

## Phnom Penh to Ho Chi Minh City Highway Project (ADB Loan 1659-CAM)

Briefing on 63 families' grievance  
November 20, 2008  
Mekong Watch

1. **BACKGROUND** In July 2007, 63 Cambodian families resettled by the Asian Development Bank (ADB)-funded Highway 1 (HW1) Rehabilitation Project (ADB Loan 1659-CAM) filed a case at ADB's Office of Special Project Facilitator (OSPF). Most of the 63 families had already been repaid compensation in 2006 as results of the ADB Management's project resettlement audit. However, these families claimed, among others, that (1) they still could not restore their life and livelihood; and (2) they could not pay back the debt accumulated during the previous six years when they had not been properly compensated. SPF met their two leaders in Cambodia in August 2007 and declared the case as eligible in September 2007.
2. The ADB Management, the Cambodia Resident Mission (CARM) in particular, also responded to the case by conducting a new socio-economic survey on the 63 families with the families' consent in November 2007. In facing two ADB offices working for them, the 63 families asked SPF to postpone its procedures in January 2008 until they could find out more about outcomes of the CARM survey. In February 2008, SPF agreed with the families and decided to postpone its procedures. As of November 2008, the case is still held at OSPF.
3. **LIVELIHOOD STABILIZATION PROGRAM (LSP)** CARM, while being careful not to conclude the Project's failed resettlement program as the root cause, recognized that the failure had led to the families' heavy indebtedness and unrealized livelihood restoration, when stating in its Mission Report on the November 2007 survey:

Barring unforeseen calamities, such as floods and illness or deaths, the people were earning barely enough to keep the household alive...The massive disruption brought about by the Project to the lives of the people living along the ROW was a disaster. Families had to be uprooted over and over again, disrupting their socio-economic activities. With no properties and tangible assets to depend on, coupled with a faulty resettlement carried out by Project authorities, the APs had very slim chance of being able to recover from the Project's adverse social and economic impacts and restore their lives to pre-Project levels.

Upon this recognition, CARM said that they would propose solutions to the 63 families' problems.

4. In mid June 2008, CARM advanced the Livelihood Stabilization Program (LSP) to be funded by a 1.8 million JFPR (Japan Fund for Poverty Reduction) grant and to be started in January 2009. The LSP at this point would mainly provide a two-year low-interest (1%/month) loan and job training to the 63 families, as well as others affected by the HW1 Project. CARM visited the 63 families and explained the program to them. The families, while appreciating CARM' initiatives to help them, voiced, among others, the following suggestions and concerns:
  - a) A grant should be provided, especially to pay back their debt, given that the LSP offers a grant to the Cambodian Government;
  - b) 1% monthly interest would be too high. A two-year program period would be too short;
  - c) The program might not benefit very poor families, families with only elderly members, or those who would need much time to complete job training; and
  - d) More detailed designs of the program should be disclosed in Khmer so that they could make further comments before final decisions would be made by ADB.

The 63 families submitted their comments to CARM later in writing in July 2008. ADB opened the LSP's project information document (PID) in August 2008, after having incorporated part of the families' feedback, e.g., extending the program's implementation period to four years. The most recent PID states that an expected Board approval date of the LSP is January 26, 2009.

5. **THE 63 FAMILIES' RECENT SITUATIONS** Conservation and Development on Cambodia (CDCam), a Cambodian NGO who represents the 63 families for the SPF case, conducted a survey in October 2008 to find out the families' current debt and income levels. Results were compared with those from CARM's November 2007 survey. Findings included:

- a) The total debt shouldered by the 63 families decreased from 42,777.50 USD in November 2007 to 40,657.91 USD in October 2008 by 2,119.59 USD;
- b) The average debt that each family owed was 666.52 USD in October 2008 with a slight decrease from 689.96 USD in November 2007; and
- c) The average daily income that each family earned decreased from 3.06 USD at the pre-project stage to 1.93 USD in November 2007. It then slightly increased to 2.21 USD in October 2008.

We interpret these results with the following observations:

- a) The 63 families' total debt dropped, not because they were able to pay back the money by themselves, nor the decrease necessarily reflected their livelihood improvement;
- b) At least one family seems to have sold their land, presumably to pay back the loan;
- c) Some families received assistance from relatives and/or relied on family members who had migrated to larger cities for better income-generating jobs;
- d) The families, especially those working away from home, worked harder and under stressful conditions to return the debt; and
- e) The figures did not indicate the amount of money that had already been returned to the creditor, especially before November 2007.

In sum, the families' situations, their cash income in particular, were not getting any better and they were still facing the debt amount that they could not be expected to return by themselves.

6. **RECOMMENDATIONS** We commend ADB's readiness to admit that the 63 families' current situations have resulted from the HW1 Project's failed resettlement, as well as the Bank's willingness to propose measures to respond to the families' debt and livelihood crisis. We agree with ADB's characterization of the families' situations as comparable to those of the poor hit hard by a natural disaster, which would require an urgent humanitarian aid. We examined the results of the CARM survey, updated by CDCam, which shows that the 63 families' situations are not getting better and will not significantly improve without external intervention. We therefore would like to echo the 63 families' comments on the original LSP and propose the following improvements to ADB's current initiative:

- a) A grant should be provided to the 63 families to help them pay back all the debt that they shoulder up to the point when solutions will be implemented;
- b) A micro-credit loan for the livelihood restoration of the 63 families (and of others who might be targeted at) should be designed with less strict conditions, e.g., with a grant component, lower to zero interest, a grace period, and/or a longer maturation period; and
- c) Detailed designing, implementation, and evaluation of any measures should proceed in regular consultation and full agreement with the 63 families (and others involved).

END