People's Committee of Nam Dinh Municipality

Project Management Unit

RESETTLEMENT ACTION PLAN, PHASE 1

Final Report

RP189
Volume 4

Vietnam Urban Upgrading Project

Nam Dinh Sub Project

Prepared by Martin Associates P/L (Australia)

in association with Duongthanh Water and Environment Ltd (Vietnam)

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Vietnam Urban Upgrading Project
Nam Dinh Sub-Project Management Unit

RESETTLEMENT ACTION PLAN – PHASE 1
FINAL REPORT

Client: Nam Dinh Municipal People Committee

Project management: Nam Dinh Sub-Project Management Unit of VUUP

Consunant: Martin Associates P/L

Douglas Martin
Social Planning & Environmental Consultant

Nam Dinh 12-2003
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ABBRVIATIONS

Terminology

BOLUC  Building Ownership and Land Use Certificate
GDP    Gross Domestic Product
LURC   Land Use Rights Certificate
MOP    Manual of Practice
O&M    Operation and Maintenance
PAF    Project-affected Family
PAP    Project affected Person
PAH    Project Affected Household
RAP    Resettlement Action Plan
US$, USD United States Dollar
VND    Vietnamese Dong

Organizations

ADB    Asian Development Bank
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
NDC    Nam Dinh City
IDA    International Development Association (of the World Bank Group)
IER    Institute for Environment and Resources
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)
URENCO Urban Environment Company
USA    United States of America
WB     World Bank
WSC    Water Supply Company
EXECUTIVE SUMMARY

1.0 Project Background

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:

- **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.

This RAP addresses the social impacts of the VUUP Phase 1 project in Nam Dinh. 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 (CUP's) in each of the affected districts. As part of the feasibility studies and subsequent detailed design the
RAP process included a socioeconomic census (100%) of all PAH’s, a complete inventory of their assets and a survey of their views and perceptions on compensation levels and resettlement choices.

2.0 Project Description

In Nam Dinh, the VUUP project will have 10 sub component projects and will be implemented in 7 years with 3 phases, each phase will last 2-3 years. Phase 1 of the project will take place in the low income area of Van Mieu ward which has the railway as its eastern boundary, Vuban road to the north, Ninhbinh road in the south and Loc an commune in the west. It includes 86 population groups with an area of 37.7ha with 2,797 households and 11,271 people. This low income area is one of 22 low income areas within Nam Dinh city which has degraded infrastructure and poor environmental conditions.

In Phase I there are three components which are of most relevance to this RAP.

Component 1 (Tertiary Infrastructure)

This component involves upgrading tertiary infrastructure: building main roads namely N4, D3, D10 with road surface 5m wide with pavements areas 3 m wide on either side. building road side drainage and culverts; installing a public lighting system; upgrading the medical clinic and public WCs; building 2 garbage transfer stations, upgrading 2 public entertainment areas and improving market place sanitation;

- Tertiary infrastructure upgrading involves the following main activities
  - Alleyway widening and improving local drainage and sanitation
  - Improving water supply services to each household
  - Improving street lighting
  - Improving communication networks
  - Improving social infrastructure

Component 2 (Primary And Secondary Technical Infrastructure)

Upgrading related primary and secondary infrastructure grades: rehabilitating and replacing asphalt for Vu Ban road, constructing Giaiphong road in conformity with the master plan (Giaiphong road with 16m wide carriage way and its pavement on each side 6m wide), upgrading the existing part of Ninhbinh road with 10.5m wide carriage way and its pavement on the side of the railways 4m wide and the pavement on the side of residential area 5m wide); constructing road side drainage culverts lines and the main drainage system along Ninhbinh road to Kenh Gia canal.

Component 3 Development Of Resettlement Site

This component involves the development of a resettlement site The proposed 7.37 Ha site is part of a larger overall area of 30 Ha for which a Master Plan has been prepared. The site is presently used for rice production and fishing ponds and is to the immediate west of Van Mieu ward and partially belongs to Loc An commune. Households to be resettled will be supplied with land of equivalent area (minimum size is 40M2) on which infrastructure such as electricity, water supply/drainage and roads will be available. Households whose acquired
land is bigger than the new plot at the resettlement area will be compensated in cash for the
rest of the area. PAF’s with acquired land which is smaller will have to pay for the additional
area. In addition, households to be removed will receive an allowance for removal, reward for
on time removal and support for any effects on employment and income due to such removal.

Some agricultural land and fish pond areas will need to be acquired. There are 30 households
presently living in the resettlement area and off the site along the proposed access road who
would need to be relocated. A further 70 households would be partly affected mainly from
the loss of productive agricultural land.

Preparation of the resettlement site is considered to be the priority for Phase 1 of the project
so that the other components can be implemented on schedule.

3.0 Social Impacts of the Project and Unavoidable Resettlement

- Permanent land acquisition
- Fully impacts on some 55 households in the smaller alleys designated for tertiary
  upgrading (Component 1)
- Fully impacts on 81 households due to the upgrading of a number of main roads under
  the trunk infrastructure component (Component 2)
- Partial impacts on 472 households including effects on houses, other structures,
  productive agricultural lands and fishery resources (local ponds).
- 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
- Positive effects on the quality of life of the other 2670 low income households and
  11000 people in the Van Mieu ward area over an area of 37.7 Ha 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 receive housing allocated to the very poor.
- The development of a resettlement site of 7.37 Ha in an existing agricultural area
  known as Tram Ca which adjoins Van Mieu ward to house those project affected
  families (PAF’s) who have chosen to be resettled. A high level of PAH’s choosing the
  resettlement option (80% of fully affected PAH’s) rather than be paid cash
  compensation is currently anticipated. Consequently there will be an initial demand in
  Phase 1 for 133 plots. The VUUP project would only be responsible for those
  portions of the resettlement site which are attributable to the needs of PAF’s.
Table A-1
Summary Table of Project Impacts by Component and Level of Impact

<table>
<thead>
<tr>
<th>Component</th>
<th>Total No.</th>
<th>PAP</th>
<th>No. of Fully affected (to be relocated)</th>
<th>No. of Partially affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Component 1 (tertiary infrastructure)</td>
<td>198</td>
<td>55</td>
<td>143</td>
<td></td>
</tr>
<tr>
<td>Component 2 (trunk infrastructure)</td>
<td>340</td>
<td>81</td>
<td>259</td>
<td></td>
</tr>
<tr>
<td>Component 3 (resettlement housing)</td>
<td>100</td>
<td>30</td>
<td>70</td>
<td></td>
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<tr>
<td>Total</td>
<td>638</td>
<td>166</td>
<td>472</td>
<td></td>
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</tbody>
</table>

4.0 Resettlement Policy Framework

Project Affected Families (PAF's) are to be fully compensated in accordance with the Resettlement Policy Framework (RPF) which has been agreed between the Government of Vietnam (GOV) and the IDA (World Bank). 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 adopted by Nam Dinh Province Peoples’ Committee (No. 211/VP5, dated September 22, 2003) and approved by the Prime Minister (No. 1513/CP-NN, dated November 11, 2003). Also, the RPF has been disseminated to all relevant Departments of Nam Dinh city and publicly disclosed at all district/ward offices participating in the first year program of phase I.

It was agreed with the PMU and the World Bank Appraisal Team that “fully affected households” would be defined as those who will be left with less than 20m² of residential land. The numbers for Phase I in the table above have been calculated on this basis. These figures are the basis for the cost estimate which have been included in the RAP cost tables.

The RPF specifies a cutoff date for inclusion of local residents within the Project as project affected households. Residents moving into the project affected areas after this date are not eligible for project compensation and resettlement assistance. The agreed cutoff date for the Nam Dinh Sub project was November 24, 2003.

5.0 Consultation and Participation

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 which were then 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 to focus on Component 1 tertiary infrastructure upgrading needs using a 15% sample household 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 CUP’s were based on discussion and ongoing consultation from July...
representative groups and local authorities with technical assistance provided by consultant teams.

In Nam Dinh, the consultation process was carried out in each affected ward involving cell meetings, community training sessions including gender participation and meetings with ward leaders, community-based agencies and organizations, and representatives of communities.

As component 2 (trunk infrastructure) was based on a combination of local and sub-regional data requirements (floodwater and normal flows, drainage flows, water supply storage and pumping requirements, traffic volumes on arterials) consultation for component 2 was more broadly based with involvement of major city departments as well as local communities feeding information into the process about the linkages between trunk and tertiary infrastructure.

On completion of the CUP process for components 1 and 2, PAHs for both components were consulted in more detail. As the project affected areas were now clear, PAHs were approached with a comprehensive socioeconomic census and inventory of assets in order to collect all specified data as well as obtain views and perceptions on proposed compensation levels and resettlement choices.

Component 3 PAHs are those affected by the resettlement site and a 100% socioeconomic census and asset inventory of all PAHs was carried out. Perceptions and views on compensation and resettlement choices were also sought as part of the survey. In the case of Nam Dinh two PAHs would prefer not to relocate although the remainder have agreed to move subject to agreement on the levels of compensation to be offered during the subsequent negotiation phase of the GOV resettlement procedures.

The People’s Committee of Nam Dinh and the PMIU and other relevant local authorities planned to provide the following two options of compensation for fully-affected PAPs who have to be relocated:

**Cash compensation:** PAPs who select this option will get cash compensation at replacement cost but have to rent/purchase land/houses from housing market by themselves with assistance from PMU.

**“Land for land” and “cash for the balance”**: each PAP who selects this option will be offered one plot in the resettlement site, and they will have to pay (or receive) cash, equal to the value of area difference between the land plot and their current land. PMU proposed three standard plots (40m², 60m², and 73m²) for PAP who lose different areas of land.

In the case of Nam Dinh there was a significant number of PAHs who rent both land and housing from the State. In this case the RPF specifies that an renters are to be offered an equivalent house and land at the same rent as before. If the renter were to choose the cash compensation option they would be entitled to compensation at 60% of the fully legalised ownership status for housing and land.
6.0 Institutional Arrangements for RAP Implementation

Figure A-1 overleaf sets out the proposed organizational structure for the implementation of the RAP. The project will be under the overall management of the Provincial 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. Nam Dinh Municipality will 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 rental housing and “site and services” plots will become the responsibility of the City 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 City PCRC through its monitoring function in order to ensure that resettlement activities are carried out in an effective and timely manner.

7.0 Implementation Schedule

Figure A-2 below presents the sequence of activities during the resettlement process. This shows that the Municipal City is 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 Construction Land Management and Housing (DCLMH) which is responsible for the overall coordination and management of resettlement programs in . Assuming no conflict of interest is identified and the land acquisition plans are accepted, the final RAP is referred to Provincial PC for approval.
NAM DINH PROVINCIAL PC

Chairman

Nama Dinh Municipal PC

Municipal Depts.
(Public works, Land management etc.)

Project Compensation and Resettlement Committee

PMU VUUP Project

Responsibility:
Planning of RAP implementation,
Field acquisition activities,
Monitoring compensation,
Monitoring assistance and allowance,
Payment of compensation,
Assist relocation of PAFs,
Public consultation & information.

Internal Monitoring Division

External Monitoring Organization

Figure A-1: Administrative and Organization Structure for RAP Implementation.
The setting of compensation levels is a separate, but parallel activity which will be conducted by the City 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 RAP to Provincial PC for approval.

The RAP becomes part of the public domain once the plan is passed by Provincial PC and the implementation schedule begins. The RAP is announced and negotiations and the signing of acquisition contracts are undertaken. Payment is made to PAF’s by the Districts and PAF’s leave the area for their new locations.

Approximate timing for the implementation of the resettlement program will follow the implementation schedule set out in Figure A-2 below. Payment of compensation and furnishing of other rehabilitation entitlements (in cash or in-kind), and relocation if that be the case, will be completed at least 2 months prior to commencement of civil works.
### Figure A-2 Implementation Schedule

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<td>Resettlement of PAF</td>
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**Legend**
- Full Time Activity
- Unplanned Extension
- Intermittent Activity

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8.0 Grievances

Project Affected People (PAP's) with complaints and grievances or require additional information should go directly to the People’s Committee in their local Ward or Commune. 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:

8.1 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.

8.2 Second step:
If any aggrieved person is not satisfied with the decision in step 1, he/she can bring the complaint to the City People’s Committee (CPC) or City Resettlement Committee (CRC) within fifteen days from the date of the receipt of the decision in stage 1. The People’s Committee (DRC) or Resettlement Committee (DRC) will reach a decision on the complaint within fifteen days.

8.3 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.

8.4 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.

PAP’s will be exempted from all administrative and legal fees.

9.0 Public Disclosure

The Draft RAP dated October, 2003 has already been placed on public exhibition at various locations in Nam Dinh, Hanoi and also been disclosed at Viet Nam Information Development Center (VIDIC) in Ha Noi and at InfoShop of The World Bank in Washington DC. This final document has taken account of any comments that have been received during the course of the disclosure period.
INTRODUCTION

1.1 Scope of RAP

This RAP addresses the social and economic impacts of the proposed VUUP Phase I Project on the low income communities of the inner city area of Nam Dinh. 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 166 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. Approximately 80% of fully affected households have chosen to be relocated to a resettlement area and the others chose to receive cash and be responsible for their own resettlement. There will be 472 households who are partially affected in some way and would not be required to move. This RAP focuses on the needs of all these project affected households (PAH)’s 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 microfinance 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.

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 microfinance 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 microfinance 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 and is the only subject of this RAP. 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

1.3.1 Proposed Project

The first stage of the Project will be carried out in Van Mieu ward, which is one among twenty-two low-income residential areas in Nam Dinh City. (see Figure 1.1)

This ward has an area of 37.7ha with 2797 households and 11,271 residents in the southwest of Nam Dinh City. It includes a large number of households of staff and workers of Nam Dinh Textile Company, Nam Dinh Silk-knitting Company and part of a newly urbanized outer suburb of the city. Due to a dramatic downturn in business mainly caused by the loss of markets in Eastern Europe by the former Textile and Garment Companies and the lack of investment sources for urban infrastructure, this area has become the lowest income residential area and has the worst infrastructure in Nam Dinh City.

The results of the preparation and feasibility studies show that in the low income residential area of Van Mieu ward, current infrastructure does not have adequate capacity or is seriously degraded which has had an increasing negative impact on the quality of life of local people. Some examples include the following:

- Traffic: up to 58% of households live in small lanes with widths below 2m and most of these remain unpaved;
- Drainage: many areas are regularly flooded and the drainage system is insufficient and degraded;
- Sanitation: many of public toilets (WC's) are in poor condition and not well managed and have caused pollution in surrounding areas. Local garbage is normally piled in crowded locations on one side of the street, causing traffic problems and pollution from odor and clogged drainage.
- Public lighting system: most of this area has no street light system.
- Housing: most of the local houses are old, low standard (grade 3 & 4 and temporary) and poorly maintained.
- Social infrastructure such as marketplaces, medical clinics, public entertainment areas are seriously degraded, too small and not affordable for local people:
- Income and employment: Unemployment is 22.9% of the adult work force and up to 91.5% of wage earners have incomes below 500,000 VND/ month.
1.3.2 Proposed investment components Phase 1:

The total investment for the Nam Dinh project in Phase 1 is 2,418.0 million VND (equivalent to USD 15.6 Million) out of a total for both phases of 5,859.0 Million VND or $US 37.8M.

Component 1 (Tertiary Infrastructure)

This component upgrading tertiary infrastructure including the following items:

- Upgrading main roads namely N4, D3, D10 with road surface 5m wide, pavement on each side 3 m wide, concrete surface 20cm thick; upgrading local access roads; building drainage culverts; installing a street lighting system; upgrading the medical clinics and public WCs; building 2 garbage transfer stations, upgrading 2 public entertainment areas and improving market place sanitation.

Component 2 (Primary and Secondary Technical Infrastructure)

Upgrading related primary and secondary infrastructure: rehabilitating and replacing asphalt for Vu Ban road, constructing Giaiphong road to conform with the City master plan (Giaiphong road with 16m wide carriage way and its pavement on each side 6m wide), upgrading the existing part of Ninhbinh road with 10.5m wide carriage way and its pavement on the side of the railways 4m wide and the pavement on the side of residential area 5m wide); building drainage culverts lines along the roads and improving the main drainage system along Ninhbinh road to Kenh Gia canal.

Component 3 Development Of Resettlement Site

This component involves the development of a resettlement site The proposed site of 7.37 Ha is part of a larger overall area of 30 Ha for which a Master Plan has been prepared. The site is presently used for rice production and fishing ponds and is to the immediate west of Van Mieu ward and partially belongs to Loc An commune.

Component 4 (Land And Housing Management)

This component involves strengthening the capacity of land administration and housing management system for Department of Land and Housing to hasten the progress of Building Owner and Land Use Certificates (BOLUCs) issuance. The project will provide a computer network and help train administrative staff in better land and housing management.

Component 5 (Micro-Finance For Housing Improvement)

This component involves the development of a revolving fund which will provide low income household loans of up to VND 15 million to self-improve their houses in a period of 7 years (from 2004 - 2010) for the 447 households partially affected by the project.

Component 6 (TA, Design And Supervision And Training)

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

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1.4 Social Impacts and the Scale of Resettlement

- Permanent land acquisition
- Fully impacts on some 55 households in the smaller alleys designated for tertiary upgrading (Component 1)
- Fully impacts on 81 households due to the upgrading of a number of main roads under the truck infrastructure component (Component 2)
- Partial impacts on 447 households including effects on houses, other structures, agricultural lands and fishery resources (local ponds).
- 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
- Positive effects on the quality of life of the other 2670 low income households and 11000 people in the Van Mieu ward area over an area of 37.7 Ha 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 receive housing allocated to the very poor.
- The development of a resettlement site of 7.37 Ha in an existing agricultural area known as Tram Ca which adjoins Van Mieu ward to house those project affected families (PAF’s) who have chosen to be resettled. A high level of PAH’s choosing the resettlement option (80% of fully affected PAH’s) rather than be paid cash compensation is currently anticipated. The VUUP project would only be responsible for those portions of the resettlement site which are attributable to the needs of PAF’s.

The scale of resettlement necessary for this Phase 1 project is set out in Table 1-1 and shown in Figures 1-2 and 1-3.

### Table 1.1

<table>
<thead>
<tr>
<th>Component</th>
<th>PAP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total No.</td>
</tr>
<tr>
<td>Component 1 (tertiary infrastructure)</td>
<td>198</td>
</tr>
<tr>
<td>Component 2 (trunk infrastructure)</td>
<td>340</td>
</tr>
<tr>
<td>Component 3 (resettlement housing)</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>638</td>
</tr>
</tbody>
</table>

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Figure 1-2: Ninh Binh Resettlement Impacts

- **Component 1**: Tertiary
  - 55 households to be resettled
  - 139 partially affected households
  - 81 households resettled
  - 59 households partially affected
  - Households to be relocated in situ: 30
  - 70 households partially affected
  - Agricultural land loss: 7 ha
  - Economic restoration programs required: total 33

- **Component 2**: Resettlement Area

- **Component 3**:
  - Class 3&4 housing affected
  - Trunk infrastructure
  - Canal rehabilitation and widening
  - Road construction

- Class 3&4
  - Infrastructure Improvement
  - Drainage, Electric
  - Schools, Medical Centres

- Class 3&4
  - temporary housing affected
PROJECT BENEFITS

Phase 1

Direct benefits for 2670 households
Flooding of houses reduced
Improved drainage
Improved traffic flows
Improved accessibility to housing
Improved maintenance with better access possible

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
Improved awareness and involvement in environmental management by the affected communities

Figure 1-3 Benefits of the Project
1.5 Alternative Options Considered

There were 2 investment options considered in Nam Dinh which varied the size of the investment and the extent of community impacts. The first optimized planning and technical criteria and the second minimized the resettlement impacts. More detail is provided in Chapter 4.

1.5.1 Site Selection For Resettlement Site

The selection of the resettlement site involved an extensive search for a range of suitable sites which included the involvement of local World Bank staff.

Optional sites were found to be too far from the project impact areas or were of insufficient size.

The proposed site of 7.37 Ha is part of a larger overall area of 30 Ha for which a Master Plan has been prepared. The site is presently used for rice field and fishing ponds and is to the immediate west of Van Mieu ward and partially belongs to Loc An commune.

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 on to describe the Phase 1 project and some of the main project options evaluated in Nam Dinh in a little more detail.

Following a description of the existing socioeconomic environment within the context of the City of Nam Dinh and the designated project community, the impacts of the project are identified focusing on resettlement in terms of PAP's to be to be relocated and those only partially affected. The document then goes on 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 may be very slight changes to final numbers for land and housing to be acquired once the detailed measurement survey is conducted by GOV according to Vietnamese compensation regulations.
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 adopted by Nam Dinh City Peoples’ Committee (No. 211/VP5, dated September 22, 2003) and approved by the Prime Minister (No. 1513/CP-NN, dated November 11, 2003). Also, the RPF has been disseminated to all relevant Departments of Nam Dinh city and publicly disclosed at all district/ward offices participating in the first year program of phase 1.

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.

It was agreed with the PMU and the World Bank Appraisal Team that “fully affected households” would be defined as those who will be left with less than 20m² of residential land. The numbers of PAF’s for Phase 1 have been calculated on this basis. These figures are the basis for the cost estimate which has been included in the RAP cost tables.

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:


- Circular No.38/2000/ND-CP issued by GOV on August 23, 2000 regulates the payment for the Land Use Right


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.


Tax of Land and Housing:

- Ordinance on taxation of Land and Housing issued on October 10, 1992 by State Council of Vietnam.


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 7/81999 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.

2.5.2.1 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 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.

2.6.5.2 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 a 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 I* shows the entitlement matrix for the RAPs. The entitlements in the Table will be applied for PAPs in each component 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).
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
- Upgrading on the basis of need and agreed affordability for community contributions
- Selected investments were to conform to the City’s Master Plan as well as the Ward’s detailed planning criteria using the CUP process.
- Resettlement was to be minimized in order to reduce negative impacts on social structure and community networks.

3.2 Total Project Area

Decision No. 448/2002/QD-UB of the Peoples’ Committee of Nam Dinh city defined the Phase I low income area of Van Mieu ward as limited by the railway to the east, Vuban road to the north, Ninhbinh road in the south and Loc an commune in the west. It includes 86 population groups with an area of 37.7ha with 2,797 households and 11,271 people.

This low income area is one of 22 low income areas within Nam Dinh city which has degraded infrastructure and poor environmental conditions.

3.3 Project Phasing

According to the Pre-feasibility study report, the project will have 10 sub components projects and will be implemented in 7 years with 3 phases, each phase will last 2-3 years.

3.4 Phase 1 Description

The total investment for the Nam Dinh sub-project in Phase 1 is 241,800 million VND (equivalent to USD 15.6 Million) out of a total for both phases of 585,900 Million VND or $US 37.8M.

Component 1 (Tertiary Infrastructure)

Upgrading tertiary infrastructure: constructing main roads namely N4, D3, D10 with road surface 5m wide, pavement on each side 3 m wide, concrete surface 20cm thick; upgrading the existing main roads; upgrading lane-roads in the scope of the existing landmarks, concrete surface 10cm thick; constructing drainage culvert lines synchronous with the traffic line; constructing the public lighting system; upgrading the medical station and public WCs; constructing 2 garbage transferring stations, upgrading 2 public entertainment areas and improving market place sanitation; (See Figure 3-1)

Component 2 (Primary And Secondary Technical Infrastructure)

Upgrading related primary and secondary infrastructure grades: rehabilitating and replacing asphalt for Vuban road, constructing Giaiphong road in conformity with the master plan (Giaiphong road with 16m wide carriage way and its pavement on each side 6m wide),
upgrading the existing part of Ninhbinh road with 10.5m wide carriageway and its pavement on the side of the railways 4m wide and the pavement on the side of the residential area 5m wide); constructing drainage culvert lines along the traffic line and the main drainage system along Ninhbinh road to Kenh Gia canal. (see Figure 3-2)

Component 3 Development Of Resettlement Site

This component involves the development of a resettlement site. The proposed site is part of a larger overall area of 30 Ha for which a Master Plan has been prepared. The site is presently used for rice production and fishing ponds and is to the immediate west of Van Mieu ward and partially belongs to Loc An commune. Households to be resettled will be supplied with land of equivalent area (minimum size is 40M2) on which infrastructure such as electricity, water supply/drainage and roads will be available. Households whose acquired land is bigger than the new plot at the resettlement area will be compensated in cash for the rest of the area. PAF's with acquired land which is smaller will have to pay for the additional area. In addition, households to be removed will receive an allowance for removal, reward for on time removal and support for any effects on employment and income due to such removal.

There are 30 households presently living in the resettlement area. Also some agricultural land and fish pond areas will need to be acquired and there will be 70 households who will be partly affected in some way.

Preparation of the resettlement site is considered to be the priority for Phase 1 of the project so that the other components can be implemented on schedule. (see Figure 3-3)
FIGURE 3-1A: COMPONENT 1 TERTIARY INFRASTRUCTURE UPGRADE OF DRAINAGE NETWORK

Hình 3-1A: Hạng mục 1 Cơ sở hạ tầng cấp 3 Nâng cấp mạng lưới thoát nước
FIGURE 3-1B: COMPONENT 1 TERTIARY INFRASTRUCTURE UPGRADING OF ROADS
FIGURE 3-1C: COMPONENT 1 TERTIARY INFRASTRUCTURE UPGRADE OF PUBLIC LIGHTING
Figure 3-2: Component 2 Trunk Infrastructure Proposed Infrastructure Upgrading for Van Mieu
FIGURE 3.2A: EXISTING COMMUNICATION SYSTEM
FIGURE 3-2B: EXISTING DRAINAGE SYSTEM PLAN
FIGURE 3-3: COMPONENT 3 RESETTLEMENT SITE
GENERAL LAYOUT OF RESETTLEMENT SITE
Photo 1: Nam Dinh Showing Flooding Line On Buildings In Project Area Component 1

Photo 2: Nam Dinh Unpaved Roads To Be Upgraded Component 1 & 2
Photo 3: Nam Dinh Proposed Alignment Of Drainage Canal For Resettlement Area

Photo 4 Nam Dinh Proposed Resettlement Site With Van Mieu Ward In Background
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 Chapter 7.

Tertiary Infrastructure Option 1

Upgrading tertiary infrastructure: constructing main roads namely N2, N4, D3, D10 with road surface 5m wide, pavement on each side 3 m wide, concrete surface 20cm thick; upgrading the existing main roads; upgrading lane-roads in the scope of the existing landmarks, concrete surface 10cm thick; construction of drainage culvert lines along kerbs; constructing the public lighting system; upgrading the medical station and public WCs; constructing 2 garbage transfer stations, upgrading 2 public entertainment areas and improving market place sanitation;

Tertiary Infrastructure Option 2

Upgrading tertiary infrastructure: constructing main roads namely N4, D3, D10 with road surface 5m wide, pavement on each side 3m wide, concrete surface 20cm thick; upgrading the existing main roads; upgrading the lane-roads in the scope of the existing landmarks, concrete surface 10m thick; constructing drainage culvert lines synchronous with the traffic line; constructing the public lighting system; upgrading medical station and public WCs; constructing 2 garbage transferring stations, upgrading 01 public entertainment area and improving market place sanitation;

4.2 For Component 2 (Trunk Infrastructure)

A number of options were proposed in the pre-feasibility and feasibility studies. During the preparation process, the WB mission, People’s committee and local consultants have conducted surveys and assessments as well as seminars with relevant departments/agencies in order to identify the options for component 2. In general, the overall corridors have not changed but there have been increases/reductions in corridor widths for technical and displacement reasons. The main options were as follows:

There were 2 investment options considered in Nam Dinh which varied the size of the investment and the extent of community impacts. The first optimized planning and technical criteria and the second minimized the resettlement impacts.

4.2.1 Component 2 Option 1 Conformance with Technical Criteria

Upgrading related primary and secondary infrastructure grades: rehabilitating and replacing asphalt for Vu Ban road, constructing Giaiphong road and Ninhbinh road in conformity with the master plan (Giaiphong road with 16m wide carriage way and its pavement on each side 6m wide, Ninhbinh road with 10.5m wide carriage way and its pavement on the side of the railways 4m wide and the pavement on the side of residential area 5m wide); constructing
drainage culvert lines along the traffic line and the main drainage system along Ninhbinh road to Kenh Gia canal.

Total investment proposed was 94.296 billion VND (equivalent to 6.20 million USD) of which construction cost was 42.677 billions VND, other costs are 51.619 billions VND (of which compensation for site clearance was 35.079 billions VND with 266 households to be relocated and 278 households partially affected).

4.2.2 Component 2 Option 2 Minimize Resettlement

Upgrading related primary and secondary infrastructure: rehabilitating and re-placing asphalt for Vuban road; constructing Giaiphong road in the existing boundary (one half of road surface and part of pavement in the eastern direction); constructing drainage culvert lines along the traffic line and the main drainage culvert system along Ninhbinh road to Kenh Gia canal.

Total investment for the second option was 54.776 billions VND (equivalent to 3.6 millions USD), of which construction cost is 34.485 billions VND and other costs are 20.292 VND (of which compensation for site clearance is 8.002 billion VND with 58 households to be relocated and 136 households partially affected).

4.2.3 Site Selection For Resettlement Site

The selection of the resettlement site involved an extensive search for a range of suitable sites which included the involvement of local World Bank staff.

Optional sites were found to be too far from the project impact areas or were of insufficient size.

The proposed site is part of a larger overall area of 30 Ha for which a Master Plan has been prepared. The site is presently used for rice production and fishing ponds and is to the immediate west of Van Mieu ward and partially belongs to Loc An commune.

The site is has been studied in detail as part of the feasibility study for Component 3. The development of the area shown in the Master Plan would need staging to ensure that the resettlement site can be prepared relatively so that PAF’s would be able to be relocated within a reasonable time period. Because the scale of resettlement required is relatively modest, the costs of development of the site could be minimized during Phase 1, by building only simple access roads directly from the adjoining Van Mieu low income area whilst site drainage works are being built for the entire 30 Ha area. (to be financed by the Province of Nam Dinh) The development of the resettlement site in such a way would still be in compliance with the Master Plan for the site but lower the risk of temporary relocation for the PAF’s. The feasibility study recommended an area of 7.37 Ha for Phase 1 of the project. (see Figure 3-3) which has now been approved by the Provincial Peoples Committee.
5 SOCIO-ECONOMIC CONDITIONS IN NAM DINH CITY

5.1 Population

Nam Dinh city is made up of 15 urban wards and 7 suburban agricultural communes. In 2001, the city population was 232,304 people, of which 113,085 were male (48.7%) and 119,218 female (51.3%); 170,003 people were in urban areas (73.2%) and 62,300 people in rural areas (26.8%). In 2001, the natural birth rate was 1.24%/year, 0.43% mortality rate and 0.81% rate. At present, Nam Dinh city’s population is declining because the rate of out-migration is high.

5.2 Industry, agriculture, commerce and services

Nam Dinh city is the industrial and commercial center of the whole area. Besides 114 enterprises and cooperatives, there are about 1,700 individual trading households. The city’s industrial sector includes:

- Textile, garment industries.
- Industry of processing meat, sea-foods, fruits and drinks.
- Industry of processing wood, woolen carpets and jute fiber.
- Ship building industry.
- Handicraft

The textile and garment industry takes a main role in the economy, mostly production for export, which has attracted about 54,000 workers, both direct and indirect, in 1990s. At present, the number of the workers in the industry is about 27,000.

The foodstuff industry is mostly for export (frozen shrimp and meat), brewery’s products are mostly for meeting local demands. At present, there are two small shipbuilding factories whose capacity is building 600 ton ships and has about 300 workers. GDP proportions of construction and industry manufacture in the total GDP of the city is 48.6% (595.6 billion VND among 1225.3 billion VND)

Today, agricultural production has concentrated in the rural communes with the majority being food processing. In addition, people also focused on raising livestock and others agricultural machinery. The proportion of agriculture in the total GDP in 2000 was 4.2% (52.1 billion VND among 1225.3 billion VND). With more urbanization there is less agricultural land use because of industrial and urban development.

In 2000, the proportion in trade and services was 47.2% of total GDP (578.5 billion VND among 1225.3 billion VND). The city has two big commercial centers and many other business establishments on roads and residential areas.

Over the last few years, economic activities of the city have been developed comparatively. However, with rapid regional and global development the development rate of the city has not fulfilled the set tasks. The economic development rate is low and competition is weak. This mainly results from low investment capacity because the city has not attracted foreign investment. Domestic sources of investment are also low and one of reasons for the lack of investment is considered to be the poor state of local infrastructure.
5.3 Organization and Institutions

Nam Dinh is a Grade 2 Provincial-affiliated city. The City People’s Committee has District status. There are 12 departments servicing the City such as Housing and Construction department, Urban Transportation and Public Works, Planning and Financial department, etc.

The city is divided into 15 wards and 7 communes. At the ward level, there is a People’s Committee for administration. Assistants to the ward people’s committee are officials in charge of health, land and housing, police, army, etc. Below the ward people’s committee are population groups (to) and areas (mien). However, this is a self-managed regime of the people and does not belong to the official government structure. In the 15 urban wards there are 143 population areas (mien) and 1,600 population groups (to).

Besides the government structure, there are other political and social entities including organizations of Vietnam’s Communist Party, Women Association, Veteran Association, Ho Chi Minh Youth Union and Vietnam Fatherland Front. Such entities, apart from Party’s organizations whose functions are leading, have responsibility of mobilizing and organizing for people to participate and implement policies and guidelines of the Party and law of the State.

5.4 Budget and Finance

The city’s budget is mainly dependent on the provincial budget. Total expenditure for 2000 was 23.709 billion VND, of which 15.512 billion VND (65% of total expenditure) came from the provincial budget. In 2001, because expenditure for education was authorized by the province, the total expenditure from the budget was 49.747 billion VND, of which 38.766 billion VND (about 78% of total expenditure) was supplied by the provincial budget.

At the ward/commune level, expenditure was 8.371 billion VND in 2000 and 11.815 billion VND in 2001.

GDP in 2000 for the whole city was 1,225.3 billion VND, of which 51.2 billion VND (about 4.2%) was of agro-forestry and fishery products, 595.6 billion (about 48.6%) of industrial construction, 578.5 billion VND (about 47.2%) of services. Income per capita in 2001 was 3,658,000 VND, average expenditure per capita in the same year was 3,520,000 VND. The surveys carried out as part of the CUP planning process show that in Van Mieu ward, the infrastructure system is either insufficient or degraded.

5.5 Socio-economic Conditions in Van Mieu Ward

Van Mieu ward exhibits typical features of a low income community and the local consultants reported the following characteristics:

- High population density.
- Poor quality of infrastructure.
- Low per capita incomes.
- High unemployment or semi-unemployment.
- Poor social services which do not satisfy basic demands of the people.
- Low availability of public services (medical and entertainment centers...)
- Poor Environmental hygiene.
- Small houses

The following table summarizes the existing conditions in Van Mieu Ward which is the low income area selected for upgrading in Phase 1.
### Table 5.5.1
Summary of Socio-economic Conditions in Van Mieu Ward, Nam Dinh City

<table>
<thead>
<tr>
<th>Item</th>
<th>Parameter</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Population</td>
<td></td>
</tr>
<tr>
<td>- Household size</td>
<td>4,043</td>
</tr>
<tr>
<td>- Sex structure</td>
<td>49.6% male and 50.4% female</td>
</tr>
<tr>
<td>- Age structure</td>
<td>24.1% under 18; 53.9% from 18 to 55 and 21.8% over 55</td>
</tr>
<tr>
<td>2. Education</td>
<td></td>
</tr>
<tr>
<td>- 31.2% with senior secondary school; 40% with junior secondary school</td>
<td></td>
</tr>
<tr>
<td>3. Occupation</td>
<td>52% retired/housework and 17% workers</td>
</tr>
<tr>
<td>4. Household income</td>
<td></td>
</tr>
<tr>
<td>- low income (under 200,000 VND/cap.month): 72.2%</td>
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</tr>
<tr>
<td>- medium income (200,000-500,000 VND/cap.month): 25.2%</td>
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<tr>
<td>- high income (over 500,000 VND/cap.month): 2.6%</td>
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<tr>
<td>5. Housing</td>
<td></td>
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<tr>
<td>- average house size: 29.8 m²/hh</td>
<td></td>
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<tr>
<td>- average house age: 22.8 years</td>
<td></td>
</tr>
<tr>
<td>- solid house: 31.7%; grade 4: 52.7%; temporary: 10.2%</td>
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</tr>
<tr>
<td>- house ownership: 38.2% private; 1.1% rent from private owner; 26.6% rent from state; 34% rent from other organizations</td>
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<tr>
<td>- house location: 18.1% at street frontage; 11.6% at lane with car access; 70% at lane without car access</td>
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</tr>
<tr>
<td>6. Expenses</td>
<td></td>
</tr>
<tr>
<td>- food and drink: 66.2%</td>
<td></td>
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<tr>
<td>- electricity: 5%</td>
<td></td>
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<tr>
<td>- water supply, drainage and solid waste: 2.1%</td>
<td></td>
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<tr>
<td>- transportation: 2.1%</td>
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</tr>
<tr>
<td>- house rent: 0.2%</td>
<td></td>
</tr>
<tr>
<td>- education: 12.2%</td>
<td></td>
</tr>
<tr>
<td>- health care: 4.6%</td>
<td></td>
</tr>
<tr>
<td>- entertainment: 0.4%</td>
<td></td>
</tr>
<tr>
<td>- others: 7.2%</td>
<td></td>
</tr>
<tr>
<td>7. Basic infrastructure</td>
<td></td>
</tr>
<tr>
<td>- Water supply</td>
<td></td>
</tr>
<tr>
<td>- piped water: 36.5%</td>
<td></td>
</tr>
<tr>
<td>- public tap: 7.4%</td>
<td></td>
</tr>
<tr>
<td>- rain water: 18.1%</td>
<td></td>
</tr>
<tr>
<td>- sallow well: 19.8%</td>
<td></td>
</tr>
<tr>
<td>- buying: 0.8%</td>
<td></td>
</tr>
<tr>
<td>- Drainage and sanitation</td>
<td></td>
</tr>
<tr>
<td>- with septic tank: 17%</td>
<td></td>
</tr>
<tr>
<td>- direct connection to common drain sewer: 72.6%</td>
<td></td>
</tr>
<tr>
<td>- direct to environment: 2.8%</td>
<td></td>
</tr>
<tr>
<td>- penetration into ground: 7.6%</td>
<td></td>
</tr>
<tr>
<td>- Toilet</td>
<td></td>
</tr>
<tr>
<td>- having private toilet: 76.8%</td>
<td></td>
</tr>
<tr>
<td>- using public toilet: 23.2%</td>
<td></td>
</tr>
<tr>
<td>- Solid waste collection</td>
<td></td>
</tr>
<tr>
<td>- collected by URENCO: 98.1%</td>
<td></td>
</tr>
<tr>
<td>- illegal dumping: 1.9%</td>
<td></td>
</tr>
</tbody>
</table>

#### 5.6 Socio-Economic Conditions Of Project Affected Households

An inventory survey of 100% of all project affected households was carried out to determine their socio-economic characteristics, an inventory of their lost assets and also their views and perceptions about compensation levels offered and their resettlement choices. The following sections briefly summarize the results concerning their socio-economic characteristics.

**Land and Housing**

The PAHs are made up of two groups those that have full private tenure and those that rent houses form the government. The group that has full tenure has a higher average land holding and larger average housing area.
Their occupational characteristics are indicative of a low income community with a significant number of working-aged people who are permanently unemployed. Many of these are factory workers in textiles whose jobs disappeared in the early 1990's after the collapse of the Soviet Union and associated markets in eastern Europe. With low labor mobilization income sources are limited within the main occupations in the city.

Management and organization of public life in this area is under the control of the City People's Committee and political and personal security was considered to be quite good. Van Mieu ward's people, especially in the low-income inhabitant area fully understand their situation and understand there is a need for change. The survey shows that the people in these areas are eager to participate in the infrastructure upgrading project, but they still want to "listen" and "wait". When it comes to talking about implementation discussion becomes difficult as there are differing ideas about how to move to the implementations stage.

**Type of Housing and Household size**

Affected households mainly live in separate houses (81.6%). The number of households sharing with relatives in the same house, and sharing with other families is relatively low (5.4% and 10.3%). The average size of a household was found to be 3.95 persons.

**Average Income Per Month Of Households**

Income of households is not high, mainly originating from salaries, partly supported by other more unstable jobs (trading, small-scaled services and minor handicraft industry). The total average income/household per month was 1,162,000 VND. Assuming the average number of population per households of 4 people, the average income per capita was estimated to be 290,462 VND. Income for all affected households is shown in Table.

According to the standard of the poor applicable to the urban area, there are 15.7% of households which would be classified as poor. (The definition of poor is less than 150,000 VND per capita per month) Again using the household size as 4, more than 50% of households were earning less than 120,000 VND per month. 19.5% of households were middle income and nearly 15% would be considered high. As such, nearly 70% of households has income less than 1,200,000 VND income less than 300,000 per month.
Table 5.6.1
Income Characteristics of Partly Affected Households

<table>
<thead>
<tr>
<th>Group of household income</th>
<th>No. of hh</th>
<th>Rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 600,000VND</td>
<td>52</td>
<td>26.7</td>
</tr>
<tr>
<td>from 600,000VND to 1,200,000VND</td>
<td>77</td>
<td>39.5</td>
</tr>
<tr>
<td>from 1,200,000VND to 1,800,000VND</td>
<td>37</td>
<td>19.0</td>
</tr>
<tr>
<td>&gt; 1,800,000VND</td>
<td>29</td>
<td>14.9</td>
</tr>
<tr>
<td>Total</td>
<td>195</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 5.6.2 shows the income characteristics of the households to be relocated. The number of poor to low income households accounts for 2/3 of the moved households (66.7%). The household with lowest total income is 300,000 dong/month and the highest total income is 6,300,000 dong/month. There is a big gap between the 1st and the 4th group. The households of the 1st and 2nd group really face difficulties of low income. The characteristics of this group are virtually the same as the whole group of affected households except that slightly higher proportion of the higher income category will need to be moved.

Table 5.6.2
Income of Fully Affected Households

<table>
<thead>
<tr>
<th>Income group</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 600,000VND</td>
<td>23.60%</td>
</tr>
<tr>
<td>From 600,000VND to 1,200,000VND</td>
<td>43.10%</td>
</tr>
<tr>
<td>From 1,200,000VND to 1,800,000VND</td>
<td>12.50%</td>
</tr>
<tr>
<td>Over 1,800,000VND</td>
<td>20.80%</td>
</tr>
</tbody>
</table>

Table 5.6.3
Stability Of Income Of Persons

<table>
<thead>
<tr>
<th>Income stability</th>
<th>Person 1</th>
<th>Person 2</th>
<th>Person 3</th>
<th>Person 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stable</td>
<td>81.5</td>
<td>58.5</td>
<td>16.9</td>
<td>11.8</td>
</tr>
<tr>
<td>Unstable</td>
<td>16.9</td>
<td>19.0</td>
<td>9.7</td>
<td>11.3</td>
</tr>
<tr>
<td>Total</td>
<td>98.5</td>
<td>77.4</td>
<td>26.7</td>
<td>23.1</td>
</tr>
<tr>
<td>Without income</td>
<td>1.5</td>
<td>22.6</td>
<td>73.3</td>
<td>76.9</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

The income stability of households laborers reduces from the principal income earners to the others in the household. The number of people without income (the old, pupils/ students increases in the position of fourth person in the household. The data of table 3 is relatively appropriate with the family model of 4 members; parents and 2 children or the model of family with two main laborers having income and the other two members without income or if any, it is little. Of the two main income earners, stability of the second is relatively lower than that of the first.

Of households surveyed, 14.6% (27 households) had home business and production using their own dwelling for economic purpose. Activities were mainly sales of miscellaneous goods/ foodstuff, food and drink/electronics, motorbike/ bike serving, garment services and sales of motorbike/bike servicing, garment services and sales of construction materials. Such
services benefit to households an amount of income ranging from 50,000 VND to 3 million to VND per month. There is 55.6% of households having income less than 800,000 VND. The number of households having income from 200,000 VND to 500,000 VND accounts for a large part (12 households).

Occupations

There is a high percentage of retired households who were working in the textile industries. The number of state employees (available with stable salary) small scale traders or minor handicraft producers accounts for a low ratio (see table 3).

Table 5.6.4

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Person 1</th>
<th>Person 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Officer</td>
<td>4.62</td>
<td>6.15</td>
</tr>
<tr>
<td>2. Doctors, nurses</td>
<td>0.51</td>
<td>2.05</td>
</tr>
<tr>
<td>3. Soldiers, policemen</td>
<td>1.03</td>
<td>2.05</td>
</tr>
<tr>
<td>4. Teachers</td>
<td>1.54</td>
<td>1.54</td>
</tr>
<tr>
<td>5. Worker</td>
<td>26.67</td>
<td>25.13</td>
</tr>
<tr>
<td>6. Merchants</td>
<td>3.08</td>
<td>5.64</td>
</tr>
<tr>
<td>7. Retired</td>
<td>47.69</td>
<td>36.41</td>
</tr>
<tr>
<td>8. Handicrafts</td>
<td>2.56</td>
<td>1.54</td>
</tr>
<tr>
<td>9. In training without salary</td>
<td>12.31</td>
<td>11.28</td>
</tr>
<tr>
<td>10. Student</td>
<td></td>
<td>4.6</td>
</tr>
</tbody>
</table>

As such, based or occupational activities and households income, it can be seen that the local living standard is still very low. Some households are seeking for any way to increase their incomes. Most of households rely on only one salary.

Consumption And Household Expenses

Households have average payments corresponding to the average income per month with low savings capability. Of 185 households, only 16 households have monthly savings. The lowest saving is 100,000 VND (one household), the highest is 22,400,000 VND (two households). 12 households have savings from 3 million VND downward.

As such, the structure of payment, income and accumulation show that households here will face with a lot of difficulties in coping with risks due to unexpected circumstances and especially in mobilizing finance from households to contribute to social activities or construction of infrastructure in the residential area.

Use Of Fuel And Power For Lighting

Most of households here use power from the national power transmission grids and have their own meters (94%). The remaining do not have meters (7 households) and has to obtain support from their neighbors (4 households).

The fuel source used by such households are mainly coal (89.1%) which is cheap, convenient and easy to find but it is harmful for human health and the living environment. Several households use electricity and gas (9.8% and 11.4%). Such sources of energy are required with higher costs. The average expense for each household using gas oven is at least 100,000 VND per month.

Few of households still have to use dead leaves garbage or charcoal as the source of energy for cooking (2.2% and 5.4%).
Use Of Safe Water And Households Hygienic Works

Of the number of households using the source of running water provided by the state, 71.2% of households have their own meters, the remaining households have not had their own meters. Few of them still have to use other sources of water such as excavated wells, drilled wells (16.3%) river, lakes and ponds (1.6%); few of the others still have to purchase safe water or rely on their neighbors (14 households).

Due to crowded accommodation and economic difficulties, up to 41.6% of households do not have a bathroom; if any, it is temporary, 16.3% of households do not have their own WC. Of the households having their own WC, 17.3% of households have semi-septic tanks, compartment latrine.

Environment, Disease And Health Care Of Local People

Environmental pollution is of deep concern to the local people with 51.4% of local people answering that they think their living environment is being contaminated. Contamination and diseases are caused by dust and garbage, polluted living water, noise, flooding, humid accommodation and short of light.

According to local people, there are some diseases appearing in their residential areas due to environmental pollution (dust and dusty water). Such diseases include flu, sore throat, sore eyes and intestinal diseases. 33% of households include individual(s) suffering from chronic diseases; 13.5% of households include disabled individual(s).

The Medical destination for local people is the medical station of the ward (70.3%) and the municipal hospital (71.9%). Such medical units are the nearest to their home. Private medical examination is not much (14.1). It is noted that many households regard pharmaceutical stores as the place of medical treatment (43.2%). Some other medical units still meet the demand of medical diagnosis and treatment for local laborers. This is the medical center of the Textile plant; and some schools.
6 PROJECT IMPACTS AND RESETTLEMENT REQUIRED

6.1 Resettlement required for the project

Though options for upgrading tertiary and related primary and secondary infrastructure for the Van Mieu low income area have been based on the principle of minimizing resettlement and adverse social effects, some PAF’s will need to be relocated and others partially affected by land acquisition. These project impacts are shown in Table 6.1.

Table 6.1

<table>
<thead>
<tr>
<th>No</th>
<th>Upgrading item</th>
<th>Resettled households</th>
<th>Affected households</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Number of households</td>
<td>Land required (m2)</td>
</tr>
<tr>
<td>1</td>
<td>Upgrading tertiary infrastructure</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Residential land</td>
<td>55</td>
<td>4593.68</td>
</tr>
<tr>
<td>2</td>
<td>Upgrading related primary and secondary infrastructure</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Residential Land</td>
<td>81</td>
<td>3451.6</td>
</tr>
<tr>
<td></td>
<td>Agricultural Land</td>
<td>200</td>
<td>45000</td>
</tr>
<tr>
<td>3</td>
<td>Resettlement site</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Residential Land</td>
<td>30</td>
<td>3560</td>
</tr>
<tr>
<td>5</td>
<td>Agricultural Land</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>166</td>
<td>11605</td>
</tr>
</tbody>
</table>

According to the existing regulations issued by the Nam Dinh Provincial Peoples' Committee (Decision No. 172/QD-UB dated March 06, 1997; Decision No. 2176/1999/QD-UB dated December 28, 1999 and Decision No.872/1999/QD-UB dated July 14, 1999), compensation for the project affected households is calculated based on location of land and structure of house.

Concerning location, affected land may have from one to four locations:
- Location 1: adjacent to city roads;
- Location 2: land over 5m from city roads but having access for trucks;
- Location 3: land over 5m from city roads but having access for motorbike only;
- Location 4: other land;

Houses were classified as follows:
- House with brick wall, tilling roof (house grade 4);
- House with brick wall, reinforced concrete roof, one floor;
- House with brick wall, reinforced concrete roof, two floors;
- House with brick wall, reinforced concrete roof, three floors.
6.2 Resettlement Options offered to Fully Affected PAH's

The People's Committee of Nam Dinh and the PMU and other relevant local authorities planned to provide the following two options of compensation for fully-affected PAPs who have to be relocated:

Cash compensation:

PAHs who select this option will get cash compensation but have to rent/purchase land/houses from housing market by themselves with some removal assistance from PMU.

"Land for land" and "cash for the balance":

Each PAP who selects this option will be offered one plot in the resettlement site, and they will have to pay (or receive) cash, equal to the value of area difference between the land plot and their current land. PMU proposed three standard plots (40m², 60m², and 73m²) for PAP who lose different areas of land.

"Rental Properties"

In the case of Nam Dinh there was a significant number of PAH's who rent both land and housing from the State. (PAH's in rented housing comprises 1,616.43m² of land with the lowest area found to be 13.5m² and the largest 140m².) In this case the RPF specifies that renters are to be offered an equivalent house and land at the same rent as before. If the renter were to choose the cash compensation option they would be entitled to compensation at 60% of the fully legalised ownership status for housing and land. The implication is that there would be a requirement for the project to build at least enough houses to satisfy the responsibility to renters under the terms of the RPF. These houses would be in addition to providing housing as well as land for "very poor households". From the results of the surveys it is clear that all smaller sized properties (below 25m²) are the PAH's holding the rental properties. Consequently it is likely that renters may also qualify as very poor households.

Guidelines for Allocation of Plots to PAH's

A high percentage (84.4%) opted for a serviced plot with the balance (16.4%) opting for cash. As there are three sizes of plots 40m², 60 m² and 73 m², each PAH should be offered a plot as close to their original plot as possible.

Table 6-2
First Serviced Plot Entitlement

<table>
<thead>
<tr>
<th>Original Land Holding</th>
<th>Size of Serviced Plot Entitlement</th>
</tr>
</thead>
<tbody>
<tr>
<td>For PAH's presently holding up to 40m²</td>
<td>One 40 m² plot</td>
</tr>
<tr>
<td>For those with 40 to 60 m²</td>
<td>One 60 m² plot</td>
</tr>
<tr>
<td>For those with more than 60 m²</td>
<td>One 73 m² plot</td>
</tr>
</tbody>
</table>

There has also been discussion of a supplementary option (although not formally adopted by the PMU) to buy more land at the resettlement site if the first plot was considered to be too small. There was also considerable flexibility offered on the arrangements for payment of additional land.

Prepared by Martin Associates Pty (Australia) in association with Duong Thanh Water and Environment Ltd (Vietnam)
Of those selecting the resettlement option 81.8% chose to buy additional land with almost half electing to borrow money from the project (48%), 46% opting to pay in installments and 6% opting to pay for the plot immediately. As the additional land plots are subsidised by the project and are being offered on a “replacement” basis, these plots will need to be closely regulated in order to reduce excessive land holdings compared to original holdings in keeping with the RPF and World Bank OD 4.30 “replacement” principles.

If this option were to be adopted it is proposed that the criteria for this allocation of extra land would be as follows:

- Size of original landholding for private landholders
- The number of people in the original household
- The financial capability of PAH

Under the terms of the RPF, the PAH’s renting housing from the State are entitled to equivalent rental housing or if they do not wish to continue are to be assisted in cash at a rate equal to 60% of the cost of the rented house.

Table 6-3
Project Affected Households Ownership

<table>
<thead>
<tr>
<th>Households ownership</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/ Private</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2/ Rent from private owner</td>
<td>4</td>
<td>1.1</td>
</tr>
<tr>
<td>3/ Rent from state housing company</td>
<td>94</td>
<td>26.6</td>
</tr>
<tr>
<td>4/ Collective/ Religious</td>
<td>120</td>
<td>34.0</td>
</tr>
<tr>
<td>Total</td>
<td>353</td>
<td>100</td>
</tr>
</tbody>
</table>

The figures given the Tables 6-3 and 6-4 show that the form of house ownership does not depend on the household’s income. In the group of households with very low income (200,000VND/month), more than a half of them have their own houses. In the group with low income (majority) it has the most varied form of house ownership (own house, leased house and collective house). The group with average income has 2 types which include own house and state owned house. The number of households that rent private houses is very few (4 households), in the low income group.
### Table 6-4
**Project Affected Households**
**Households ownership and Household income**

<table>
<thead>
<tr>
<th>Household income</th>
<th>Private</th>
<th>Rent from private owner</th>
<th>Rent from state housing company</th>
<th>Collective/Religious</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
<td>%</td>
</tr>
<tr>
<td>Under 200,000VND</td>
<td>24</td>
<td>52.2</td>
<td>8</td>
<td>17.4</td>
</tr>
<tr>
<td>From 200,000 to 500,000VND</td>
<td>97</td>
<td>35</td>
<td>4</td>
<td>1.4</td>
</tr>
<tr>
<td>From 500,000 to 1,000,000VND</td>
<td>13</td>
<td>46.4</td>
<td>8</td>
<td>28.6</td>
</tr>
<tr>
<td>Above 1,000,000VND</td>
<td>1</td>
<td>50</td>
<td>1</td>
<td>50</td>
</tr>
</tbody>
</table>

Compensation for other affected assets: Will be paid at the replacement cost or market values (for annual crops)

**Affordability**

In order to assess affordability of the resettlement options it was necessary to calculate the potential pay out in compensation for different existing land holdings and compare it to the estimated cost of a plot at the resettlement site. The value of replacement housing was deemed to be the cost of a replacement unit at the resettlement site reported in the Component 3 feasibility study.
### Table 6-6

Affordability Of “Land For Land” Option And Land For Land with House For Very Poor Households

<table>
<thead>
<tr>
<th>Type of Option</th>
<th>Unadjusted Cost VND</th>
<th>Adjusted Cost VND Excludes Infrastructure Costs</th>
<th>Gap VND</th>
<th>Required Repayment VND</th>
<th>Affordable Repayment VND</th>
<th>Affordability</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Poor Private Household</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core house with Garret</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kitchen toilet with shower</td>
<td>36748800</td>
<td>36748800</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plot and Services</td>
<td>48489115</td>
<td>43745630</td>
<td></td>
<td>80494430</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core house without Garret</td>
<td>25298000</td>
<td>25298000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plot and Services</td>
<td>48489115</td>
<td>43745630</td>
<td></td>
<td>69043630</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Size of smallest Existing Private Plot</strong></td>
<td>32m²</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land Compensation to be paid</td>
<td>48000000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing Compensation</td>
<td>12000000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special Allowances</td>
<td>10000000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Compensation</td>
<td>70000000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plot Only</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>cost of plot not including services</td>
<td>48489115</td>
<td>43745630</td>
<td>21510885</td>
<td>Cash Refund</td>
<td>150000</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Plot + House</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>cost of core house with garret</td>
<td>69043630</td>
<td></td>
<td>956370</td>
<td>Cash Refund</td>
<td>150000</td>
<td>Yes</td>
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in association with Duong Thanh Water and Environment Ltd (Vietnam)
The results of the affordability analysis show that the land for land option is affordable for all private households. The analysis also shows that the housing and land packages are not affordable for poor households until the existing landholding is around 25m2. However, as all the properties of this size are rental properties, PAH’s would be entitled to a house and land at equivalent rent to what they are presently paying under the terms of the RPF.

6.3 Resettlement Planning Principles

The resettlement site was designed using the following planning principles:

- In accordance with the City of Nam Dinh 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
- The areas with road frontages 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 to allow for differences in income
- To increase minimum compensation 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 very quickly
- Construction and development of resettlement site will use 2 main financial sources: IDA loan and local funds

6.4 Construction Of The Resettlement Area

There are 30 households presently living slightly off the site and also on the resettlement area itself who would need to be relocated. A further 70 households are partly affected in some way. Some agricultural land and fish pond areas will need to be acquired and these holdings are included in the partly affected category.

About 10% of households to be removed as poorest households (criteria for such households have been determined by the city) will be provided with ready made houses of 32m2 in area, on the compensated land plots of 40m2. These very poor PAH’s may qualify for social apartments and such would be responsible for paying a rental based on the cost of maintenance and cleaning.

The site has been studied in detail as part of the feasibility study for Component 3. The development of the area shown in the Master Plan would need staging to ensure that the resettlement site can be prepared relatively quickly so that PAF’s would be able to be relocated within a reasonable time period. Because the scale of resettlement required is relatively modest, the costs of development of the site could be minimized during phase 1, by building lower standard access roads directly from the adjoining Van Mieu low income area whilst site drainage works are being built for the entire 30 Ha area. (to be financed by the Province of Nam Dinh). The development of the resettlement site in such a way would still be in compliance with the Master Plan for the site but lower the risk of temporary relocation for the PAF’s.
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 high levels of unemployment and job insecurity. Less than 10% of the economically active are employed in regular salaried employment with Government or a joint-venture company. Many rely on casual work for their income and the rest 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 generally low, with a modal household income level between 500,000 to 1,000,000 VND per month. There are significant numbers of households earning less than this 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 Van Mieu Ward

As Van Mieu Ward is virtually next door to the proposed resettlement site at Tram Ca this objective should be easy to achieve in Nam Dinh.

Assisting In The Re-Location Of Existing Home-Based Employment And SME’s To The Resettlement Sites

Here it will be essential to set-aside parts of the resettlement sites for the location of workshop premises suitable for the re-location of home-based employment and SMEs. As the amount of resettlement is relatively modest in Phase I, this should be relatively easy at Tram Ca. However if 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 of 5,000,000 VND for this purpose.

Identifying new “market-led” opportunities for home-based employment and SMEs in the resettlement sites

The PAH’s which have existing businesses involving non-food based services in Van Mieu ward should be able to retain their businesses (e.g., motorbike and bicycle repairs) should be able to retain their client base because of the short distance involved for the relocation.

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. Innovative approaches to this issue will be necessary in Nam Dinh which has an on-going problem with sluggish economic growth.

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 relocates 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 a training needs analysis. Vocational training should meet the needs of the private sector and also focus on identifying small business opportunities in the Tram Ca 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 a small grants and loan program for SME’s and small businesses to develop proposals and business plans for possible funding from other sources.

Facilitating the Job Market

The core objective is to create partnerships with existing businesses and industries located close to the resettlement sites so that through “in-house” training new employment opportunities can be made available to resettled people. However in Nam Dinh employment opportunities will not be easy to find due to the on-going problems associated with the sluggish local economy. The upgrading project itself probably provides the most realistic opportunity for employment in semi-skilled and specialist trades. Provision for training programs could be built into the specifications for all contract packages.

Where an employer agrees to partake, the project through their training and vocational officer would assist in setting up in-house training to ensure that workers develop appropriate skills appropriate to market needs. The cost of the training could be met from the small training grants as part of the training technical assistance. It would be intended that at the end of the training period that the trainees would be retained as permanent employees, or at least be more competitive in seeking new employment elsewhere.

Assisting Vulnerable and Marginal Groups

There is now ample anecdotal evidence form newspaper reports about similar projects in both HCM city and Hanoi that agricultural workers and managers are one of the most vulnerable groups arising from the need to build new resettlement sites. Large areas of agricultural fields and fishponds are taken out of production leaving large numbers of families with non-viable property sizes to continue rice or fish production.
Each of these PAHs will be provided additional special allowances of 5,000,000 VND per family to assist with problems associated with the loss of productive land.

The PMU is required under the RPF to seek out adequate replacement agricultural land in the same area or provide transitional support for PAH’s whilst they seek other employment or be trained in alternative occupations. In Nam Dinh, there are large areas of agricultural land affected by the project which will be significantly affect potential for traditional agriculture.

Consequently it will be necessary for the PMU to prepare and implement extension programs on the use of the smaller area for more intensive production with higher yielding and more urban based products. This would complement the training, vocational and small business development initiatives set out in the previous section.

Specific external monitoring of the impact of the project on agricultural workers is recommended so that there will be subsequent opportunities for the addition of technical assistance during supervision to address the cumulative effects of the project on this vulnerable group.

Positive measures will also 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 agricultural families losing productive land and businesses losing their markets) 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 adopted a sustainable approach and seek to complement the short term transitional allowances which are 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 agricultural workers and managers and individual PAF’s whose businesses have been affected by the project. Each of the 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
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 develop 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

**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.

**Program Application (Example)**

**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
- Business Plans
- Financial Assessment
- Market Survey
- Skills Inventory
- Training Needs assessment
- Social Needs assessment

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• Initial Community Development Workshops
• Planning and/or Community Development Workshop
• Strategic Plan Review Workshop
• Specialist Workshop(s)
• Environmental Heritage Inventory
• Waste Management Initiatives

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

Type 2
Project Implementation

CEDP may match local cash contributions up to VND 150 Million per project. Strategic/action or business plans should be already prepared, indicating the project for which assistance is being sought.

* up to $35000 would be available for this purpose for Phase 1 of the project.
8 CONSULTATION AND PARTICIPATION

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.

The plan included tertiary infrastructure (component 1) and related primary and secondary infrastructure (component 2) and was performed with active participation of communities. The communities have been actively participating with the project Consultants during project preparation. Some of the tasks included:

- Defining problems on infrastructure and environment that the public faces with:
- Defining orientation, priority to solve such problems.
- Choosing technical methods to help in the design of infrastructure.
- Discussion on investment scale, technical measures, assigning responsibility of contribution on investment cost, operation and maintenance fee.

To promote the participation of communities in the project, the consultant has developed planning groups, planning teams includes representative of authority, non governmental organizations, representative of resident in the area. The consultant trained and assisted them on communication skills, knowledge on preparation of plan for investment project.

The planning group included 46 people which were divided into 2 levels:

- The managing board included 13 people, of which there is one director, 1 secretary and 11 staff with each one is in charge of one resident area ("mien"). The managing board function is to prepare a working plan and observing, monitoring planning teams to carry out such plan correctly.

- The planning teams include 11 teams, each team includes 3 people of which there is one team leader at 11 resident area ("mien") to manage resident groups ("to") in the area. These planning teams function is implementing the plan prepared by managing board and
supporting propagandists at resident groups ("to") in transferring information to residents and getting feedback.

In each of 86 resident groups, the consultant also created networks includes 86 people (each resident group has 1 person) doing communication task.

During the work, the consultant always assisted the planning group, planning teams and propagandists on necessary skills, prepares necessary toolkits for their tasks and to carry out the inspection independently to ensure good activities and effectiveness of the planning group.

The tasks, which were implemented by planning group, included:

Definition of investment demands: in order to define the issues which community has to faced with and requirement of investment, the planning group has organized meetings of total 86 groups. The minutes of meetings were carefully recorded to transfer to the planning groups for inspection, summary and making statements for managing board, then they will generally consider to transfer into an official report to submit to the consultant and the project management unit (PMU);

Consideration of investment alternatives: based on investment demand of community, the consultant has prepared the technical options to satisfy these demands. Each item for investment has some different technical options. These options have different service level, investment cost, level effecting on community and correlatively participation required from the community both on finance and human resource. These options were transferred to all households in the area by the planning group and also the exchange meeting were organized for discussion within community. After consideration and discussion, the households have select the most appropriate option and record into "consultation form" prepared by the Consultant. The selection of households resident groups is transferred by the propagandists to the planning teams. The planning teams have considered opinions of all households living in the resident area to prepare one proposal for this area and transfer to managing board. The managing board of planning group studies all proposals to ensure conformity of these selections among inhabitant regions to summarize in to general selection of the whole planning group;

Based on selection of the planning group, planning teams and communities, the consultant has studies, adjusted the plans suitably. The points due to technical requirements which can't adjust to meet requirement of a part of community were exchanged and come to final decision by consultant and planning group and then they report again and explain to community;

The technical options after being agreed to select by the Consultant and planning group were put in to final agreement. This agreement after that were informed to community and all households.

In Nam Dinh, 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 give 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 partment or land plot, the compensation cost is not enough for the whole, how do you pay the rest?, etc.
Table 8-1 The CUP Planning Process

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<th>STEPS</th>
<th>CONTENTS</th>
<th>METHOD OF IMPLEMENTATION</th>
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| 1     | **INTRODUCING THE PROJECT** | - 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.  
        - Distribution of documents and leaflets about the project to Agencies, Districts and Wards.  
        - Information concerning the details of the planning process were communicated in news media. |
| 2     | **CONFIRMATION OF UPGRADE NEEDS OF COMMUNITIES** | - Organization of community conferences including representatives of local authorities, community-based organizations, quarter and cell administrators, residents in communities.  
        - Meeting, participants discussed and confirmed each community’s wish to participate in the project and officially endorsed the upgrading needs of communities.  
        - 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. |
| 3     | **PLANNING ENGINEERING OPTIONS TO SATISFY COMMUNITY DEMANDS** | - 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.  
        - Proposed options were approved by the PMU, City Authorities and Agencies, District Authorities and Departments of Urban Management.  
        - These options were further discussed with communities in a series of workshops. |
| 4     | **FEEDBACK FROM BROADER AFFECTED COMMUNITIES** | - 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.  
        - Agreed options based on meeting votes were recorded by the secretary of each cell and forwarded to the consultant.  
        - The consultant then modified proposals based on feedback. |
Resettlement Policy Framework

On February 28, 2003 all PPM and relevant Department of cities and ministry of finance, ministry of construction were invited to a consultation workshop held in HCMC to discuss the RPF and Strategy for Ethnic Minorities. A summary of RPF was also sent to all wards scheduled for phase one. Ward authorities also held meetings to introduce the draft RPF to communities for their comments. PAP were asked for their options on compensation and resettlement.

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.

Funds for compensation will be from counterpart funds and budgetary requirements for rehabilitation would be either from counter part funds or from IDA.

9.2 Institutional arrangements for implementation

9.2.1 Administrative structure for project management

The VUUP Nam Dinh Project will be implemented under the management of City People's Committee. The functions and responsibilities of main institutions and agencies are described below.

Project Coordination Unit

The Project Coordination Unit (PCU) acts as a standing office of the City People's Committee in management of the VUUP Project in Nam Dinh. It is responsible for day to day management such as: co-ordination of all activities of the PMUs of sub-basins or sub-components with lines to departments and agencies on Project implementation, reviews reports of the PMUs to the Chairman or Vice-Chairman of the City PC, or to the Project Steering Committee if required; helps the City PC in preparation of responses and directions, or on behalf of CPC responds or directs Project related institutions and agencies in Project implementation issues.

Department of Transport and Public Works

The Department of Transport and Public Works (DTPW) is a Provincial institution working under the direction of Provincial PC. DTPW is a City agency responsible for management of all activities involving public transportation, public utilities services such as water supply, drainage and sanitation and public works in Nam Dinh Province.
Project Management Unit

Working under the DTPW, the Project Management Unit (PMU) is fully responsible for the day-to-day management and implementation of the Project. The tasks of PMU are selection of consultants and contractors following WB and GOV guidelines for procurement, preparation and submission of Project documents and reports for approval, preparation of annual financial and budget plans, signing of contracts with consultants and contractors, supervision and commissioning of works done by consultants and contractors, preparation of related documents for reimbursements and payments, including the preparation and implementation of Compensation and Resettlement Plans.

9.2.2 Nam Dinh Institutions Involved in Compensation and Resettlement

According to the law and regulations of GOV, if land acquisition requires the relocation of more than 500 families, it has to be reported to the Prime Minister for decision. As this RAP requires resettlement of only 166 families, the People’s Committee of the Province or City are fully responsible for compensation and resettlement activities within their jurisdiction. In Nam Dinh, there are a number of institutions involved in compensation and resettlement when government recover land for public purposes. Their names and responsibilities are described below.

Nam Dinh Provincial People’s Committee

The Nam Dinh People’s Committee reports to the Provincial Government. Nam Dinh City has District Status so it must apply to the Province for much of its budget.

City Department of Planning and Investment

The Department of Planning and Investment (DPI) is a key-agency under the Provincial PC, it is responsible for overall management of short and long term plans and programs for socio-economic development of the Province. In Nam Dinh, normally the DPI occupies the Chairmanship of the Project Evaluation and Approval Committee. When the Project is approved by the Provincial PC or GOV, DPI is responsible for setting up the annual budget plan, including the budget for compensation and resettlement.

Department of Construction Land Management and Housing (DCLMH)

Working under the People’s Committee of the Province, this agency is responsible for land use management, and management of government owned houses, structures and buildings for leasing. It is responsible for coordinating the relocation plans at the Province level, overseeing and managing resettlement programs for the development of the City. The DLH looks after the work of relocation and resettlement and also works with PMUs and City People’s Committees in implementing Project related RAPs.

City Department of Finance-Price (DFP)

The Department of Finance-Price is a two-tiered government agency; it acts as a Provincial department to help the Provincial PC in financial management, but also under the direction of Ministry of Finance in management of the government budget. The DFP is responsible for evaluation of the financial analysis of the Project, once the investment Project has been approved by Prime Minister or Provincial PC, DFP is involved in negotiation of Loans, evaluating the financial plan and allocating annual counterpart funds for Project implementation.
The Price unit of the DFP operates as an independent agency, it is responsible in conducting day to day update and analysis of market prices of goods, regularly makes records and reports on the market price of goods and its variation, and determines the rate of depreciation. Based on the regular reports of the Price Unit on market prices, DFP issues directions and unit price framework for goods, which are, used in cost estimating and payment of government investment Projects.

When the Project requires compensation and resettlement, at the request of DFP, the Price Unit independently conducts surveys to get market prices of land and other properties at the Project affected site and proposed site for resettlement. Then it reports them to the Project Compensation and Resettlement Committee. The report of the Price unit is the basic document for evaluation of the RAP.

**Municipality People's Committee**

The Municipality People’s Committee (MPC) is the government agency for administrative management at the City level. In accordance with Vietnamese regulations, the Municipal People’s Committee is responsible for compensation, assistance planning and resettlement of the affected population. Based on the Direction of the Chairman of the Province PC, the Chairman of Province PC establishes the Project Compensation and Resettlement Committee (PCRC). The PCRC is formed by the Chairman or Vice-chairman of the MPC, the Head of the Municipal financial-price division, the Chairman of the Ward PC, a representative of the Fatherland Front, a representative of the PMU, and a representative of the PAFs. The PCRC is responsible for implementation of the RAP. The PCRC sets up the Action Team for checking the size and rate of losses of PAFs, calculating the value of land and houses, and defining the eligibility of households and individuals for categories of assistance.

Responsibility for resolution of grievances is also a Municipal-level responsibility and complaints arising from compensation and relocation are directed to the People’s Committee of the Municipality.

**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.

9.2.3 Institutional Arrangements for Implementation of Compensation and Resettlement

**Organizational structure for implementation of RAP**

The overall organizational structure for implementation of the RAP is shown on Figure 9-1. After approval of this RAP by the People’s Committee of Nam Dinh Province, the MPC of Nam Dinh City directs the Project Compensation and Resettlement Committee (PCRC) to take full responsibility for implementation of the RAP. The members of PCRC are those described in the previous section, some representatives of local government institutions will be included as members if required by the City PC. Then the Chairman of the MPC will direct to its divisions to assist the PCRC in mobilization of support staff, and the PCRC will be divided into two divisions: Implementation and Internal Monitoring.

The Implementation Division will include the Administrative Unit and the Action Team.
The Internal Monitoring Division will be the representatives of the People’s Committee of Van Mieu Ward.

Responsibilities of Organizations for Implementation of RAP

People’s Committee of Nam Dinh Province

The People’s Committee of Nam Dinh Province will be responsible for:

- Directing the People’s Committee of Nam Dinh to establish the Project Compensation and Resettlement Committee (PCRC) and assigning tasks to the PCRC in implementation of the RAP;
- Providing instructions to identify eligibility and entitlement of PAFs and other instructions necessary for implementation;
- Issuing the land and structure compensation unit prices;
- Approving compensation and rehabilitation amounts;
- Responding or directing, the MPC to respond to grievances of PAFs, in case the PCRC responses did not satisfy the grievances of PAFs;

The Municipal People’s Committee

The Municipal People’s Committee will be responsible for:

- Establishing the Project Compensation and Resettlement Committee for implementation of RAP and mobilization of its staff, assigning detailed tasks of PCRC members and staff;
- Revising and evaluating reports and updated data for compensation and resettlement submitted by PCRC, regularly reporting to the PC of province on the issues related to implementation of the RAP;
- Directing its divisions and sections in assisting the PCRC and relocated PAFs in obtaining the Residential Registration Paper;
- Responding to grievances of PAFs.

Project Compensation and Resettlement Committee

The PCR Committee will report directly to the People’s Committee of the Municipality and copy such reporting to the Project Management Unit.

The PCR Committee consists of two divisions, Implementation and Monitoring; each division has specific responsibility and task as described below.

The Implementation Division will be responsible for:

- Under direction of PMU, carry out Detail Measurement Survey (DMS), calculate entitlement for each PAP according policies set forth in RPF and RAP-Phase 1.
- At the beginning of RAP implementation, together with relevant institutions, review compensation unit costs issued by PPC and recommend for the adjustment to meet at the replacement costs (if necessary).

Implement information dissemination/disclosure.

1) Planning of RAP implementation to ensure co-ordination between land and asset acquisition, compensation payments and physical works on time;
2) Field acquisition activities at Project affected site to ensure that land and assets are correctly identified and surveyed;
3) Carry out the payment of compensation and rehabilitation packages to PAFs;
4) Handle all necessary measures and actions to assist relocated PAFs in transition and settle in resettlement area;
5) Consultation and information activities and maintain effective public relations between all partners in RAP implementation.
Figure 9-1
Administrative and Organization Structure for RAP Implementation.

Responsibility:
Planning of RAP implementation,
Field acquisition activities,
Monitoring compensation,
Monitoring assistance and allowance,
Payment of compensation,
Assist relocation of PAFs,
Public consultation & information.

Prepared by Martin Associates P/L, (Australia)
in association with Duong Thanh Water and Environment Ltd (Vietnam)
**Project Management Unit**

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.

A PMU Resettlement Division will include a unit responsible for advice on employment and income generation issues. This unit will support the 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:

- Management of the CEDP Program and other assistance including:
- Assistance to SME start-ups and existing SME by the provision of business training, technical training and micro-credit
- Support to PAFs in finding employment in new areas, by creating linkages with employers, providing training etc.

The PMU - resettlement division will help to link Municipal and ward level implementers of the RAP. In consultation with the wards, the resettlement division of the PMU will nominate implementers at this level to take part in the training programme.

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 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.
Economic development team. The team will be responsible for all aspects of the income restoration for PAFs including the CEDP program. 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.

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 NamDinh 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.

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.
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 Municipal People’s Committee (MPC) or Municipal Resettlement Committee (MRC) within fifteen days from the date of the receipt of the decision in stage 1. The Municipal People’s Committee (MPC) or Municipal Resettlement Committee (MRC) 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 Municipal level, he/she can appeal to the Provincial or People’s Committee (PCC) or Provincial Resettlement Committee (PRC) within 15 days of receiving the decision of the MPC or MRC. The Provincial People’s Committee (PCC) or Provincial 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 Municipal level, the case may be submitted for consideration by the Provincial 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 Municipal 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-Price* 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 Construction, Land Management and Housing*

- Coordinating with the Provincial 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 Ward

The PC of the Ward 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 and retained by PMU to periodically carry out external monitoring and evaluation of the implementation of RAP’s. The independent 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

External monitoring agency will be any qualified institution and to be selected through bidding competition. The agency will submit periodic reports every six months on the progress and impacts of the RAP implementation and makes recommendations regarding the issues, if any, which need to be addressed. It will also carry out annual reviews of the CEDP program.
12 IMPLEMENTATION SCHEDULE

A detailed implementation schedule of the various activities to be undertaken is set out in Figure 12.1. As agreed in the resettlement policy framework, 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 to awarding contracts for civil works.

After establishment of the Compensation and Resettlement Committee (CRC) it is important that all parties agree to the baseline conditions as reported in the detailed Census and Inventory so that the internal and external monitoring consultants have an agreed basis to carry out project monitoring. Once the RAP is approved a series of public information campaigns and resettlement workshops would be carried out to refresh the community’s understanding of the process and the basis for compensation.

Negotiation concerning compensation would then commence and after all PAF’s agree payments would be made to those entitled to cash compensation. Development of the resettlement site can then begin and sites services and apartments can be stated once the site is declared to be ready for occupation. Relocation of PAF’s can then commence and continue until all PAF’s have been relocated according to their preferences.

Internal monitoring by the PMU would continue throughout implementation and the external consultant would carry out intermittent spot checking until a comprehensive evaluation is carried towards the end of the proposed implementation period.

The main risks associated with the implementation schedule are:

- The basis for valuation of land, housing and other assets is significantly below replacement value leading to delays in both negotiations and also in the timing of payments to PAF’s. If the amounts budgeted for land acquisition are unrealistically low, the amount of compensation available in that budget year may be insufficient meaning that the project could be delayed by up to one year in order for the Local Government budget cycle to allocate enough funding.

- The resettlement site may be delayed because of complications arising from the Master Plan for the larger 30 ha site. A resettlement site of 7.37 Ha has now been approved as one of the recommendations of the component 3 feasibility study.
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<tbody>
<tr>
<td>Establish PCRC</td>
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<td>PC Review and Approve RAP</td>
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<td>Public Information Campaign</td>
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<td>Detailed measurement Survey &amp; Negotiation</td>
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<td>Payment of Compensation</td>
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<td>Development of Site</td>
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<td>Provision of Serviced Sites</td>
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<td>Construction of Special Basic Housing</td>
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<td>Resettlement of PAF</td>
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<td>Internal Monitoring</td>
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<td>Monitoring By External Consultant</td>
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<td>External Evaluation of Consultants</td>
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**Legend**

- Full Time Activity
- Unplanned Extension
- Intermittent Activity

Prepared by Martin Associates PA, (Australia)
in association with Duong Thanh Water and Environment Ltd (Vietnam)
The plan of site clearance is proposed as follows:

**Table 12-2**

*Plan of site clearance*

<table>
<thead>
<tr>
<th>No</th>
<th>Items</th>
<th>Number of annual relocated HHs</th>
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<tbody>
<tr>
<td></td>
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<td>2004</td>
</tr>
<tr>
<td>1</td>
<td>Component 1: Tertiary infrastructure</td>
<td>44</td>
</tr>
<tr>
<td>2</td>
<td>Component 2: Primary and secondary infrastructure</td>
<td>65</td>
</tr>
<tr>
<td>3</td>
<td>Resettlement site</td>
<td>24</td>
</tr>
</tbody>
</table>

If the resettlement site is not completed according to the agreed schedule to be confirmed at the resettlement workshops (in early 2004), PAF’s would be provided rental accommodation before moving to resettlement housing in order to ensure that construction is done in a timely fashion.

According to the results of the inventory survey 80% of PAH’s have opted to choose the land for land option. This means the Total demand for resettlement plots for phase 1 would be 133 plots which will vary in size from 40m², 60m² and 73m².
13 ENVIRONMENTAL MANAGEMENT

An Environmental Impact Assessment (EIA) 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.

The most significant environmental issue(s) in the case of Nam Dinh are as follows:

- Drainage of the resettlement site which is currently made up of extensive fish ponds and rice fields.

Extensive environmental monitoring has been planned as part of the Community Upgrading Planning (CUP) process.
14 COSTS AND BUDGETS

Compensation Payments and Resettlement Planning Costs

Land Compensation

From the Consultant surveys and PAF opinions, land prices have increased by up to 300% since the minimum price was stipulated by the Nam Dinh Provincial People’s Committee Decision No. 2176/1999/QD-UB dated Dec. 28, 1999.

For building and other structures, the values have increased by 35% since the Nam Dinh PC Decision No. 872/1999/QD-UB dated July 14, 1999. The price for agricultural land compensation has increased by about by up to 3 times.

Rates that were used in the final cost table are set out in Table 14.1.

Table 14.1
Rates used in RAP Cost Table

<table>
<thead>
<tr>
<th>Unit rates</th>
<th>Cost/m2</th>
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<tbody>
<tr>
<td>Component 1 Land</td>
<td>1500000</td>
</tr>
<tr>
<td>Component 1 Housing</td>
<td>660000</td>
</tr>
<tr>
<td>Component 2 Land</td>
<td>4000000</td>
</tr>
<tr>
<td>Component 2 Housing</td>
<td>660000</td>
</tr>
<tr>
<td>Component 3 Residential Land</td>
<td>1500000</td>
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<tr>
<td>Component 3 Housing Permanent</td>
<td>660000</td>
</tr>
<tr>
<td>Component 3 Housing Temporary Grade 4</td>
<td>440000</td>
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<tr>
<td>Agricultural Land</td>
<td>107000</td>
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</table>

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 (CEPF) and costs for external monitoring are set out in Table 14.2.

As well as the the Final Cost Table there is also an adjusted cost table (Table 14.3) 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”. Discussion was held with Nam Dinh consultants (CDC) concerning the comparatively high rate of acceptance of this resettlement option during the PAH inventory survey (80%). The consultants considered that the high rate of acceptance is due to prior experience of Nam Dinh residents with housing provided by large state enterprises. The provision of housing at the time generally led to an improvement in overall housing conditions for resident workers. However, to mitigate the risk of more PAH’s opting for cash, 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. The consultant thinks this is highly unlikely as most PAH’s have already signed off on the questionnaire for the inventory survey conducted during the preparation of this RAP.
Table 14.2

Final Cost Table by Component includes Compensation Payments, Special Allowances, Administration Cost, the Social Mitigation Program and External Monitoring

<table>
<thead>
<tr>
<th>Component 1</th>
<th>No. (hb)</th>
<th>Area m²</th>
<th>Unit Price</th>
<th>Amount VND</th>
<th>Total VND</th>
<th>Total SUS</th>
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<tbody>
<tr>
<td>Land</td>
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<tr>
<td>Fully</td>
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<td>4593.68</td>
<td>1500000</td>
<td>6890520000</td>
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<td>3487.11</td>
<td>1500000</td>
<td>5230665000</td>
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<td>State Institutions</td>
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<tr>
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<td>808079</td>
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<tr>
<td>Housing</td>
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<tr>
<td>Fully</td>
<td>55</td>
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</tbody>
</table>

Prepared by Martin Associates Pte. (Australia)
in association with Duong Thanh Water and Environment Ltd (Vietnam)
## Table 14.3

**Adjusted Cost Table (Adjusted for Compensation Component of Fully Affected Properties to be paid as Land For Land)**

<table>
<thead>
<tr>
<th></th>
<th>Unadjusted Total</th>
<th>Adjusted Total</th>
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<td>Total Component 3</td>
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<td>Compensation Expenses</td>
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<td>External Monitoring</td>
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<td>CEDP Program</td>
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<td>Total</td>
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<td>$4,831,270</td>
</tr>
</tbody>
</table>

Prepared by Martin Associates P/L (Australia)
in association with Duong Thanh Water and Environment Ltd (Vietnam)
Annex 1 Entitlement Matrix

<table>
<thead>
<tr>
<th>Type of entitlement</th>
<th>Definition of entitled Person</th>
<th>Entitlement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Loss of land</td>
<td>(a) Legal/ legalizable user of Project affected land.</td>
<td>PAPs are entitled to compensation at 100% of replacement cost of lost land at market value. Or PAPs receive a land plot in the resettlement area plus cash adjustment. Or 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.</td>
</tr>
<tr>
<td></td>
<td>(b) Non-legal user without land use right</td>
<td>PAPs are entitled to cash compensation and or rehabilitation assistance for land at 60% of replacement cost of land lost. Or PAPs buy an apartment with cash compensation received and pay the difference in installments for 10-20 years 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.</td>
</tr>
<tr>
<td></td>
<td>(c) User of land under dispute</td>
<td>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).</td>
</tr>
<tr>
<td></td>
<td>(d) Land used by state owned enterprises, state institutions</td>
<td>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</td>
</tr>
<tr>
<td>2. Loss of houses and structures</td>
<td>(a) Legal/legalizable and non-legal owner of affected houses and structures</td>
<td>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/apartment.</td>
</tr>
<tr>
<td></td>
<td>(b) Structures of the state owned enterprises, state institutions</td>
<td>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</td>
</tr>
</tbody>
</table>

Prepared by Martin Associates P/L (Australia)
in association with Duong Thanh Water and Environment Ltd (Vietnam)
<table>
<thead>
<tr>
<th>Type of entitlement</th>
<th>Definition of entitled Person</th>
<th>Entitlement</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Loss of rented Government structures and land</td>
<td>(a) Legal and legalizable renters of Project affected houses and land</td>
<td>PAPs are entitled to the following compensation choices: 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. 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.</td>
</tr>
<tr>
<td></td>
<td>(b) Legal and legalizable renters of affected upgraded house</td>
<td>PAPs are entitled to compensate the cost of upgraded house.</td>
</tr>
<tr>
<td></td>
<td>Legal and legalizable affected /PAPs 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.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Renters of affected structures 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.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(b) Legal and legalizable renters of affected upgraded house</td>
<td>PAPs are entitled to compensate the cost of upgraded house.</td>
</tr>
<tr>
<td></td>
<td>Legal and legalizable affected /PAPs 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.</td>
<td></td>
</tr>
<tr>
<td>4. Business losses</td>
<td>eligible owners of affected big business</td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>eligible owners of affected small business</td>
<td>PAPs are entitled to cash compensation of 1,000,000 VND per month per family having small business lost for six months.</td>
</tr>
<tr>
<td></td>
<td>eligible owners of affected trees and crops</td>
<td>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.</td>
</tr>
<tr>
<td>5. Utilities losses</td>
<td>eligible owners of affected privately owned utility lines and meters</td>
<td>PAPs are entitled to compensation at 100% of the replacement costs in cash as follows: PAPs are also entitled to assistance to have these lost utilities installed on time at the relocated site.</td>
</tr>
<tr>
<td></td>
<td>eligible owners of affected public utilities</td>
<td>PAPs are entitled to compensation at 100% of the replacement costs as follows: Cash compensation at 100% of the substitution cost of public utilities lost.</td>
</tr>
<tr>
<td>6. Transition assistance and Allowance</td>
<td>eligible relocated PAPs</td>
<td>Relocated PAPs are entitled to transition assistance by cash in an amount of 5,000,000 VND/PAP at most depend on PAP have to relocate in or out of their provinces/cities.</td>
</tr>
<tr>
<td></td>
<td>eligible relocated PAPs</td>
<td>Relocated PAPs are entitled to a livelihood cash allowance of: 180,000 VND per month for 6 months for each PAP.</td>
</tr>
</tbody>
</table>

Prepared by Martin Associates P/L (Australia) in association with Duong Thanh Water and Environment Ltd (Vietnam) Page 88
<table>
<thead>
<tr>
<th>Type of entitlement</th>
<th>Definition of entitled Person</th>
<th>Entitlement</th>
</tr>
</thead>
<tbody>
<tr>
<td>7. Loss of jobs or severely affected on productive land.</td>
<td>Legal and legalizable PAPs losing jobs</td>
<td>PAPs are entitled to assistance to seek new job, OR PAPs are entitled to training for new skills: this provision will be accompanied by a cash subsidy of 500,000 VND per month per PAP for six months.</td>
</tr>
<tr>
<td>8. Bonus</td>
<td>PAPs moving out of the Project area on time</td>
<td>PAPs are entitled to a cash bonus of 5,000,000 VND/PAF at most.</td>
</tr>
<tr>
<td>9. Social subsidy</td>
<td>PAPs having social subsidization from the GOV</td>
<td>These PAPs will be assisted 1,000,000/household</td>
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**ANNEX 2**

*The Main Differences Between The OD 4.30 and National Resettlement Policies*

<table>
<thead>
<tr>
<th>Main points</th>
<th>Project Policies</th>
<th>National Policies</th>
<th>(Decree 22/CP)</th>
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<td>Objective</td>
<td>- Improve, or at least maintain PAPs living standards - Consider needs of most vulnerable groups, especially for ethnic minorities</td>
<td>- Mainly is to compensate for lost land and assets - Not mentioned</td>
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</tr>
<tr>
<td>Who are PAPs</td>
<td>Who’s land, assets, <em>living standard, income, business, production</em>, incomes are affected</td>
<td>Who’s land and asset, attached to the land are affected</td>
<td></td>
</tr>
<tr>
<td>Eligibility</td>
<td>All PAPs existing in Project areas before cut off date</td>
<td>PAPs, who use land and assets before Oct. 15, 1993, except encroachers</td>
<td></td>
</tr>
<tr>
<td>Land compensation</td>
<td>Land for land or in cash at substitution rates</td>
<td>Compensate for lost land at rates fixed by PPC to ensure compatibility with the profitability and local land use right transfer price</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Non-eligible PAP (coming to the project sites after the cut off date) will not be entitled any compensation and/or rehabilitation assistance.</td>
<td>Non-eligible PAP can be considered for assistance on a case by case basis</td>
<td></td>
</tr>
<tr>
<td>Structure compensation</td>
<td>- At substitution rates or in kinds, without deduction of depreciation.</td>
<td>- At substitution rates for houses of type 4 - At actual damage level for houses of type 3 and above. - Permit to apply depreciation.</td>
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</tr>
<tr>
<td>Time of compensation</td>
<td>Before moving</td>
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<tr>
<td>Rehabilitation measures</td>
<td>- Additional support required to improve the living standards of PAP, especially the severely affected people and the vulnerable groups.</td>
<td>- Not clearly mentioned</td>
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<td>Consultation</td>
<td>PAPs have to be consulted during RAP preparation and implementation, including host communities</td>
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<tr>
<td>Social structure</td>
<td>Shall be considered in all project planning processes (pre-existing communities, neighborhoods, kinship groups shall be resettled as a group)</td>
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<tr>
<td>Land use right certificate</td>
<td>Have to be granted to all relocated PAPs without delay</td>
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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.