

Kunio Senga
Director General
Southeast Asia Department

Dear Mr. Senga,

Thank you for your letter of 4 Nov 2010 with a preliminary response to the concerns we have raised regarding resettlement impacts of the Cambodia Railways Project. We are pleased that you share our concerns and are discussing these with the Government. In particular, we are glad that we are in agreement on the issue of no-cost connection to water and electricity for resettled households, and that ADB has requested IRC to reimburse payments. We hope to see prompt connection of electricity to resettled households in Sihanoukville and temporary delivery of potable water in Battambang, at no cost to residents, until a more permanent solution is implemented.

Please be aware that we have had regular correspondence with Pierre Arnoux and the Project Team about our concerns since March 2010. We brought these issues directly to the attention of yourself, the President and the Board because we are not satisfied that the issues raised have been sufficiently addressed. There has been little to no change on the ground and affected families have implored us to help them. We note that Mr. Arnoux is a part-time consultant who is not based in Cambodia; however, the concerns we have raised require the full attention and high-level intervention of ADB. Furthermore, while we appreciate efforts to resolve resettlement issues in what is undeniably a complex environment, we take issue with some of the observations and analysis of key resettlement issues that have been made by the Project Team, particularly with respect to compensation rates, debt and location of resettlement sites.

We continue to strenuously object to the way in which compensation rates have been calculated. People who have been resettled to date are simply unable to rebuild adequate housing and reestablish their lives and livelihoods even to a minimum acceptable standard. The fact that it has been necessary for resettled families across the board to borrow from private moneylenders at exorbitant interests speaks for itself. Most people are not borrowing to “build

bigger and better houses,” as the Project Team has asserted, but simply to address their basic needs. In such cases, which are common, debt is not a choice but a lifeline. Even if some families have rebuilt bigger and better homes, this fact alone does not discount the reality that compensation rates are insufficient to restore affected households’ pre-project living standards. As the ADB should have learned from the National Highway 1 case in Cambodia and many other cases throughout the region, debt in these situations increases vulnerability and leads to a downward spiral into deeper poverty.

Furthermore, the location of the resettlement sites has led to significantly reduced incomes for many households. This issue should not be dismissed as a mere inconvenience for the resettled families. Relocation five to seven kilometers from former residences and livelihood sources causes significant economic displacement for many families, particularly those without their own means of transport. Residents are moved away from the economic center of activity and their established sources of employment. They face a decrease in employment opportunities at or near the resettlement site and an increase in daily expenditures. When coupled with inadequate compensation for interruption or loss of livelihoods, and the fact that income restoration programs have not commenced some six months after families have been relocated, the location of resettlement sites has hampered the ability of affected families to maintain their pre-resettlement incomes causing serious hardships. This is evident by the fact that many families in both Sihanoukville and Battambang have not remained at the resettlement site and are instead renting near their sources of livelihood at their own expense.

We are deeply concerned that the ADB has approved the Updated Resettlement Plan for Phnom Penh, with a resettlement site over 20 kilometers out of the city, despite our repeated warnings based on the well-documented impoverishment of other urban poor communities that have been relocated to nearby sites. We call upon the ADB to ensure that no more households are resettled in Phnom Penh or elsewhere before there is a competent NGO contracted to provide income restoration support services and sufficient resources are provided to actually restore people’s livelihoods.

Information disclosure remains a significant problem, and the Project Team has expressed an unwillingness to tackle it. People are not being made aware of the most basic information that concerns them, such as the breakdown of compensation payments and up-to-date project implementation schedules. In Phnom Penh, there has been no information dissemination about the so-called "two phases" of resettlement. While the Project Team has told us there will be a delay of up to two years before most affected households would need to be relocated, information obtained elsewhere suggests this might not be the case. Publicly available documents, such as the Updated Phnom Penh Resettlement Plan, contain no indication of the two phases of resettlement.

With respect to the death of the two children at the Battambang resettlement site, we query the assertion of the IRC and External Monitor that it is difficult to link the incident with the Project. From our own investigation, it is clear that the children would not have had reason to be at the pond if water had been provided at the resettlement site. We have since had further conversations with the sister of the deceased children, who informed us that in addition to bathing at the pond, the children were collecting snails because their family did not have enough to eat. Several affected people interviewed expressed concern that more children would drown unless water is provided at the site. We expect that the family will be compensated appropriately for their loss.

Given that we have had some conflicting observations and analysis of resettlement impacts to those of the External Monitor and the Project Team, our field research team filmed their interviews and focus group discussions in Battambang so that affected persons could express their concerns directly to the Project donors. Please see the video via the link below:

<http://www.youtube.com/watch?v=8f2UOPXTqLY>

Our partners at Oxfam Australia and NGO Forum on ADB briefed us about the meeting you had with them on Friday, and we are pleased by their indications that ADB Management is taking this situation very seriously. We want to reiterate our desire to work together to resolve these problems and achieve our mutual objective of decent resettlement outcomes.

We look forward to meeting with you next week to discuss these issues in more detail and receive your updates on progress that is being made to address them.

Sincerely,
David Pred

on behalf of:
Bridges Across Borders Cambodia
Sahmakum Teang Tnaut
Housing Rights Task Force