) and OM Section L3/BP (September 2005), and (ii) Accountability Mechanism (OM Section L1/BP, dated 29 October 2003).

**Table 4-2: Comparison of Resettlement Policy Applied in Project Area with Resettlement Framework**

<b>Types of Losses</b>	<b>Resettlement Framework</b>	<b>Policy applied in project area</b>	<b>Gaps between ADB and applied policy</b>
<b>Residential &amp; Agriculture land</b>			
<b>Structures and Trees</b>			
Main structures affected	Compensation at full replacement cost at current market value in cash with no deduction for depreciation or salvageable material	Cash compensation for structures according to NA PC compensation prices for structures (No.01/2012)	None. Compensation rates received by APs generally meet market rates.
Trees	Compensation based on the type and age of the tree to be determined in consultation with APs	Cash compensation according to NAPC compensation prices for trees and crops (Decision N0.16/2011)	None. Compensation rates received by APs meet market rates and were established in consultation with the APs

## 6. CONCLUSION AND RECOMMENDATIONS

The Cua Lo Water Supply Project has minor resettlement impacts on affected APs and the compensation and allowances paid were sufficient for affected people to restore their livelihoods.

The DMS and compensation plans have been implemented in a transparent way. All information has been disclosed and all documents signed and agreed by AHs. Public meeting was held on 20 May 2012 (see Appendices for minutes of meetings).

AHs are not owners of the affected land but received compensation for assets on the land and investment made on the land.

Compensation received for temporary structures corresponds to replacement costs for materials and was satisfactory to AH.

Compensation used for trees were the latest and the highest issued by Nghe An PPC. Compensation was also satisfactory to AHs.

Income of AHs has not been significantly affected. All HH have other source of incomes especially due to the proximity of the tourist area around Cua Lo beach.

Local authorities provided new fish ponds for 2 AHs who used to raise fish in the affected area. Allowance has also been provided to Mr. Nguyen Dinh Phu to move his livestock (ducks) to an alternative location.

No poor or other vulnerable HH were found among the AHs.

Resettlement Policy and compensation applied for Cua Lo water supply project was implemented in compliance with the approved Resettlement Framework. No additional compensation or assistance is required.