



Asian Development Bank

Southeast Asia Department

4 November 2010

To: Mr. Chhit Sam Ath, Executive Director, NGO Forum on Cambodia
Mr. Sia Phearum, Secretariat Director, Housing Rights Task Force
Mr. Le Sarom, Representative, Sahmakum Teang Tnaut
Mr. David Pred, Executive Director, Bridges Across Borders Cambodia

Dear Messrs. Sam Ath, Sia Phearum, Le Sarom, and David Pred:

Subject: Loan 2288- CAM : GMS Rehabilitation of Railway in Cambodia
Project re: Concerns about Resettlement Impacts

We acknowledge receipt of your letter of 21 October 2010 and thank you for bringing your concerns to our attention. We have similar concerns which were already brought to our attention by the Project Team, and we are discussing these with the Government.

We deeply regret the unfortunate death of two children from the Battambang relocation site. We have been told by the Inter-ministerial Resettlement Commission (IRC) and the External Monitor that, according to their initial investigations, it was difficult to link this tragic incident with the Project. Nonetheless, they have agreed to further investigate the incidents leading to the death of the two children. In addition, our Social Advisor is scheduled to visit the site this week to assess the progress of resettlement activities and to meet with the bereaved family to learn more about the circumstances surrounding this tragic event.

Please note that we have been working closely with the Government to address all concerns known to us on resettlement issues. It is true that there are outstanding resettlement issues that have yet to be resolved, and we are in constant dialogue with the Government on the issues and way forward.

On the other specific issues raised in your letter, we note that most of these have already been conveyed to you by our Project Team. While we believe that the Project Team has already addressed your queries and requests for updates, for ease of reference, we attach our Project Team's responses to date (Attachment 1).

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Director General

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We will continue to follow up with the Government on all the issues related to resettlement and safeguards and actions to be taken by the Government to address those issues. Concerning your request for ADB to suspend the right of the Government to make withdrawals from the loan account, such a decision requires further review and consultation with the Government.

Based on the findings reported by the Social Advisor and the results of the Government's investigation into the deaths of the two children, we expect to provide you with a follow-up response by early December 2010.

We look forward to our continued interaction and exchange of views on these important issues.

Yours sincerely,



Kunio Senga
Director General

cc: The President
Vice President Operations 2
The Chief Advisor to the President
James Lynch, Director, SETU
Putu Kamayana, Country Director, ADB Cambodia Resident Mission
Lachlan Pontifex, Counsellor, Development Cooperation, AusAID,
Monyrath Nuth, Senior Program Manager, AusAID,
P. Broch, M. Buendia, SETU
P. Arnoux, Social Advisor

**CAM: Rehabilitation of the Railway in Cambodia Project
NGO Concerns (letter 21 October 2010)**

- ***The immediate installation of piped water and other essential services in Battambang and Sihanoukville resettlement sites.***

In the Battambang resettlement site, electricity has now been installed. However, the resettlement site is not yet connected to the water system of Battambang, and this is an additional burden to the relocated families who have to buy water from retailers. We have been advised by the Inter-ministerial Resettlement Committee (IRC) that they continue to follow-up with the local authorities and the utility provider to have the resettlement site connected to the town's water system as soon as possible. At present, IRC is also considering tapping groundwater, if found potable. In the interim, we are working with IRC to find a solution to support the families during the transition period, such as contracting a private company to supply water to the relocation site with the cost met by the Government or providing additional cash assistance to the households. These options are currently being discussed with IRC.

In Sihanoukville, we have been advised by IRC that they are still in discussion with the local utility provider to install electricity in the relocation site. We will continue to follow this up with IRC. With regards water, there are already 6 dug wells at the site. We note in your letter about complaints on the quality of water from the dug wells. The Project Team did not receive the same feedback when they visited the families last August 2010. Nonetheless, we will look into this matter again in early November 2010.

- ***The guarantee of free access to at least minimum necessary amounts of piped water, electricity and essential services at all RS.***

We agree that connection to water and electricity networks should be at no cost to the households. However, the costs of water and electricity consumption should be paid by the households themselves. On the issue of some families who paid for the connection fees for electricity, we will have this issue verified and we will request IRC to reimburse payments made by the families.

- ***The commencement of livelihood support programs at the resettlement sites and in the interim, the provision of social security payments until families are earning a subsistence income.***

Income restoration program (IRP) activities have already started for relocated households in the Sihanoukville resettlement site. A meeting with the NGO responsible for the IRP has been scheduled in early November 2010 to discuss the progress of the IRP in the area. For severely affected households on the northern line, there is a delay. We are in regular communication with the IRC to get the IRP started without further delay. The Project team has started some preliminary discussion with a microfinance institution (Angkor Mikroheranhvatho Kampuchea) which expressed interest in providing the households credit and savings services. The institution's target communities are located along the railway tracks in Toul Kork and Russei Keo (Toul Sangke, Kilometre 6). A meeting with the institution is also scheduled in early November 2010.

Please note that eligible households are entitled to cash assistance during the transition period while re-establishing their livelihoods. Following receipt of the findings of the External Monitor and further assessment that will be carried out by the Social Advisor in early November 2010, the type and extent of additional assistance to be given to the affected households, if warranted, will be discussed with IRC for appropriate action.

- ***The provision of special assistance to widows and other vulnerable***

Special assistance to widows and other vulnerable people are and will be provided as per agreed Resettlement Plan. With reference to the provision of two plots for two families living in one house, this is being applied. However, IRC has to review carefully all cases to determine whether or not families are entitled to 2 plots of land. We will discuss this issue again with IRC in early November 2010.

- ***The implementation of a wider assessment of conditions at the sites followed by a rapid response to ensure that the sites meet the requirement of the ADB Involuntary Safeguard policy and the International Human Rights Law obligations***

Assessment of conditions at the relocations sites is ongoing and it is a continuing process. The External Monitor, the Project Team and the Social Advisor assess the conditions at the relocation sites regularly and they provide recommendations to IRC as needed. The Project Team will continue to monitor and work with the Government to ensure compliance to the ADB safeguard policy

On basic services, we agree that these services should have been installed prior to relocation of the affected families. Unfortunately, it was not the case in all RS and as mentioned above, all possible solutions to resolve these issues are being explored. We have been working with IRC to ensure that the same will not occur in Poipet and Phnom Penh relocation sites.

- ***The readjustment of compensation rates set out in 2006 RP to current replacement costs levels, with a guaranteed minimum compensation amount that is suitable to build adequate housing without requiring the HH to go in debt.***

IRC is required to carry out replacement cost survey during the updating of the RP. Findings showed that there were no changes of prices at the time of updating. For the sections of the project where construction activities have been moved to a later date, such as Poipet station in 2012 and Phnom Penh (the line to the Green Trade Warehouse Complex), it was agreed during the ADB review mission in August 2010 that there will be no clearing of the corridor-of-impact or relocation of households until required by the Project. The rates at the time of compensation for Poipet and Phnom Penh (Green Trade Warehouse Complex) will be reviewed again to ensure that payment will be made at replacement cost.

The plot of land provided to each household at the relocation sites is free. Households will be compensated for their affected houses based on building category of their structures. We share your concern regarding the current poor condition of the houses of these households and their ability to rebuild decent housing in the relocation site. It is for this reason that we have been urging IRC to establish a partnership with the Habitat for

Humanity Cambodia (HHC). To date, IRC has already contacted HHC and a meeting is already planned in early November 2010 between HHC and IRC.

It is acknowledged that households who spent more on building new houses at the relocation site could have borrowed money from other sources. Interviews done with a number of these households during review missions revealed that households having land that they can now call their own wanted to build bigger and better houses for themselves. We will, however, request IRC to advise relocating households to be cautious and wary of usurers.

- ***The immediate disclosure of the Updated Resettlement Plan for Phnom Penh***

The Updated Resettlement Plan is already available on the ADB website:

http://www.adb.org/Documents/Resettlement_Plans/REG/37269/37269-01-reg-rp-02.pdf.

The Project Information Document (PID) is available at:

<http://www.adb.org/projects/project.asp?id=37269> and the Social Monitoring Reports at:

<http://www.adb.org/Documents/SEMRs/CAM/37269/default.asp>.

- ***The guarantee that HH evicted from the ROW, including those in communities 104 & 105 are compensated and resettled in line with ADB policy***

The Government is aware of this agreement and it is covenanted in the loan agreement. We have reminded IRC on numerous occasions and we will continue to do so.

- ***The recognition of the full rights of residents in the Samrong estate area***

ADB has already mobilized a team of international and national legal experts to investigate the ownership issue in the Samrong Estate. It is expected that their findings will be made available in late November 2010.

- ***The implementation of a renewed campaign to disclose information and meaningfully consult affected persons***

Numerous meetings with the affected households were held in which the affected households were given all information related to the resettlement issues including on the grievance mechanism as reported by IRC and as verified by the External Monitor. Despite efforts made by IRC, information provided and the grievance mechanism are not understood by all households.

We agree that there is a need to improve the consultation and grievance redress process. These issues will be discussed with IRC in early November 2010.

