

**RP189**  
Volume 6

**People's Committee of Ho Chi Minh City**  
**Ho Chi Minh Sub-Project Management Unit of VUUP**

**RESETTLEMENT ACTION PLAN, PHASE 1**  
**Final Report**



**Vietnam Urban Upgrading Project**  
**Ho Chi Minh Sub Project**

*Prepared by Martin Associates P/L ( Australia)*  
*in association with Duongthanh Water and Environment Ltd (Vietnam)*

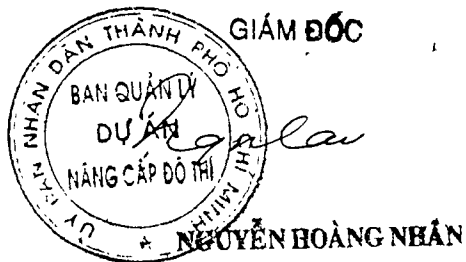
**December 2003**

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Vietnam Urban Upgrading Project  
Ho Chi Minh City Sub-Project Management Unit of VUUP  
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RESETTLEMENT ACTION PLAN – PHASE 1  
FINAL REPORT

Client: Project Management Unit of Urban Upgrading Project  
in Ho Chi Minh City



Consutant: Martin Associates P/L

A handwritten signature in black ink, appearing to read 'Douglas Martin', is written above the printed name.

Douglas Martin  
Social Planning & Environmental Consultant

Ho Chi Minh City 12-2003

**People's Committee of Ho Chi Minh City  
Ho Chi Minh Sub-Project Management Unit of VUUP  
No 011A/KH01-NCDT**

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**ABBREVIATIONS****Terminology**

GDP	Gross Domestic Product
Ha	Hectare
Km	Kilometer
km <sup>2</sup>	Area, square kilometers
LURC	Land Use Rights Certificate
M	Meter
Mon.	Month
MOP	Manual of Practice
O&M	Operation and Maintenance
PAF	Project Affected Family
PAH	Project Affected Household
PAP	Project-affected Person
Pers.	Persons
RAP	Resettlement Action Plan
SOE	State-Owned Enterprise
US\$, USD	United States Dollar
VND	Vietnamese Dong

**Organizations**

ADB	Asian Development Bank
CITENCO	Ho Chi Minh City Environmental Company
COMECON	Economic Cooperation Organization
DOF	Department of Finance
DONRE	Department of Nature Resources and Environment
DOST	Department of Science and Technology
DPI	Department of Planning and Investment
DTPW	Department of Transport and Public Works
HCMC	Ho Chi Minh City
IDA	International Development Association (of the World Bank Group)
JICA	Japan International Cooperation Agency
MONRE	Ministry of Nature Resources and Environment
LHA	Land and Housing Authority
MOST	Ministry of Science and Technology
MPI	Ministry of Planning and Investment
MRD	Ministry of Agriculture and Rural Development
PC	People's Committee
PMU	Project Management Unit
SOE	State-Owned Enterprise
SME	Small and Medium Enterprise
UDC	Urban Drainage Company
UPI	Urban Planning Institute
UPWE	Urban Public Works Enterprises (at District level)
USA	United States of America
WB	World Bank
WSC	Water Supply Company



## EXECUTIVE SUMMARY

The Government of Vietnam has requested the World Bank (IDA) to support a Vietnam Urban Upgrading Project (VUUP) as the first major project in the development of a National Urban Upgrading Program to upgrade low-income communities.

*The objective of the VUUP is to help alleviate poverty in urban areas by improving the living and environmental conditions of the urban poor using participatory planning methods and influencing planning methods to become more inclusive and pro-poor.*

The VUUP project covers four cities, two cities in the North of Vietnam - Haiphong and Nam Dinh and two in the South - Ho Chi Minh City and Can Tho. In each city, the investments will be divided into two or three phases, with each phase covering a different set of low-income areas. Phase 1 will be implemented over a 2-3 year period. Phase 1 will be prepared before the project becomes effective, and Phases 2 and 3 will be prepared during project implementation.

The VUUP is generally made up of the following three components involving physical works and social impacts on some residents (there are slight variations in the structure of the project dependent on the city involved):

- **Component 1:** upgrading basic tertiary infrastructure and other services in low-income settlements through partnerships between communities and local governments;
- **Component 2:** providing and/or rehabilitating primary and secondary infrastructure networks to connect with the tertiary infrastructure improvements;
- **Component 3:** providing access to housing for the poor through a combination of micro-finance for housing improvements and low-cost social housing and/or serviced plots to the poorest families that unavoidably have to be resettled as a result of upgrading

Even though the project planning teams have tried to minimize displacement, the density of living in the inner parts of these cities has meant that some involuntary resettlement will be unavoidable. Consequently, Resettlement Action Plans (RAP's) will be necessary for all four cities.

The principal objective of the Resettlement Action Plans (RAP's) is to ensure that all project affected persons (PAP's) will be compensated for their losses at replacement cost and provided with rehabilitation measures to assist them to improve or at least maintain their pre-project living standards and income earning capacity.

This RAP addresses the social impacts of the VUUP project in Ho Chi Minh City. The RAP is the outcome of an extensive community consultation campaign starting in the year 2000 which saw the development of comprehensive community upgrading plans in each of the affected districts.

The most significant social impacts of the project are as follows:

- Temporary use/leasing of land during construction

- Permanent land acquisition
- Fully impacts on 446 fully affected households particularly those located near to the alleyway entry points
- Partial impacts on 3519 households in the form of parts of houses, yards and other associated structures
- Temporary and permanent impacts on shops and small businesses
- Environmental effects of increased noise and diminished air quality during construction
- Temporary construction impacts on traffic circulation both pedestrian and motorized traffic during construction
- Relocation/transitional household/employment impacts on those households to be relocated
- Replacement of existing site infrastructure and social services with new or rehabilitated facilities
- The vast majority of the displaced households for Phase 1 of the project have chosen to be resettled rather than accept cash compensation. These PAH's will be resettled in a number of existing recently renovated apartment blocks within the THLG Canal basin area.
- Positive effects on the quality of life of the other 16724 low income households in the project area because of the environmental improvements in the quality of physical infrastructure and other assets and in the improvements in the quality of services from upgraded social infrastructure. Some of the poorest will also receive housing allocated to the very poor even though they are not negatively affected by the project.

Project Affected Families (PAF's) are to be fully compensated in accordance with the Resettlement Policy Framework which has been agreed between the Government of Vietnam (GOV) and the World Bank.

# Vietnam Urban Upgrading Project

## Ho Chi Minh City

### Resettlement Action Plan

### Final Report

## 1 INTRODUCTION

### 1.1 Scope of RAP

This RAP addresses the social and economic impacts of the proposed VUUP Phase 1 Project on the low income communities of the inner city area of Ho Chi Minh City. This phase of the project will be implemented over the next three years. Even though the project will deliver very significant benefits to the low income communities of the inner city and substantially alleviate poverty, there is a need to displace 446 households so that the project can be implemented successfully. The purpose of the Resettlement Action Plan (RAP) is to ensure that the benefits of the project are applied equally to these affected families and help to minimize disruption to their social and economic livelihoods. Some households have chosen to be relocated to a resettlement area and there will be households 3519 who are partially affected and would not be required to move. This RAP focuses on the needs of all these project affected households (PAH) and seeks to guarantee them a sustainable future.

### 1.2 Background

Vietnam's cities have rapidly growing populations, and infrastructure and utility service investments have lagged far behind demand. Low-income areas have developed, and are continuing to develop, in an ad-hoc, unplanned manner with little infrastructure and services. This creates environmental and health hazards for their residents and the city at large. New, innovative and low cost approaches are thus required to address Vietnam's growing urbanization challenges.

The Government of Vietnam has requested the World Bank (IDA) to support a Vietnam Urban Upgrading Project (VUUP) as the first major project in the development of a National Urban Upgrading Program to upgrade low-income communities. *The objective of the VUUP is to help alleviate poverty in urban areas by improving the living and environmental conditions of the urban poor using participatory planning methods and influencing planning methods to become more inclusive and pro-poor.* The VUUP plans to achieve its objectives by: (i) upgrading basic **tertiary infrastructure** and other services in low-income settlements through partnerships between communities and local governments and influencing planning methods to become more inclusive and pro-poor. (ii) providing and/or rehabilitating **primary and secondary infrastructure networks** to connect with the tertiary infrastructure improvements; (iii) providing access to housing for the poor through a combination of micro-finance for housing improvements and

low-cost social housing and/or serviced plots to the poorest families that unavoidably have to be resettled as a result of upgrading; and (v) providing technical assistance to improve land administration processes in the four project cities.

#### VUUP Project principles.

- Active *community participation* in all stages of preparation, design and implementation;
- *Relocation and/or resettlement* will be minimized;
- Infrastructure designed to *appropriate functional technical standards* that are affordable to the city and to communities;
- The project is expected to improve the living conditions of all residents living in the project area, *irrespective of their registration status*.

Preparatory studies funded through the Cities Alliance have been completed to help develop a National Urban Upgrading Program. The Ministry of Planning and Investment has requested the World Bank (IDA) to support a Vietnam Urban Upgrading Project (VUUP) as the first major project in the national program.

The VUUP is generally made up of the following components (there are slight variations in the structure of the project dependent on the city involved):

- **Component 1:** Upgrading basic tertiary infrastructure and other services in low-income settlements through partnerships between communities and local governments;
- **Component 2:** Providing and/or rehabilitating primary and secondary infrastructure networks to connect with the tertiary infrastructure improvements;
- **Component 3:** Providing access to housing for the poor through a combination of micro-finance for housing improvements and low-cost social housing and/or serviced plots to the poorest families that unavoidably have to be resettled as a result of upgrading; and
- **Component 4:** Providing technical assistance to improve land administration processes in the four project cities. In some cases, there are also institutional management and training components.
- **Component 5:** Providing micro-finance to assist PAH's to rebuild or renovate their houses which have been partially affected by the project.
- **Component 6:** Providing technical assistance for institutional strengthening, capacity building and project management support to Project Management Units

The VUUP project covers four cities, two cities in the North of Vietnam – Haiphong and Nam Dinh and two in the South - Ho Chi Minh City and Can Tho. In each city, the investments will be divided into two or three phases, with each phase covering a different set of low-income areas. Phase 1 will be implemented over a 2-3 year period. Phase 1 will be prepared before the project becomes effective, and Phases 2 and 3 will be prepared during project implementation.

As mentioned above one of the key project principles is to minimize the level of involuntary resettlement that will be required due to the tertiary and trunk infrastructure improvements.

Even though the project planning teams have tried to minimize displacement, the density of living in the inner parts of these cities has meant that some involuntary resettlement will be unavoidable. Consequently, Resettlement Action Plans (RAP's) will be necessary for all four cities.

The principal objective of the Resettlement Action Plans (RAP's) is to ensure that all project affected persons (PAP's) will be compensated for their losses at replacement cost and provided with rehabilitation measures to assist them to improve or at least maintain their pre-project living standards and income earning capacity.

### 1.3 Overall Project Description

The Ho Chi Minh project focuses on the Tan Hoa – Lo Gom (THLG) Canal Basin in the western part of the city, which is shown in *Figure 1.1*. The study location covers an area of about 19 km<sup>2</sup>, although the area that drains directly to the THLG Canal is only about 14 km<sup>2</sup>. Wetlands have disappeared because of rapid urbanization and flooding, drainage and wastewater treatment have become problems in the basin.

The population within the wards that form the study area is around 750,000, while the population in the area that drains directly to the Canal is about 470,000. The area is mixed residential, commercial and industrial. There are some 6,000 industrial enterprises registered in the area, together with some 15,000 businesses. Polluting factories in the area are scheduled for removal during the next 5 years under National and City environmental priorities to relocate industry away from residential areas.

Over many years low cost housing areas have developed along the banks of the canal. Drainage and sewerage from these areas is often discharged directly into the watercourse. The canal is also used to dispose of garbage so the combination of household solid and liquid waste has led to a situation in which the water quality is very degraded and combined with the accumulation of sediment has led to a totally unsanitary situation. Additionally, there are many businesses, which are small, home-based, cottage type enterprises which also use the canal as a convenient dumping ground. Access for proper operation and maintenance of the canal is extremely restricted due to the housing and businesses located along the edge of the canal. In order to upgrade these communities some land acquisition and resettlement will be necessary.

Phase 1 of the Project is to start implementation by the middle of 2004 and would continue to the end of 2004 to carry out infrastructure upgrading in 33 LIAs within three Districts of HCMC – known as District 6, Tan Binh and Binh Chanh<sup>1</sup>. These districts are all part of the Tan Hoa – Lo Gom Basin. Phase 2 includes another 76 LIA's outside the Basin.

Unlike the VUUP project in the other three cities, the sub-project in HCMC will be financed by a combination of lending agencies in association with the GOV. In Phase I,

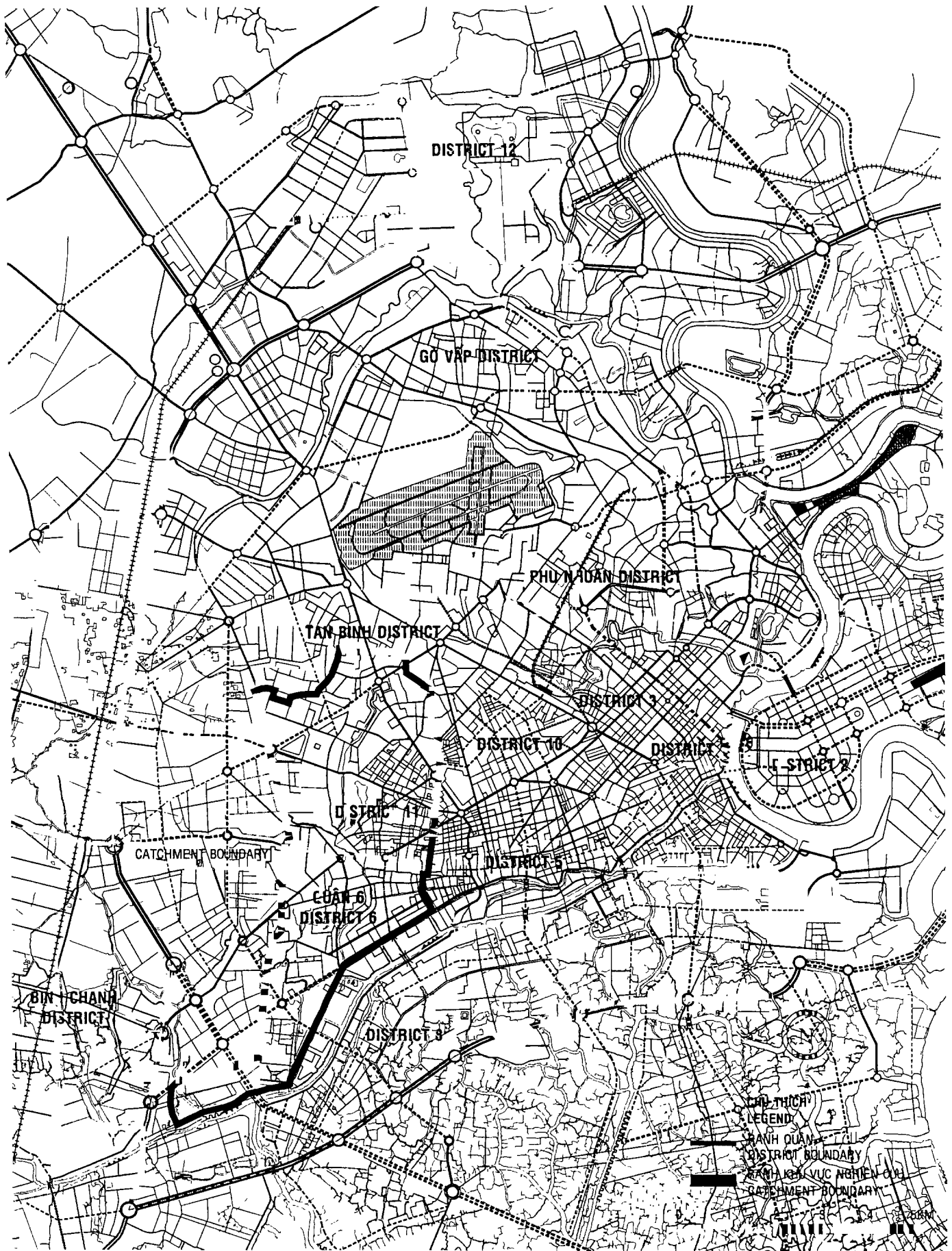
<sup>1</sup> Tan Binh district now is divided into 2 districts known as Tan Binh and Binh Phu.

Binh Chanh district is divided into Binh Tan district (including low income areas for phase 1) and Binh Chanh district.

the French Government Agency, AFD will be responsible for financing the improvements to the main Tan Hoa-Lo Gom Canal (which runs through the entire basin) including the construction of new canal embankments and removal of sediment and other accumulated spoil. AFD would also be responsible for financing the components of roads along the canal.

Consequently the focus of this RAP is the works involved in the 33 LIA's which have an area of 114Ha involving urban upgrading works of tertiary infrastructure in the Phase 1 area and for the improvement of secondary and tertiary drainage in the entire Phase 1 area to link up with the main Tan Hoa - Lo Gom canal.

These 33 LIAs contain some 16,954 households and 78,551 residents in the South West of HCMC inner city. Due to the lack of investment in urban infrastructure, this area has become one of the lowest income residential areas and using Vietnamese standards is considered to have the worst infrastructure in HCMC.



DỰ ÁN CẢI THIỆN VỆ SINH VÀ NÂNG CẤP ĐỘ THỊ LUY VỰC KÊNH TÂN HÒA LÒ GỒM - NGHIÊN CỨU KHẢ THI  
 FEASIBILITY STUDY ON SANITATION AND URBAN UPGRADING OF TAN HOA - LO GOM CANAL BASIN

**HÌNH 1-1: VỊ TRÍ QUẬN 6, QUẬN TÂN BÌNH, HUYỆN BÌNH CHÁNH TRONG GIAI ĐOẠN 1 CỦA DỰ ÁN**  
**FIGURE 1-1: LOCATION OF DISTRICT 6, TAN BINH AND BINH CHANH DISTRICT IN HO CHI MINH CITY FOR PHASE 1 OF THE VUUP PROJECT**

Ref.No: 1.1.DWG

Scale: 1/100000

## 1.4 Social Impacts and the Scale of Resettlement

This RAP will address the social impacts of the urban upgrading works in three Districts of Ho Chi Minh City. The document is the final outcome of an extensive community consultation campaign starting in the year 2000 which saw the development of comprehensive community upgrading plans (CUP's) in each of the affected districts. These plans demonstrate how the City has followed a community development process starting with the identification of residents overall infrastructure needs, identifying infrastructure investment and service options and leading on to a project proposal which has attempted to trade off the needs of the technical requirements of the project with the need to minimize land acquisition and resettlement. The most significant social impacts of the project are as follows:

- Temporary use/leasing of land during construction
- Permanent land acquisition
- Fully impacts on some 446 households particularly those located near to the alleyway entry points
- Partial impacts on 3519 houses and other associated structures
- Temporary and permanent impacts on shops and small businesses
- Environmental effects of increased noise and diminished air quality during construction
- Temporary construction impacts on traffic circulation both pedestrian and motorized traffic during construction
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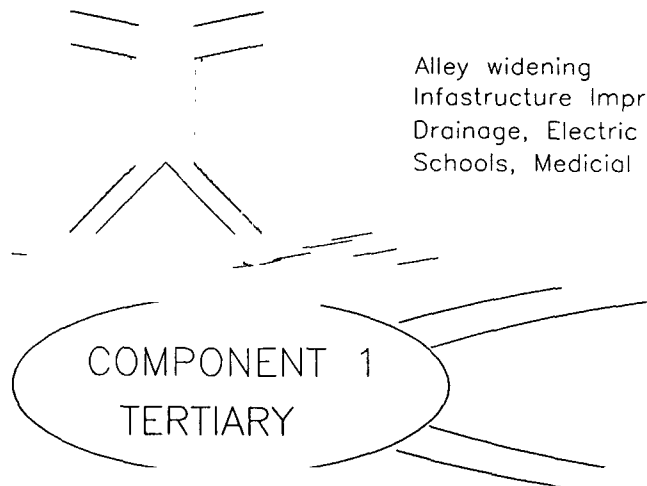
Project Affected Families (PAF's) are to be fully compensated in accordance with the Resettlement Policy Framework which has been agreed between the Government of Vietnam (GOV) and the World Bank.



Class 3&4  
Housing  
Affected

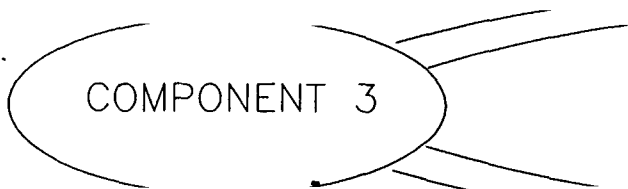
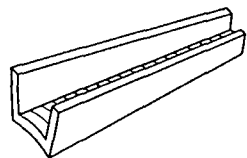
Alley widening  
Infrastructure Improvement  
Drainage, Electric  
Schools, Medical Centres

Figure 1-2  
Ho Chi Minh Resettlement Impacts



▷ 446 HOUSEHOLDS TO BE RESETTLED

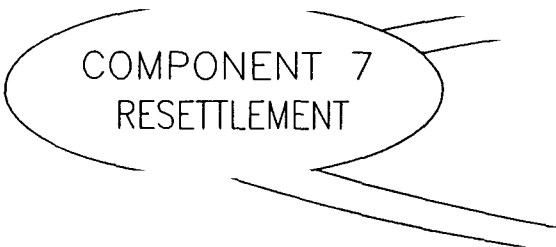
Class 3&4  
& temporary  
Housing affected



▷ 2645 H PARTIALLY AFFECTED HOSEHOLDS

▷ 0 HOUSEHOLDS RESETTLED

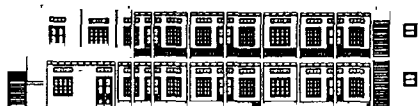
secondary & tertiary  
drainage upgrading



▷ 874 HOUSEHOLDS PARTIALLY AFFECTED

Class 3&4  
Housing  
Affected

▷ HOUSEHOLDS TO BE RELOCATED WITHIN TAN HOA LO GOM  
BASIN IN EXISTING APARTMENTS: 312



▷ ECONOMIC RESTORATION PROGRAMS REQUIRED TOTAL 335

**PROJECT BENEFITS**

**Phase 1**

**Direct benefits for 16724 households**

Flooding of houses reduced  
Improved drainage  
Improved lighting  
Improved communications  
Improved traffic flows  
Improved accessibility to housing  
Improved maintenance with better access possible  
Improved Fire Safety and Access For Emergency Vehicles

**Social benefits**

Improved access to social infrastructure & services including kindergartens, schools, recreation and cultural activities

**Environmental benefits**

Improved sanitation and solid waste services  
Improved air quality due to reductions in odor  
Reduced incidence of water borne disease  
More access to the natural environment

*Figure 1-3 Benefits of the Project*

## 1.5 Alternative Options Considered

### Component 1 Tertiary Infrastructure

In the tight physical situation of narrow alleys with varying widths, the potential for resettlement can become a serious constraint on the cost of the project. Consequently the width of required alley widening to achieve technical requirements whilst minimizing resettlement was a major community issue.

The technical design options were discussed extensively as part of the CUP process which is discussed in more detail in section .

### Component 3 Secondary and Tertiary Drainage

The technical design options have been extensively discussed within the Government and between the Government and the World Bank.

## 1.6 Structure of the Document

As set out in the TOR, this document is generally structured in accordance with World Bank Operational Directive 4.30 on Involuntary Resettlement. The next chapter discusses the resettlement policy framework that has been agreed between the GOV and the World Bank. It then goes onto to describe the Phase 1 project and some of the main project options evaluated in HCMC in a little more detail.

Following a description of the existing socioeconomic environment within the context of HCMC and the designated project community, the impacts of the project are identified focussing on resettlement in terms of PAP's to be to be relocated and those only partially affected. The next chapter includes a discussion of a social mitigation program which will assist PAH's to restore their incomes and livelihoods after displacement by the project. The document then goes onto to address issues such as community consultation, institutional and implementation arrangements and environmental management. It concludes with chapters on the implementation schedule and proposed costs and budget .

It should be noted that some of the information presented is based on the results of sample surveys carried out for final feasibility studies rather than 100% socioeconomic census and site inventories. Some of the detailed studies are in the final stages of completion as part of detailed design so there will be slight changes to final numbers for land and housing to be acquired.

## 2 POLICY AND LEGAL FRAMEWORK

### 2.1 Agreed Policy Framework

Every effort will be made to minimize inconvenience and disturbance to urban dwellers during the upgrading of the area in which they live or otherwise use. In exceptional circumstances acquisition of additional land, houses and other assets, and the resettlement of people losing the totality of their land and/or houses or a significant part thereof may be unavoidable. However, the number of people and magnitude of adverse effects would only be known once the final design is finalized during the detailed design stage of Project implementation. To adequately address compensation, resettlement and rehabilitation of the people to be affected by the acquisition of land, houses and other assets under the Project, the Project Resettlement Policy Framework (PRPF) was *approved by the Prime Minister (No. 1513/CP-NN, dated November 11, 2003)*.

*The principle objective of the Policy Framework is to ensure that all project affected persons (PAP's) will be compensated for their losses at replacement cost and provided with rehabilitation measures to assist them to improve, or at least maintain, their pre-project living standards and income earning capacity.*

The Policy Framework lays down the principles and objectives, eligibility criteria of PAP's, entitlements, legal and institutional framework, modes of compensation and rehabilitation, peoples participation features and grievances procedures that will guide the compensation, resettlement and rehabilitation of the PAP's.

### 2.2 Project Affected People (PAP's)

PAP's include the following people (households, businesses, and government and private organizations) which were identified by the baseline information collected for this Resettlement Action Plan.

- (a) persons whose houses are in part or in toto affected (temporarily or permanently) by the Project;
- (b) persons whose premise and/or agricultural land is in part or in toto affected (permanently or temporarily) by the Project;
- (c) persons whose businesses are affected in part or in toto (temporarily or permanently) by the Project; and
- (d) persons whose crops (annual and perennial) and trees are affected in part or in toto by the Project.

### 2.3 Principles and Objectives

The principles outlined in the World Bank's *Operational Directive 4.30* have been adopted in preparing this Policy Framework. In this regard the following principles and objectives apply:

- (a) Acquisition of land and other assets, and resettlement of people will be minimized as much as possible.

- (b) All PAP's are entitled to be provided with rehabilitation measures sufficient to assist them to improve or at least maintain their pre-Project living standards, income earning capacity and production levels. *Lack of legal rights to the assets lost will not bar the PAP from entitlement to such rehabilitation measures.*
- (c) The rehabilitation measures to be provided are: (i) compensation at replacement cost without deduction for depreciation, transaction fees, or salvage materials for houses and other structures; (ii) agricultural land for land of equal productive capacity or in cash at substitution cost according to PAP's preference; (iii) replacement of premise land of equal size acceptable to the PAP or in cash at the substitution cost; (iv) compensation for income losses from business; (v) and transfer and subsistence allowances.
- (d) Replacement premise and agricultural land will be as nearby as possible to the land that was lost, and acceptable to the PAP.
- (e) The resettlement transition period will be minimized and the rehabilitation means will be provided to the PAP's no later than two months prior to the expected start-up date of works in the respective Project site.
- (f) Plans for acquisition of land and other assets and provision of rehabilitation measures will be carried out in consultation with the PAP's, to ensure minimal disturbance. Entitlements will be provided by PAP's no later than two months prior to expected start-up of works at the respective project site.
- (g) The previous level of community services and resources will be maintained or improved.
- (h) Financial and physical resources for resettlement and rehabilitation will be made available the city/province, as and when required.
- (i) Institutional arrangements will ensure effective and timely design, planning, consultation and implementation of the Inventories and RAP's.
- (j) Effective and timely supervision, monitoring and evaluation of the implementation of the RAP's will be carried out. If non-compliance is found, the city/province will be responsible for any rectification.

## **2.4 Resettlement Action Plans (RAPs)**

This Resettlement Action Plan, following this policy framework will be prepared for phase 1 of the project before appraisal. For subsequent phases, this policy framework will guide the preparation of resettlement action plans.

Subproject specific resettlement plans consistent with this policy framework will subsequently be submitted to IDA for approval after specific planning information becomes available.

The subproject-specific resettlement plan under this resettlement policy framework will include baseline census and socioeconomic survey information; specific method of calculating replacement cost (unit prices); actual compensation rates and standards; policy entitlements related to any additional impacts identified through the census or

survey; description of resettlement sites and programs for improvement or restoration of livelihoods and standards of living; implementation schedule for resettlement activities; and detailed cost estimate. But may not include the policy principles, entitlements, and eligibility criteria, organizational arrangements, arrangements for monitoring and evaluation, the framework for participation, and mechanisms for grievance redress set forth in the resettlement policy framework.

Each specific RAP will be completed no later than four months prior to the estimated date for commencement of the works. Each RAP will be furnished to IDA for consideration no later than three months prior to the planned initiation of the works under the Project. Compensation, resettlement and rehabilitation activities will only commence after IDA has found acceptable the respective RAP and the the competent Vietnamese authorities has approved it. The compensation, resettlement and rehabilitation activities will be completed before awarding contracts of civil works under each sub-project. Some rehabilitation activities could be completed prior to or in the period of the project implementations such as training.

## 2.5 Legal framework

This section reviews the legal framework and policies of the Government of Vietnam and IDA policies related to land acquisition, compensation and resettlement. It then compares the two approaches. Since there are differences between the WB's policy and the Vietnamese's, the Project requires a waiver of the Vietnamese Government articles of decrees, amendments, and regulations concerning compensation and resettlement. Subsequently, VUUP compensation and resettlement plans will be implemented according to the Project policies.

### 2.5.1. The Legal Framework of the Government of Vietnam

The national legal and policy framework governing land acquisition, compensation and resettlement in Vietnam consists of the following:

*General:*

- The Constitution of Vietnam, issued in 1992, confirms the right of citizens to own a house and to protect the ownership of the house.
- The Land Law issued on 15 October 1993, revised and adopted by the National Assembly and reissued on October 01, 2001 states:

*Article 1:*

Land is common property of the people and is subject to exclusive administration by the State.

The State assigns the land to Government and Non-Government Organizations, households and individuals for long term stable use with or without land use charge. The State also leases land. Assignee, lessee or individual that has land use right transferred from a third party, is by this law commonly called Land User.

*Article 3:*

The State will protect the right and legal investments of Land User.

A State assigned household or individual Land User has a right to exchange, transfer, lease, inherit, or mortgage for a loan the Land Use Right (LUR)

- The Civil Law (CL) was approved by the National Assembly on October 28, 1995

#### *Land Use:*

- Decree 22/1998/ND-CP issued by GOV on April 24, 1998 (replacing Decree 90/CP issued on 17 August 1994) regulates compensation for recovered land by GOV for defense, security, national and public interests.
- Circular No.38/2000/ND-CP issued by GOV on August 23, 2000 regulates the payment for the Land Use Right
- Circular No. 145-1998/TT-BTC issued 4 November 1998 by the Ministry of Finance provides guidelines to implement decree 22/CP (24/4/1998), including the method to determine the K factor for compensation.
- Decree No. 04/2000/ND – CP issued by GOV on February 11, 2000, regulates the adjustment of Land Law dated December 11, 1998.

#### *Management and Use of Urban Land and Housing*

- Decree 60/CP issued by GOV on July 5, 1994 regulates property ownership and Land Use Rights in urban areas.
- Decrees 61/CP issued by GOV on July 15, 1994 regulates dwelling house purchases, sales and business.
- Decree 88/CP issued by GOV on 17 August 1994 regulates the Management and Use of Urban Land.
- Decree 45/CP issued by GOV on 3 August 1996 regulates the Amendment of Article 10 of 60/CP (5/7/1994).

#### *Land Price:*

- Decree 87/CP issued by GOV 17 August 1994 sets Price Framework for Land in the whole country.

The prices for urban land herein have been calculated based on average free market price. The free market price of land varies from Province/City to Province/ City, from area to area in one City, and street front to street backside. It sets the minimum and maximum prices for — among others — payment of land use rights and compensation for categories of urban land recovered by the State. It establishes the organizational structure for compensation. The Province/City is responsible for determining the compensation plan, setting its own land values within the broad national range. Within this set of local values, the Province/City People's Committee also has the right to apply an adjustment coefficient. The local District People's Committee is responsible for confirming the land and structure areas affected and the entitlements to compensation.

- Decision No. 302/TTg was issued on 13/5/1996 by the Prime Minister for adjustment of the value of the K factor of Decree 87/CP dated 17/8/1994, and gives wider range for the K factor value.
- Decree 17/1998/ND – CP was issued on 21 March 1998 by GOV for adjustment of Section 2, Article 4 of Decree 87/CP, dated 17/8/1994. It sets the method for waiving the K factor according to the K value of 87/CP.

*Tax of Land Use Right Transfer:*

- Law on Taxation of Land Use Right Transfer, approved by the National Assembly, on June 22, 1994.
- Law to regulate and amend some articles of the Law on Taxation of Land Use Right on December 21, 1999.
- Decree 114/CP issued by GOV on 5/9/1994 regulates the Implementation of the Law on Taxation of Land Use Right Transfer.

*Tax of Land and Housing:*

- Ordinance on taxation of Land and Housing issued on October 10, 1992 by State Council of Vietnam.
- Ordinance for regulation and Amendment of Ordinance on Tax of Land and Housing (1992) issued by National Assembly on January 1, 1994.
- Decree 94/CP issued by GOV on 25/8/1994 regulates the Implementation of Ordinance for Tax of Land and Housing.
- Official letter No. 2944/TC-TCT dated October 28, 1995 of Ministry of Finance regulates the tax remission of housing program.

*Arbitration of Dispute of Land and Housing:*

- Law on Petition and Accusation approved by National Assembly on December 02, 1998
- Decree No. 67/1999/ND – CP, issued by GOV on 7/8/1999, regulates in detail the Law on Petition and Accusation.

## **2.5.2. World Bank Policy on Involuntary Resettlement**

The primary objective of the World Bank policy is to explore all alternatives to avoid or at least minimize involuntary resettlement. Where resettlement is unavoidable, the living standards of displaced persons should be restored or improved relative to those conditions that prevailed prior to the Project. The policy applies to the taking of land and other assets when land acquisition results in the loss of shelter, the loss of all or part of productive assets, or access to them, and the loss of income sources or other means of livelihood.



**.2.1. Measures Required:**

Measures required to ensure that resettlement has a positive outcome include:

- Consulting with potential Project-affected people on feasible measures for resettlement and rehabilitation;
- Providing Project-affected persons with options for resettlement and rehabilitation;
- Enabling their participation in planning and selecting these options;
- Providing compensation at full replacement cost for losses;
- Choosing relocation sites that provide, at a minimum, the same benefits and services as the sites they replace;
- Providing allowances, training and income support to assist in making a smooth transition;
- Identifying vulnerable groups and providing special assistance to these groups; and,
- Establishing an institutional and organizational structure that supports this process to a successful end.

**2.5.2.2. Eligibility Criteria and Compensation:**

Lack of legal title does not exclude individuals from the eligibility to receive compensation and/or rehabilitation assistance. The displaced or project-affected people eligible for compensation will include: those who have formal legal rights to land or other assets, and those who initially do not have formal legal rights to land or other assets but have a claim to legal rights based upon the laws of the country; upon the possession of documents such as land tax receipts and residence certificates; or upon the permission of local authorities to occupy or use the project affected plots. The genesis of these rights may come from continued possession of public land where the government has not sought their eviction. The Bank recognizes that individual and households who occupy project-affected areas after an official and publicized cut-off date are not eligible for compensation.

**2.5.2.3. Valuation of and Compensation for Losses:**

The methodology to be used in the valuation of losses for Bank-associated Projects is based on their replacement cost. In this Project, losses comprise urban land, structures and other assets. Urban land of equal size and use should be valued at its substitution cost, with comparable public infrastructure and local services, plus the cost of any registration and transfer taxes. For houses and other structures, the market cost of the materials should be used to calculate the replacement cost to build a replacement structure with an area and the quality should be at least as good as those affected. For both totally and partially affected structures, compensation includes market cost of material, plus the costs of material transport, labor and contractor fees, registration and transfer taxes. Depreciation of the asset and amount saved in materials will not form a part of replacement cost.

**2.5.3. Comparison between Government of Vietnam and World Bank Approaches**

There are a number of ways in which the approaches of the Vietnam Government – either in policy or practice – are compatible with World Bank guidelines. The most important compatibilities are:

- Vietnam has a process whereby most people without legal land rights may meet conditions of legalization and receive compensation for losses.

- Permanent residents are provided with options that include relocation to an improved site, or cash, or a combination of the two.
- Resettlement sites offer not only better improved infrastructure and services but represent a higher standard of living.
- Allowances are provided to help the Project-affected People in the transition period and there is an institutional structure through which people are informed, can negotiate compensation, and can appeal.
- Differences between the approaches and measures that need to be addressed within the program also exist. However, in this context, procedures exist within national and City governments that allow the granting of waivers of domestic law on specific projects that may be in conflict with that of the funding agency. The differences are described in item 4, required waivers below and in Annex 2..

On the issue of land tenure and the legal right to compensation, the Government and World Bank approaches are compatible. The government has its own process in place whereby land occupied without legal documentation can be legalized; this land, however, is compensated for at a rate equal to 100% of land price minus the taxes and fee for land use right registration from 15 October 1993 (Article 6, 7, 9, 10 of Decree 38/2000 ND-CP on the payment for the Land Use Right).

#### **2.5.4. Required Waivers**

In order to meet the requirements of the World Bank OD. 4.30 on Involuntary Resettlement a number of articles in various Vietnamese laws and regulations which do not ensure compensation at replacement cost or set eligibility provisions which do not extend the right to compensation and or rehabilitation to households without proper land papers, will be waived.

The articles of law and regulations that will be waived are mentioned below:

##### **2.5.4.1. Eligibility to Compensation – Decree 22/CP**

Article 7 of Decree 22/ CP (Non eligible persons for compensation of land) stipulates that “The person whose land is recovered and who has not met one of the conditions stipulated in Article 6 of this Decree or who has violated the plan already ratified by the competent level, and such violation has been announced, or who violates the corridor protecting work, or who illegally occupies land shall not receive compensation when the state recovers the land. The People’s Committee of province or City directly under the Central Government shall consider and make decisions on a case by case basis”.

Article 16 of Decree 22/CP (Principle for compensation of lost property), Point 3, stipulates that “The owner of affected property on recovered land as mentioned in Article 7 of this Decree, based on each individual case, the People’s Committee of the province or City directly under the Central Government shall consider and decide the assistance”

To ensure that the objectives of this resettlement policy are met, a special decision of the Government waiving Article 7 and Article 16 of Decree 22/CP is needed to permit assistance and rehabilitation measures for illegal users of land as proposed in the policy.

##### **2.5.4.2. Price of Land for Calculation of Compensation**

According to the Vietnamese regulation, calculation for land compensation will be based on Decrees 87/CP, 22/CP, 17/1998/ND-CP and Decision 302/TTg.

Article 4 of Decree 87/ CP states that compensation of land must fall within the Government's range of minimum and maximum prices.

Article 8 of Decree 22/ CP states that the prices of land for calculation of compensation for damage shall be determined on the basis of local prices of land issued according to the provisions of the Government multiplied by a coefficient 'K' in order to ensure compatibility of the compensation with profitability and the prevailing land prices of the locality. The "K" coefficient of relative rate between the land price counted by the beneficial potential or the *actual land price transfer for the land use rights* and land price stipulated by the Provincial Peoples' Committees and cities under the Central Government.

To ensure that the objectives of the project resettlement policy are met, unit price for land compensation will be established by the Project Provincial/City People's Committees and to be at replacement costs.

#### **2.5.4.3. Assistance Policy for PAPs who Rent Houses from the Government – Decree 22/CP**

Article 25 of Decree 22/CP states that PAPs who rent government houses and do not want to continue to do so shall assisted in cash at a rate equal to 60% of the cost of the rented house and 60% of the cost of the land.

To ensure that the objectives of the policy are met, a special decision of the Government of Viet Nam regarding waiver of Article 25 of Decree 22/CP is needed to permit assistance and rehabilitation measures for Project Affected Families who share rented government housing as proposed in this policy .

*The Prime Minister of Vietnam and Chairperson of project province/city People's Committee in approving/ the policies and objectives set forth in this Policy Framework will grant the waivers to the above mentioned Articles 7, 8, 16, 17, 18 & 25 of Decree 22/cp; Article 4 of Decree 87/CP, and any other laws or regulations which contradict the Project Policy. The details of differences between the World Bank policy on involuntary Resettlement and National policy are given in Annex 2.*

The Item 4, Article 2 of Decree 17/2001/ND-CP dated May 04, 2001 to guide on the ODA management stipulates that "in the case of the international agreements on ODA have been signed between GOV and sponsor stipulates other contents, then that international agreements will be followed"

## **2.6 Entitlement Policy**

The basic principle followed in the preparation of this Policy Framework is that the PAPs should be "assisted in their efforts to improve their former living standards, income earning capacity, and production levels, or at least to restore them". Lack of legal title to the land cannot be an obstacle to compensation and rehabilitation measures. Compensation for lost assets must be made on the basis of replacement cost.

### **2.6.1. General Principles**

- (a) All Project Affected Persons (PAPs) will be compensated and/ or rehabilitated disregarding land tenure status.

- (b) Resettlement, rehabilitation and compensation programs should improve, or at minimum maintain the PAPs pre-Project living standards and warrant their participation in Project benefits.
- (c) Resettlement and land acquisition will be minimized as much as possible, by exploring all feasible alternatives.
- (d) Compensation and rehabilitation will be provided as a substitution, or replacement cost paid without depreciation.
- (e) The PAPs will be provided full assistance for transportation and will be given a relocation allowance in addition to the compensation at replacement costs of their houses, lands and other properties.
- (f) Resettlement plans will be implemented in consultation with the PAPs. In the resettlement area, community infrastructure and services will be built and improved, so that the PAPs will have access to these services. Financial and institutional services will be arranged for credit and other activities associated with resettlement.
- (g) Effective and timely design, planning and implementation of resettlement and rehabilitation measures will be carried out to avoid unnecessary delays and the consequent inconveniences to the PAPs. In addition, institutional arrangements will be made for internal and external monitoring of all important resettlement activities.
- (h) Resettlement, compensation and rehabilitation programs will be timed so as to guarantee the availability of new land and residences, prior to Project construction.
- (i) Land clearance will not be started before the PAPs have received compensation, rehabilitation assistance and have had enough time to build their houses. There will be a special group within PMU for supervising the process of resettlement.

### 2.6.2. Compensation Modes

- All PAPs living in the Project area before the cut-off date, which is established as the date that the planned components was publicly announced, are entitled to compensation for their losses and/ or to rehabilitation assistance. Lack of legal rights or titles do not make them ineligible for entitlements.
- The PAPs will be compensated based on the criteria of eligibility defined later in this Section.
- The PAPs will be compensated at full replacement and substitution costs, and relocated or resettled in consultation with them. The preliminary compensation rates for replacement and substitution cost will be proposed to the PAPs to give them an opportunity to compare them with the prevailing market rates.
- All fees and taxes on land and/or house transfers will be waived or otherwise fees and taxes would be included in a compensation packet for land and /or house. The Provincial/City authorities will give preferential treatment to PAPs reconstructing their houses on their own, and to obtain the necessary property titles and official certificates. Land will be compensated in cash or land for land according to PAPs' choice.
- PAPs who want "land for land" will be compensated by providing them with land plots or apartments in a new residential area nearby. The resettlement area will be planned and designed properly. All infrastructure will be

- provided such as paved roads, sidewalks, drainage and water supply, and main lines for electricity and telephone.
- PAPs who want “cash for land” will be compensated at the replacement cost, plus a cost for fees and taxes, to be used for their own purchase of replacement land/housing.
- Compensation in cash for all residential, commercial or other structures will be paid at the replacement cost of these structures, without any depreciation of the structure and without deduction for salvageable materials.
- The PAPs will be provided full assistance for transportation of personal belongings, household inventory and salvaged material, and will be given a relocation allowance in addition to the compensation at replacement costs of their houses, lands and other properties. The rehabilitation transition period will be minimized by providing cash compensation at least 30 days prior to the expected start-up date of the Project construction.
- For PAPs relocating in a resettlement site, payment of compensation and relocation activities, including construction of houses at the relocation site, will be completed at least 30 days prior to the start of the civil works. Compensation and rehabilitation assistance must be completed at least 30 days prior to the taking of the assets for non-relocating PAPs and 60 days for self-relocating PAPs.
- Resettlement plans will be implemented in consultation with the PAPs. In the resettlement area, community infrastructure and services will be built and improved, so that the PAPs will have access to these services. Effective and timely design, planning and implementation of resettlement and rehabilitation measures will be conducted to avoid unnecessary delays and consequent inconveniences to the PAPs.
- Institutional arrangements will be made for internal and external monitoring of all important resettlement activities.
- Financial and institutional services will be arranged for loans and other activities associated with resettlement. The method of loan repayment, installment period and amounts should be acceptable to the PAPs. The installment amounts and the schedule of payments for substitution housing and/or land will be within the repayment capacities of families. The capacity to pay will be established before the PAPs and the financial institutions make formal agreements.

### 2.6.3. Eligibility

The following Project Affected Persons (PAPs) will be eligible to receive compensation and/or rehabilitation: all affected GOV agencies, private households, institutions or firms who are able to demonstrate through Land Use Right Certificates (LURC), Residential Land Property Certificates (RLPC), Official residence papers, land tax receipts, or, in absence of these, by means of a commune housing record or by being listed in the PAPs inventory, that prior to the RAPs cut-off dates, they owned, rented, planted, or used for business or other economic enterprise the following affected items:

- Permanently or temporarily affected land;
- Houses or other structures, crops, trees, or other assets;
- Business and production; and/or,
- Suffered income losses as a result of the Project.

The eligibility of PAPs for entitlement to compensation and rehabilitation assistance is classified as: Legal, Legalizable, Non-legal and Not-entitled. The criteria for eligibility

set for each certain status of ownership of Project affected property or item is as described below.

### **2.6.3.1. Land Tenure Status**

People may have legal rights to use land according to three types of permission from the local People's Committee: permanently, temporarily or on a lease basis. In urban areas, some people occupy residential or public land illegally without permission of the local PC. Each of these land use categories are explained below.

*Legal PAPs:* According to Vietnamese legal practice these are holders of Land Use Right Certificates (LURC) issued by the competent City authorities.

*Legalizable PAPs:* These are property owners in possession of: official property documents for land dated prior to 15/10/1993 without any dispute; having land use rights from the ancestors or old regime but not officially legalized; tax receipts for their properties; building permits; local residential papers.

*Non-Legal PAPs:* These are PAPs who have occupied land after 15/10/1993 (Land Law enforced) but have no official property document; no ancestral land uses rights; no any tax receipts or local residency papers.

*Non-entitled PAPs:* These are PAPs i) who illegally occupied the public land after the date which competent authorities officially announced for the planned areas; or ii) PAPs who moved into the Project area after the cut-off date.

### **2.6.3.2. Status of Houses and structures**

People have the right to build houses and structures, as the GOV granted the right to have a house and support or assist people in building their house. In rural areas, if people have legal right to use the land, they implicitly have the right to build a house. In urban areas, the right to use land is not sufficient; a building permit must be obtained. Then, the status of the building permit sets the eligibility of houses, structures and other assets.

*Legal owner of house, structure and other assets:* Are those PAPs who built the houses with construction permits from the City authorities, or who have the House Ownership Certificate (HOC).

*Legalizable owners of houses, structures and other assets:* Are those PAPs who have no construction permits or House Ownership Certificates (HOC), but they meet the following conditions: (A) in possession of property before 1993 without any dispute, (B) having land use rights certificate (LURC) or being legalizable for land use right with permanent residential registration.

*Non-Legal owners of houses, structures and other assets:* Are those PAPs who built the houses after 1993 without construction permits or papers from the City authorities, or who do not have House Ownership Certificates (HOC), or LURC

### **2.6.3.3. Business**

Business means any type of activity to make a profit or earn an income. The eligibility of business depends on its status, type and size. Normally, permanent, for profit and

income earning businesses have to be registered with local authorities and have to pay taxes.

*Legal Businesses:* are those permanent businesses owned by PAPs who have registered them with the local authorities and regularly pay taxes.

*Legalizable Businesses:* are those unregistered, income earning, home-businesses, owned by PAPs who regularly pay or not pay tax.

#### **2.6.3.4. Economic Rehabilitation and Assistance**

The eligibility for entitlement to economic rehabilitation is based on the residential status of the Project Affected Persons (PAPs):

*Legal:* are those PAPs who have permanent Residential Registration with the local authority.

*Legalizable:* are those PAPs who have no Permanent Residential Registration, but have Temporarily Residential Registration with the local authority, or have the conditions to get Permanent Residential Registration.

*Non-Legal:* are those PAPs that have no permanent Residential Registration or any paper and conditions for Residential Registration.

#### **2.6.4. Cut-off date**

Cut-off date for each RAP under this Policy Framework is the date on which the planned project or planned specific components (affected areas) of the project was publicly announced by relevant local authorities.

All people moving into the project area after the cut-off date are non-eligible PAPs. They will not receive any compensation and will be requested to vacate their premises prior to project implementation. In order to facilitate this, the Project will put at their disposal the necessary transportation means for their relocation.

This was agreed to be November 24, 2003 for Nam Dinh City.

#### **2.6.5. Entitlements**

##### **2.6.5.1. Affected Land**

Depending on legal conditions, compensation for land is divided into the following categories:

- i) PAPs, who have legal and legalizable affected land, are entitled to 100% compensation of the land lost at replacement costs. In addition they will be exempt for taxes and fees for Land Use Right Certificate when purchasing or allotted another plot.
- ii) PAPs having non-legal affected land are entitled to the assistance at 60 % value of the land lost by cash. In addition they will be exempt for taxes and fees for Land Use Right Certificate when purchasing or allotted another plot

The Province/City will find a residential area with similar conditions so that PAPs get land plots to build their houses or get available apartments. The solution "land for land"

or "land for apartment" will be clearly stated in Compensation Reports for Resettlement Plan for each component.

Land compensation for the state owned enterprises, state institutions will follow the Decree 22/1998-ND-CP. However, people depending on the land to be acquired, as renters, employees, and vendors, will be eligible for rehabilitation assistance according to this Resettlement Policy Framework.

#### **26.5.2. Affected Houses and Structures**

All legal, legalizable and non-legal PAPs who have fully affected houses and structures are entitled to 100 % compensation of the house and structures lost at replacement costs. Cost reduction for depreciation or salvageable materials will not be made.

All PAPs (legal, legalizable and Non-legal) owning Project affected businesses and production structures, are entitled to cash compensation or rehabilitation assistance at 100 % of the substitution cost.

All PAPs (legal, legalizable and non-legal) owning affected fruit bearing trees or trees of commercial value, are entitled to 100 % compensation or rehabilitation assistance by cash at the market value.

#### **2.6.5.3. PAPs Renting Government Houses and Structures**

Relocated legal and legalizable PAPs renting affected houses or structures from the Government are entitled to compensation by the following choices:

PAPs choosing the relocation option will be entitled to receive a house in rent with equal rented floor area at equal standards of building and facilities and at equal rent rate.

PAPs choosing the self-relocation option will be entitled to cash assistance equal to 60% of the replacement costs of the rented floor area of the structure plus 60 % of the replacement costs of the rented land area. PAPs who are sharing a rented house and structure will be entitled to cash assistance equal to 60% of the replacement costs of the rented floor area plus 60% of the replacement cost of the rented land. In addition they will be exempt for taxes and fees for Building Owned Right Certificate when purchasing or allotted another house/apartment.

Legal and legalizable improvements made by the PAPs in affected government rented properties will be entitled to compensation at 100% substitution cost by cash.

Besides, the poorest households who can not afford themselves in renting or buying a house by installments as in the above program, can be arranged to live in social apartments, and after certain years they can move out for the others to move in and they can be assisted in order to get rid of very poor level. For this small component, the selected households have to pay the cost of maintenance and public security.

Structural compensation for the state owned enterprises, state institutions will follow the Decree 22/1998-ND-CP. However, people depending on the structures to be acquired, as renters, employees, and vendors, will be eligible for rehabilitation assistance according to this Resettlement Policy Framework.



#### **2.6.5.4. Business Losses / Loss of Jobs and severely affected on productive land**

Legal, legalizable and non-legal PAPs will be entitled to compensation and/or rehabilitation assistance for business losses by cash calculated on the basis of the turnover of the latest years.

Legal, legalizable and non-legal PAPs having Project permanently affected small businesses/ production centers at home without tax declaration, are entitled to an allowance of 1.0 million VND per month for family expenses for six months.

Legal, legalizable and non-legal PAPs losing jobs or severely affected on productive land (losing more than 25% of total productive land holding) as a result of resettlement are entitled to assistance in seeking jobs or for training for new professional skills. The allowance for training will be 500,000 VND per month and will be given for six months.

#### **2.6.5.5. Affected Utilities**

Legal, legalizable and non-legal PAPs who own Project affected facilities such as power supply and water supply systems, electric and water meters, telephone lines, deep wells, etc, are entitled to compensation in cash at 100% of the substitution cost.

All eligible PAPs who own Project-affected public utilities such as power and water supply networks, telephone cables etc, will be entitled to cash compensation at 100% of substitution cost of public utilities lost or all cost for relocation and rehabilitation of affected public utilities.

#### **2.6.5.6. Transition Assistance / Livelihood Allowance**

Relocated legal, legalizable and non-legal PAPs will be entitled to a transition/ transport assistance to relocated sites shall be from VND 1,000,000 to VND 3,000,000 for each household moving its dwelling within the province or city and from VND 3,000,000 to VND 5,000,000 if it moves to another province.

Relocated legal, legalizable and non-legal PAPs will be entitled to a livelihood cash allowance for six months at the rate of allowance in cash for one household member per month equivalent to 30 kg of rice at average price of local market.

#### **2.6.5.7. Payment in Installments for PAPs Taking Land or Apartment**

When a cash adjustment is needed and the PAPs have to pay an additional amount (cost of land or apartment minus cost of compensation), the PAPs will be allowed to pay the adjustment amount in installments for 10-20 years. PAPs will have to pay interest at low rate according to the Province/City's stipulation. The first amount payment (down payment) for an apartment would be at least 30% of the total amount payment.

#### **2.6.5.8. Bonus**

All PAPs who relocate themselves on time, i.e. moving away from the Project site, will be entitled to a family bonus of VND 5,000,000 at most.

### **2.6.6. Entitlement Matrix**

*Annex 1* shows the entitlement matrix for the RAPS. The entitlements in the Table will be applied for PAPs in each components of the Vietnam Urban Upgrading Project.

For Component 1 (upgrading of tertiary infrastructure in low income areas), the following provision for donation of affected land has been incorporated:

Residents of the low income areas to be upgraded are expected to contribute to the construction cost of the upgrading. In all events, the entitlement to compensation will be calculated and informed to all affected residents (PAPs).

There are PAPs who would be marginally affected on residential land, who may choose to contribute affected land in lieu of a cash contribution for the project construction.

If PAPs choose to do so, a procedure for determining and documenting the voluntary nature of the contribution are as below:

i) step 1: PMU and local authorities clearly inform to all PAP about this project resettlement policy, and the actual entitlement to compensation.

ii) step 2: Volunteer PAPs sign in the DMS and entitlement forms for the affected assets which they choose to contribute for the project, and these forms will be filed in PMUs' offices.

iii) step 3: 20% of volunteer households of will be checked by independent monitoring agencies at the beginning times of RAPs implementation and reports of independent monitors on this matter will be submitted to IDA for its concurrence.

These procedures shall also be clearly guided in Project Implementation Manual (PIM).

The PMU of HCMC has sent the RPF and the approval letter of the Prime Minister to the concerned departments which are members of the Appraising Committee for this RAP-Phase 1 and subsequent phases, to ensure they are fully informed of the provisions of the RPF. It was further agreed that this policy must be applied to all parts of the project, regardless of source of funding. The PMU agreed that the RPF will also apply, with regard to compensation and resettlement, to the Tan Hoa - Lo Gom canal works for which financing by AFD is presently proposed.

### 3 PROJECT DESCRIPTION

#### 3.1. Project Investment Selection Criteria

Selection of investments used the following criteria:

- Trunk infrastructure was to be selected to link up with proposed areas of tertiary upgrading which was subject to the community upgrading planning process. (CUP)
- Upgrade on the basis of need and agreed affordability for community contributions from the CUP process
- Selected investments were to conform to the City's Master plan as well as the Ward's detailed planning criteria.
- Minimize relocation for resettlement in order to reduce negative impacts on social structure and community.

Feasibility studies carried out to date have concluded that these areas have either insufficient capacity or are badly degraded leading to negative impacts on the lifestyles and the environment of local people. Some more specific findings were:

- Access problems: up to 64% of households live in small alleys with widths of under 3m.
- Drainage: many areas have been regularly flooded
- Water supply: seriously lacking, with only 15.2% of households having private water meters, 79.6% having no connections to their house, 57.2% using water from potentially polluted well sources and the cost of the water supply is also very high;
- Fire prevention: all LIAs do not have adequate water systems for the fire prevention;
- Housing: most of local houses are classified as grade 4 or temporary and very old and poorly maintained
- Over 20% of the adult workforce is unemployed and 74.20% of employees earn income below VND 500,000 VND per month

#### 3.2. Phase 1 Description

Phase 1 of the Project is to start implementation by the middle of 2004 and would continue to the end of 2005 to carry out infrastructure upgrading in 35 LIAs within three Districts of HCMC – known as District 6, Tan Binh and Binh Chanh. These districts are all part of the Tan Hoa – Lo Gom Basin. Phase 2 includes another 81 LIA's within the Basin.

Unlike the VUUP project in the other three cities, the subproject in HCMC will be financed by a combination of lending agencies in association with the GOV. In Phase I, the French Government Agency, AFD will be responsible for financing the improvements to the main Tan Hoa Lo Gom Canal (which runs through the entire basin) including the construction of new canal embankments and removal of sediment and other accumulated spoil. AFD would also be responsible for financing the wastewater components of the sub-project in the entire basin and urban upgrading aspects in the 12 low income areas ( an area of 42ha) which adjoin the main canal.

The World Bank would be responsible for financing the following components which are the subject of this RAP:

*Urban upgrading involving tertiary infrastructure improvements in the other 33 low income areas in the Phase 1 area (Component 1) and for the improvement of secondary and tertiary drainage in the entire Phase 1 area to link up with the main canal.*

These 33 LIA's of the Tan Hoa – Lo Gom area have an area of 114 ha with 16,954 households and 78,551 residents in the South West of HCMC inner city. Due to the lack of investment in urban infrastructure, this area has become one of the lowest income residential areas and using Vietnamese standards is considered to have the worst infrastructure in HCMC.

Note that the packaging of the project has meant that the components are numbered differently to other Cities in the program. In HCMC, the sub – project has 6 components.

### **3.2.1. Component 1 (Tertiary infrastructure)**

#### **Project component 1: Tertiary infrastructure, phase 1**

Upgrading the tertiary infrastructure: upgrading and rehabilitating 72 main alleys to a minimum width of 4.50 m, alley pavements to be sealed; completing drainage and sewer connections to coincide with alleyways; completing and improving water supply pipes, increasing household connections and water meters ; upgrading the power supply and street-lighting system; connecting and installing electricity; installing fire hydrants;

Total investment is VND 186.07 billions (equivalent to USD 12.24 million of which the construction cost is VND 72.89 billion. Compensation costs were estimated at VND 92.90 billions for 329 resettled households and 1,905 partial project-affected households; community program: VND 0.30 billion and other basic construction costs: VND 3.06 billions.

*(see Figure 3-1)*

#### **Project component 2: Tertiary infrastructure, phase 2**

Project component 2 is also tertiary infrastructure upgrading and would be completed in Phase 2 of the project.

### **3.2.2. Component 2 (Trunk Infrastructure)**

#### **Project component 3**

This project component to be financed by the World Bank are the improvements and upgrading of the secondary and tertiary drainage network within the basin to link up with the main THLG canal.

**CHÚ THÍCH - LEGEND:**

- HỆ THỐNG CÔNG THOÁT NƯỚC HIỆN HỮU  
EXISTING DRAINAGE
- CÔNG HỘP  
BOX CULVERT
- HỆ THỐNG CÔNG THOÁT NƯỚC CẤP HẠ ĐỂ NGHI DÁT MỎ  
PROPOSED SECONDARY DRAINAGE IMPROVEMENT
- HỆ THỐNG CÔNG THOÁT NƯỚC CẤP HƠN ĐỂ NGHI DÁT MỎ  
PROPOSED TERTIARY DRAINAGE IMPROVEMENT
- BIÊN GIỚI VỰC THỤ  
THUG BOUNDARY
- HƯỚNG NƯỚC CHẢY  
PREDOMINANT FLOW DIRECTION
- KHU VỰC CẦN ĐƯỢC NÂNG CAO ĐỘ MẶT ĐẤT LÊN 2m  
GROUND LEVEL TO BE RAISED (SEE NOTE BELOW)



0 500 1000m

**PRIORITY AREA # 4**  
**KHU VỰC ƯU TIÊN # 4**

**PRIORITY AREA # 3**  
**KHU VỰC ƯU TIÊN # 3**

**PRIORITY AREA # 5**  
**KHU VỰC ƯU TIÊN # 5**

**GHI CHÚ:**

Mô hình được thiết kế cho trường hợp không ngập từ hệ thống tiêu thoát nước với chu kỳ mưa tần suất 1:3 năm và trường hợp không ngập từ kênh cho chu kỳ mưa tần suất 1:5 năm, với mực nước hạ lưu +1.313m cho cao trình mặt đất hiện hữu có nâng cao nền cục bộ tại một số điểm nút sau:

Số TT	Số Node	Từ	Đến
1	12801	+1.80	+1.80
2	13001	+1.30	+1.75
3	13002	+1.60	+1.70
4	13101	+1.80	+1.80
5	13203	+1.40	+1.75
6	14101	+1.40	+1.95
7	14102	+1.46	+1.95
8	14201	+1.50	+1.80
9	14801	+1.51	+1.80
10	14801	+1.51	+1.85

**NOTE:**

Model is designed for no flooding from the drainage system for 1 : 3 year return period rainfall and no flooding from the canal for 1:5 year return period rainfall, with downstream water level of 1.313m for existing ground level with local raising of ground level at some nodes as follows:

No.	Node No.	From	To
1	12801	+1.80	+1.80
2	13001	+1.30	+1.75
3	13002	+1.60	+1.70
4	13101	+1.80	+1.80
5	13203	+1.40	+1.75
6	14101	+1.40	+1.95
7	14102	+1.46	+1.95
8	14201	+1.50	+1.80
9	14801	+1.51	+1.80
10	14801	+1.51	+1.85

**PRIORITY AREA # 1**  
**KHU VỰC ƯU TIÊN # 1**

**PRIORITY AREA # 2**  
**KHU VỰC ƯU TIÊN # 2**

DỰ ÁN CẢI THIỆN VỆ SINH VÀ NÂNG CẤP ĐÔ THỊ LƯU VỰC KÊNH TÂN HÒA LÒ GỒM - NGHIÊN CỨU KHẢ THI  
FEASIBILITY STUDY ON SANITATION AND URBAN UPGRADING OF TAN HOA - LO GOM CANAL BASIN

**HÌNH 3-1: HẠNG MỤC 1 CƠ SỞ HẠ TẦNG CẤP 3 \_ HỆ THỐNG THOÁT NƯỚC CẢI TẠO**  
**FIGURE 3-1: COMPONENT1 TERTIARY INFRASTRUCTURE \_ IMPROVED DRAINAGE SYSTEM**

Ref No. FIG 3-1.DWG

Scale 1/5000

**Project component 4:**

This project components is to be financed by AFD and comprises drainage canal rehabilitation and upgrading of the Tan Hoa – Lo Gom canal and major sanitation and wastewater improvements within the THLG basin. (see *Figure 3-2* ) A separate RAP Phase 1 will be prepared for this project component

**Project component 5:**

Comprises a second tranche of investments in Trunk Infrastructure (Drainage and Sewerage outside the THLG Basin) to be implemented during Phase 2 of VUUP

**Project component 6, phase 2:**

Comprises upgrading of tertiary water supply system outside the THLG basin and would be implemented in Phase 2 of VUUP

**3.2.3. Component 3 Development of Resettlement Site for Phase 2**

This component involves the development of a resettlement site at Vinh Loc B (in Binh Chanh District) for phase 2 of the project. The site is 30ha and is located near Tan Tao Industrial Zone, 6km far from Tan Hoa – Lo Gom Canal Basin. (see *Figure 3-3*)

This site is being financed by HCMC separately and the site will prepared for resettlement housing which will be used in Phase 2 of the project and housing program of HCMC. No new resettlement housing will be required for Phase 1 as all PAH's are to be accommodated at a number of apartment blocks within the THLG basin. For a small number of PAH's who may have originally chosen to move to the new resettlement area at Vinh Loc B during the inventory survey, special arrangements have been made for temporary accommodation until a serviced site is available in accordance with Vietnamese compensation regulations.

**3.2.4. Component 4 (Land and Housing Management)**

Involves strengthening the capacity of land administration and housing management system for DONRE to hasten the progress of BOLUCs issuance. The project will provide a computer network and help train administrative staff to better land and housing management.

**3.2.5. Component 5 (Micro-finance for Housing improvement)**

This component involves the provision of finance to partly affected households in the impacted areas for Phases 1 and 2.

**3.2.6. Component 6 TA and institutional strengthen, capacity building to PMU**

This component consists of costs for technical assistance, strengthening institutional capacity of project management , hiring experts, supervision consultants and supporting authorities in all stages of the project.

So the scope of this RAP focuses on the impacts of only two of the above components - Components 1 and Component 3. Now Component 7 is to be financed by HCMC itself to prepare for Phase 2 resettlement and this RAP is only concerned to the extent of the

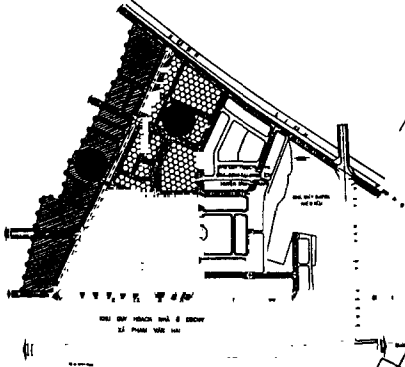
• small number of PAH's from Component 1 who may have chosen to relocate to the new  
• resettlement at Vinh Loc B when the project had originally planned to accommodate all  
Phase 1 PAH's at this location. These PAH's are considered to be eligible for temporary  
accommodation until the new site is available



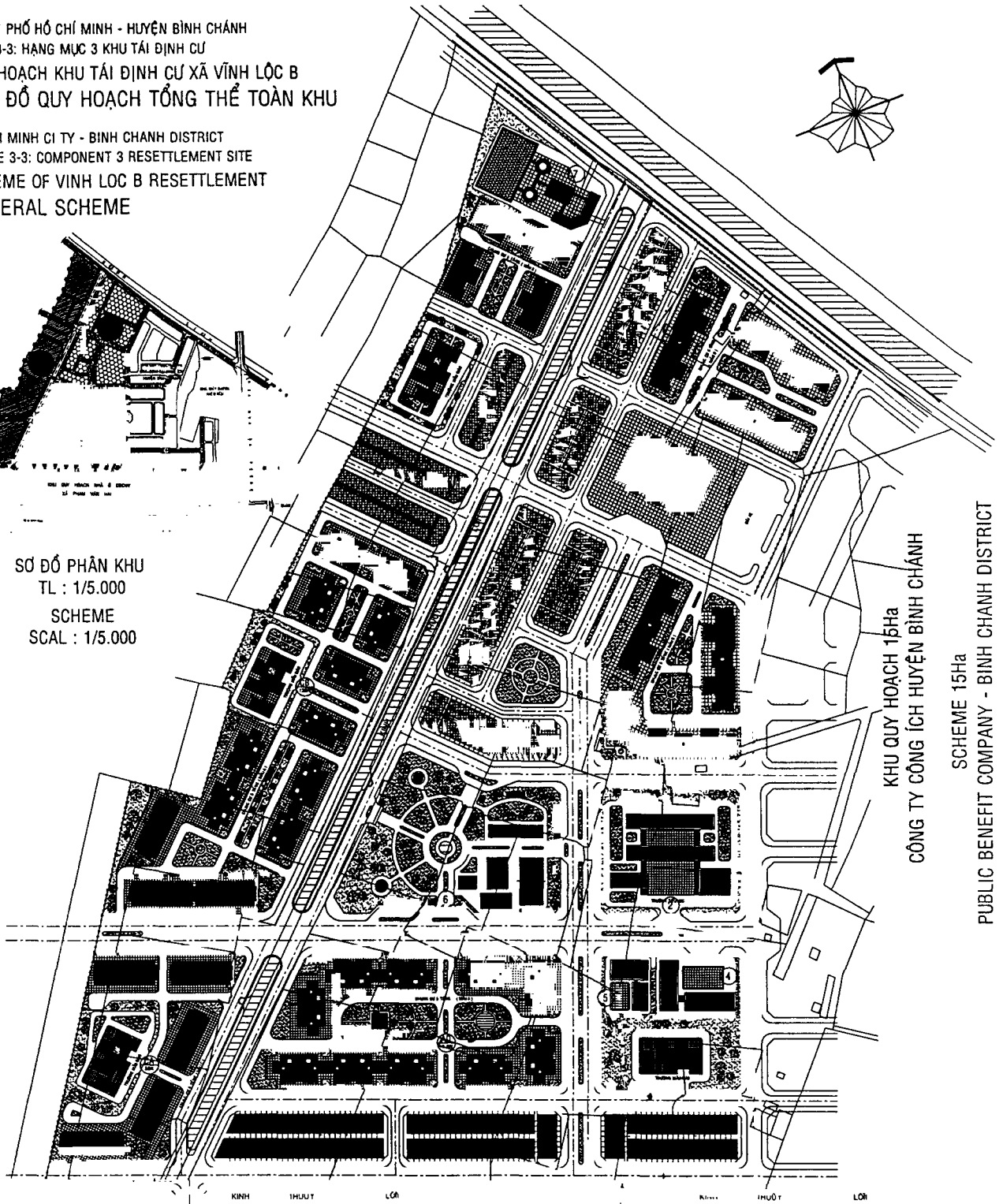


THÀNH PHỐ HỒ CHÍ MINH - HUYỆN BÌNH CHÁNH  
 HÌNH 3-3: HẠNG MỤC 3 KHU TÁI ĐỊNH CƯ  
 QUY HOẠCH KHU TÁI ĐỊNH CƯ XÃ VĨNH LỘC B  
 BẢN ĐỒ QUY HOẠCH TỔNG THỂ TOÀN KHU

HỒ CHÍ MINH CITY - BINH CHANH DISTRICT  
 FIGURE 3-3: COMPONENT 3 RESETTLEMENT SITE  
 SCHEME OF VINH LOC B RESETTLEMENT  
 GENERAL SCHEME



SƠ ĐỒ PHÂN KHU  
 TL : 1/5.000  
 SCHEME  
 SCAL : 1/5.000



KHU QUY HOẠCH 15Ha  
 CÔNG TY CÔNG ÍCH HUYỆN BÌNH CHÁNH

SCHEME 15Ha  
 PUBLIC BENEFIT COMPANY - BINH CHANH DISTRICT

KHU QUY HOẠCH NHÀ Ở CBCNV  
 XÃ PHẠM VĂN HAI  
 SCHEME OF OFFICIAL AREA  
 PHAM VAN HAI COMMUNE

TỈNH LỘ

**BẢNG THỐNG KÊ DIỆN TÍCH ĐẤT CHUNG CƯ**

STT	Loại công trình	Diện tích đất (m <sup>2</sup> )	Diện tích sàn (m <sup>2</sup> )	Tổng diện tích (m <sup>2</sup> )
1	Nhà ở chung cư	10000	10000	20000
2	Nhà ở riêng lẻ	5000	5000	10000
3	Trường tiểu học	1000	1000	2000
4	Chợ	1000	1000	2000
5	Phòng khám đa khoa	1000	1000	2000
6	Công viên cây xanh	1000	1000	2000
7	Đường nội bộ	1000	1000	2000
8	Đường công cộng	1000	1000	2000
9	Đường giao thông	1000	1000	2000
10	Đường thủy	1000	1000	2000
11	Đường điện	1000	1000	2000
12	Đường cáp quang	1000	1000	2000
13	Đường khác	1000	1000	2000
14	Tổng cộng	40000	40000	80000

- GHI CHÚ:**  
 NO TE:
- ① NHÀ TRẺ - MẪU GIÁO  
KINDERGARTEN
  - ② TRƯỜNG TIỂU HỌC (CẤP 1)  
PRIMARY SCHOOL
  - ③ CHỢ  
MARKET
  - ④ PHÒNG KHÁM ĐA KHOA  
MEDICAL CENTRE
  - ⑤ UBND - HÀNH CHÁNH  
PEOPLE COMMITTEE - ADMINISTRATION
  - ⑥ CÔNG VIÊN  
PARK
  - ⑦ KHU XỬ LÝ NƯỚC THẢI  
WASTE WATER TREATMENT AREA

**CHỦ ĐẦU TƯ**  
 CÔNG TY CÔNG ÍCH HUYỆN BÌNH CHÁNH

**CÔNG VIÊN CÂY XANH**  
 PARK - TREE

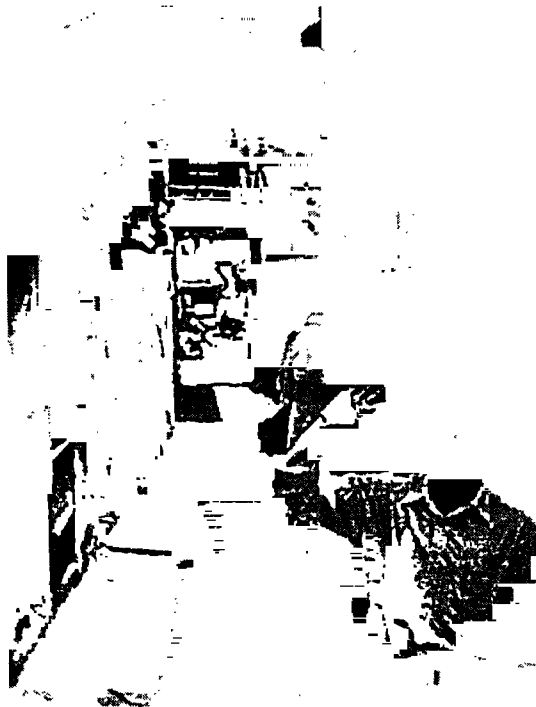
**SÔNG RẠCH**  
 RIVER, CHANEL

**RANH QUY HOẠCH**  
 BOUNDARY

**QHXD**  
 1:1.500



*Photo 1 Ho Chi Minh City Component 3 Trunk Infrastructure Existing Living Conditions along Tan Hoa - Lo Gam Canal Ward 9 District 6. The Phase 1 project will improve the drainage network flowing to this canal. Photo 2 Ho Chi Minh City*



*Photo 2 Ho Chi Minh City Component 1 Hung Vung Street Ward 9 District 6. Alley Upgrading and Widening to reduce flooding, improve drainage and improve access to physical infrastructure including water supply, electricity, sanitation connections and fire services*



*Photo 3 Ho Chi Minh City showing Tan Hoa Lo Gom Canal in Ward 9 District 6 with Embankment Improvements completed for another Project For this project such works would be financed by AFD- the French Development Agency*



*Photo 4 Ho Chi Minh City New Resettlement Site at Vinh Loc B Site is to be used for more than one project Travelling time to Lo Gam Vicinity approximately 30 minutes and the site will be developed and financed by HCMC for Phase 2 of the project.*

## 4 TECHNICAL AND LOCATION OPTIONS

### 4.1. Component 1

This component used the Community Upgrading Planning Process (CUP) to select investments which met the needs and affordability criteria of each of the selected areas.

This planning process used participatory methods to allow affected residents to participate in the selection of optional investments. The CUP process is discussed in more detail in *Section 7*.

### 4.2. Components 2 Trunk Infrastructure

A number of options were proposed during the various stages of preparation. During the preparation process the various World Bank preparations missions, People's committee's and local consultants have conducted surveys and assessments as well as seminars with relevant departments/ agencies in order to identify the options for components 3 & 4. In general, the overall corridors have not changed but there have been reductions in corridor widths for technical and displacement reasons.

### 4.3. For Component 3 Resettlement Site

There were a number of alternative sites considered using agreed criteria.

#### *Bases for selecting resettlement areas:*

- State Decision no 67/2001/QD-UB of the HCMC City People Committee on August 7th, 2001, approved the Resettlement Action Plan for 10,000 households living on inner canals and arroyos.
- Construction places located next to industrial agencies and other services in order to facilitate job opportunities for low-income households.
- Next to old residential areas, prior arrangement for households in the Tan Hoa – Lo Gom basin including districts: 6, 8, 11, Tan Binh and Binh Thanh.
- Planning resettlement construction with minimum eviction and cost.

#### *Proposed Resettlement Areas For Phase 1*

Four resettlement sites were identified as being suitable for the VUUP phase 1 project. The options are set in *Table 4-1*. As discussed above the preferred option was to renovate a number of existing apartment blocks within the THLG basin.

Table 4-1:

*Proposed Resettlement Areas For Phases 1 & 2*

Name of project	Using area (m <sup>2</sup> )	Capacity in Number of	
		households Apartment	Site & services
Huynh Van Chinh Apartments No. 1916C in Tan Binh District	15,400	58	
Tan Hoa Dong in District 6	30,000	250	
Hung Vuong – plot S apartment in District 6 District	16,000	100	
Binh Phu Apartments in District 6	4,770	92	
Vinh Loc B Residential Area – Binh Chanh District	34,528	2,240	531
<b>Total</b>	<b>212,698</b>	<b>3,100</b>	<b>531</b>

## 5 SOCIO-ECONOMIC CONDITIONS IN TAN HOA – LO GOM BASIN

### 5.1. Population

Official population of the Tan Hoa – Lo Gom area in 1997 was 703,400 inhabitants. Up to 2002, it is estimated to be 850,000 of which residents living in areas which discharged the waste water directly into the Tan Hoa – Lo Gom canal were 470,000 persons and the population living in LIAs were 104,000 persons. The area population is accounting for 14.50% of the HCMC population, and the population in LIAs: 12.20% of the whole area population.

### 5.2. Land Use and Development Characteristics

The THLG Basin Area is characterized by a predominantly residential environment, taking up some 55% of the total land area. The majority of the residential neighborhoods are old established, low rise, high density housing areas. Typically, where housing adjoins major highways, commercial uses are located at ground and first floor levels. Many of the old established housing areas serve as homes for low-income families, where there are a number of environmental problems. Some areas are subject to flooding and others lack basic amenities, such as direct water supply connections and proper drainage facilities. In spite of this, most of the residential neighborhoods have shared in the recent high level of investment in house renovation and re-building by individual lot owners. Squatter development pervades most sections of the canal embankments, principally the THLG Canal, the Hang Bang Canal and the Bau Trau Canal and here the insecure nature of development is characterized by a high degree of poorly constructed housing, without basic amenities.

In District 6, the Binh Phu area (Wards 10 and 11) contains substantial areas of new development land. Much of this land is already planned and provided with roads and drains. It is in varying stages of development, for middle and upper income housing and it also accommodates major commercial and community uses including the Metro Supermarket, a sports complex and a new market.

Industry is characterized by small family businesses and other small and medium sized enterprises (SMEs). There are however a range of other larger factories, many of which are in old buildings and on sites constrained by surrounding residential development. Industry is the second largest land use component, accounting for some 10% of the total land area. The most substantial blocks of industrial land are contained within Tan Binh District in areas close to the Canal. District 6 also has a major industrial land area close to the Tau Hu Canal, but largely as a result of the construction of the East-West Highway it is now mostly unused.

On-site industrial expansion is difficult and has restricted its growth within the Basin area. Industrial pollution levels are very high. About 90% of wastewater from existing industry is discharged without treatment. As a consequence polluting industry is the targeted by the City's initiative to re-locate industry out of the THLG Basin area to planned industrial areas,

where there are adequate waste treatment facilities. As a priority measure some industries within the Basin area have been placed on a "black list" for priority re-location, or closure.

### Gross Industrial Output

In 2000, the total population within the four projected districts was VND 6,265 billions (USD 440 millions) accounting for 11% of the city's gross industrial output (GOI). In which, Tan Binh District accounted for 45%; District 11 for 27%; and District 6 for 19%, the rest for Binh Chanh District: 9%.

*Table 5-1: THLG - Gross Industrial Output by projected Districts*

Year	District 6	District 11	Tan Binh	Binh Chanh	Calculation unit: Billion VND		
					Total	HCMC	% of HCMC
1985	432.00	334.40	447.00		1,213.4	9,872.0	12.30%
1990	492.00	446.80	698.00		1,636.8	14,302.0	11.40%
1995	743.10	1,094.90	1,412.70	185.00	3,435.70	29,515.00	11.60%
1996	797.30	1,266.90	1,622.10	216.90	3,903.20	34,720.00	11.20%
1997	959.70	1,265.60	1,867.70	253.50	4,346.50	39,410.00	11.00%
1998	1,073.00	1,317.20	2,123.50	288.30	4,802.00	44,328.00	10.80%
1999	1,161.00	1,411.30	2,389.30	319.60	5,281.20	49,560.00	10.70%
2000	1,222.00	1,668.90	2,797.50	576.30	6,264.70	57,217.00	10.90%
2001		1,927.20	3,299.50	799.00	6,025.70	66,930.00	9.00%
2002		2,080.30	3,858.70	1,061.00	7,000.00	76,902.60	9.10%

Source: (a) District Statistical Yearbooks; and (b) HCMC Statistical Yearbook 2001, HCMC Statistical Office.

The main industrial products by value in the year 2002 were as follows:

- District 6 - rubber and plastic products (33%), footwear and bags (8%), food and drink (7%), and paper products (7%)
- District 11 - rubber and plastic products (24%), metal products (24%), food and drink (9.50%), footwear and bags (8%), paper products (7%).
- Tan Binh District - textiles (17%), rubber and plastic products (15%), garments and leather tanning (13%), and food and drink (12%)
- Binh Chanh district : rubber and plastic products (31%), chemical products (19%), footwear and garments (10%), metal products (9%).

*Table 5-2* illustrates the comparative growth rates in GIO between the three districts and the city as a whole. Growth rates in the project area have generally been 1 to 2 percentage points below the city average. The only exception is Tan Binh District which has been consistently above the city average.

**Table 5-2: THLG - Growth in Gross Industrial Output by District**  
(% per year)

Year	Tan Binh	District 11	District 6	Total	
1985-1990	9.30	6.00	2.60	6.20	7.70
1990-1995	15.10	19.60	8.60	14.70	15.60
1996	14.80	15.70	7.30	13.40	17.60
1997	15.10	-0.10	20.40	11.00	13.50
1998	13.70	4.10	11.80	10.30	12.50
1999	12.50	7.10	8.20	9.90	10.20
2000	17.10	18.30	5.30	14.60	17.10

Source: (a) District Statistical Yearbooks; and (b) HCMC Statistical Yearbook 2001, HCMC Statistical Office, April 2002.

### Exports and Imports

The District Yearbooks indicate that the project districts account for only a small proportion of HCMC's recorded foreign trade movements. In 2000, exports from District 6 and Tan Binh District amounted to US\$ 62.6 million or less than 1% of reported HCMC exports; while imports amounted to US\$ 127.2 million or 4% of the total. Table 2.18 illustrates the modest movement in exports and imports for District 6 and Tan Binh District.

**Table 5-3: THLG - Exports and Imports by District (US\$ million)**

Component	1990	1995	1996	1997	1998	1999	2000
<b>District 6</b>							
Exports	35.94	20.49	22.63	22.97	19.28	13.45	16.35
Imports	21.99	65.35	103.81	103.23	73.50	48.03	53.69
Trade Balance	13.95	-44.86	-81.18	-80.26	-54.22	-34.58	-37.34
<b>Tan Binh District</b>							
Exports	8.02	16.04					46.25
Imports	6.10	24.11					73.56
Trade Balance	1.92	-8.07					-27.31

Source: District Statistical Yearbooks.

### Investment

Table 5-4 presents summary data on total recorded investments in the three districts. Reported total investment has been very modest given the number of people living and working in the three districts. The figures show total investment increasing from VND 136.7 billion (US\$ 12.5 million) in 1995 to VND 272.9 billion (US\$ 19 million), accounting for only 1% of total HCMC investment.



**Table 5-4: THLG - Total Investment by District**

District	VND million				Distribution (%)	
	1985	1990	1995	2000	1996	2000
District 11	6,445	9,526	41,043	37,904	30.00%	13.90%
District 6		7,687	28,767	73,924	21.00%	27.10%
Tan Binh District			66,925	161,057	48.90%	59.00%
<b>Total</b>			<b>136,735</b>	<b>272,885</b>	<b>100%</b>	<b>100%</b>

Source: District Statistical Yearbooks.

### Household Income

A socio-economic survey was carried in the project area in May and June 2002. The comprehensive results are presented in the Socio-Economic Survey Report (July-August 2002). The survey covered 1,505 households with 7,309 people and an average household size of 4.86 persons. The resulting average values for household income, wage rates and per capita income are summarised as follows:

- Household income – average of VND 2.9 million (US\$ 190) per month;
- Wage rate – average of VND 1.26 million (US\$ 83) per month; and
- Per capita income – average of VND 644,000 (US\$ 42) per month.

**Table 5-5** presents the distribution of income per household and per capita. In terms of household income, the results show: (a) 21% of those surveyed live on incomes of less than VND 1.5 million (US\$ 100) per month; (b) 31% are dependent on incomes of VND 1.5 to 2.5 million (US\$ 100 to 165) per month; (c) 22% have incomes of VND 2.5 to 3.5 million (US\$ 165 to 230) per month; (d) 10% have incomes of VND 3.5 to 4.5 million (US\$ 230 380) per month; and (e) the remaining 16% have incomes of more than VND 4.5 million (US\$ 380) per month.

**Table 5-5: THLG - Income Distribution Per Household and Per Capita**

Income per Household		Income per Capita	
VND million per month	%	VND 000 per month	%
Less than 1.0	9.10	Less than 250	11.50
1.00 - 1.50	12.10	251 – 300	7.80
1.50- 2.00	16.20	301 – 350	6.40
2.00 – 2.50	15.00	351 – 400	8.90
2.50 - 3.00	12.20	401 – 500	16.80
3.00 - 3.50	10.10	501 – 600	10.80
3.50 - 4.00	5.20	601 – 750	14.50
4.00 - 4.50	4.70	751 – 900	7.40
4.50 - 5.00	3.30	901 – 1,200	8.30
5.00 - 7.00	7.20	More than 1,200	7.40
More than 7.00	4.90		
<b>Total</b>	<b>100</b>		<b>100</b>

Source: THLG Canal Basin – Socio-Economic Survey Report, Binnie Black & Veatch(International) Limited, 2002.

### Living Expenditures and Conditions

Average household expenditure was about VND 2.5 million (US\$ 165) per month in Districts 6 and 11, with a higher expenditure of VND 2.9 million (US\$ 190) per month

Prepared by Martin Associates P/L (Australia)

in association with Duong Thanh Water and Environment Ltd (Vietnam)

recorded in Tan Binh District. **Table 5-6** summarises major household expenditure by category in the three districts. About one third of expenditure was for food, 18% to 23% for rent, 10% for education, 3% for water and 0.3% for solid waste.

Housing units in the project area are classified as 33% permanent structures, 57% semi-permanent structures, 7% wood-frame structures, and the remaining 3% as simple structures. The average house area is 45 m<sup>2</sup>, with 53% of the households occupying an area of less than 40m<sup>2</sup> and only 5% of households occupied an area of more than 100 m<sup>2</sup>.

Domestic water supply was 37% from private connections, 24% from public taps, 27% wells and 12% from water vendors. Respondents reported flooding in the project area as being mainly caused by heavy rain (92% of respondents), floor lower than street level (24%), high tides (30%), and blockages of the drainage system (29%).

**Table 5-6: THLG - Household Expenditure by Category and District**

Category	VND per month			Distribution (%)		
	District 6	District 11	Tan Binh	District 6	District 11	Tan Binh
<b>Expenditure</b>						
Food	868	841	888	34.70%	33.30%	30.60%
Rent	451	573	605	18.00%	22.70%	20.90%
Education	293	235	302	11.70%	9.30%	10.40%
Telephone	172	167	231	6.90%	6.60%	8.00%
Transport	160	134	199	6.40%	5.30%	6.90%
Electricity	155	134	175	6.20%	5.30%	6.00%
Recreation	95	131	147	3.80%	5.20%	5.10%
Water	77	66	91	3.10%	2.60%	3.10%
Fuel	66	63	63	2.60%	2.50%	2.20%
Solid Waste	8	8	9	0.30%	0.30%	0.30%
Others	157	177	191	6.30%	7.00%	6.60%
<b>Total</b>	<b>2,502</b>	<b>2,529</b>	<b>2,901</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Income (VND 000)</b>						
Per household	2,903	2,633	3,003			
Per capita	609	609	731			
Household size	4.77	4.32	4.11			
(person)						

*Source:* THLG Canal Basin – Socio-Economic Survey Report, Binnie Black & Veatch (International) Limited, 2002.

### Health

Over half of the households interviewed in the socio-economic survey reported that sickness in their families is directly related to living conditions in the project area. The causes highlighted include air pollution (73%), flooding (10%), flies and insects (9%) and water pollution (5%).

Water-borne and water-related diseases include diarrhoea, gastroenteritis, dysentery, cholera, typhoid, dengue fever, malaria and hepatitis. The incidence of these diseases is very high in all three districts, ranging from 65 to 85 cases per 10,000 population. Diarrhoea, gastroenteritis and dysentery account for most of the reported cases. There have also been significant outbreaks of the more serious water-related diseases (cholera, typhoid and hepatitis), especially in District 6 which experienced an average of 200 cases per year over the three-year period from 1999 to 2001.

The incidence of water-related diseases is higher in Districts that are adjacent to the THLG Canal. This is supported by the fact that faecal coliform counts in the canal are extremely high and well above the Vietnamese standards. Therefore, there is a strong prima facie link between the level of faecal pollution in the canal and the high incidence of water-related disease in the project area. Indeed, the high incidence of serious water-related diseases in the project area should be of great concern to the municipal authorities, because of the risk of epidemic outbreaks that could affect the rest of city and cause very significant damage to the economy and international prestige of HCMC.

It is likely that many family members, especially children, will suffer regular mild to moderate bouts of diarrhoea and gastroenteritis that are treated at home and accepted as part of everyday existence. Nevertheless, these cases can be disruptive and costly to normal family life and put more pressure on wives and mothers. It is also worth noting that the incidence of water-related diseases in the THLG Basin is 6 to 7 times higher than in major Chinese cities (eg Ningbo in Zhejiang Province has a population of 5.4 million and reported incidence rates of 8 to 10 cases per 10,000 population).

### **Project Area**

The "Tan Hoa – Lo Gom Canal VUUP project in the western part of the city and covers an area of about 19 km<sup>2</sup>, although the area that drains directly to the THLG Canal is only about 14 km<sup>2</sup>. Wetlands have disappeared because of rapid urbanization and flooding, drainage and wastewater treatment have become problems in the basin.

The population within the wards that form the study area is around 750,000, while the population in the area that drains directly to the Canal is about 470,000. The area is mixed residential, commercial and industrial. There are some 6,000 industrial enterprises registered in the area, together with some 15,000 businesses. Polluting factories in the area are scheduled for removal during the next 5 years under National and City environmental priorities to relocate industry away from residential areas.

Many low cost housing areas are to be found bordering the canal. Drainage and sewerage from these areas is often discharged directly into the watercourse. In spite of the introduction of solid waste collection services, the Canal is frequently used as a dumping ground for household refuse. Additionally, a number of businesses are small, home-based, cottage type enterprises in low-income areas close to the Canal and these also use the canal as a convenient dumping ground. Consequently resettlement, social aspects and environmental improvement are additional concerns of the project.

## **5.3. Socio - Economic Survey**

### **5.3.1. Survey Description**

The survey asked questions on following three categories

#### **Household Characteristics**

- Name of the house owner, number of household members, sex, age, occupation and income.
- Economic activities of the family in the house (if any), monthly savings, stable/unstable income.
- Health, healthcare and educational level of the family members
- Home appliances

#### **Project-affected Assets Land, Housing, Yards, Other structures and Utilities**

- Land: impacted size, legal status, type of land use (residential or agricultural use).
- House: size, type of house, legal status, structure and scale of impact (building or yard, if any)

### **Consultation on resettlement compensation**

- Information on the resettlement compensation policies
- Needs and Perceptions about a resettlement site
- Resettlement options

### **5.3.2. Survey Methodology**

- The survey questionnaire designed by the consultant has been commented by the Project Management Unit and resettlement experts from World Bank.
- The draft policy framework for resettlement and resettlement areas were circulated to the wards of the areas to be upgraded prior to conduct of the survey
- AO planning maps were sent to each ward and area to be upgraded
- Maps of each affected household were given to them during conduct of the survey
- The social consultant and the technical consultant, in collaboration with the land specialists of each ward, identified and enumerated addresses of the affected households.
- The social consultant and the technical consultant were trained and did the trial survey for two days before cooperating with the ward and section civil servants to conduct the actual interviews of each household.
- Based on the situation of each ward, a team of 10 interviewers were divided into 2 or 3 groups or conducted the interview on a revolving basis from one ward to another.
- The survey was conducted during a period of 3 months, between July and September, 2003. The data from completed surveys were examined and processed in September 2003.

### **5.3.3. Survey Results**

This section gives an overview of the households including the number of families in each house, the number of people living in a house, the number of household members (size of the household), educational level, race, occupational status – profession, income, savings and expenditure. The complete survey has much more material and is available for public review at the HCMC PMU.

The project will affect 3 districts: District 6, Tan Binh District and Binh Chanh District in 33 areas.

The average number of persons per household in the project area is 5.2, among which District 6 has the greatest rate of 5.4 persons/household while its size of the house is smaller than that of Tan Binh and Binh Chanh Districts (Table 5.3.1).

**Table 5.3. 1**  
**Average Number Of People In One Household**

District	Number Households Enumerated	Of Number People	Of Average Number Of People / Hh
District 6	2104	11376	5.4
TAN BINH	673	3510	5.2
BINH CHANH	178	882	4.9
WHOLE PROJECT	2955	15768	5.2

Sex and Age Distribution is shown in Tables 5.3.2 and 5.3.3

**Table 5.3.2**  
**Percentage Of Sex In The Survey Areas**

	Male	Female	Total
D.6	5459	5896	11355
	48.1%	51.9%	100.0%
TAN BINH	1650	1720	3370
	49.0%	51.0%	100.0%
BINH CHANH	352	415	767
	45.9%	54.1%	100.0%
Total	7461	8031	15492
	48.2%	51.8%	100%

**Table 5.3.3**  
**Percentage Of Age In The Survey Areas**

DISTRICT	Age						Total (people)
	0 - 10 Age	11 - 17 Age	18 - 60 Age	61 - 80 Age	> 80 Age	No answer	
DISTRICT 6	1793	1303	7373	752	95	39	11355
	15.8%	11.5%	64.9%	6.6%	.8%	.3%	100.0%
TAN BINH	544	414	2153	212	29	18	3370
	16.1%	12.3%	63.9%	6.3%	.9%	.5%	100.0%
BINH CHANH	126	81	515	33	6	6	767
	16.4%	10.6%	67.1%	4.3%	0.8%	0.8%	100%
Total	2409	1798	10041	997	130	63	15492
	15.5%	11.6%	88.42%	8.8%	0.83%	0.4%	100%

### Race

The Kinh (Viet) people account for 74.3%, Chinese 25.3% and others less than 1% (0,6%) of the project population.

## Educational Level By Sex

A survey was conducted on the educational level of each person. The educational level of male and female from primary to high schools does not vary, but the number of male students at higher education level is higher than that of female ones (59% (277) and 41% (193) respectively).

**Table 5.3.4**  
**Educational level / Sex**

Educational level	DISTRICT 6		DISTRICT TAN BINH		District BINH CHANH		TOTAL	
	Male	Female	Male	Female	Male	Female	No. of people	Percentage %
First grade	1562	1838	381	435	78	104	4398	28.4%
Second grade	1762	1795	457	503	124	132	4773	30.8%
Third grade	1050	1070	487	436	83	111	3237	20.9%
Intermediate	3	1	6	8	1	1	20	0.1 %
Higher	10	9	8	12	2	3	44	0.3%
University	153	122	111	65	13	6	470	3.1%
Illiterate	61	88	17	38	6	9	219	1.4%
No answer	858	973	183	223	45	49	2331	15%
Total	5459	5896	1650	1720	352	415	15492	100%
	11355		3370		767			

Notice with regard to educational level:

- 218 people are illiterate, accounting for 1.4% of the total surveyed project population . Most of them are the Chinese seniors; many Chinese seniors are Chinese literate but not Vietnamese literate.
- 284 students from 215 households had to cease their education in primary or secondary schools, 2.75% of whom dropped out of school at the primary level and 4.7% at secondary level. The main reason for this phenomenon is that “the family is unable to afford further education for their children.”

These two problems need to be given due regards during the implementation of the project. In parallel with infrastructure and facility upgrading, the educational level also needs to be improved, especially for children at primary and secondary school age.

## Residential Status

At the present, for managing the immigrants by their residence status, the City has categorized them into 4 groups:

- **KT1 group:** who have registered permanent residence record at the area they live
- **KT2 group:** who have permanent residence record in the urban area, to buy land/house in the other districts but not move their residence record yet.
- **KT3 group:** who have permanent residence record in the different provinces to move to HCMC for living and doing business and register long-term temporarily residence record (> 6 months).

- **KT4 group:** who have permanent residence record in the different provinces to move to HCMC for living and doing business and register short - term temporarily residence record (~ 1 month). These people often rent a house or temporarily live at relatives.

**Table 5.3.5**  
**Residential Status**

DISTRICT	RESIDENCE				No answer	Total
	KT1	KT2	KT3	KT4		
DISTRICT 6	9386	966	811	180	12	11355
	<b>82.7%</b>	8.5%	7.1%	1.6%	.1%	100.0%
Tân Bình	1969	630	729	28	14	3370
	58.4%	18.7%	21.6%	.8%	.4%	100.0%
BINH CHANH	408	227	81	44	7	767
	53.2%	29.6%	10.6%	5.7%	.9%	100.0%
<b>TOTAL</b>	<b>11763</b>	1823	1621	252	33	<b>15492</b>
	<b>75.9%</b>	11.8%	10.5%	1.6%	0.2%	100%

In order to recognize households group according to their residence status, the surveys results indicated as below:

#### **Length of Residence**

With regard to residence time:

- Since before 18/12/1980: the rate in District 6 is highest, 48.1%, while the rate in District Tan Binh is only 25,1% and in Binh Chanh is 22,6%, reflecting that D. 6 is the one with the most stable population.
- Since after 15/10/1993: the rate in Tan Binh District is 38.7% and the rate in Binh Chanh District is the highest, 41.7%. This suggests that many households in Tan Binh & Binh Chanh Districts are immigrants from other places.

#### **Employment and Occupations**

Employment: among 12,125 people that resounded, 6888 are employed (56.8%) (Table 13). This number shows that every employed person has to financially support 2 people. The 45.2% unemployed people are students, housewives, and the retired. The unemployment rate among them is only 0.2. Therefore, in general, employment rate is relatively good.

**Table 5.3.6**  
**Present Occupation By \* Gender \***

Present Job	By Sex	DISTRICT			WHOLE PROJECT		
		DISTRICT 6	TAN BINH	BINH CHANH	Rate of males/females	No. of persons	Rate %
Carde	Male	141	79	12	232	455	2.9
	Female	139	72	12	223		
Doctor	Male	16	11	1	28	70	0.5
	Female	23	16	3	42		
Teacher	Male	28	17	5	50	157	1.0
	Female	74	32	1	107		
Engineer, architect	Male	29	42	14	85	105	0.7
	Female	10	7	3	20		
Soldier, police	Male	52	10	3	65	73	0.5
	Female	7		1	8		
Worker	Male	552	144	39	735	1252	8.1
	Female	319	137	61	517		
Handicraft production	Male	338	52	6	396	702	4.5
	Female	263	40	3	306		
Trading, services	Male	456	159	33	648	1877	12.1
	Female	876	272	81	1229		
Other professions	Male	1316	367	73	1756	2360	15.2
	Female	480	103	21	604		
Pupil, student	Male	1124	429	83	1636	3155	20.4
	Female	1055	386	78	1519		
Housework, retire	Male	103	36	2	141	1954	12.6
	Female	1375	361	77	1813		
Jobless	Male	14	6		20	28	0.2
	Female	4	4		8		
NO ANSWER	Male	1290	298	81	1669	3304	21.3
	Female	1271	290	74	1635		
TOTAL		11355	3370	767	15492	15492	100%

**Table 5.3.7**  
**Monthly Average Income/ Worker By District**

DISTRICT	Monthly average income/labor
	Average
DISTRICT 6	\$1,064,633.45
TAN BINH	\$1,030,265.92
BINH CHANH	\$1,104,429.01
Average	\$1,066,442.79



**Table 5.3.8**  
**Monthly Income/Worker By Income Category and District**

No.	Monthly income/Worker (VND )	DISTRICT 6 (people)	TAN BINH (people)	BINH CHANH (people)	TOTAL (people)
1	< 250,000	83	33	6	122
2	> 250,000 <500,000	515	120	30	665
3	> 500,000 <1,000,000	2,419	661	134	3,214
4	> 1,000,000 <2,000,000	1,478	541	113	2,132
5	> 2,000,000 <3,000,000	272	97	23	392
6	> 3,000,000 <4,000,000	121	30	9	160
7	> 4,000,000 <5,000,000	34	16	2	52
8	> 5,000,000 <6,000,000	21	5	7	33
9	> 6,000,000 <7,000,000	17	2		19
10	> 7,000,000 <8,000,000	7	2		9
11	> 8,000,000 <9,000,000	5			5
12	> 10,000,000 < 15,000,000	5			5
13	> 20 Million < 30 Million	1	1		2
		4,978	1,508	324	6,810

**Table 5.3.9**  
**Monthly average income/household**

DISTRICT	Monthly income/household	average
DISTRICT 6	\$ 2,694,939	
TAN BINH	\$ 2,493,807	
BINH CHANH	\$ 2,537,863	
Average	\$ 2,575,536	

**Table 5.3.10**  
**Monthly Average Income Per Household By District**

No.	Monthly average income/1hh (VND )	District 6 (hh)	D. Tan Binh (hh)	D. Binh chanh (hh)	Total (hh)	%
1	< 1,250,000	332	167	27	526	19.33%
2	>1,250,000 < 2,500,000	865	289	63	1217	44.7%
3	>2,500,000 < 4,000,000	202	145	25	372	13.7%
4	> 4,000,000	459	114	43	606	22.3%
	Whole project	1858	705	158	2721	100%

Income level of households to be relocated:

**Table 5.3.11**  
**Monthly Average Income/ Capita**

No	Income/capita/month (VND )	Household to be relocated			Total of enumerated (hh)	HOUSEHOLD Rate %
		D. 6 (hh)	D. Tan binh (hh)	D. Binh chanh (hh)		
1	< 250,000	64	9	0	73	19.5%
2	> 250,000 < 500,000	132	23	2	157	42.0%
3	>500,000 < 750,000	70	8	0	78	20.9%
4	> 750,000	60	4	2	66	17.6%
	TOTAL	326	44	4	374	100%

**Monthly average saving / household relocated**

**Table 5.3.12**  
**Monthly Average Saving / Household**

Saving size ( VND)	Household relocated			Total (Hh)	%
	QUAÁN 6 (Hh)	TAÂN BÌNH (Hh)	BÌNH CHAÙNH (Hh)		
> 250,000	32	1	1	34	30.6%
> 250,000 < 500,000	30	6		37	33.4%
> 500,000	36	3	1	40	36%
<b>Total</b>	<b>98</b>	<b>10</b>	<b>2</b>	<b>111</b>	<b>100%</b>

**Table 5.3.13**  
**Monthly Expenditure /Household**

DISTRICT	No. households enumerated	of	Min.	Max.	Average per household (house)	Average per capita	TOTAL
DISTRICT 6	1720		\$300,000	\$21,000,000	\$2,413,525.00	\$400,252.90	\$4,151,263,000
TAN BINH	123		\$400,000	\$20,000,000	\$2,352,439.02	\$457,672.96	\$289,350,000
BINH CHANH	566		\$300,000	\$21,800,000	\$2,286,846.29	\$421,927.36	\$1,294,355,000
WHOLE PROJECT	2409		\$300,000	\$21,000,000	\$2,350,936.77	\$426,617.74	\$5,734,968,000

## 6 PROJECT IMPACTS AND RESETTLEMENT REQUIRED

### 6.1. For component 1 (Tertiary infrastructure)

#### Resettlement

In order to establish adequate access for construction and rehabilitation of the very narrow alleyways it is necessary to acquire land and in some cases either partially or totally remove houses and buildings. The effect of being displaced involuntarily in the congested inner city areas of Vietnamese cities varies considerably. The results of the detailed socioeconomic surveys suggest that the more significant impacts are on those PAP's that rely on local business for their livelihoods rather than those that may already wage employment in other parts of the City.

The kinship of people in these communities also tends to vary across the PAP's and is generally related to the length of residence in the area. Those that have been there longer may have established more complex kin networks than those that have been there for shorter time periods. Regardless of the length of residence most PAP's have moved in at some time from other parts of the City rather than from another city or rural location.

Those PAP's that are required to relocate will be permanently affected by the project and there is a range of support measures to reduce these impacts.

The approach to relocation has also been influenced by the need to keep social groups as intact as possible. Low-income housing areas are communities in which mutual assistance and support play a major role. Neighbors help each other out and provide support in time of hardship. These horizontal and vertical networks are typical of an LIA. In seeking to minimize social disruption during the CUP process, areas have been identified which support substantial numbers of households from the same neighbourhood.

The most significant social impacts of the project are as follows:

- Temporary use/leasing of land during construction
- Permanent land acquisition
- The relocation of 446 households particularly those located in houses at the entrances to narrow alleyways
- Partial impacts on 3519 households involving effects on houses such as the loss of the building façade of the one or two metres, yards, other structures and utilities
- Temporary and permanent income impacts on shops and small businesses
- Positive effects on the quality and type of public infrastructure and other assets
- Environmental effects of increased noise and diminished air quality during construction
- Impacts on traffic circulation both pedestrian and motorized traffic during construction
- Relocation/transitional household/employment impacts
- Replacement of site infrastructure and social services
- The vast majority of the displaced households for Phase 1 of the project have chosen to be resettled rather than accept cash compensation. In order to reduce

social disruption, these PAH's will be resettled in a number of existing recently renovated apartment blocks within the THLG Canal basin area .

- Positive effects on the quality of life of the other 16724 low income households because of the environmental improvements in the quality of physical infrastructure and other assets and in the improvements in the quality of services from upgraded social infrastructure. Some of the poorest will also receive housing allocated to the very poor even though they are not negatively affected by the project.

The scale of resettlement necessary for this Phase 1 project is as follows

Land acquisition and resettlement required for Component 1 is setout in *Table 6-1*

**Table 6-1**  
**Project Affected Households For Component 1- Tertiary Infrastructure Upgrading**

No.	AFFECTED STATUS	District 6	Tan Binh	Binh Chanh	TOTAL ALL DISTRICTS
		Number Of Households (hh)	Number Of Household (hh)	Number Of Household (hh)	Number Of Household (hh)
1	<b>TOTAL</b>	<b>2.103</b>	<b>744</b>	<b>255</b>	<b>3.091</b>
A.	<b>Partly Affected</b>	<b>1.717</b>	<b>691</b>	<b>248</b>	<b>2.645</b>
1	Yard	856	359	155	1.370
2	Yard & house or house	832	314	93	1.239
3	Sub-construction	11	-	-	11
4	Other construction	18	7	-	25
B.	<b>To be Relocated</b>	<b>386</b>	<b>53</b>	<b>7</b>	<b>446</b>
1	Remaining land area <15m <sup>2</sup>	278	42	6	326
2	Fully affected	108	11	1	120

Waivers articles 6, 7, 18 and 25 Decision No 22/CP granted from the current regulations of the Peoples' Committee of HCMC (Decision No. 05/1995/QD-UB dated 04 January, 1995; Decision No. 5184/1996/QD-UB dated 09 November, 1996 and Decision No. 15/2001/QD-UB dated 23 February, 2001) mean that affected households will be compensated in accordance with the agreed Resettlement Policy Framework set out in *Chapter 2. The Resettlement Policy Framework (RPF)* for the four project cities was approved by the Prime Minister (No. 1513/CP-NN, dated November 11, 2003). HCMC PC in their letter reference 6064/UB-DB, dated November 24, 2003, instructed all relevant authorities under the city to publicize the RPF (and the preliminary RAP) using public media in all concerned ward offices, including those participating in Phase 1. The RPF has been adopted by HCMC and this was confirmed by the PMU.

## 6.2. For Component 3 (Secondary and Tertiary Drainage)

The scale of resettlement required is still subject to the detailed census and inventory survey to be carried out by the detailed design consultants. These consultants have only

recently been mobilized. Consequently the numbers are based on the current approved feasibility study which did carry out a detailed socioeconomic survey on the majority of PAP's for HCMC components 3 & 4.

However due to the financial packaging of the sub project the social impacts of this component are more limited than for component 1. There will be a need for some land acquisition which will partly affect a large number of households but there will be no need for resettlement. The extent of the impacts is set out in Table 6-2.

Table 6-2:  
Component 3 Project Impacts

Component 3 Phase 1 Improvements to Secondary and Tertiary Drainage	Land to be Acquired	to Be Acquired	Housing Areas to be Acquired
	M2		M2
Full Relocation	0		0
Partially Affected		8,456	21,140
Total		8,456	21,140

### 6.3. Phase 1 Resettlement Strategy

As set out in the Project Resettlement Framework PAFs are to be offered a number of options. This strategy recognises that property ownership is fundamental to the national psyche and owning one's home is a major objective of most Vietnamese. Properties at ground level are particularly sought after, which may reflect the Vietnamese rural roots. This desire for home ownership is as widespread in low-income areas as in other districts of HCMC and it is this objective which at least partly motivates people to buy houses in low-income areas even though dwellings many not have the correct construction permits and may be technically illegal. Ownership of a legitimate residence will represent a major advance in social circumstances and enhance the quality of living through providing an added degree of security. Recognizing this desire, providing poor families with the opportunity to own houses has been a primary consideration in developing the resettlement strategy and the selection of the resettlement locations marks the final step in achieving this objective.

The project has also sought to minimize social and economic disruption for those who are obliged to move and has adopted a number of strategies to achieve this. PAFs which have secure (permanent) employment close to their present residence should wherever possible be offered the opportunity to continue to reside within the area. However, land within, or in close proximity to the THLG canal is scarce and costly. In this regard priority should be given to ensure that families requesting these apartments are those which would be seriously disadvantaged through the loss of secure (full time) livelihoods if they were obliged to relocate out of the area<sup>2</sup>.

The City's current emphasis on industrial re-location, especially of polluting industries, is having two important impacts on resettlement of PAFs. The first is that relatively

<sup>2</sup> The allocation of a apartments should be based on demonstrable proof that the PAF will lose secure employment of a result of relocation. Proof of income will be ascertained by the PMU in the course of reviewing applications for repayment by instalments and it should be a relatively easy matter to cross correlate the two exercises.

large areas of former industrial land are becoming available within the City to construct resettlement housing for PAFs (subject to acceptable environmental remediation of the plots) close to their original community. This is a beneficial impact, although fierce competition from commercial developers for this land is foreseen. However the second impact is that people's work places are being moved to out-of-city locations, causing longer travel times and increased travel costs.

### 6.3.1. Details of the Proposed Phase 1 Resettlement Strategy *Resettlement Planning Principles*

- The resettlement site was designed using the following planning principles
- In accordance with the City of Ho Chi Minh City Master Plan
- Conforming with Vietnamese Planning standards for residential areas
- Incorporating the agreed resettlement planning framework set out in Chapter 2
- The proposed housing and /or developed land should be affordable for low income residents
- It should be located as close to the study impact area as possible
- Any areas with road frontages or apartments on ground floors should be sold at higher prices to allow for some cross subsidies from higher income groups to lower ones
- To attempt to be flexible in the design of residential areas and allocation of apartments to allow for differences in income
- To identify minimum compensation to "replacement value" to be paid in order to improve affordability
- To promote financial packages which improve affordability and also delay issuance of BOLUC's so that the problems with PAP's selling their land or apartments after resettlement.

It was found during the inventory survey that almost 30% of the people work or study in the same district as their living place, 12% work or study in the ward area and 23% work or study in a neighbouring district.

It is for this reason that the majority of households did not want to move and wanted to try and remain as close as possible to their local area. They were prepared to accept relatively small land areas, to stay in the same place. (See Table 6-3)

It was agreed between the PMU of HCMC and IDA that "fully affected households" in HCMC sub project would be defined as those who will be left with **less than 15m<sup>2</sup>** of residential land. This was done in order to reduce the need for relocation. HCMC planning regulations allow building permits to be approved as low as 15m<sup>2</sup> with special provisions for a mezzanine floor to increase living areas.

**Table 6-3**  
**Location of workplace of study**

DISTRICT	LOCATION OF WORKPLAPCE OR STUDY							NO ANSWER	TOTAL
	At Home Ward	Or InThe district	same Different didistrict	Unstable	Other province	Oversea			
DISTRICT 6	1424 12.5%	3432 30.2%	2560 22.5%	109 1.0%	297 2.6%	6 .1%	3527 31.1%	11355 100.0%	
TAN BINH	416 12.3%	1037 30.8%	853 25.3%	159 4.7%	31 .9%	3 .1%	871 25.8%	3370 100.0%	
BINH CHANH	19 2.5%	129 16.9%	206 26.9%	17 2.2%	10 1.3%		386 50.1%	767 100.0%	
WHOLE PROJECT	1859 12%	4598 29.7%	3619 23.4%	285 1.8%	338 2.2%	9 0.06%	4784 30.8	15492 100%	

### ***In Situ Resettlement***

The approach to the identification of land for resettlement housing is framed within the context of Decree 67 (7/8/2001) from the HCMC PC. This Decree approved the relocation and resettlement of 10,000 households who are living on, or along, the inner city canals (including the THLG Canal). Estimates of the total requirements for relocation from Components 1, 3 for Phase 1 are set out in **Table 6-4**. It should be emphasised that the scope of this RAP does not include the PMU 415 area so the numbers set out in **Table 6-4** were found to be within the capacity of the existing renovated apartment blocks within the THLG Basin.

**Table 6-4**  
**Summary of PAH's to be relocated For VUUP Phase 1 Ho Chi Minh City**

No.	Criteria	Unit	Component 1 Infrastructure	Tertiary	Component 3 Trunk Infrastructure	Volume
1	Number of relocated houses	Houses to be removed	431		0	
2	Number of relocated households	Households to be relocated	446		0	
3	Estimated number of relocated households resett	Households who in choose resettlement and not cash	312		0	

No new resettlement housing will be required for Phase 1 as all the estimated 312 PAH's are to be accommodated at a number of apartment blocks within the THLG basin. For a small number of PAH's who may have originally chosen to move to the new resettlement area at Vinh Loc B during the inventory survey, special arrangements have been made for temporary accommodation until a serviced site is available in accordance with Vietnamese compensation regulations. As the serviced site have been priced competitively it is considered that this option will not be attractive to PAH's unless they have sources of finance other than the proposed compensation packages. There were a number of alternative sites considered using agreed criteria.

### ***Bases for selecting resettlement areas:***

- State Decision no 67/2001/QD-UB of the HCMC City People Committee on August 7th, 2001, approved the Resettlement Action Plan for 10,000 households living on inner canals and arroyos.
- Construction places located next to industrial agencies and other services in order to facilitate job opportunities for low-income households.
- Next to old residential areas, prior arrangement for households in the Tan Hoa – Lo Gom basin including districts: 6, 8, 11, Tan Binh and Binh Thanh.
- Planning resettlement construction with minimum eviction and cost.

### ***Proposed Resettlement Areas For Phase 1***

Four resettlement sites were identified as being suitable for the VUUP phase 1 project. The options are set in **Table 6-5**. As discussed above the preferred option was to renovate a number of existing apartment blocks within the THLG basin.

***Table 6-5 Proposed Resettlement Areas For Phases 1 & 2***

Name of project	Using area (m <sup>2</sup> )	Capacity in Number of households	
		Apartment	Site & services
Huynh Van Chinh Apartments No. 1916C in Tan Binh District	15,400	60	
Tan Hoa Dong in District 6	30,000	60	
Hung Vuong – plot S apartment in District 6	16,000	100	
Binh Phu Apartments in District 6	4,770	92	
Vinh Loc B Residential Area – Binh Chanh District	34,528	2,240	531
<b>Total</b>	<b>212,698</b>	<b>2,740</b>	<b>531</b>

Resettlement areas are proposed by PMU as follows:

- Binh Phu Apartment, Dist 6: 150 apartments
- Tan Hoa Dong Apartment Dist 6: 60 ones
- Plot 5 Hung Vuong Apartment, Dist 6: 100 apartments
- Huynh Van Chinh Apartment, Tan Binh Dist: 60 apartments.
- Vinh Loc B: 56 plots with infrastructure.

All of these facilities were inspected by representatives of the PMU and the World Bank.

**6.3.2. Options for Compensation and Resettlement for Fully Affected PAH's Introduction**  
Compensation will be granted at replacement price to owners of legal/legalisable land and at 60% for non-legal land. Compensation for structures acquired under the project will be paid in full, irrespective of legal status. All fees and taxes on land and/or house transfers will be waived. The City authorities will give preferential treatment to PAH's reconstructing their own houses to obtain the necessary property titles and official certificates.

To comply with the RPF, it was agreed that the following options will be offered to fully-affected PAHs:

- Cash compensation: PAHs will receive cash compensation, 100% or 60% of replacement cost, depending on their legal status, for lost land. They will relocate by



themselves, with the possible assistance of PMU, if required. The cost of taxes and fees for a BOLUC will be included in the cash compensation. They may also be entitled to allowances.

- “Land for land” and “cash for the balance”: PAHs will receive a plot of similar, or better, standard at a resettlement site (either developed by PMU resettlement site arrangements or to be purchased by the PMU from land developers based on PAHs’ options). The cash balance will be calculated as follows: (i) if the area lost is less than the size of the plot received, PAHs will pay the difference at the cost determined for land at the resettlement site; (ii) if the area lost is equal to, or larger than the plot received, PAHs will receive a cash balance for the difference at the replacement cost determined for the land lost. In all cases additional entitlements will include BOLUCs and allowances as defined in the RPF.
- “Apartment for land and house” and “cash for the balance”: The PAH will pay as follows (i) if the total amount of compensation is equal to, or more than, the cost of an apartment, the PAH will receive a basic house/apartment with BOLUC and a cash balance for the difference at the replacement cost determined for the land lost; (ii) if the total amount of compensation is less than the cost of an apartment, the PAH will receive an apartment and pay the difference in installments in 10 to 15 years without interest (the difference will be calculated at the gold equivalent at the time of purchasing the basic house/apartment). A BOLUC will be granted when the PAH has paid for the basic house/apartment in full; and
- very poor PAHs (to be confirmed by the ward PC), who receive very little compensation and can not afford to buy a plot or basic house/apartment, even in installments over 15 years, will be offered a rental basic house/apartment at subsidised rates from either the social houses available in each district or at the resettlement site if social housing elsewhere is not available. The situation of individual PAH’s in this category is to be reviewed by the ward PC and also be the subject of external monitoring annually.

Due to the cost and scarcity of land in HCMC, the land for land option may have limited application. The cost of a serviced lot at the Vinh Loc B site has been estimated at 270 million VND by the PMU and agreed by the World Bank. After review of the total compensation to be received by the fully affected households, this price would not be affordable for the vast majority of PAH’s.

### 6.3.3. Affordability

In order to assess the affordability of the more affordable land for apartment option, an analysis of the expected average compensation was calculated for all fully affected PAH’s based on the results of the inventory survey which were allocated to groups based on their land tenure status.

The results of this analysis are reported in *Table 6-6*.

One important characteristic of the fully affected PAH’s that emerged from the analysis was that *the average area of project affected land was relatively low* and consequently the amount of compensation entitlement was found to be quite modest compared to the agreed price of a standard 40m<sup>2</sup> apartment. ( The agreed price for a 40m<sup>2</sup> apartment was 170 million or \$11000 – see Final AM dated 8 September, 2003 p 11 )

The results of the analysis show that virtually all the fully affected PAH’s will require an instalment loan to make up the difference between the cost of the apartment and the amount of compensation as the total amount of compensation is less than the cost of a basic house/apartment. The PAH’s would receive an apartment and pay the difference in installments in 10 to 15 years without interest (the difference will be calculated at the gold equivalent at the time of purchasing the apartment). A nominal interest rate of 1% per year was assumed for the analysis to take account of costs to the PAH not included in the compensation package.

Based on these figures it is clear that there will be a very small number PAH's who would be able to do a direct exchange for an apartment and also very few who could possibly receive a cash balance.

However, the results also show that for the 15 year loan package based on the average sized apartment will be affordable for all the groups except the poorest category. The poorest household category was the group without a BOLUC and living in temporary housing. The average area of land in this category was calculated to be just under 11 m<sup>2</sup>. The likely average compensation payment made to all the groups is shown in the Table as is their monthly repayment compared to 25% of average monthly household income.

The 10 year loan period is also shown in Table 6-5 and in this case the package is affordable for all but two categories. The poorest category without BLUC and temporary housing and the group who settled before 1980 which have an average area of 12m<sup>2</sup> and are old class 3& 4 Houses.

Consequently, it is recommended that PAH's with existing properties below 15 m<sup>2</sup> are to be given the choice of being included in a very poor social housing group who would be offered rental housing with a rental based on maintenance and cleaning costs. Each year their situation would be reviewed and given the choice of changing to the land for apartment financial package which was the basis of the affordability analysis. It is also recommended that the implementation of these social housing provisions be reviewed each year as part of the external monitoring program.

It should also be noted that the replacement unit cost for compensation that was assumed was 5 Million VND/m<sup>2</sup>. which has been used in the preparation of the compensation cost table in Chapter 14. This unit cost is the minimum price considered to give PAH's reasonable "replacement" value for the land for apartment package.



**Table 6-5**  
**Affordability Analysis HCMC Fully Affected Households Land For Apartment Package for 10 and 15 Year Loan Periods**

Group Status	Tenure	HH	Houses	Area (m2)	(%)	Average m2	Total Compensation Land	Total Compensation Housing	Special Allowances	Total Compensation	Cost Apartment	of Gap to Finance	Payment Required year Loan	Income 15 Constraint /Month	Difference	Result
Total Residential land		446	431	8,103.44	100	18.17							15 year loan	15 year loan	15 year loan	15 year loan
Having land use certificates		75	74	1,919.76	23.69	25.60	127984000	16759650	10000000	154743650	170000000	15256350	-91308	-643750	-552442	Affordable
- Being legalized		176	184	3,404.49	42.01	19.34	96718466	16759650	10000000	123478116	170000000	46521884	-278431	-643750	-365319	Affordable
other unofficial papers		91	95	1,317.46	16.26	14.48	72387912	16759650	10000000	99147562	170000000	70852438	-424048	-643750	-219702	Affordable
No Paper		60	58	692.72	8.55	11.55	34636000	7459167	10000000	52095167	170000000	117904833	-705654	-643750	61904	Not Affordable
- Settling before 1980		6	4	72.28	0.89	12.05	60233333	16759650	10000000	86992983	170000000	83007017	-496792	-643750	-146958	Affordable
No response		38	16	696.73	8.6	18.34	91675000	16759650	10000000	118434650	170000000	51565350	-308616	-643750	-335134	Affordable

**Term of Loan 10 Years**

	Payment required	Affordability
15256350	-133,652	-643750
46521884	-407,551	-643750
70852438	-620,697	-643750
117904833	-1,032,895	-643750
83007017	-727,176	-643750
51565350	-451,734	-643750
		-510,098
		-236,199
		-23,053
		389,145
		83,426
		-192,016

## 7 INCOME RESTORATION AND ASSISTANCE

### 7.1. Purpose and Approach

Income restoration is seen as a critical component if PAH's are to re-instate their livelihoods or to improve their economic circumstances. Low income earners are by definition those who lack the skills or opportunities to improve their earning capabilities and the RAP seeks to promote positive measures to ensure that all sectors of the resettled community are in a position to benefit from either skills enhancement, increased earning capability or, ideally, a combination of both.

The results of the socio-economic census show that there are reasonable levels of employment although there is some job insecurity. (see Table 7-1) About 25% are involved in home-based production and other petty trading activities. Much of the local business activity is largely dependent on local trade. Income levels are relatively high by Vietnamese standards, with a average household income level of 4,600,000 VND per month. (Table 7-2) However, it should be emphasized that HCMC is unusual and the cost of living and housing is substantially higher than in any other region of the country.

The lowest income fall into three categories: those who are studying or undergoing training, the single elderly who live on pensions and those who are contract employees who are required to stay in the employer's place and paid minimal salary.

Table 7-1 Income Status

DISTRICT	Income Status of the family		No Answer	Total (hhs)
	Stable	Unstable		
DISTRICT 6	1198 60.0%	664 33.2%	135 6.8%	1997 100.0%
TAN BINH	456 66.7%	180 26.3%	48 7%	684 100.0%
	123	32	44	199
BINH CHANH	61.8%	16.1%	22.1%	100.0%
WHOLE PROJECT	1777 61.7%	876 30.4%	227 7.9%	2880 100%

Table 7-2

#### Monthly Average Income/Capita

DISTRICT	Monthly average income/capital
DISTRICT 6	VND 448,800.52
TAN BINH	VND 461,021.07
BINH CHANH	VND 469,354.65
WHOLE PROJECT	VND 459,725.41

There are significant numbers of households earning less than the average figure.

In this context it will be essential to develop an approach to income restoration and assistance, which meets the needs of all the PAH's. The approach should include at least the following key characteristics.

### ***Ensuring Continued Access To Existing Employment In Impact Area***

This should be relatively easy as all PAH's will be relocated within the THLG basin.

### ***Assisting In the Re-Location Of Existing Home-Based Employment And SME's To The Resettlement Sites***

#### **Households With Business Or Production Activities**

716 households in the project area have their business or production activities, accounting for almost 25% of the total project households it was also found that 22.4% of these households hire employees Almost thirty per cent (29.4%) of households have a member who is running their own business, with an additional 12.0% having more than one member so engaged.

Almost a quarter (24.3%) stated that their businesses are not dependent on local customers, while a third (33.5%) said that their businesses are almost totally reliant on local trade. When viewed in relation to distance traveled to work and this highlights two distinct modes of self-employment, with static home-based producers being entirely reliant on local custom, while itinerant vendors travel extensively in the course of their work and have a transient clientele.

With regard to loan for doing business, only 132 out of 781 (18.4%) households take loans. The total amount of the loan taken is almost 12 billion VND (Table 12c). 68% of this amount is from banks, 33% from ward funding, and 12.9% from individuals with a high interest of 20% because the borrowers do not have the knowledge of or are not eligible for the loans from the local government or a bank. This is an issue to which due regard must be given by the project.

**Table 7-3**  
***Capital Sources for Small Scale Enterprises And Trading/Production Households***

DISTRICT	<b><i>Borrowing</i></b>			TOTAL
	BANK	WARD	PRIVATE	
DISTRICT 6	73 (65.7%)	22 (19.8%)	16 (14.4%)	111 (100%)
DISTRICT TAN BINH	10 (62.5%)	4 (25%)	1 (6.3%)	16 (100%)
BINH CHANH	5 (100%)	0	0	5 (100%)
WHOLE PROJECT	90 (68%)	25 (33%)	17 (12.9%)	132 (100%)

Here it will be essential plan for the possible re-location of workshop premises suitable for the re-location of home-based employment and SMEs As the amount of resettlement is relatively modest in Phase1 ,this should be possible with some innovative community planning . However it will be necessary for the PMU to plan for the allocation of suitable space. Existing businesses should also have the opportunity to expand their business interests on re-location and have access to finance and skills development should be available.

All businesses that are to be relocated have been allocated special allowances depending on his revenue and real profit. Further support for more sustainable futures will be accessible through the social mitigation program (CEDP).

### *Identifying new “market-led” opportunities for home-based employment and SMEs .*

Further employment security can be gained through the identification of new small business opportunities. This should be a “market driven” approach to ensure viability for the operators. Potential businesses should be supported by: (i) on-site (or close-by) workshops and other properties for new business development; (ii) skills development and training to support investment in new business sectors; and (iii) access to finance for investment in new business opportunities.

### *Skills Development Through Increased Training Opportunities*

This should cover a number of areas, including vocational training, business and market development skills enhancement. Typically established approaches to skills transmission/enhancement under relocation programs have been to provide a personal allowance to relocatees for six months coupled with small training grants which are paid to local authorities. It is understood that the take-up of training opportunities has been low because people cannot see that such courses will directly lead to a job and even those completing a training course have had limited success in gaining employment. In addition, a disincentive to undertake a training course is the absence of income for the participants; this could be alleviated by employer surveys and the development of training needs analysis. Vocational training should meet the needs of the private sector and also focus on identifying small business opportunities in the resettlement area.

Consequently, it is recommended that a training and vocational officer and small business development coordinator be appointed as part of the PMU team to carry out a vocational survey with local private and public enterprises so that the requirements of potential employers are addressed. Training programs can then be designed and implemented using the survey information. Some additional technical assistance funding should also be made available for consultants to develop small grants and loan program for SME's and small businesses to develop proposals and business plans for possible funding from other sources.

### *Assisting Vulnerable and Marginal Groups*

Positive measures will be developed for those unable to compete in the wider job market. These measures will be aimed at the disabled, female-headed households and other individuals unable to meet normal working patterns because of infirmity or social obligations. There may be a need to establish specific women-centred income generation activities. Skills development for this group will focus on home-based production and training courses are to be organized by the PMU vocational officer. For women-centred activities, it is important that nurseries and primary schools should be locally available as this will assist in the success of their enterprises, knowing that their children will be taken care of.

## **7.2. Proposed Social Mitigation Program**

As well as the shorter term special allowances to PAH's under the project , the following proposed program has been developed to as a longer term and sustainable means of assisting the project affected communities. Priority would be given to fully affected

households and their families but partly affected families (especially displaced businesses and vulnerable groups) could also be eligible.

### ***Community Based Economic Development Program (CEDP)***

The CEDP would be a new program set up by the Provincial and/or City governments of VUUP to develop policy, conduct planning and supervise implementation of community based economic development and environmental projects in the four project cities focussing on the PAH's who are to be relocated to resettlement sites. CEDP would adopt a sustainable development approach and seek to complement the short term transitional allowances which are used to help PAH's adjust to the first six months after relocation.

### ***The Mission***

The Government of Vietnam, its Provincial and City Governments and its Local Communities affected by VUUP to work together in order to replace and normalize the livelihoods of PAH's in a sustainable fashion.

### ***Program Description***

This program is essentially a self – help program to assist vulnerable groups such as individual or groups of families PAF's whose businesses have been affected by the project. Each of the PAH's would be eligible to develop proposals to carry out community based planning and implementation of economic development and/or environmental heritage projects. The program would be initially funded from technical assistance provided by the World Bank but the aim of the project would be to make it self sustaining for the term of the VUUP project through revenues from program implementation. It would also rely on in kind payments carried out by community labour or public agencies.

Each of the PMU's would be required to employ a program coordinator who would be responsible for overall management of the program and to support the community and individuals to develop proposals and/or business plans.

The purpose of the program is to empower the impacted communities ( i.e. both partly and fully affected PAH's) to carry out self help planning and implementation projects. The types of activities include:

#### **Type 1: Social Planning Community Development & Environmental Management Planning**

- The preparation of community based economic development programs
- The development of proposals and business plans for small businesses and agricultural enterprises
- The preparation of environmental inventories and assessments, economic and financial assessments of community projects
- The conduct of initial community workshops
- The conduct of strategic planning workshops to prepare specific economic development strategies

#### **Type 2: Plan Implementation**

The coordinator would help communities and individuals to prepare funding proposals and to implement agreed strategies, business plans and community based projects.

### **External Monitoring**

The program would be subject to External Monitoring on an Annual basis to ensure that the program becomes self sustaining by the end of the VUUP phase 1 project period.

### **Examples of Program Application**

#### **Type Of Assistance Sought**

##### **Type 1**

##### ***Community Planning or Process***

Assistance of up to 75% of the total project costs or VND 30 Million, whichever is the lesser is available to undertake the following activities.

Activity for which assistance is sought:

- Economic Development Assessment
- Agricultural Land Inventories ( to locate potential replacement land to restart agricultural production)
- Business Plans for new enterprises
- Financial Assessment
- Market Surveys
- Skills Inventories
- Training Needs assessment
- Social Needs assessment
- Initial Community Development Workshops
- Planning and/or Community Development Workshop
- Strategic Plan Review Workshop
- Specialist Workshop(s)
- Environmental Heritage Inventory
- Waste Management Initiatives
- Review of EMP's

*(\*up to \$15000 would be available for this purpose for Phase 1 of the project)*

##### **Type 2**

##### ***Project Implementation***

CEDP may match local cash or in-kind contributions up to VND 150 Million per project. Strategic/action or business plans from Type 1 assistance should be already prepared, indicating the project for which assistance is being sought. In kind contributions of local labor would be scrutinized by Ward PC.

*(\* up to \$35000 would be available for this purpose for Phase 1 of the project.)*

***Types of projects would include:***

- Local Recreational or Sporting Facilities
- Simple urban design Improvements that can be implemented with local labor
- Implementation of Waste Management (eg. composting) activities.
- Local Public Transport Initiatives
- Environmental Awareness Campaigns
- Support for Community Centres



## 8 CONSULTATION AND PARTICIPATION

### 8.1. Procedure

From the beginning of the project the key objective of the VUUP project was the need to ensure that it was designed using a participatory approach which truly reflected the needs of the targeted low income communities.

*“The objective of the VUUP project is to help alleviate poverty in urban areas by improving the living and environmental conditions of the urban poor using participatory planning methods and influencing planning methods to become more inclusive and pro-poor.”*

Consequently the planning process involved a comprehensive participatory approach which began with a project preparation phase to identify the low income target areas within each city and prioritized on the basis of agreed criteria as to which communities were to be included in the two phases of the project. The basis for this initial targeting stage was a 15% sample survey which collected key socioeconomic characteristics and identified and prioritized key infrastructure upgrading needs.

Once target areas were agreed, the project moved into the second stage of consultation and participation with a community upgrading plan (CUP) prepared for each target ward for the Phase 1 project. The Community Upgrading Planning (CUP) process is outlined in *Table 8-1*.

The CUP's were based on discussion and on-going consultation from July 2002 to June 2003, with the active participation of residents in communities, community representative groups and local authorities with technical assistance provided by consultant teams.

In Ho Chi Minh City, the consultation process outlined in *Table 8-1* was carried out in each ward usually involving up to 8 cell meetings, 2 community training sessions including gender participation and up to 4 meetings with ward leaders, community-based agencies and organizations, and representatives of communities.

And for preparing resettlement action plan, a detailed socio-economic questionnaire has been given to communities participated in the project for consultation which included key questions such as: (i) what method of compensation and moving would you choose?; (ii) what do you intend if choosing apartment?; (iii) If buying apartment or land plot, the compensation cost is not enough for the whole, how do you pay the rest?, etc. These are options for PAP to choose and also the basis for the cost estimate.

### 8.2 Example of Community Upgrading Plan in LIA 06.06

The plan was developed based on discussion and consultation with the active participation of residents in communities, community representative groups and local authorities assisted by consultant teams. The project was initially introduced through the newspaper, distribution of documents and leaflets to Agencies, Districts and Wards. Conferences were organized in order to confirm the upgrading needs of the community. Included were representatives of local authorities, community-based organizations, quarter and cell administrators, and residents in communities. A socio-economic survey was conducted in order to find out more information on the community status quo, needs and participatory abilities.

After analyzing the community needs the consultants proposed options for the project that were approved by PMU, City Authorities and Agencies, District Authorities and Department of Urban Management. The options were then presented to the communities and meetings were held for each cell to ensure consultation of each household. Proposals

were modified to suit the opinions of the community and any changes were communicated to ward authorities and communities for the final consultation and opinion contribution. Representatives of the PMU and consultants, ward leaders and communities organize meetings to agree on selected options in regards to design, contribution, compensation, operation and management. Once finalized the agreement will be sent to each household. Overall the consultation process has included 8 meetings of cells, 2 planning workshops with the community and 4 meetings with ward leaders, community-based agencies and organizations, and representatives of communities.

Opinions expressed in consultations meetings showed that 82.60% agreed to carry out the project, 89.70% agreed to contribute 10% of the cost as part of the assistance-contribution policy and guidelines of resettled or partially-evicted households.

The Consultant co-ordinated with ward authorities to organize community representative groups for each upgrading area that included representatives of residents in the area, quarter, cell and Ward PC.

### **Socioeconomic Characteristics**

- Area: 44,784 m<sup>2</sup>
- Population: 4,859 residents
- Number of households: 1,056 households
- Number of houses: 880 units

This area was a particularly poor one compared to the overall 33 LIA's in the project. The average income in the area was VND 500.000/ capita/month. It is a poor area with most people earning their living manually via crop season hiring for manufacturing households around areas (for men), or small trading at markets as food trading, miscellaneous goods (for women). The average educational level of people reaches only the 1<sup>st</sup>- or 2<sup>nd</sup>-grade, enough to earn their living. 10% of the population is unemployed. In regard to their housing situation 70% of households have their legal housing status. 60% of households have lived in the area over 10 years, 30% from 5 to 10 years and the remaining 10% of households have lived there under 5 years.

In general, the population density of upgrading areas remains extremely high (1,085 persons/ha) in comparison with average density of 33 areas (71 persons/ha).

### **INFRASTRUCTURE NEED**

100% of households have their sewer connection to alleys and 48% of households are flooded (mainly the effect of blocked sewers and low house floors in heavy rains). Most alleys are small, narrow and short. Electricity network in some places are interlaced, need to improve.

The water quality in the area reaches drinking and eating norms 98% of households are supplied by the city water supply network, of which 76% of households have enough living water to use, 9% of households must collect water in the night, 13% of households use pump to collect water.

The solid waste collection system (used by 98% of households) collects daily, however sanitation conditions are reduced from households disposing waste bags in front of their houses (sometimes torn and scattered). 100% of households have their own private toilet (69% having septic tanks, remaining houses discharging into common sewerage system. The causes of air pollution being noise (44%), smoke (11%), dust (27%) and odor (28%). Based on the results of community needs and other data collected the following priorities for upgrading have been established. The first priorities are to enlarge and upgrade alleys

and ensure fire prevention. The following these the second priorities are upgrading the drainage network, water supply networks electricity supply and street lighting systems.

## INFRASTRUCTURE UPGRADING OPTIONS

All options considered must follow engineering standards in regards to the following: fire prevention/evacuation must be ensured, medical service, healthcare, sanitation and environmental considerations must be made. As well as this options must suit to the investment capital ability of the project and the specific demands of low-income communities affected.

### Proposed enlargement options for alleys

Three options were proposed and put to the community for this aspect of the project. Most people supported the upgrading of the alleys due to the difficulty for the circulation of ambulance/fire engines and associates difficulties the alleys caused to the upgrading of other aspects of the project (e.g. water, electricity). Similarly most people disagreed with following the demarcated plan of the city traffic ways and local alleys due to the high investment cost, high level of eviction/resettlement (dispersed across different areas). Most people supported the final upgrading option (option 2) of enlarging the minimum width of 4.50 meters for main alleys and 2 meters for sub-alleys because it provided acceptable circulation, was a reasonable cost and was aesthetically pleasing. There were weaknesses in this option in that it must be carried out gradually and that the project stability reaches a deadline of only 10 years. Both upgrading options involved connecting water to all households without; installing public street lighting wiring networks, connecting electricity to all households without and installing fire hydrants. They differed in that the second option included installation of integrated drainage sewers with trafficways (which incurred a higher cost).

### Community contribution:

Communities have participated in the planning preparation, contributing their opinions on technical designs, financial affordability. They will also supervise and maintain the project construction/operation.

The estimated the community contribution will be land use of partial project-affected households and 10% contribution cost (the real contribution sum of each household will be decided by communities according to their payment affordability). The average contribution of each household for the construction cost is VND•287,241 (this will include water and electricity connection fee for households that require a water and electricity meter).

## INSTITUTIONAL PROPOSAL

### Management Structure at Ward and Community-level

The participants in the project will include the following: Social organisations/associations at the ward/village level, PC or wards/villages, community representative groups (consisting of various Cell-level working groups and finally Community Supervision Groups.

Roles of participants PC of Wards will assist the PMU in implementing the damage compensation & site clearance as well as assisting the PMU in organizing the community relationship. They will assure the security in the project site, be responsible for supervising the construction and assist Community Representative Groups. Social Organizations, Associations & Federations at the ward level will connect PC of Wards and communities encouraging community participation and training. Community Representative Groups

will be responsible for training on community-based development approaches, representing community opinions, supervising the project time schedules – assisting the project supervision of groups and cells. Cell-level working groups (managed by community representative groups) will co-manage community supervision groups. Community Supervision Groups (selected by communities) will supervise the damage compensation, relocation and resettlement plan as well as supervise the project construction

Community role and responsibilities: Communities have an important role in operating and maintaining the project after its completion. In order to ensure alleys are maintained after project completion residents will be responsible for repairing small pot-holes themselves and in cases of serious damage will be required to notify the Urban Management Office of Districts. Residents will be requested not to hang clothing from electrical poles/wiring and to notify cell administrators who will contact the Power Company and PC of Wards in the case of any problems. In regards to water supply and fire hydrants the community will be forbidden from digging water supply pipes but encouraged to notify cell administrators to contact the Water Supply Company and Department of Fire Prevention.

This “COMMUNITY UPGRADING PLAN (CUP)” was approved by Representatives of the community (*Community representative teams*) through the Consultant, within agreement of the People Committee of Wards/Townlets and the HCMC City PMU of Urban Upgrading. Representatives of all partners have agreed and signed this CUP.

**Table 8-1**  
**The CUP Planning Process**

STEPS	CONTENTS	METHOD OF IMPLEMENTATION
	INTRODUCING THE PROJECT	<ul style="list-style-type: none"> <li>• Organization of meetings with relevant agencies, branches, districts and wards to introduce the process including agreed target areas, planning principles, standards, methods and timing of the project.</li> <li>• Distribution of documents and leaflets about the project to Agencies, Districts and Wards.</li> <li>• Information concerning the details of the planning process were communicated in news media</li> </ul>
	CONFIRMATION OF UPGRADING NEEDS OF COMMUNITIES	<ul style="list-style-type: none"> <li>• Organization of community conferences including representatives of local authorities, community-based organizations, quarter and cell administrators, residents in communities.</li> <li>• Meeting, participants discussed and confirmed each community's wish to participate in the project and officially endorsed the upgrading needs of communities.</li> <li>• A socio-economic survey on existing conditions in LIA's and in-depth interviews were carried out by consultants with assistance of community-based organizations and cell leaders. The purpose of the survey was to find out more information on local conditions, needs and capacity to participate and previous experiences of communities concerning infrastructure improvements.</li> </ul>
	PLANNING ENGINEERING OPTIONS TO SATISFY COMMUNITY DEMANDS	<ul style="list-style-type: none"> <li>• The consultant study outputs of the previous step were then analysed taking account of the city master plan, design standards, agreed planning principles and the community's ability and willingness to participate in the development of upgrading options.</li> <li>• Proposed options were approved by the PMU, City Authorities and Agencies, District Authorities and Departments of Urban Management.</li> <li>• These options were further discussed with communities in a series of workshops.</li> </ul>
	FEEDBACK FROM BROADER AFFECTED COMMUNITIES	<ul style="list-style-type: none"> <li>• Proposed options were presented to broader communities with public meetings held for each cell or group of cells in order to receive feedback from all affected households.</li> <li>• Agreed options based on meeting votes were recorded by the secretary of each cell and forwarded to the consultant.</li> <li>• The consultant then modified proposals based on feedback.</li> <li>• Modified options were further discussed with ward authorities.</li> </ul>
	FINAL ENDORSEMENT OF PREFERRED OPTIONS	<ul style="list-style-type: none"> <li>• Representatives of the PMU and consultants, ward leaders and communities organize meetings seeking endorsement of preliminary designs.</li> <li>• Endorsement of contribution levels to the project cost by Communities and compensation policy.</li> </ul>

- To agree on the institutional arrangements for project implementation
- Preparation of the Final CUP documenting the outcomes of the process
- The PMU, Consultants, Representatives of Local Authorities and Communities sign an Agreement based on the Minutes of the process and set out in the Plan.
- A summary of the Contents of this Agreement are sent to each participating household.

### 8.3 Public Disclosure of the RAP

Public disclosure will involve the following components:

#### **Information Brochure.**

An information brochure will be given to each PAF. The brochure will be written in Vietnamese and will contain a description of the project, entitlement eligibility, list different modes of compensation rates, the schedule of payments and the grievance procedure

The Draft RAP has already been displayed at Vietnam Development Information Center of Vietnam WB office and at Inforshop of the World Bank Headquarter, and

- The PMU office in English and Vietnamese;
- HCMC PC: Version in English and Vietnamese; and
- PC offices of Districts involved in the Project

### 8.4 Consultation on the project draft social safeguard policy frameworks

A consultation workshop on the draft RPF and Strategy for Ethnic Minorities was held on February 28, 03 in HCMC. About 40 representatives from MPI, MOF, PMUs and relevant provincial/city departments of four project cities attended this workshop, all of their feedback were considered and incorporated to the project social safeguard policy/strategy frameworks. These draft policy/strategy frameworks have also been introduced to the project ward authorities and people in the project areas to get comments for the revised versions

## 9 INSTITUTIONAL ARRANGEMENTS

### 9.1. Institutional Framework

The responsibility for preparing and implementing the Policy Framework which makes up part of this RAP are as follows:

The overall responsibility for application of the Policy Framework and for planning and implementing the RAP rests with the project PCs, Compensation and Resettlement Committees at different levels and all PMUs. PMUs are responsible for preparing census, inventories and RAP's and for the day-to-day implementation thereof within their respective jurisdiction. The peoples committees at the district, commune, and ward levels facilitate and ensure the active and effective participation of the PAP's in the preparation and implementation of RAP's. In order to have RAPs acceptable to IDA and to implement RAP smoothly, the PMUs are responsible for i) hiring qualified consultants to prepare RAPs; ii) appointing qualified social safeguard staff at each PMU.

*Figure 9.1* Overleaf sets out the proposed organizational structure for the implementation of the RAP. The project will be under the overall management of HCMC People's Committee, who will be directly represented through the Project Steering Committee. The project management unit (PMU) will report directly to the Project Steering Committee. There are 11 institutions in the RAP and it should be noted that some future simplification of the structure should be sought.

Each District will each set up a Project Compensation and Resettlement Committee (PCRC) which will be responsible for the physical relocation of PAFs (including public information and consultation) and for the disbursement of compensation and allowances.

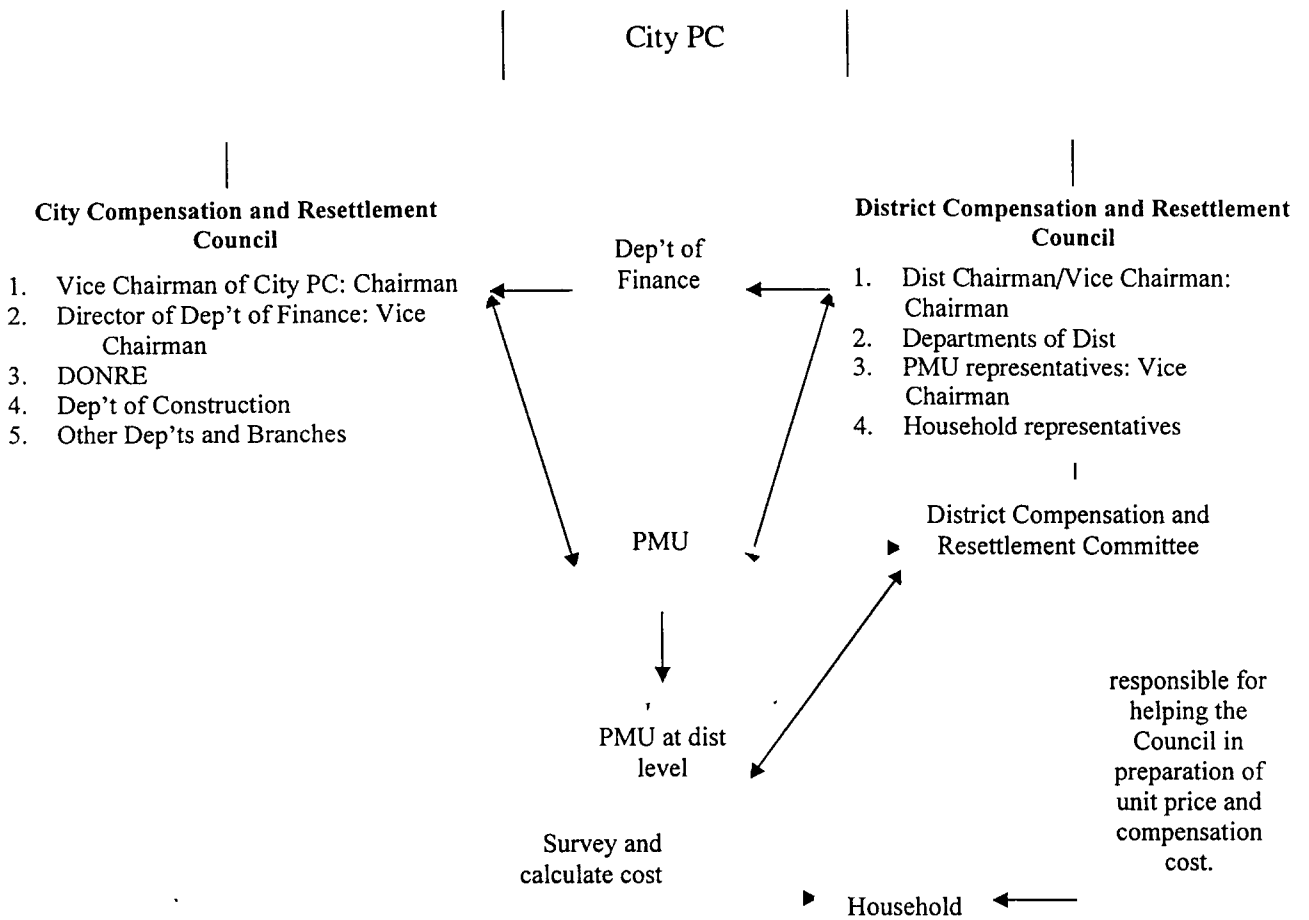
Once relocation has occurred, The collection of rents and instalment payments for apartments and "site and services" lots will become the responsibility of the District Housing Development Company within which the dwelling is located. They will pay all monies directly to the City treasury.

The PMU (Resettlement Division) will be responsible for monitoring project progress and ensuring the efficient conduct of resettlement activities and for effective co-ordination between resettlement and construction activities. It will liaise directly with the District PCRCs through its monitoring function in order to ensure that resettlement activities are carried out in an effective and timely manner.

### 9.2. Roles and Responsibilities - City Level

The Ho Chi Minh City People's Committee (PC) is responsible for directing resettlement activities associated with the RAP;

- Instructing Districts 6, 11 and Tan Binh to establish Resettlement Committees for implementation of the RAP;
- Issuing land and structure compensation prices;
- Approving project compensation rates for land and structures;
- Approving compensation and rehabilitation rates and allowances; and
- Ensuring effective responses to PAF grievances.



**Figure 9-1**  
**Institutional Arrangement: Compensation**



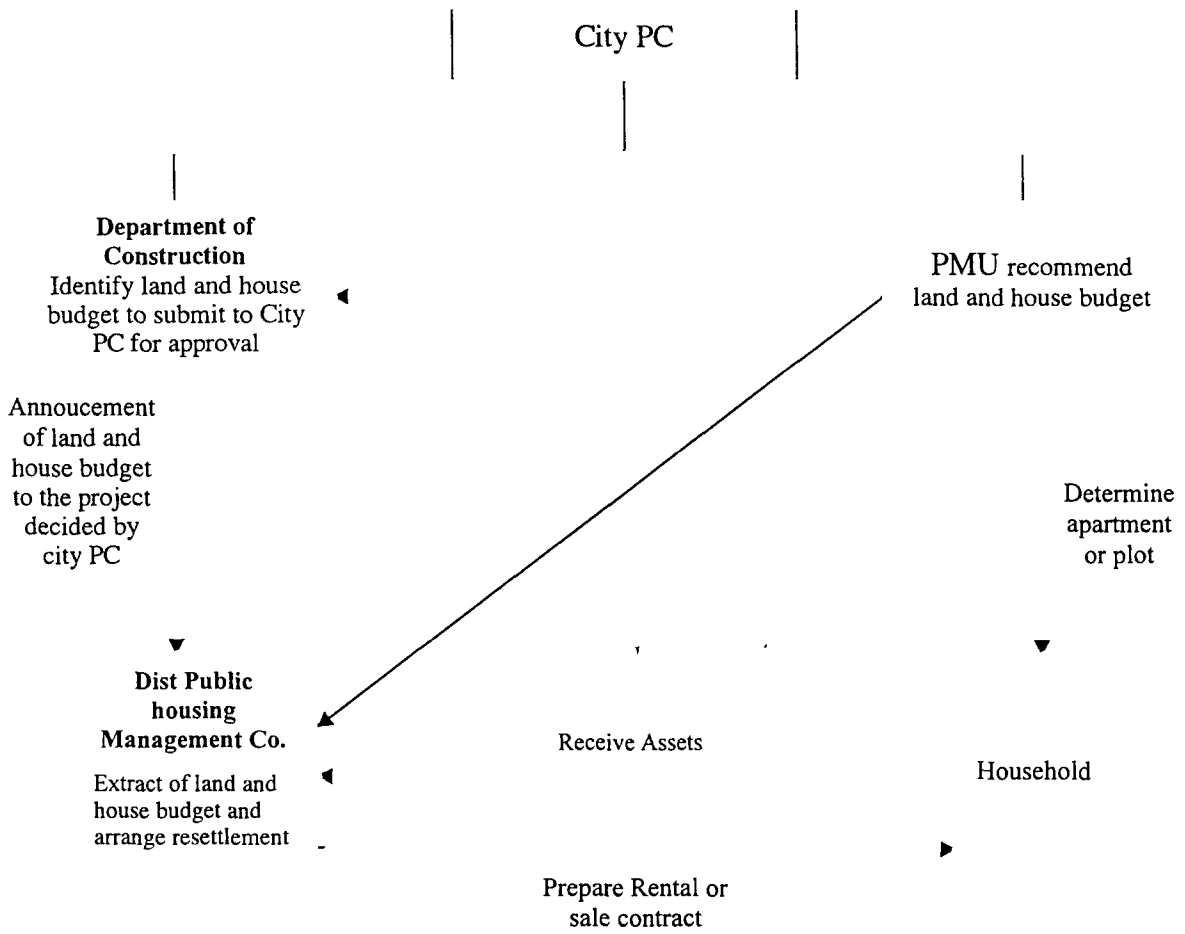


Figure 9-2 Institutional Arrangements for Resettlement

### ***Project Steering Committee***

The Steering Committee will be charged with overall responsibility for the sound implementation of the project. This will entail:

- Reviewing project progress.
- Approving annual work plans and budgets.
- Providing policy guidance.

The Steering Committee will be headed by the Vice Chairman of HCMC PC and should include:

- Representatives of Department of Architect and Planning of HCMC;
- Representatives of Ministry of Planning and Investment;
- Representatives of Department of Construction;
- Representatives of Department of Natural Resources and Environment;
- Representatives of Department of Finance;
- Representatives of Department of Science and Technology;
- Representatives of Communication and Public Works;
- Representatives of the District Peoples Committees of Districts implementing the project;
- Representatives of PMU;
- Representatives of the World Bank.

### **Project Management Unit of Urban Upgrading Project in Ho Chi Minh City**

The PMU will be responsible for the everyday management of the project. Its duties will include:

- The preparation and submission of Project documents and reports for approval;
- The preparation of annual financial and budget management plans;
- Selecting consultants and contractors in line with Government of Vietnam and World Bank guidelines and designing contracts with consultants and contractors;
- Commissioning and supervising work carried out by consultants and contractors; and preparing related documents for reimbursements and payments; and
- Monitoring the implementation of Compensation and Resettlement Plans.
- Ensuring that an appropriate participatory approach is adopted during implementation of the RAP.

The PMU Resettlement Division will support the districts and wards in working with communities to identify ways to mitigate issues related to loss of employment or income related to resettlement. The unit will work in collaboration with the micro-credit specialist in the urban upgrading division where PAFs need support to set up businesses or make further investments in existing ones. Specific support given by this unit will include:

- Assistance to SME start-ups and existing SME by the provision of business training, technical training and micro-credit

- Support to PAF's in finding employment in new areas, by creating linkages with employers, providing training etc.

The PMU - resettlement division will also link district and ward level implementers of the RAP with project's proposed program of participatory training. Organizing and mobilizing community input into all aspects of resettlement including design of new homes is important to successful implementation. There is a perceived lack of skills in this key area and therefore the FS recommends that a program of participatory training be provided by the project which can be utilized in the implementation of different components. In consultation with the district and wards, the resettlement division of the PMU will nominate implementers at this level to take part in the training program

Key personnel of the PMU- resettlement division and their scope of work are described below:

#### ***Division Manager/Resettlement Specialist***

Responsible for co-ordinating the resettlement component with other components of the THLG Project. This will be a person with experience in implementation of resettlement in Vietnam. S/he will have to have an understanding of the legal context for resettlement in Vietnam and also experience in managing consultants. The Project Manager will also be responsible for financial accountability at the project level, and for liaison with local authorities.

#### ***Community development/participation team.***

It is essential that this team has extensive hands on experience of community development within an urban context. S/he will provide advice on approaches to community participation and will monitor the implementation of RAP. The team will also manage community inputs into the design of new housing

#### ***Surveyor/property specialist.***

Would oversee the work on land and asset calculation. It is important that this person has an understanding of the property market in HCMC and of trends which may affect PAFs. S/he will work closely with the land price monitoring consultants and the valuation team at the PCRC level.

#### ***Architect/planner.***

Will provide advice on design of shelter – both houses and apartments. This person must have experience in working on low-income housing and of involving communities in identifying design solutions.

#### ***Engineering team.***

This team will be responsible for engineering aspects of new housing areas. They will be responsible for pre-qualifying contractors, preparing draft designs for the new settlement and finalising these with the communities, preparing tender documents, assisting in the bid appraisals, and carrying out daily monitoring of contractor implementation.

#### ***Economic development team.***

The team will be responsible for all aspects of the income restoration for PAFs. This will include business advisory support to SMEs and organisation of skills development related to identified job opportunities. It will work closely with the community development team at the PCRC level and with the Neighbourhood Resettlement Committee and provide advice on identified need.

The engineers, architect and community development team will have to work closely to manage community expectations so that communities needs and desires can match available resources.

### **9.3. Roles and Responsibilities - District Level**

#### ***District People's Committees***

The District People's Committees (PC) will:

- Facilitate the implementation of the RAP by establishing the Project Compensation and Resettlement Committee (PCRC) and mobilising personnel to ensure that the PCRC functions effectively.
- Ensure that all divisions co-operate fully with the PCRC and PAFs in obtaining residential registration papers.
- The District PC will regularly review the progress of the RAP through monitoring data on compensation and resettlement as submitted by the PCRC. The district PC will up-date reports as necessary and promptly transmit this data to HCMC PC; highlighting issues where appropriate.
- Respond to grievances raised by PAFs

#### ***District Project Compensation and Resettlement Committees***

The District Project Compensation and Resettlement Committees (PCRC) will report directly to the District PC and copy any reports directly to the PMU. The PCRC will be responsible for:

- Ensuring effective implementation of the RAP through ensuring co-ordination between land and asset acquisition, compensation payments and physical works;
- Undertaking surveys in the project area in order to ensure that land and assets are correctly identified (ie supervising the Detailed Measurement Survey);
- Ensure effective and timely disbursement of cash and other compensation entitlements to AFs;
- Fully assist PAFs in relocation to new areas;
- Ensuring that relocated PAFs are promptly provided with the public utilities to which they are entitled under the compensation plan (eg metered electricity supply, metered water supply, telephone); and
- Conduct public consultation and information activities amongst PAFs.

#### ***Community Resettlement Committees***

In order to mobilise the community so that they become active partners in the resettlement process, it will be necessary for the PCRC to work through a more local level structure. The team reviewed whether the ward level, neighbourhood level or cell level would be the

most appropriate level for community participation. The resettlement survey showed that the distribution of houses to be relocated at the ward level varied considerably and in many cases were higher than 100 households. Clearly that is too many for effective community level activities for resettlement and therefore it was decided that community resettlement committees (CRCs) should be set up for groups of houses below the ward level. In some cases this may be the neighborhood, in others the cell level may be more appropriate. There may also be cases where the appropriate community level group suggests itself and is not based on either the cells or the wards. It is suggested, therefore, that there should be a level of flexibility at this stage in defining the community resettlement committees. They can be determined during implementation. This is important also because managing resettlement can be quite an intricate process and for the communities it can even be rather traumatic. The CRCs will work under the direction of the PCRC to carry out the following:

- Facilitate an understanding of the project through the wider community
- Develop process for resettlement
- Organise the community during resettlement
- Represent community needs in the detailed design of resettlement areas
- Training will be given to the committee to enable it to carry out participative needs assessment.

### ***Housing Management Company***

The District Housing Management Company in the receiving area will be responsible for managing apartments and land plots. The company will be responsible for:

- Granting contracts for apartment rentals to PAFs;
- Collecting rent from PAFs for apartments;
- Collecting instalment payments from PAFs for apartments;
- Transferring all payments to the City treasury; and
- Holding and promptly transferring all ownership papers and land use certificates to PAFs on - Receipt of final instalments; and,
- Operation and maintenance of the apartments.

It is of vital importance that the apartment blocks are well managed and maintained if they are to succeed. Examples of high-rise success stories for the urban poor in Singapore and Hong Kong have depended on good management structures, with active participation by the residents.

### ***Post-resettlement support***

Following resettlement, the community will continue to be supported in rebuilding their lives in the relocation areas. Post-resettlement support is important and has a direct influence on the "acceptability" of the resettlement by PAFs. At this point if the communities have been dispersed across a number of settlements, then new community based structures may need to be formulated. These communities will continue to be given support by the PCRC and the PMU- resettlement division. If appropriate working groups may be created to work on key issues identified by the community. The role of the PMU will be to facilitate this process.

It is recognised that needs will vary across sections of the community. Some families may be able to and will prefer to make the adjustment on their own, others may want greater support.

## 9.4. Other Agencies

### *The Department of Finance*

The Department of Finance is responsible for: determining the market value of land and property in the project area and the relocation sites; assessing the compensation rates and levels of assistance and allowances proposed for PAFs by the PCRCs; and allocating budget and cash flows for the RAP.

### *Department of Natural Resources and Environment and Department of Construction*

The Department of Land and Housing is charged with land use management within HCMC and for the management of all government owned structures. It is also responsible for co-ordinating resettlement plans within HCMC and for managing such programs within the context of overall City development.

The Department of Land and Housing will assist the present project by providing District PCs with appropriate certificates for PAF relocation, including Land Use Right Certificates and House Construction Certificates.

### *Department of Planning and Investment.*

The Department of Planning and Investment (DPI) is responsible for the overall management of long and short term plans and programs for the socio-economic development of the City. DPI is responsible for setting up the annual budget plan (including the budget for compensation and resettlement) once the Government of Vietnam has approved the project.

### *Department of Planning and Architect*

This Department is responsible for the management of urban planning, including planning the development of new areas. It is responsible for the preparation of legal maps and documents for resettlement land where such land has been approved by the PMU and accepted by the people being resettled.

### *Ward People's Committee*

At the lowest level of government administrative regime, the Ward People's Committee is responsible for organizing meetings of PAFs at which the options available under the various compensation packages shall be explained, and assistance provided in carrying out the option selected by each household.

## 9.5. Finalization of this RAP

The Project Compensation and Resettlement Committee has taken the necessary actions to assist the City authorities for implementation of this RAP

The Ho Chi Minh City People's Committee with assistance of the Department of Land and Housing, Department of Finance-Price, Department of Construction and PC office will make a Decision for Approval of this RAP . This Decision will include the required waivers of Decree 22/1998/CP, 87/CP and Decision 05/QD-UB of 1995 to meet the Project Policy Resettlement Framework

## **10 COMPLAINTS AND GRIEVANCES**

Complaints and grievances related to any aspect of RAP's, including the determined area and price of the lost assets, will be handled as follows:

### **10.1. First step :**

If any person is aggrieved by any aspect of the resettlement and rehabilitation program, he/she can lodge an oral or written grievance with ward/commune authorities. The People's Committee of the ward/commune will resolve the issue within fifteen days.

### **10.2. Second step :**

If any aggrieved person is not satisfied with the decision in stage 1, he/she can bring the complaint to the District People's Committee (DPC) or District Resettlement Committee (DRC) within fifteen days from the date of the receipt of the decision in stage 1. The District People's Committee (DPC) or District Resettlement Committee (DRC) will reach a decision on the complaint within fifteen days.

### **10.3. Third step :**

If the PAP is still not satisfied with the decision at district level, he/she can appeal to the Provincial or City People's Committee (PCC) or Provincial or city Resettlement Committee (PRC) within 15 days of receiving the decision of the DPC or DRC. The Provincial or City People's Committee (PCC) or Provincial or city Resettlement Committee (PRC) will reach a decision on the complaint within fifteen days.

### **10.4. Fourth step:**

If the PAP is not satisfied with the decision of the Provincial or city level, the case may be submitted for consideration by the District Court within 15 days of receiving the decision of the PPC or PRC.

PAPs will be exempted from all administrative and legal fees.

## 11 SUPERVISION, MONITORING AND EVALUATION

### 11.1. Supervision and Internal Monitoring

Implementation of RAPs will be regularly supervised and monitored by the respective PMU in coordination with the respective District Peoples' Committees and Communes. The findings will be recorded in quarterly reports to be furnished to the PMU, the PPC and IDA.

Internal monitoring and supervision will:

- (a) Verify that the baseline information of all PAP's has been carried out and that the valuation of assets lost or damaged, and the provision of compensation, resettlement and other rehabilitation entitlements has been carried out in accordance with the provisions of this Policy Framework and the respective RAP.
- (b) Oversee that the RAP's are implemented as designed and approved.
- (c) Verify that funds for implementing the RAP's are provided to the respective PMUs at local level (provincial/district) in a timely manner and in amounts sufficient for their purposes, and that such funds are used by the respective PMU's in accordance with the provisions of RAP.
- (d) Record all grievances and their resolution and ensure that complaints are dealt with in a timely manner.

The Monitoring Division will be responsible for ensuring that all aspects and details contained in the RAP are correctly implemented and satisfactory to PAFs. A monitoring system will be set up in consultation with the Implementation Division to ensure that the results of the monitoring process can inform and guide subsequent implementation:

- Monitoring compensation rate to ensure that payments and compensation entitlements applied to PAFs are correctly calculated according to Project policy for compensation;
- Monitoring assistance and allowance rate to ensure that PAFs obtain all rehabilitation packages to which they are entitled and that these are effectively and economically administered;

#### Responsibilities of Other Agencies

*The Department of Finance* will:

- Independently determine the market value and prices of land and other properties at Project affected site and relocation site, this report will use as comparison indicators for RAP implementation;
- Evaluate and check the rates of compensation, the levels of assistance and allowances for PAFs proposed by the PCR Committee;
- Allocate budget and cash flow for RAP implementation.

#### *The Department of Natural Resources and Environment*

Coordinating with the District People's Committee on providing assistance to relocated PAFs in performing of required legal papers and document, such as Land Use Right



Certificate (LURC), Permission to build house at resettlement site, Contract for renting of apartment;

### ***The Project Management Unit***

The Project Management Unit will:

- Take part in the Project Compensation and Resettlement Committee;
- Supply the necessary documents to help the PCRC to accomplish its tasks;
- Providing of sufficient funds to help PCRC in payment of compensation money on time;
- Assist relocated PAFs for recovery of lost utilities like electrical meter, water meter, and telephone connection.

### ***The People's Committee of the Project Wards in each District***

The PC of the Wards involved will:

- Take part in the Project Compensation and Resettlement Committee;
- Assist PCR Committee in implementation of RAP;
- Assist relocated PAFs in verifying of their legal documents and papers and in transaction of their residential registration right to the relocated area.

## **11.2. External Monitoring and Evaluation**

External Monitoring agency will be any qualified institution retained by PMU to carry out external monitoring and evaluation of the implementation of RAP's. The agency has to have qualified and experienced staff and terms of reference acceptable to IDA.

In addition to verifying the information furnished in the internal supervision and monitoring reports of the respective PMUs, the external monitoring agency will visit a sample of 20% of household PAPs in each relevant province/city one time during implementation and six months after each RAP has been implemented to:

- (a) Determine whether the procedures for PAPs participation and delivery of compensation and other rehabilitation entitlements has been done in accordance with this Policy Framework and RAP.
- (b) Assess if the Policy Framework objective of enhancement or at least restoration of living standards and income levels of PAPs have been met.
- (c) Gather qualitative indications of the social and economic impact of Project implementation on the PAPs.
- (d) Suggest modification in the implementation procedures of RAPs, as the case may be, to achieve the principles and objectives of this Policy Framework

### **External Monitoring Organization**

An organization specialized in social sciences – the Ho Chi Minh City City Institute for Social Sciences and Humanity will be contracted by Project Management Unit to carry out external monitoring and evaluation and called Monitoring Organ (MO). The Monitoring Organ will submit periodic reports on the progress and impacts of the RAP implementation and makes recommendations regarding the issues, if any, which need to be addressed.

## Land Price Monitoring

Land prices in HCMC show substantial increases year on year and it is important that PAFs receiving compensation for land are promptly paid the going market rate. Any substantial time lag between determining market rates and payment will disadvantage them and mitigate against their being able to purchase land of comparable value in another area. This will particularly be the case with PAFs who opt for "Cash for Land" because they will have to compete on the open market.

It is proposed that Independent Land Monitoring consultants be appointed to monitor the payment of compensation for land. Their overall function will be to keep the project informed of movements in land prices in the canal basin. They will report to the to PMU; with copies being given to the District PCRCs and the PMU.

The specific role of Land Monitoring Consultants will be to:

- Advise on market rates for land in the project area in order to assist the PCU to set initial compensation rates.
- Provide six monthly up-dates on increases in land prices in order that the project may increase the value of land compensation paid.
- Monitor the payment of land compensation and identify cases where payment has been delayed and "top-up" payment should be made to PAFs. PAFs will be informed of the "top-up" mechanism for delayed payments both through the resettlement workshops and the resettlement brochure and monitoring should therefore only involve a review of specific grievance cases.
- There is concern that occupants of resettlement housing are too easily able to benefit from land speculation. They are able to sell-on and make profits from the resettlement housing. In principle this is not a bad thing, as the beneficiary families are able to move into better accommodation or back into provincial locations. However it is recommended that that the process of selling-on be structured to ensure that: (i) the resettlement housing stock is retained for the benefit of other low-income families; and (ii) the benefits are shared with the community. Measures which can be considered include:

## 12 IMPLEMENTATION SCHEDULE

### Figure 21.1:

Below presents the sequence of activities during the resettlement process. This shows that the Districts are responsible for the conduct of the detailed measurement survey which records all land and structures affected by acquisition and for processing the data and preparing the land acquisition maps.

This data is submitted to the Department of Natural Resources and Environment and Department of Construction who are responsible for the overall coordination and management of resettlement programs in HCMC. Assuming no conflict of interest is identified and the land acquisition plans are accepted, the draft RAP is referred to HCMC PC for approval.

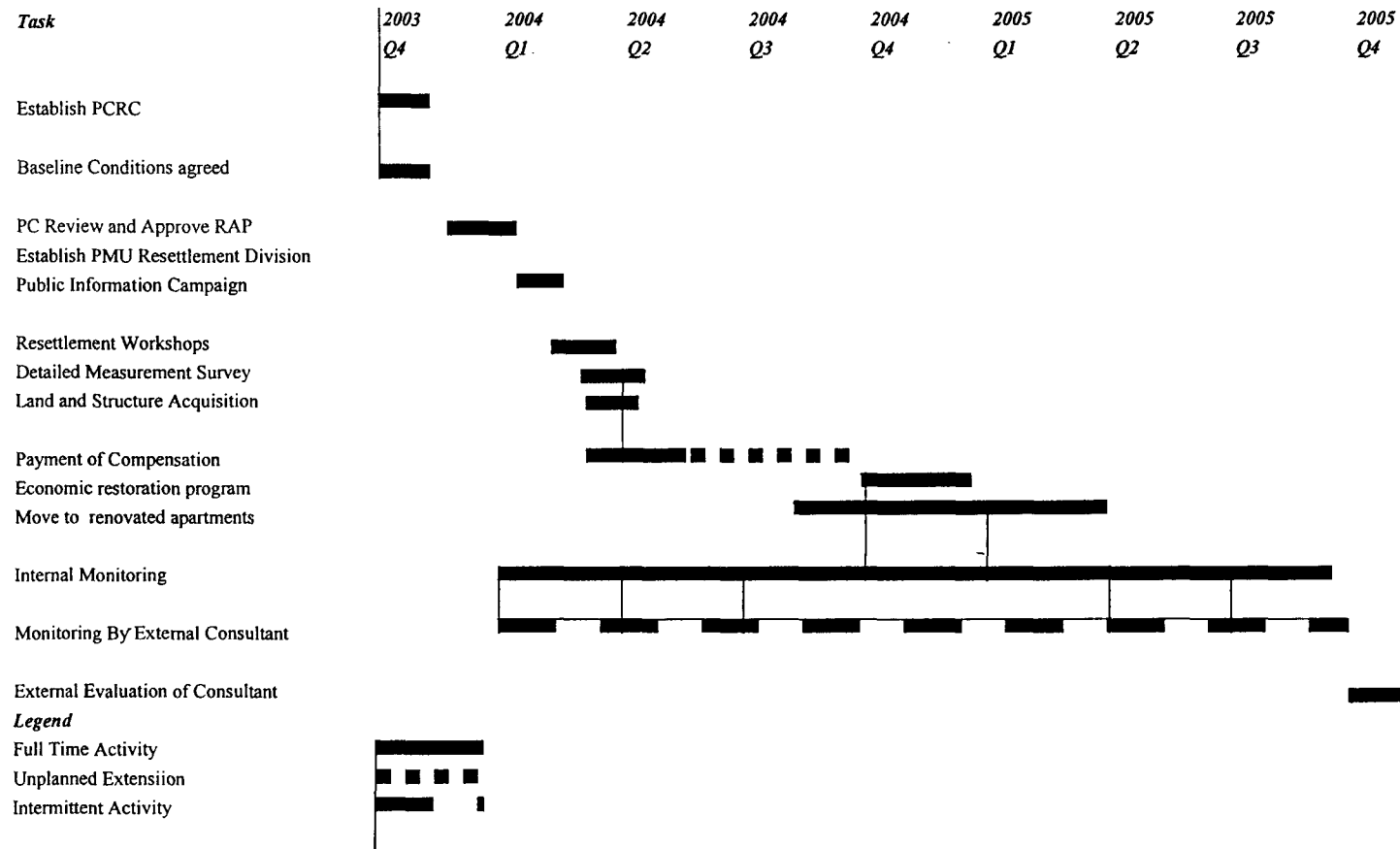
The setting of compensation levels is a separate, but parallel activity which will be conducted by the Districts and the PMU in order to ensure that full market prices are paid for land and structures. The Department of Finance and Price are responsible for agreement on compensation levels, prior to submission of the draft RAP to HCMC PC for approval.

The RAP becomes part of the public domain once the plan is passed by HCMC PC and public consultation begins. The RAP is announced and negotiations and the signing of acquisition contracts are undertaken. Payment is made to PAFs by the Districts and PAFs leave the area for their new locations.

Timing for the implementation of the resettlement program will follow the implementation schedule set out in *Figure 12.1* below. Note that this schedule does allow for some slippage and is therefore reasonably realistic.

Payment of compensation and furnishing of other rehabilitation entitlements (in cash or in-kind), and relocation if that be the case, will be completed prior awarding contracts for civil works.

**Figure 12-1 Implementation Schedule**



## Site Clearance and Resettlement Schedule

Progress of implementing site clearance work depends on progress of contract packets for construction. According to the consultative survey results, the number of households having resettlement needs are shown in *Table 12-2*

Table 11-2  
Demand for Resettlement From Preference Survey VUUP HCMC

No.	Criteria	Unit	Volume
1	Number of relocated houses	house	431
2	Number of relocated households	household	446
3	Estimated number of relocated households in resettlement areas	household	312

### ❖ Notes:

Relocated households include:

- Households whose entire house and land are required
- Households whose basic living area was reduced < 15m<sup>2</sup>.

It is anticipated that 70% the number of relocated households will choose to move to the resettlement areas of the Project.

It is proposed that the phase 1 of the project will be carried out in project years as follows:

- Component 1: 2 years: 2004 and 2005.

Thus, the plan of site clearance is proposed as follows:

No	Items	Number of annual relocated HHs		
		2004	2005	2006
	Component 1: Tertiary infrastructure	200	81	31

The first two years involve relocation to apartments. However, approximately 10% of PAH's to be relocated are to be given the choice of waiting until Vinh Loc B resettlement area is ready in 2006. This group would be provided temporary rental accommodation until the site is ready in accordance with Vietnamese compensation and resettlement regulations.

## 13 ENVIRONMENTAL MANAGEMENT

An Environmental Impact Assessment for the VUUP project has been prepared in accordance with World Bank *Operational Policy 4.01* by a separate consultant. Recommendations for environmental management have been set out in each of the Community Environmental Management Plans using the output Environmental Management Plans prepared for each city. Each of the cities has proposed a green field resettlement site which will require careful environmental management in order to ensure that the environmental issues identified are either mitigated or managed in a sustainable way.

There is the possibility of various environmental problems occurring during the **construction phase** of the project. This includes the following: air pollution (dust and smoke, temperature, vibration, noise), bad sanitation caused by dredging, environmental impact on-site having of large number of workers for the construction (traffic, security, increased waste), effects of new sewerage system, temporary flooding due to increased sediments blocking drains, sediment scattering causing air pollution/odor.

**Mitigation measures:** To avoid negative impacts of the project construction, some mitigation measures are proposed. This includes the following: construction implemented in a stepwise fashion, obeying time schedule in all elements of project, the use of appropriate equipment to minimise pollution, having sufficient environmental supervision, providing management measures to minimise scattering of materials during transportation, dust diffusion mitigated by dust trap/collectors and according to TCVN 5937-1995, noise reduced by shortening the working time and according to TCVN59498-1998, appropriate control of -site solid waste incineration, disposing waste/digging materials on-site, entrance restriction and finally the monitoring of piped water (complying with articles of CEMP).

**After the project completion** more environmental mitigation measures will be carried out. This involves: dredging sewers at least twice a year, replacing broken sewers, encouraging households to build septic tanks, encourage households to collect solid waste in tight plastic bags and discharge them into private solid waste collection tricycles and finally polluting production factories will be moved to concentrated industrial parks.

During the construction period the cell administrator will have the role of supervising environmental effects water supply, drainage, dredging mud and upgrading alleys. All aspects will be observed every 1 to 2 days.

**During the operation & maintenance period** households, cell administrators, district cadres and ward cadres will be involved to varying degrees in observing the environmental state of the water supply, drainage, solid waste and gas quality. This will occur for all aspects daily by the households. The Cell administrator will observe drainage sediment every 6 months, drainage blockage weekly and solid waste transport/collection daily. The ward cadres will supervise area dustbins daily and the district cadres the gas quality (dust/noise) every 3 months.

There will be opportunities as part of the Social Mitigation Program for the PAH's to put together proposals to plan and carry out environmental initiatives and monitoring. *See Chapter 7.*

## 14 COSTS AND BUDGETS

The existing market price of land is an important criterion in considering the “replacement value” of land which is required under the RPF and which has been agreed to by both the City PC and the Prime Minister of Vietnam. *Table 14-1* shows a sample of the land values obtained by market survey during preparation of the RAP. It is important to also keep in mind that the concept of replacement should take account of the existing situation of PAH’s embodied in the Operational Directive of the World Bank (OD4.3). (The previous operational directive has been applied to this project rather than the new operational policy due to project starting date). Their pre- project living standard should be improved or at least maintained and should be the objective of the compensation package rather than to lead to windfall gains. If the compensation unit price based on replacement value is set too high local governments may find it difficult to allocate sufficient funds in any one year to cover requirements. If the Vietnamese unit costs were adopted, there is a high risk in these project cities that compensation paid would not be sufficient to meet the “replacement” principle. Consequently extensive discussions were held with PMU’s to agree on an equitable replacement value unit costs to ensure that adequate provision was made in the City/Provincial government budgets to meet the requirements and the intent of the RPF.

### 14.1. Expected land Values to estimate compensation costs

Resettlement compensation costs are based on information directly derived from field investigation. A resettlement census and survey was conducted in October 2002 and September October 2003 and this recorded socio-economic details of the THLG Canal upgrading together with information on land and structures to be acquired by the project.

A number of other resettlement plans were reviewed in order to determine whether the resettlement compensation costs proposed under the present project are realistic. These projects are the THLG Pilot Project, Resettlement Action Plans for the Nhieu Loc-Thi Nghe (NLTN) Basin and the Resettlement Plan for the Saigon East-West Highway Project. Resettlement costs for structures and allowances are similar across all these projects; although land prices are different.

Residential land values are based on local current market prices as obtained from Ward authorities and the people themselves. Local views on prices were collected during October/November 2002 from the Community Focus Groups set up to discuss urban upgrading in low income areas alongside the Canal. This grass-roots evaluation was verified against more “formal” figures provided by Ward authorities and from information collected from the District Authorities earlier in the Study

There are obviously many fine gradations in the price of land depending on its specific location, with “illegal” land<sup>3</sup> directly by the canal side fetching VND2.5 million / m<sup>2</sup> compared to land located on a major lane or road which is selling at more than VND 12 million / m<sup>2</sup> or above. (*See Table 14-1*)

<sup>3</sup> This refers to government land which has been illegally occupied. Although completely devoid of any possibility of official tenure, pressure for living space in low-income areas is such that people are willing to buy dwellings built on such land.

**Table 14-1**  
**Comparison of Land Prices Using Paid Vietnam Unit Costs and Market Rates**

*Using Vietnam Unit Price*

The pilot project of Resettlement Area of Ward 11 that PMU 415 is the Client the approved compensation unit price for land in alleys as follows:

Nguyen Van Luong Street: 2,800,000VND/m<sup>2</sup> – 3,200,000VND/m<sup>2</sup>.

GiangHau Giang Street: 2,800,000VND/m<sup>2</sup> – 3,200,000VND/m<sup>2</sup>.

The East-West Highway in HCMC (across Wards 3, 7), the approved compensation unit price : 3,500,000VND/m<sup>2</sup> – 5,600,000VND/m<sup>2</sup>.

The Pham Van Chi Bridge Project Ward 10: the approved compensation unit price: 4,000,000VND/m<sup>2</sup>.

The Project of Tay Thanh – Cau Tre – Tan Hoa Dong water supply pipe-lines 14 the compensation unit price is being submitted for approval 4,900,000VND/m<sup>2</sup> – 5,600,000VND/m<sup>2</sup>.

Tan Binh District:

The Nuoc Den Canal Project (Wards 16, 17, 18): the compensation unit price for land in alley belonging to the Project: 2,450,000VND/m<sup>2</sup> – 4,200,000VND/m<sup>2</sup>.

Le Dai Hanh – Binh Thoi – Nguyen Thi Nho traffic knot Project (Ward 9): the compensation unit price: 4,800,000VND/m<sup>2</sup> – 6,400,000 VND/m<sup>2</sup>.

The Project of enlargement of Truong Chinh Street (Ward 15): the compensation unit price: 3,500,000VND/m<sup>2</sup> – 4,200,000VND/m<sup>2</sup>.

The Project 30 April Street the old Che Lan Vien – Ward 15) the approved compensation unit price: 2,450,000VND/m<sup>2</sup> – 4,200,000VND/m<sup>2</sup>.

Binh Chanh District:

The East-West Highway Project the approved compensation unit price for land in alleys: 1,800,000VND/m<sup>2</sup>.

The Project of Phu My – Nha Be – Phu Lam transport of electric currents D01 aùn Taùl fièån 500KV Duong Vuong Canal) the approved compensation unit price: 3,500,000VND/m<sup>2</sup>.

The Project of infrastructure construction investment of residential area at Phong Phu Village

(The new urban area at the North of the City) the approved compensation unit price for land in alleys: 1,800,000VND/m<sup>2</sup>.

*Market Price*

Advertisement 1: A house near Phu Lam market, ward 14, dist 6, using area is 40m<sup>2</sup>, having BOLUC, 30 lots of SJC gold, including all furniture. (Estimated Cost/m<sup>2</sup>) 4365000

Advertisement 2: No 208/2B1 Ba Hom ward 13 dist 6, area of precinct is 4m x 10m, using area 80m<sup>2</sup> near Phu Lam market (400m), far from Ba Hom road 40m, alley width is 3m, Private owner, 310 mil VND. ( Estimated Cost /m<sup>2</sup> 5445000 VND)

Alley No. 239 of Ba Hom Street, District 6: the market cost is 1,25 caây vaøngtaels of goldvaøng/m<sup>2</sup>, equivalent to 7,500,000VND/m<sup>2</sup>.

Alley No.191 of Bai Say Street Ward 4, District 6: the market cost is 1,58 caây vaøngtaels of gold/m<sup>2</sup>, equivalent to 10,110,000 VND/m<sup>2</sup>.

Alley No. 90 of Thi Nho Street, Ward 9, Tan Binh District: the market cost is 2,05 caây vaøngtael of gold/m<sup>2</sup>, equivalent to 13,120,000VND/m<sup>2</sup>.

Alley No. 22 of Nguyen Minh Chau Street Ward 19, Quaãn Taãn BinhTan Binh District: the market cost is 1,73 caây vaøngtaels of gold/m<sup>2</sup>, equivalent to 11,070,000 VND/m<sup>2</sup>.

Village road No. 5, An Lac Townlet: the market cost is 0,85 caây vaøngtael of gold/m<sup>2</sup>, equivalent to 5,500,000VND/m<sup>2</sup>.

Planned area, An Lac Townlet: the cost is 0.88 tael of gold/m<sup>2</sup>, equivalent to 5,600,000VND/m<sup>2</sup>.



## 14.2. Housing construction Costs to estimate compensation costs

House prices have not shown anywhere near the degree of increase experienced by land prices over recent years and the degree of change is similar for all construction types. The prices used to calculate compensation costs for structures are presented in *Table 14.2* below. These are the same as those quoted for the PMU 415 pilot project and also for the NLTN Study.

*Table 14-2  
Market Values of Houses*

Category of Structure	Market Value
Category 1 Houses (permanent)	1,600,000 VND/m <sup>2</sup>
Category 2 Houses (semi-permanent)	1,350,000 VND/m <sup>2</sup>
Category 3 Houses (wood frame/brick)	1080,000 VND/m <sup>2</sup>
Category 4 Houses (Simple)	720,000 VND/m <sup>2</sup>
Temporary Houses	300,000 VND/m <sup>2</sup>
Other Structures	
Concrete Structures	400,000 VND/m <sup>2</sup>
Structures built from other materials	300,000 VND/m <sup>2</sup>

## 14.3. Compensation Payments

Extensive discussions were conducted with the PMU regarding realistic unit costs for land to be applied for the RAP for Phase 1. According to other studies for Phase 1 (covering upgrading areas in THLG basin) by Van Xuan consultants, the average m<sup>2</sup> cost in recent actual transactions vary between VND 4 and 8 million in District 6 and Tan Binh District. No figures were obtained for Binh Chanh District. However, according to other information the m<sup>2</sup> price in Binh Chanh varied between VND 2 to 4 million. Compensation rates approved by the PC for the East/West Highway Project are in these ranges.

While the Detailed Measurement Survey (DMS) to be carried out later may change the actual amount needed for replacement compensation, the rates proposed by these PMU may be below replacement cost. Component 1 compensation costs were calculated using Vietnamese Unit cost prices for land and buildings. These were then compared to market prices after an assessment of comparative market rates for land in HCMC.

The results of the analysis are shown in *Tables 14-3 and 14-4*. *Table 14-3* shows the estimated compensation payments using Vietnamese Unit Costs based on other projects in HCMC. Payments were estimated at VND 153824 Million or US 9.9 M (Rate assumed was 4 Million per m<sup>2</sup>.) These estimates did not include the PMU costs for administration or any contingency. *Table 14-4* shows the impact of applying market rates at 8 million/m<sup>2</sup> for affected land and the total payments increase substantially to VND 266152 Million or \$US 17.1M.

**Table 14-3**  
**Summary of Impacts and Compensation Payments for 33 areas Component 1**  
**Using Vietnamese Unit Costs for Land and Buildings**

Affected level	Number Houses	of Number Households	of Affected (M2)	area %	Compensation Payments	
					VND	\$US
A. Partly	1456	2540	20434.96	72,36	88278637200	\$5,695,396
1 Yard	1260	1317	7770.1	27,51		
2 Yard and house or house only	1160	1215	12129.16	42,95		
3 Additional works	11	-	20.94	0,07	99971200	\$6,450
4 Other structures	25	8	514.76	1,82	2170100000	\$140,006
B. Relocation	425	431	7805.43	27,64	40137231600	\$2,589,499
1 Remained <15m2 area	308	312	5089.5	18,02		
2 Fully affected	117	119	2715.93	9,62		
Utilities					3255000000	\$210,000
Livelihood					17455500000	\$1,126,161
Transition					1293000000	\$83,419
Bonus					1135000000	\$73,226
I Total	2881	2971	28240.39	100,00	153824440000	\$9,924,157

Source: Detailed Survey, June October, 2003

**Table 14-4**  
**Summary of Impacts and Compensation Payments for 33 areas Component 1**  
**Using Markets Rates for Land and Unit Costs for Buildings**

Affected level	Number Houses	of Number Households	of Affected area ( M2)	area ( %	Compensation Payments	
					VND	\$US
A. Partly	1456	2540	20434.96	72,36	1.68234E+11	\$10,853,806
1 Yard	1260	1317	7770.1	27,51		
2 Yard and house or house only	1160	1215	12129.16	42,95		
3 Additional works	11	-	20.94	0,07	184131200	\$11,879
4 Other structures	25	8	514.76	1,82	4229140000	\$272,848
B. Relocation	425	431	7805.43	27,64	70366247600	\$4,539,758
1 Remained area <15m2	308	312	5089.5	18,02		
2 Fully affected	117	119	2715.93	9,62		
Utilities					3255000000	\$210,000
Livelihood					17455500000	\$1,126,161
Transition					1293000000	\$83,419
Bonus					1135000000	\$73,226
1 Total	2881	2971	28240.39	100,00	266152016000	\$17,171,098

Source: Detailed Survey, June October 2003

These estimates were unadjusted to take account of double counting and assumed that all compensation would be paid in cash. This analysis also did not include administration and other special allowances and programs.

Having evaluated the various factors involved in determining the value of land, it was considered and agreed by the PMU that a cost of VND 5 million / m<sup>2</sup> is representative of the overall value of land to be acquired by the project and this figure has been used when preparing resettlement cost estimates shown in *Table 14-5*

Based on the above discussion this average compensation unit cost was used to estimate the estimated cost of compensation and resettlement with an unadjusted total figure assuming that all compensation is paid in cash. However, to avoid double counting, the final cost of compensation table was reduced by the estimated cost of providing apartments or plots to 70% of fully affected PAHs. The final cost Table also includes a preliminary estimate for Component 3.

Supervision costs for resettlement and compensation payments were estimated to be 5% of total cost. Total costs for compensation (including cash compensation for PAF's who have chosen not to opt for land at the resettlement area) and costs for the development of the resettlement site, special allowances under the RPF, the social mitigation program (CEDP) and costs for external monitoring are set out in *Table 14.5*.

As there is also an adjusted cost figure which reports the final cost taking into account the reduction in compensation payments due to the PAH's who have opted to choose "Land for Land". In order to mitigate the risk of more PAH's opting for cash than is anticipated, it is recommended that once the detailed measurement survey is carried out in March-April

2004 that the PMU check on the rate of acceptance so that a request for additional funding could then be prepared for the subsequent budget year.

Also, there is a contingency built into the cost table that will further reduce this risk as there are preliminary results which suggest that the overall numbers of partly affected residents in Component 3 will be substantially less than anticipated in the approved feasibility study.

*Table 14-5* Shows a complete breakdown of the proposed payments for compensation. The total adjusted figure for Component 1 is VND 137 Billion or US\$ 8.8 Million. When administration and allowances for the social mitigation program and external monitoring are included the Total Adjusted Figure is 148 Billion VND or US\$9.6 Million. For component 3 the total figure is 60 Billion VND or 4.0 M which has no adjustment as there is no resettlement required for this component. The total compensation figure for both components was estimated at 216 Billion VND or US\$14 Million.

**Table 14-5**  
**Final Compensation Cost Table**

**Component 1**

F/ Total affected household in 33 Disticts:

Affected level	Number Houses	of Number Households	of Affected area ( % M2)	Compensation Payments VND	Compensation Payments \$US
A. <i>Not be relocated</i>	2,645	2,540	21,988.54	73.00	
1 Yard	1,370	1,321	8,424.78	28.00	
2 Yard & house or house	1,239	1,211	13,028.06	43.00	
3 Annex	11	-	20.94	0.00	
4 Other Assets	25	8	514.76	2.00	
B. <i>Be relocated</i>	446	431	8,103.44	27.00	
1 The remaining land area <15m2	326	312	5,351.12	18.00	
2 Entirely affected	120	119	2,752.32	9.00	
I <b>Unadjusted Total</b>	3,091	2,971	30,091.98	100.00	171059326000 \$11,014,143
Land for Land/Apartment					34220401320 \$2,207,768
<b>Adjusted Total</b>					1.36839E+11 \$8,806,375
5% Administration					6841946234 \$440,319
<i>Special Allowances</i>					
Livelihood					465480000 \$30,031
Transition					1293000000 \$83,419
Bonus					1077500000 \$69,516
CEDP					1550000000 \$100,000
Monitoring					775000000 \$50,000
<b>Adjusted Total with Allowances</b>					1.48842E+11 \$9,579,660
<b>Component 3</b>					
Fully Affected		0		0	\$0
Partly Affected					
Land		894	8456	4228000000	\$2,727,742
Housing		894	21140	1796900000	\$1,159,290
Sub Total				6024900000	\$3,887,032
Other Support					\$0
Business Losses		224		1120000000	\$72,258
Support to Special Households		89		445000000	\$28,710
Total				1.22063E+11	\$3,988,000
5% Administration				6103150000	\$393,752
<b>Total</b>				128,166,150,000	\$4,381,752
<b>Total Components 1 &amp; 3</b>				216,401,881,634	\$13,961,412

#### 14.4. Cost Estimate

The estimated costs for land acquisition and compensation are shown in *Table 13-2*. By far the largest component of the resettlement compensation costs are from land acquisition. This makes up some 70% of the total costs. The resettlement compensation costs are therefore very sensitive to the application of land values, in terms of, both the derivation of the market value of land and the way that it is applied in the RAP. This aspect will be further considered, and in particular the possible surge in land prices similar to the one in early 2002. Further sensitivity testing will result in refinement and adjustment of the above cost estimations within the project timetable. Based on the above cost parameters, the preliminary total resettlement compensation costs are estimated at 144.4 Billion VND (US\$ 9.3 million).

#### **Mechanism to households donating their house and land**

Objectives, contents and relevant information of the project would be announced to each household by PMU and ward PC.

People who volunteer to donate their house and land would give a declaration with their signature. Area they donate would be addressed clearly in the declaration. Representatives of community and local government (ward PC) confirm their voluntary and the contents in the declaration made by household.

List of donors will be posted up (indicating area they donate) in ward PC office.

Above implementation process will be in public to communities to monitor and carry out.

Table 13-2 : Estimate of Land Acquisition and Resettlement Costs VUUP HCMC

Component 1 Upgrading of Tertiary Infrastructure		Option 1	Option 1	Option 1	Option 1	Preferred Option 2	Preferred Option 2	Preferred Option 2	Preferred Option 2		
I	Residential Land	Number Houses	Number Households	Area (M2)	Total	Residential Land	Number Houses	Number Households	Area (M2)	Total	
1	District 6 (14 areas)	1,792	2,150	15,796	63,184,000,000	District 6 (14 areas)	1,278	1,534	11,939	47756000000	
2	Tan Binh (4 areas)	478	574	3,632	14,528,000,000	Tan Binh (4 areas)	478	574	3,632	14528000000	
3	Binh Chanh (5 areas)	130	156	5,055	10,110,000,000	Binh Chanh (5 areas)	105	126	4,091	8182000000	
TOTAL		2,400	2,880	24,483	87,822,000,000		1,862	2,234	19,662	70466000000	
II	Housing					Housing					
1	Temporarily-built houses	184	221	2,092	627,600,000	Temporarily-built houses	116	139	1,131	339300000	
2	Brick houses	1,090	1,308	19,565	14,086,800,000	Brick houses	771	925	12,691	9137520000	
3	Concrete houses	86	103	1,887	2,037,960,000	Concrete houses	54	65	781	843480000	
TOTAL		1,360	1,632	23,544	16,752,360,000		941	1,129	14,603	10320300000	
Component 3 Phase 1	Improvements to Secondary and Tertiary Drainage	Land to be Acquired	Houses to be Acquired	Land to be Acquired	Houses to be Acquired	Land to be Acquired	Houses to be Acquired	Land to be Acquired	Houses to be Acquired	Total	
		M2	M2	VND	VND	VND	M2	M2	VND	VND	VND
Full Relocation		0	0	0	0	0	0	0	0	0	0
Partially Affected		8,456	21,140	29,596,000,000	15,220,800,000	44,816,800,000	8,456	21,140	29,596,000,000	15,220,800,000	44,816,800,000
Total		8,456	21,140	29,596,000,000	15,220,800,000	44,816,800,000	8,456	21,140	29,596,000,000	15,220,800,000	44,816,800,000

Total Component 1 & 3

Land & Housing	149391160000	125603100000
Other entitlements	22408674000	18840465000
Total	171799834000	144443565000
Total	\$11,083,860.26	\$9,318,939.68



## Annex 1 Entitlement Matrix

Type of entitlement	Definition of entitled Person	Entitlement
1. Loss of land	(a) Legal/ legalizable user of Project affected land.	PAPs are entitled to compensation at 100% of replacement cost of lost land at market value. <b>Or</b> PAPs receive a land plot in the resettlement area plus cash adjustment. <b>Or</b> PAPs buy an apartment with cash compensation received and pay the difference in installments for 10-20 years with low interest. In addition they will be exempt for taxes and fees for Land Use Right Certificate when purchasing or allotted another plot
	(b) Non-legal user without land use right	PAPs are entitled to cash compensation and or rehabilitation assistance for land at 60% of replacement cost of land lost. <b>Or</b> PAPs buy an apartment with cash compensation received and pay the difference in installments for 10-20years with low interest, if needed. In addition they will be exempt for taxes and fees for Land Use Right Certificate when purchasing or allotted another plot
	(c) User of land under dispute	PAPs are entitled to cash compensation and or rehabilitation assistance for land at from 60% to 100% of the replacement cost of the land lost. PAPs may not be eligible for immediate compensation until the dispute is resolved (amount will be deposited in an escrow account).
	(d) Land used by state owned enterprises, state institutions	Compensation will follow the Decree 22/1998-ND-CP. However, people depending on the land to be acquired, as renters, employees, and vendors, will be eligible for rehabilitation assistance
2. Loss of houses and structures	(a) Legal/legalizable and non-legal owner of affected houses and structures	PAPs are entitled to compensation and or rehabilitation assistance at 100% substitution cost of the affected house and structure in materials, cash or a combination of the two. No deduction will be made for depreciation or salvageable materials. In addition they will be exempt for taxes and fees for Building Owned Right Certificate when purchasing or allotted another house/aprtment.
	(b) Structures of the state owned enterprises, state institutions	Compensation will follow the Decree 22/1998-ND-CP. However, people depending on the structures to be acquired, as renters, employees, and vendors, will be eligible for rehabilitation assistance

Type of entitlement	Definition of Person	Entitlement
3. Loss of rented Government structures and land	(a) Legal and legalizable renters of Project affected houses and land	<p>PAPs are entitled to the following compensation choices:</p> <p>PAPs choosing the relocation option are entitled to rent a house with equal rented floor area, the same standard of building and facilities and at an equal rent rate as the house lost.</p> <p>PAPs choosing the self-relocation option are entitled to cash assistance in an amount equal to 60% of the substitution costs of the rented floor area plus 60 % of the replacement costs of the rented land area. Self-relocating PAPs who are sharing a rented house are entitled to cash in an amount equal to 60% of the substitution cost of the rented floor area plus 60% of the replacement cost of the shared rented land.</p>
	(b) Legal and legalizable renters of affected upgraded house	PAPs are entitled to compensate the cost of upgraded house.
	Legal and legalizable affected additional structures build in rented house	PAPs are entitled to compensate the cost of the additional structures built in rented house.
4. Business losses	All eligible owners of affected big business	PAPs are entitled to cash compensation at 100% of the monthly turnover of business lost for six months based on the average monthly turnover declared for the latest year paid to the tax Department
	All eligible owners of affected small business	PAPs are entitled to cash compensation of 1,000,000 VND per month per family having small business lost for six months.
	All eligible owners of affected trees and crops	PAPs are entitled to cash compensation at 100% of substitution cost of lost fruit bearing trees or lost trees of commercial value and at market price for crops..

## ANNEX 3: HOUSING CATEGORIES

The Vietnamese construction standards provide construction specifications in chapter 8 for civil and industrial Projects. Based on these specifications four categories of houses and an additional "Temporary category" have been included in the study. Details of these classifications are given in the Note to table 1.2 of Annex B.

- (i) Category I: The structures will have a life expectancy of more than 100 years. They will have bedrooms, dining/ drawing rooms, kitchen and attached bathrooms in the same level of apartment. The structures will be fire resistant, high-grade finish with decorating material. They will have regular power, water supply and sanitation systems.
- (ii) Category II: The life expectancy of the structures is estimated to be between 50-100 years. They will have bedrooms, dining room, drawing room, kitchen and attached bathrooms in the same level of the apartment. The structures will have few decorative or finish material. They will have regular water supply, power and sanitation facilities.
- (iii) Category III: The life expectancy of the structures is expected to be between 20-50 years. The structures will have bedrooms, drawing room, and kitchen in the same level of apartment. It may have a shared bathroom in the other level. The power and water supply system will be constructed with medium quality of material.
- (iv) Category IV: The structures are expected to last less than 20 years. They will have one or two shared rooms, shared kitchen and a bathroom. The construction will be of masonry. The electricity is used only for lighting. Water supply will be available only to the kitchen and bathroom.

(v) Temporary structures:

There is no official specification for temporary structures/ houses. It is understood that these category of structures are built with low grade wood, plank, bamboo, leaf, straw or mixed with some low grade bricks and masonry and corrugated sheets for temporary housing.