Fourth Annual Monitoring Report to the Board of Directors

on the

Implementation of Remedial Actions

for the

Greater Mekong Subregion: Rehabilitation of the Railway Project

in the

Kingdom of Cambodia

(Asian Development Bank Loan 2288 and
Asian Development Bank Loan 2602/Grant 0187 [Supplementary])

25 February 2019

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ACKNOWLEDGMENTS

The Compliance Review Panel (CRP) thanks everyone who has contributed to the preparation of this report for the information and support they have provided, in particular: the Asian Development Bank (ADB) Board of Directors, in particular the representative of the Government of Cambodia (Government) and members of the Board Compliance Review Committee; ADB Management and relevant staff from Headquarters and Cambodia Resident Mission; and staff and consultants of the Credit Union Foundation Australia.
ABBREVIATIONS

ADB – Asian Development Bank
AH – affected household
CARM – Cambodia Resident Mission, ADB
CRP – Compliance Review Panel
CUFA – Credit Union Foundation Australia
EIRP – expanded income restoration program
GRM – grievance redress mechanism
IRC – Inter-ministerial Resettlement Committee
O&M – operation and maintenance
SETC – Transport and Communications Division of Southeast Asia Department, ADB
SHG – self-help group
TA – technical assistance
VPS – vocational placement strategy

WEIGHTS AND MEASURES

m² – square meter

NOTE

In this report, “$” refers to United States dollars.

In preparing any country program or strategy, in financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.
I. INTRODUCTION

1. This is the fourth annual monitoring report of the Compliance Review Panel (CRP) on the implementation of the CRP recommendations as approved by the Asian Development Bank (ADB) Board of Directors (Board) following a compliance review of the Greater Mekong Subregion: Rehabilitation of the Railway in Cambodia Project (Project). For this report, the Project refers to ADB Loan 2288 and Loan 2602/Grant 0187 (Supplementary) approved by the ADB Board in December 2006 and December 2009, respectively. The Project was physically completed on 31 December 2014 and its funding, i.e., Loans 2288 and 2602 were closed on 01 November 2016 while Grant 0187 was closed on 20 April 2016.\(^1\)

2. The CRP carried out this compliance review under the 2003 Accountability Mechanism Policy (AMP) of ADB as the complaint was first filed with the Office of the Special Project Facilitator and was declared eligible on 11 January 2012 before the revised AMP took effect on 24 May 2012. Thus, monitoring procedures as stipulated in the 2003 AMP were followed. The request for compliance review of the Project was sent to the CRP on 28 August 2012 by 22 project-affected persons represented by David Pred of Inclusive Development International and Eang Vuthy of Equitable Cambodia. The requesters explicitly sought to keep their identities confidential.

3. Upon determination of eligibility of the request, the CRP submitted its report to the Board which subsequently authorized the conduct of a compliance review on 9 October 2012. Upon completion of the compliance review, the CRP issued its findings and recommendations to the Board on 14 January 2014. The Board considered and decided on the CRP’s recommendations on 31 January 2014, adopting the CRP’s first six recommendations with certain modifications. In April 2014, in response to the Board’s decision, Management submitted to the Board its action plan to bring the Project back into compliance.

4. This report assesses the progress made on the implementation of the six Board-approved recommendations of 31 January 2014 and identifies areas and issues for further action by ADB Management in accordance with Board-approved recommendations. This report has the following elements:

   (i) a short description of the Project;
   (ii) results of the CRP’s compliance review and its recommendations;
   (iii) an overview of Management’s action plan to comply with the Board-approved recommendations;
   (iv) findings of the CRP in its fourth year of monitoring;
   (v) the CRP’s conclusions regarding the current state of Management’s compliance with the Board-approved recommendations; and
   (vi) the CRP’s feedback regarding the implementation of Management’s action plan.

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\(^1\) Per ADB Project Administration Instruction 6.07a revised on 10 January 2018 (available at https://www.adb.org/sites/default/files/business-guide/33431/pai-6-07a.pdf), a project is complete when all its outputs are completed (i.e. when the project’s facilities are completed and ready to operate. If revenue streams are envisaged, then these should be occurring). Per ADB Project Administration Instruction 4.03 revised on 14 December 2018 (available at https://www.adb.org/sites/default/files/institutional-document/33431/pai-4-03.pdf), projects are expected to be completed by project completion date, which is normally six months before the loan closing date. The loan agreement specifies a loan closing date on which ADB may terminate the right of the borrower to withdraw from the loan account.
5. This report is based on a review of ADB Management’s Thirteenth Progress Report on the implementation of ADB Management’s action plan to implement the Board decision on the CRP’s recommendations on the Project which was received by the CRP on 18 October 2018. This is the only formal progress report from ADB Management since December 2017. The CRP met with concerned ADB staff at ADB Headquarters on 19 October 2018 and with staff at the ADB Cambodia Resident Mission (CARM), as well as Credit Union Foundation of Australia (CUFA), ADB consultants engaged under Technical Assistance 8810, in Phnom Penh on 22 October 2018 to assess the progress with implementation of the Board-approved recommendations. The CRP endeavored to conduct a monitoring mission prior to October 2018 and to meet with relevant government officials. However, due to national elections in Cambodia, this did not prove possible, and the CRP decided not to further delay the submission of this fourth annual monitoring report to the Board.

6. As with previous CRP monitoring cycles, Eang Vuthy of Phnom Penh-based Equitable Cambodia who represented the complainants was invited to provide complainants’ views on the progress of the implementation of Board approved recommendations after the issuance of the CRP’s third annual monitoring report in December 2017. However, the CRP was informed that he was not in a position to do so as Equitable Cambodia had not been following the case over the previous year. Thus, this monitoring report did not benefit from the views of the government, the complainants and other affected persons, or from direct CRP observations from the resettlement sites.

7. In the absence of a visit to any of the resettlement sites, the CRP reviewed other relevant project documents such as back-to-office reports (BTORs) prepared by staff of ADB’s Southeast Asia Department; two quarterly reports for ADB Management prepared by CUFA for the periods i) January to March 2018 and ii) April to June 2018; as well as selected detailed disaggregated data on individual affected households (AHs) gathered by CUFA in respect of four successive quarters to September 2018.

II. DESCRIPTION OF THE PROJECT

8. The Project was to support Cambodia’s economic development and strengthen integration of countries in the Greater Mekong Subregion through increased domestic and regional trade movement through the railway system. The original Project (Loan 2288-CAM) involved rehabilitating or reconstructing the railway between Sihanoukville and Poipet and reestablishing a railway link with Thailand. It was estimated to cost the equivalent of $73 million, including taxes and duties and was approved in December 2006. Supplementary financing (Loan 2602-CAM)

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3 The technical assistance, entitled Strengthening Resettlement and Income Restoration Implementation, aims to enhance the capacity of the government to effectively implement resettlement activities in transport projects in Cambodia. Its outcome will be enhanced institutional and staff capacity of the Inter-Ministerial Resettlement Committee to improve the functioning of the grievance redress mechanism, implement resettlement programs and the expanded income restoration program in a sustained and sustainable manner. Details of the TA are at https://www.adb.org/projects/37269-054/main#project-pds.

4 ADB. 2006. Report and Recommendation of the President to the Board of Directors: Proposed Loan and Administration of Loan to the Kingdom of Cambodia for the Greater Mekong Subregion: Rehabilitation of the Railway in Cambodia Project. Manila.
approved in December 2009 was estimated at the equivalent of $68.6 million to (i) establish a new freight and rolling stock maintenance facility at Samrong; (ii) upgrade or strengthen parts of the main line to enable early initiation of integrated multimodal services; and (iii) establish additional sidings to terminals to facilitate multimodal connectivity. The Project also received financing of $13 million from OPEC Fund for International Development (Loan 8228-CAM) which was approved alongside the original loan. The Department of Foreign Affairs and Trade (Australia) provided additional financing of $960,000, which was approved by ADB in January 2012, for an expanded income restoration program (EIRP). Additionally, technical assistance (TA) with an estimated cost of $0.45 million (funded by the Government of Australia) for Outcome Monitoring and Procurement Review was provided to the Ministry of Public Works and Transport for (i) outcome monitoring; and (ii) procurement review for the works to be added to the project scope through variations to the existing contracts. Changes to the Project and project history after the approval of the CRP recommendations by the Board in January 2014 were not included in this report.

9. With the exception of resettlement, the Project was implemented through Cambodia’s Railway Department of the Ministry of Public Works and Transport. Resettlement was implemented by the Inter-ministerial Resettlement Committee (IRC) through the Resettlement Department under the Ministry of Economy and Finance. The loans and grants for the Project were administered from ADB Headquarters by the Transport and Communications Division (SETC) of Southeast Asia Department, in close collaboration with the CARM. The Project was categorized as ‘A’ for impacts on involuntary resettlement as it would physically and economically displace thousands of persons living along the corridor of impact of the railway. Resettlement issues primarily triggered the request for compliance review by project-affected persons.

III. COMPLIANCE REVIEW AND RECOMMENDATIONS

10. After the Board’s authorization of a compliance review and Board Compliance Review Committee (BCRC) clearance of the terms of reference for the compliance review, the CRP conducted its fact-finding from October 2012 to December 2013. The compliance review was carried out through (i) desk review of documents; (ii) interviews with ADB staff; (iii) meetings in Phnom Penh with relevant government officials, project consultants, and NGOs involved in the Project; (iv) meetings with the requesters, their authorized representatives, and other affected persons; and (v) visits to four of the five resettlement sites. Subsequent analysis of results and deliberation resulted in the following findings by the CRP:

   (i) major design flaws in the original 2006 Resettlement Plan;
   (ii) inadequate compensation for livelihood restoration;
   (iii) considerable inaccuracies in the detailed measurement survey;
   (iv) serious infrastructure problems in most resettlement sites;
   (v) inadequate income restoration programming to support resettled people; and
   (vi) high levels of project-induced indebtedness among the resettled people.

5 ADB. 2009. *Report and Recommendation of the President to the Board of Directors: Proposed Supplementary Loan and Administration of Grant and Technical Assistance Grant to the Kingdom of Cambodia for the Greater Mekong Subregion: Rehabilitation of the Railway in Cambodia Project*. Manila.
11. The CRP concluded that the above circumstances, which resulted in material harm to project affected persons, were the direct results of ADB’s failure to comply with its relevant operational policies and procedures during project design and implementation. As such, the CRP focused its recommendations on the following:

(i) establishment of a compensation deficit payment scheme;
(ii) improvement of facilities at resettlement sites;
(iii) improvement of the functioning of the grievance redress mechanism, to be reflected in a time-bound and verifiable action plan;
(iv) development of an appropriate program to build capacity for resettlement in the IRC, to be reflected in a time-bound and verifiable action plan;
(v) establishment of a debt workout scheme to help highly indebted families repay their accumulated debts through a dedicated credit line and a debt workout facility; and;
(vi) implementation of the expanded income restoration program in a sustained and sustainable manner.

12. With some modifications, the Board approved the CRP’s recommendations on 31 January 2014. The Board-approved recommendations are set out in full in Appendix 2 of this report. Subsequently, ADB Management submitted an action plan to the Board in April 2014 by way of response to the Board-approved recommendations and with the intent of bringing the Project back into compliance. In formulating the action plan, ADB Management held several policy dialogues with relevant officials of the government. A draft of the action plan was sent to the CRP for its comments prior to the submission of the plan to the Board. In comments dated 3 April 2014, the CRP noted that several aspects of the action plan fell short of the Board-approved recommendations. After ADB Management submitted the action plan to the Board, the CRP submitted further comments to the BCRC through a memo dated 24 April 2014 in which it also noted several aspects of the plan that fell short of the Board-approved recommendations.8

IV. RESULTS OF MONITORING THE BOARD-APPROVED RECOMMENDATIONS

13. Based on the CRP’s desk review of ADB Management’s reports and discussions during its meetings with ADB staff at the Headquarters and at CARM, as well as a meeting with ADB’s consultant and CUFA, this section describes progress with implementation of Board-approved recommendations in the period December 2017 to October 2018.

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8 The CRP, by separate communications, informed ADB Management and Board Compliance Review Committee (24 April 2014) what these measures were and how they needed to be revised to bring the Project into full compliance with ADB’s operational policies and procedures.
A. Board-approved Recommendation 1

**Board-approved Recommendation 1**: Establish a compensation deficit payment scheme.

**Status of Implementation**: The CRP considers this recommendation has been implemented. However, ADB Management is encouraged to continue monitoring the issuance of land titles to affected households at the resettlement sites, which began in Battambang in 2017.

**Management’s Action Plan:**
- a. IRC reviews for each affected household (AH) the: (i) Detailed Measurement Survey (DMS); and (ii) contract between IRC and AH, for mis-categorization in the DMS.
- b. IRC computes compensation deficits for property losses due to mis-categorization and inflation using consumer price index (CPI) and (ii) living/income and transport allowances due to inflation using CPI.
- c. IRC conducts consultations and disseminates information to AHs on the: (i) timelines for house-to-house consultations; (ii) methodology for computation of compensation deficits; and (iii) appeal’s mechanism under the improved Grievance Redress Mechanism (GRM) regarding computation and payment of compensation deficits.
- d. IRC prepares amended contracts for AHs reflecting compensation deficits.
- e. IRC conducts house-to-house consultations.
- f. IRC provides payments to AHs.
- g. Computation and payment of compensation for income losses for relocated AHs.

(For full text, see Appendix 2.)

14. **CRP findings regarding implementation of Board-approved Recommendation 1.** The CRP notes that no further update from ADB Management on this recommendation was provided except that ADB Management reiterated in communication with relevant government officials the need for a final effort to reach out to the three categories of AHs listed below to inform them of their entitlements as well as their opportunity to submit complaints, if needed, through the project-level grievance mechanism (GRM). The three categories of AHs are (i) the 404 AHs who could not be contacted or did not sign the contract (i.e., the document from IRC which state the compensation package), or did not collect their additional compensation for property losses and transition allowances; (ii) the 82 AHs in the Phnom Penh section who could not be located regarding their entitlements under the consumer price index (CPI) adjustment; and (iii) the 14 potentially eligible AHs in Phnom Penh and Poipet who could not be contacted in the implementation of the 30m² rule. ADB Management’s Thirteenth Progress Report stated that this was raised by SETC with relevant government officials during a mission to Cambodia in January 2018 and that the response was that the Government of Cambodia (Government) it had done more than sufficient outreach through issuance of public notices; publication in local newspapers; and reaching out through community contacts to inform the abovementioned group of AHs and further that the Government did not intend to carry out further actions along that line.

15. **CRP conclusions regarding implementation of Board-approved Recommendation 1.** The CRP considers this recommendation has been implemented. However, ADB Management is encouraged to continue monitoring the issuance of land titles to AHs at the resettlement sites; a process which has started already in Battambang in 2017.
B. Board-approved Recommendation 2

<table>
<thead>
<tr>
<th>Board-approved Recommendation 2: Improve facilities at resettlement sites.</th>
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**Status of Implementation:** ADB Management has implemented this recommendation. The CRP notes that significant efforts have been made across the resettlement sites by the Government and also facilitated by CUFA, with progress achieved in strengthening the local operations and maintenance (O&M) committees and establishing linkages with local government entities with overall responsibility for resettlement site infrastructure, as well as development of infrastructure; mainly internal and connecting roads. The CRP has also formed the impression based on a presentation from CUFA that local authorities and service providers are increasingly being approached and engaged by the O&M committees in improving services such as waste collection, road quality, and water supply in the resettlement sites. However, the CRP encourages ADB Management to take follow up actions for further improvement in services, particularly solid waste disposal and assured piped water supply. The CRP also suggests continued efforts to ensure the sustainability of the resettlement site infrastructure by building the capacity of local O&M committees, strengthening fund-raising for O&M in the resettlement sites, and regularizing the relations between the O&M committees and local government entities within an agreed medium-term planning and budgeting framework.

**Management’s Action Plan:**

a) IRC assesses facilities at the relocation sites to ensure that these facilities conform to relevant national, provincial, or local authority standards.

b) IRC prepares a time-bound action plan for the improvement of the facilities at the relocation sites.

c) IRC improves the facilities at the relocation sites identified as urgent actions under the time-bound action plan.

d) IRC hands over the improved facilities to the appropriate local authorities.

e) IRC requests the Ministry of Health (MOH) to ensure that the medical center at the Phnom Penh relocation site operates as per national standards.

f) O&M mechanism of the facilities at the relocation sites.

(For full text, see Appendix 2.)

16. **CRP findings regarding implementation of Board-approved Recommendation 2.** The CRP notes that ADB Management extended CUFA’s contract from June 2018 up to October 2018. ADB Management reported that they had sought the assistance of CUFA in supporting operations and maintenance (O&M) committees to strengthen their relationships with local authorities so that committees can act as a channel for complaints and freely seek assistance from local authorities to improve community services such as rubbish collection, and improvement of roads and sanitation. ADB Management further informed the CRP that the scope of CUFA’s work was revised accordingly. During the CRP’s discussions with CUFA and with ADB staff, the CRP was informed that the O&M committees formed at all the resettlement sites are functioning smoothly. The CRP was also informed that ADB project missions (in October 2017, March 2018, and August 2018) visited some of the resettlement sites to monitor the progress with implementation of suggestions made in the CRP’s third annual monitoring report as well as implementation of the ADB Management action plan. The CRP was also informed that ADB project mission teams have interacted with the O&M committees. Internal reports submitted by
ADB staff following missions and that were shared by ADB Management with the CRP indicated
that during interactions of ADB mission staff with local communities at Battambang and Pursat,
ADB staff observed that the O&M committees at these sites are fully functional. The internal
reports suggest that at both of these resettlement sites, the O&M committees are now formally
working on regular basis and are also collecting monthly maintenance charges to carry out their
mandated functions. The reports include references to regular formal discussions and interactions
with local government and local commune on various issues including grievances. CUFA’s
quarterly progress report of September 2018 notes that due to continuous interactions between
O&M committees and local government, several infrastructure works have either already been
initiated or are planned. CUFA reports that a main achievement has been in Phnom Penh where
the O&M committee requested the local authority to provide a 1,070m concrete road to connect
the main road to the community road. This is now in the process of being constructed. The budget
for the road was authorized by the district governor at a total cost of $385,200. The CRP
acknowledges that in the final analysis it is for local government to take over the responsibility for
infrastructure at the resettlement sites. Nonetheless, it is important to ensure that appropriate
channels of communication exist as between the local authorities and people at resettlement sites
to facilitate this process. The CRP, with this background, takes positive note of the presence of
government authorities at an exit workshop organized by CUFA through TA 8810 on 24 to 26
October 2018 and also CUFA’s record of deliberations in the workshop.

17. ADB Management’s Thirteenth Progress Report and also information provided by CUFA
highlight improvements as regards to road, drainage and water supply. However, concerns raised
by the CRP in earlier monitoring reports on waste disposal and assured water supply through a
piped network remain unresolved. Internal records indicate that an ADB mission has observed
dumping of solid waste at a nearby vacant plot at the Pursat resettlement site. Furthermore, the
CRP has not seen clear information on any specific improvement in solid and liquid waste disposal
practices at the five resettlement sites. In fact, CUFA’s quarterly report of September 2018 refers
to the current practice of burning solid waste due to the high cost of scientific waste disposal
through local government at Pursat. Even at the Phnom Penh resettlement site, solid waste is still
dumped at vacant areas along the road, though some initiatives are reported for safe disposal of
waste. CUFA’s most recent quarterly report to ADB in September 2018 does not refer to any
specific improvements in waste disposal at other sites but does refer to increased awareness of
safe solid and liquid waste disposal within the local community. This is a positive step. The overall
information provided to the CRP clearly manifests the need for continued engagement to improve
the environmental conditions of all the five resettlement sites.

18. CRP conclusions regarding implementation of Board-approved Recommendation
2. The CRP notes that there is always scope to improve infrastructure and facilities at any
resettlement site. However, as regards the issue of assessing implementation, an objective view
needs to be taken in view of the text of the Board-approved recommendation. The CRP is of the
considered opinion that affected persons are now better placed than prior to resettlement. They
now have better infrastructure including roads, water, electricity and sanitation as compared to
prior to resettlement. The CRP therefore finds that there has been substantial progress in the
implementation of this Board-approved recommendation. Adequate inputs and mechanism for
sustaining these O&M committees seem to be well in place to ensure the increased likelihood of
sustained community initiatives towards improving and preserving the physical facilities and good
environment in the five resettlement sites. The CRP therefore finds that Recommendation 2 has
been implemented.

19. CRP feedback to Management on suggested actions in respect of Board-approved
Recommendation 2. The CRP encourages ADB Management to continue to support the
resettlement sites to make further improvements in waste management and assured piped water supply until such services are well established at all five sites.

C. Board-approved Recommendation 3

<table>
<thead>
<tr>
<th>Board-approved Recommendation 3: Improve the functioning of the grievance redress mechanism (GRM), to be reflected in a time-bound and verifiable action plan.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Status of Implementation:</strong> At the time of this report, the CRP does not have evidence of full implementation of Recommendation 3. However, as the Project is closed, it would be difficult to assess implementation further. The CRP therefore proposes that monitoring of this recommendation be closed. Nevertheless, the CRP suggests that ADB Management regularly engage with Government and also with affected persons to ensure that a GRM is functioning and that affected persons have access to a GRM which can credibly address any complaints they might submit.</td>
</tr>
<tr>
<td><strong>Management’s Action Plan:</strong></td>
</tr>
<tr>
<td>a. IRC prepares a specific and verifiable time-bound action plan for improving the functioning of the GRM.</td>
</tr>
<tr>
<td>b. IRC implements the specific and verifiable time-bound action.</td>
</tr>
<tr>
<td>(For full text, see Appendix 2.)</td>
</tr>
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</table>

20. **CRP findings regarding implementation of Board-approved Recommendation 3.** The CRP was informed by ADB Management through its Thirteenth Progress Report that Government has approved national level Guidelines for Project-level Grievance Redress Mechanism which detail procedures for submission, receiving and redressing complaints along with an Individual Complaint Form and a template for Register of Complaints. These documents are part of Land Acquisition and Involuntary Resettlement Standard Operating Procedures for Externally Financed Projects in Cambodia (LAR SOP). The CRP understands from ADB Management that training on GRM for IRC staff has been rolled out for all provinces targeting all the grievance redress levels in order to build capacity of grievance redress committees. The CRP was informed by ADB Management that no new complaints regarding the Project had been recorded in the period since April 2017. ADB Management further informed the CRP that ADB itself, through CARM, has also not received any complaints on or related to the Project (implicitly since the CRP’s third monitoring report). As the Project is now closed, ADB Management has expressed the view that the national level GRM operating in Cambodia would always be available to the local community and project affected persons on a long-term basis.

21. The CRP was informed by ADB Management that in the current CRP monitoring period ADB missions visited a number of the resettlement sites and discussed the GRM with AHs. Further exchanges with ADB Management revealed that AHs use multiple entry points for GRM. Discussions with AHs during ADB staff missions in March and in August 2018 reported that AHs use village and commune chiefs as a primary entry point to raise issues as part of the project GRM. As O&M committees evolved into functional bodies that are in a position to address community-based issues, AHs began to channel complaints related to neighborhood improvements to O&M committees. An ADB mission found that O&M committees also act as an effective channel to raise complaints and grievances. O&M committees in turn raise their complaints through the village heads to the commune chiefs and district chiefs, either verbally or in writing.
22. ADB Management’s Thirteenth Progress Report states that to improve the functioning of GRMs, the Government has undertaken the following activities: i) distributed grievance redress mechanism procedures, guidelines and training materials to AHs; ii) established grievance redress committees at commune, district and provincial levels, including AH representatives at the commune level; and iii) trained grievance redress mechanism members on grievance redress mechanism processes at all five project resettlement sites. The dates for these activities were not indicated in the report, and the CRP is unclear whether these activities have taken place in the present monitoring period.

23. Since the CRP has not visited any resettlement sites during the present monitoring period and has been not been in contact with any APs directly or through Equitable Cambodia, the CRP cannot provide any firm conclusion on the continued existence of a Project GRM, let alone on the effectiveness of the Project GRM. In meetings with ADB staff and CUFA, the CRP heard that grievances relating to facilities or environmental services in the resettlement sites have been channeled through O&M committees which in turn elevate them to local authorities. ADB Management and CUFA suggest that this mechanism, while not part of the project-level GRM, offers a more informal means to address community-related concerns at the resettlement sites.

24. It is also not clear whether this approach is limited to grievances regarding infrastructure and its maintenance or is also suggested as an appropriate means to address complex issues such as unpaid or inadequate compensation. In the absence of further evidence or updated data on the functioning of the GRM established under the Project, the CRP is not able to assess implementation of this recommendation.

25. CRP conclusions regarding implementation of Board-approved Recommendation 3. At the time of this report, the CRP could not find any firm evidence of full implementation with Recommendation 3. Now that the Project is closed, the CRP would like to record that it would be difficult to assess implementation with this recommendation. The CRP proposes that monitoring of this recommendation be closed.

26. CRP feedback to Management on suggested actions in respect of Recommendation 3. The CRP suggests that ADB Management regularly engage with Government and also with affected persons to ensure that a GRM is functioning and that affected persons have access to a GRM which can credibly address any complaints they might submit.

D. Board-approved Recommendation 4

<table>
<thead>
<tr>
<th>Board-approved Recommendation 4: Develop an appropriate program to build capacity for resettlement in the IRC, to be reflected in a time-bound and verifiable action plan.</th>
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<tbody>
<tr>
<td><strong>Status of implementation:</strong> Implementation complete.</td>
</tr>
<tr>
<td><strong>Management’s Action Plan:</strong></td>
</tr>
<tr>
<td>a. IRC, in consultation with ADB, prepares a time-bound and verifiable action plan for capacity building.</td>
</tr>
<tr>
<td>b. IRC implements the time-bound and verifiable action plan.</td>
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(For full text, see Appendix 2.)
27. **CRP findings regarding implementation of Board-approved Recommendation 4.** The CRP’s second annual monitoring report concluded that the Project was in full compliance with this recommendation with activities relating to this recommendation successfully completed and the expected outcome achieved.

28. **CRP conclusions regarding implementation of Board-approved Recommendation 4.** The CRP’s second annual monitoring report found actions relating to this recommendation fully completed and no further steps are required.

E. **Board-approved Recommendation 5**

<table>
<thead>
<tr>
<th>Board-approved Recommendation 5: Establish a debt workout scheme to help highly indebted families repay their accumulated debts through a dedicated credit line and a debt workout facility.</th>
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<tbody>
<tr>
<td><strong>Status of Implementation:</strong> Partially implemented. The existence of debt incurred by AHs to construct replacement houses to the quality of houses which the AHs occupied prior to resettlement has not been considered a relevant eligibility criterion for the debt workout scheme.</td>
</tr>
<tr>
<td><strong>Management’s Action Plan:</strong> Develop and implement measures to help address financial sustainability of AHs.</td>
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</tbody>
</table>

(For full text, see Appendix 2.)

29. **CRP findings regarding implementation of Board-approved Recommendation 5.** This recommendation was developed (and adopted in revised form by the Board) to address resettlement-related indebtedness attributable to ADB’s noncompliance with certain provisions in ADB Operations Manual section F2 on Involuntary Resettlement as cited in the CRP’s Final Report on the compliance review of this Project.9

30. In the present monitoring period, as in the period leading to the CRP’s third annual monitoring report, Board-approved Recommendation 5 and the Management Action Plan were implemented by ADB through TA 8810 which was contracted to CUFA. The CRP notes positively that CUFA’s program of work under TA 8810 was extended from its original end date of June 2018 to a new end date of October 2018. Over the current monitoring period, not only has a debt workout scheme been in place, but the financial sustainability of AHs has also been addressed through a broad menu of activities within the overall EIRP (discussed further in relation to Recommendation 6 below). These have included ongoing support for the activities of self-help groups (SHGs) established at each of the five resettlement sites, and ongoing financial literacy training for AHs. In the period from January 2016 to June 2018 CUFA reports carrying out a total of 1,952 training sessions across four themes and all sites.10 The CRP notes that CUFA reports focusing more on new AHs at Phnom Penh and Poipet,11 and that AHs in contact with CUFA who have not yet moved in to these sites have also been included in the financial literacy training

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9 Footnote 7, para. 207.
11 Footnote 10, page 30.
sessions. Those who have already moved in have also been able to join SHG trainings as well as the vocational training program discussed further under Board-approved Recommendation 6. Furthermore, CUFA further reports that plans for June-September 2018 include training and counselling to AHs with high debt and low-income levels, prioritizing newly-resettled AHs at Phnom Penh and Poipet.

31. As at end June 2018, 14 of 16 target AHs across the five sites had cleared their debt through the debt relief program. One declined to join, reportedly requesting payment directly instead of to the lender, and another moved outside the community during implementation. AHs affected by the 30m² rule are eligible to participate in the debt workout scheme, according to information provided by ADB Management. However, one issue is outstanding, namely that the existence of debt incurred by AHs to finance acquisition of housing assets appears to be an ineligibility consideration for purposes of inclusion in the debt relief scheme.

32. **Additional considerations in respect of debt workout and housing debt**: In its third annual monitoring report, the CRP expressed its view that CUFA’s focus on consumptive loans only, excluding loans for house construction, was too narrow. The CRP suggested that the focus of CUFA’s continued work should include AHs who became heavily indebted because compensation for their property was not enough to finance construction of replacement houses and who had to borrow money to construct new or better houses in the resettlement sites.

33. Annotations in quarterly data collected by CUFA for individual AHs for the quarter ending in September 2018 (but excluding newly resettled AHs) show that when AHs incur debt for purposes of constructing their homes, that has been treated as an exclusion factor for debt relief under the debt workout scheme. The eligibility focus for the debt workout scheme is on consumptive loans only (e.g. debt incurred for food, medical or wedding expenses). These kinds of debts may also in principle be attributable to resettlement-related indebtedness of AHs, and their inclusion in the debt workout scheme may advance the remedial and compliance objectives reflected in Board-approved Recommendation 5. However, for purposes of the debt relief scheme, CUFA appears to exclude housing construction loans from relief, regardless of whether they were incurred to build equivalent, or larger, homes as compared to pre-resettlement. The debt workout scheme is in this respect inadequately aligned with the underlying purpose of Board-approved Recommendation 5.

34. **Outcomes of debt workout**: CUFA’s contract and TA 8810 were extended to 31 October 2018. At this point, the contractually supported debt workout scheme ceased to operate. The CRP has therefore considered whether evidence already available on the outcomes of the debt workout scheme indicate it has served its remedial purpose such that no further action is needed. If that were the case, the non-inclusion of housing debt in the scheme would be of little practical consequence.

35. The CRP has found it difficult to reach a conclusion on this issue. Changes in overall debt patterns cannot be taken as reliable indicators of the effectiveness of ADB’s actions in implementing Recommendation 5. Not only may AHs choose over time to take out loans for a variety of reasons unconnected to resettlement, but so long as they are affordable and repayment terms reasonable, loans, and debt (as CUFA and TA 8810 recognize) are not inherently negative.

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12 Footnote 10, Table 5, page 16.
CUFA’s counselling and training encourages affected persons to take productive rather than consumptive loans. At aggregate level, overall debt levels of resettled AHs at the five sites have increased significantly over the period between March 2015 to 30 June 2018. CUFA’s view is that the increase in average debt is mostly represented by productive loans (i.e. loans that enable investment, and that might therefore be expected to provide some kind of return to borrowers). The CRP cannot readily assess how much of the total debt stock across AHs and sites can be attributed to noncompliant resettlement as analyzed in the CRP’s compliance review report. The CRP further recognizes that borrowing to build larger or better houses should not be attributed to ADB’s noncompliance.

CRP conclusions regarding implementation of Board-approved Recommendation 5. The CRP finds that Board-approved Recommendation 5 has been partially implemented. The objective of the ADB Management remedial action reflected in Recommendation 5 is to support the reduction of debt accumulated by AHs as a result of resettlement. However, the ADB-supported debt workout scheme excludes all housing construction debt from the scheme.

CRP feedback to Management on actions to complete implementation of Recommendation 5. The CRP suggests that ADB Management support the reduction of debt accumulated by AHs for purposes of investing in housing assets to the quality of houses which the AHs occupied prior to resettlement, extending TA 8810 accordingly. The existence of such debt should be an inclusion criterion for the debt workout scheme when it can reasonably be directly attributed to resettlement from properties along the railway.

Board-approved Recommendation 6: Implement the expanded income restoration program (EIRP) in a sustained and sustainable manner.

Status of Implementation: ADB Management has implemented this recommendation and is now awaiting the final report of its consultant, CUFA. The CRP notes that significant efforts have been made across the five resettlement sites, with progress in strengthening the capacity of local self-help groups (SHGs) as well as skills training and enterprise development. The CRP suggests that consideration be given to continued vocational training and community and social enterprise development to ensure the sustainability of the EIRP and to make these aspects of the EIRP available to AHs who have not yet relocated to the resettlement sites.

Management’s Action Plan:
   a. IRC to continue implementation of the EIRP.
   b. Build capacity of self-help groups (SHGs) for sustainability.
   c. IRC to design exit strategies for SHGs.
   d. IRC to implement exit strategies for SHGs.

(For full text, see Appendix 2.)

CRP findings regarding implementation of Board-approved Recommendation 6: Board-approved Recommendation 6 recommends that “in light of the vulnerabilities and high
indebtedness experienced by many AHs during the resettlement process, support under the EIRP to resettled households should be continued.” In the present monitoring period, Board-approved Recommendation 6 and the ADB Management Action Plan were implemented by ADB through TA 8810 contracted to CUFA. CUFA’s contracts were in May 2018 extended with a new end date of 31 October 2018. The 5-month extension provided for further income support activities at all five resettlement sites ‘giving attention to Pursat and Battambang’. During the present monitoring period, income restoration activities and initiatives have included a vocational training program and a vocational placement strategy (VPS), support for establishment and development of community micro-enterprises and individual social enterprises, and ongoing support to SHGs.

40. Between November 2016 and 31 May 2018 CUFA’s contracted activities in respect of a VPS, workplace training placements were implemented only in Phnom Penh and Poipet. These are also the resettlement sites to which newly relocated AHs under the 30m² rule had moved. Very positively, as at end June 2018, 56 individual APs out of the 68 identified AHs had attained employment.¹⁵ In addition to individual career development training sessions for those affected persons enrolled in the scheme, a further 182 community-level training sessions in life skills, CV writing, and interview skills took place in Phnom Penh and Poipet.¹⁶ It is notable that over four successive quarterly reporting periods to June 2018 total numbers of waged employed affected persons had increased only at these two sites, with numbers of waged employed at the remaining three sites remaining static.¹⁷ Following extension to CUFA’s contract in May 2018, support to AHs enrolled in and employed under the VPS program was extended to the end of October 2018. Additionally, the CRP is pleased to note that from June 2018 to October 2018, the VPS incorporated a new vocational training program which has been available to AHs at all five resettlement sites.

41. By means of the contract extension CUFA’s support for development of community or individual social enterprises was also extended to cover all five sites. The extension additionally provided for rapid needs assessment for income generation opportunities for all five resettlement sites ‘giving due attention’ to Battambang and Pursat. In relation to individual enterprise support; an Entrepreneur Skill Internship Exchange Program was implemented from October to December 2017. Thirteen groups were formed who gained experience with successful entrepreneurs. This was followed by a Skill Development Reflection Workshop in January 2018 at which successful business owners provided coaching on enterprise development.

42. At community level, in February 2018, nine community microenterprises were formed across the five resettlement sites with a reported total of 87 members as at June 2018.¹⁸ This is an increase from the two microenterprises initially formed in Phnom Penh and Poipet. ADB Management reports that Battambang and Pursat, which the CRP previously highlighted for special attention, each established their own community microenterprise producing and selling dishwashing liquid. The period April-June 2018 saw a marked drop in output across the nine community microenterprises compared to the first quarter of the year with CUFA reporting and developing a response to this.¹⁹ In its third annual monitoring report, the CRP had noted a lack of clear market demand for microenterprise activities in Phnom Penh and Poipet. In this monitoring period, rapid needs assessment for income generation and associated recommendations formed part of CUFA’s May-October 2018 contract extension, along with other coaching and assistance

¹⁵ Footnote 10, p. 10.
¹⁶ Footnote 10, Appendix 3.
¹⁷ Footnote 10, Appendix 10.
¹⁸ Footnote 10, Table 4.
¹⁹ Footnote 10, p. 11.
43. As at end June 2018, 70 affected persons across the five resettlement sites were participating in a new vocational training program, with trainees placed in different professional training centers for periods ranging from 2 to 5 months depending on the particular course chosen by the affected persons. TA 8810 has financed tuition fees, transportation, meal allowances, communication allowance and insurance. Very limited data on outcomes is available at this stage, but as at early November 2018, the CRP is informed that three of the affected persons who had completed the driving course were employed; a relatively modest early outcome of the driving training delivered to 32 enrolled affected persons. The CRP was also informed by ADB Management that participants in the vocational training program included 13 affected persons from Battambang and 11 from Pursat. These two sites had earlier been recommended by the CRP for special attention owing to their weaker performance against average income indicators. ADB Management considers that the trainings provided satisfactory progress in the level of skills acquired. CUFA’s September 2018 quarterly report notes some early challenges with the implementation of the program as well as mitigating measures to be taken by it. The CRP appreciates the reflective and adaptive approach taken by ADB Management through CUFA.

44. **Self-help Groups (SHGs):** Board-approved Recommendation 6 notes that the EIRP “provides funds to SHGs for capacity building, some funds for investments, and training support.” and adds that “[t]he program to be sustainable, capacity building should be provided over an extended period, to allow SHGs to develop into sustainable institutions and eventually savings groups, and SHG systems and financial management systems to mature.” A contract extension for CUFA has provided for continued assistance to SHGs to the end of October 2018. This has included capacity building and institutional interventions for SHGs; monitoring and auditing of SHG financial records; reviewing and recommending necessary changes to policies and procedures; and provision of training and support in the preparation of financial reports. The CRP has also reviewed CUFA’s latest quarterly report and written notes of ADB’s site visits, as well as notes taken at an exit strategy workshop held on 24 to 26 October 2018. As at August 2018, SHGs at three of the five sites were reported to be operating very well, and the ADB Management’s view is that the capacity of SHGs has greatly improved with the engagement of CUFA. Two groups had experienced serious governance challenges and their members were mobilized to shift to other SHGs to continue saving. Per report from ADB staff, other common challenges faced by SHGs were lack of confidence of SHG leaders in their own roles, lack of commitment or support for the SHG from the community, and low levels of engagement by young people.

45. The value to AHs of SHGs can usefully be placed in the wider context of continued loan affordability challenges for AHs. As at June 2018, a comparison of the average quarterly income and expenditure and loan servicing costs respectively for AHs in the five resettlement sites indicates that at all five, average quarterly incomes of AHs are only sufficient to meet expenditure if debt repayments are confined to interest and do not include a payment in respect of principal. Per CUFA’s presentation during its meeting with the CRP, the share of SHGs in total recorded loans increased from December 2016 to June 2018 period by just 0.07% from 27.93% to 28% (with an increase from 22% to 28% reported in the most recent reported quarter to June 2018).

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20 Footnote 10, p. 15.
21 Footnote 10, p. 30.
22 Footnote 10, p. 23.
The share of lending by micro-finance institutions (which the CRP understands have greater resources) has increased at a faster rate over this period (with the lending share of micro-finance institutions increasing from 43.53% to 50%). At the same time, the total SHG share of 28% is significant, particularly given the modest funds available to SHGs for lending.

46. In January 2015, ADB Management adopted an exit strategy for the EIRP, with exit planned for the end of 2016, and activities devoted to enabling SHGs to operate with less direct intervention from EIRP management and consultants, while at the same time helping the SHGs link-up with local and international organizations with similar programs to those of the SHGs. The contract extension also provides for CUFA to explore and operationalize linkages with financial institutions for funding for SHG community development funds. The CRP looks forward to reviewing CUFA’s reporting on the outcomes of this activity. CUFA’s contract for the period to October 2018 provides for CUFA to help SHGs to plan enabling activities that will help them prepare to achieve their long-term plans towards self-reliance, as well as piloting of exit strategies for SHGs. ADB Management reports that the EIRP exit strategy has continued to be implemented.

47. Participants from SHGs in the exit strategy workshop held on 24 to 26 October 2018 participated actively in discussions on success factors, challenges, experiences and lessons. Workshop notes record a number of concerns including that savings groups could become less active without financial and human resources assistance from CUFA. Nine of the 14 savings groups formed under the EIRP as at January 2015 discussed future direction and developed action plans for their group. At the conclusion of the 3-day workshop, SHGs reportedly committed to continue their activities.

48. ADB Management and CUFA recognize that support to SHGs cannot continue indefinitely, and that significant progress has been made. As indicated above, a number of SHGs may still be fragile. The CRP is informed that in the view of CUFA, for SHGs to be sustainable it is desirable to begin to merge them together. SHGs have not to date begun such a process, though the CRP notes that this does not mean that they could not do so. In some cases, SHGs have a small number of members as they are formed only of AHs. In Phnom Penh however, the CRP noted in its third annual monitoring report that membership of the SHG has been extended beyond AHs to other community members. All SHGs are reported to maintain savings accounts for members. Some SHGs have limited or no community development funds and as at June 2018 both Phnom Penh SHGs have no social safety net funds, which provide cash grants to member AHs in times of emergency and difficulties. All are reported to maintain savings accounts for members which provide additional capital for loans to members.

49. **Overall income restoration data.** In its first, second, and third annual monitoring reports, the CRP applied restoration of living standards (third monitoring report) and/or incomes (first, second, and third monitoring reports) as a benchmark for assessing progress with the EIRP.

50. The CRP is pleased to conclude that the overall picture in terms of restoration of incomes is encouraging. However, more granular analysis indicates that challenges may remain for a number of individual AHs from four of the five resettlement sites.

51. Overall, aggregated average quarterly income levels for those AHs from whom CUFA has been able to collect data at the five resettlement sites have increased on pre-resettlement

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23 Footnote 10, p. 31.
24 Footnote 23.
levels from $637.46 to $1,593.35 as at end June 2018. CUFA’s most recent quarterly report provides data on overall average changes in quarterly income levels for each of the five sites. Adjusting these averages for inflation up to June 2018, and applying assumed resettlement baseline points of 2010 or 2011; at all resettlement sites the average pre-resettlement quarterly income has been restored in real terms. Affected households in resettlement sites in Poipet, Phnom Penh and Sihanoukville show significant increases in average real income. In a shift from the CRP’s third annual monitoring report, modest increases can also be seen now at Battambang and Pursat.

52. The distribution of income across AHs does not fully reflect the positive average income picture. In the present monitoring period, the CRP has been able to review income data for AHs at individual resettlement sites, excluding those recently resettled under the 30m² rule, for five quarters ending September 2018. The data show that there is still work to be done to restore the incomes of some AHs to average pre-resettlement levels. Only at Sihanoukville do all 8 AHs for whom data is available have real incomes above the average pre-resettlement income of AHs at that site.

53. By definition not all AHs would have had ‘above-average’ incomes prior to resettlement. Individual AH resettlement income data is not available and it is therefore not possible definitively to conclude for any individual AH whether income has been sustainably restored. For purposes of assessing implementation of Board-approved Recommendation 6, the CRP has also taken into account annotations by CUFA staff on individual AH data for three of the five resettlement sites, recognizing that caution is warranted when drawing conclusions without the benefit of site visits or face-to-face meetings with AHs. Annotations indicate that when proposing affected persons for debt relief and job placement activities under the EIRP, CUFA staff have considered the individual circumstances of each AH including vulnerabilities arising out of low income, debt levels, and wider social circumstances. With the extension of CUFA’s contract to October 2018 to allow for additional vocational training and enterprise development activities at all five sites, the CRP considers on balance that the EIRP menu had by October 2018 been implemented, with just CUFA’s final reporting and associated data awaited by ADB Management at the time of this fourth monitoring report.

54. Overall ADB Management has, through TA 8810, delivered by CUFA at the five resettlement sites, creatively provided a menu of actions to implement the Board-approved recommendation. These activities have over the last year been extended to make vocational training available to affected persons and AHs from all five resettlement sites together with additional support for individual and community enterprise development. Important positive indicators of outcomes have already been recorded. Support to SHGs has also continued during the current monitoring period. SHGs exhibit varying levels of organizational development.

25 Footnote 10, Table 19, p. 25.
26 Footnote 7, Table 7, p. 63
27 CUFA has informed the CRP that the significant increases achieved at Sihanoukville are attributable to the site’s location within an economic development zone where there are many income-generation opportunities. CUFA suggests that the significant average income increases at Phnom Penh and Poipet are attributable to CUFA’s support through the vocational placement strategy (VPS) and support for community enterprise. The CRP has not been able to verify this, but there is a correlation. CUFA notes a sizeable decrease in the most recent quarterly average income levels at Pursat over the April-June quarter, though averages remain higher than pre-resettlement incomes. CUFA indicated that this decrease was due to a temporary restriction on wood-cutting, with consequent impact on carpentry and furniture production; an important income-generating activity for affected households living at that site.
Average quarterly income levels at each of the five resettlement sites now show increases as against average pre-resettlement real income levels, though there are still individual AHs at four of the five sites whose incomes have not yet reached average pre-resettlement real incomes.

55. **Caveats:** The EIRP implementation concluded only in October 2018, with CUFA’s final report awaited, so the CRP is not in a position to form a clear view on the outcome of the most recent income restoration activities. Neither has it been possible to consider in detail the specific circumstances of AHs affected by the 30m² rule who have resettled to Phnom Penh and Poipet. According to CUFA’s most recent September report for the quarter ending June 2018, 29 of 42 newly resettled AHs (i.e. AHs resettled under the 30m² rule) at the Phnom Penh site were reported unreachable during the quarter to June 2018 and 27 of these 29 were reported unreachable for two or more quarters. A further 7 were reported to have sold their households and just six (6) of the 42 provided income data. At Poipet, five (5) of nine (9) 30m² rule AHs had not yet moved in, with just 2 providing income data, and 2 having sold their households. It appears that financial literacy training, a toll-free financial helpline, and access to SHGs have been extended to those AHs who have yet to move, though not the entire menu of EIRP activities.

56. **CRP conclusion regarding implementation of Board-approved Recommendation 6.** The CRP concludes that Recommendation 6 has been implemented, with ADB Management awaiting CUFA’s final report at the time of writing.

57. **CRP suggestions to Management on Board-approved Recommendation 6.** The CRP suggests that in order to further enable sustainable income restoration of all AHs at the resettlement sites, consideration be given to:

- continuing vocational and skills training, job placement and other enterprise-based income restoration activities under the EIRP with a focus on those AHs who are able and willing to work and whose quarterly incomes have not yet been restored to average pre-resettlement real income levels, and

- identifying practical ways to offer such support to the small number of AHs who have still to move to the Phnom Penh (14) and Poipet (5) resettlement sites once they move to those sites.

58. The CRP looks forward to reviewing data in CUFA’s final reporting to ADB Management and any associated end-of-TA evaluation, with a view to providing further feedback and reflections if appropriate during the coming monitoring period.

### V. CONCLUSIONS

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<tr>
<th>Board-approved Recommendations</th>
<th>Feedback to Management on Actions to Bring the Project into Full Compliance</th>
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</table>
| 1. Establish a compensation deficit payment scheme. | Status of implemented: Implemented  
The CRP encourages ADB Management to continue monitoring the issuance of land titles to AHs at the resettlement sites. |

28 Footnote 10, Table 20 and 21, pp. 25-27.  
29 Footnote 10, p. 17.  
30 Footnote 10, p. 29.
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<th>Board-approved Recommendations</th>
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| **2. Improve facilities at resettlement sites.** | **Status of implementation: Implemented**  
The CRP encourages ADB Management to take follow up actions for further improvement in services, particularly solid waste disposal and assured piped water supply. The CRP also suggests continued efforts to ensure the sustainability of the resettlement site infrastructure by building the capacity of local O&M committees, strengthening fund-raising for O&M in the resettlement sites, and regularizing the relations between the O&M committees and local government entities within an agreed medium-term planning and budgeting framework. |
| **3. Improve the functioning of the grievance redress mechanism, to be reflected in a time-bound and verifiable action plan.** | **Status of implementation: The CRP is unable to determine implementation status. The CRP proposes that this recommendation be closed.**  
The CRP suggests that ADB Management regularly engage with Government and also with affected persons to ensure that a GRM is functioning and that affected persons have access to a GRM which can credibly address any complaints they might submit. |
| **4. Develop an appropriate program to build capacity for resettlement in the IRC, to be reflected in a time-bound and verifiable action plan.** | **Status of implementation: Implementation completed** |
| **5. Establish a debt workout scheme to help highly indebted families repay their accumulated debts through a dedicated credit line and a debt workout facility.** | **Status of implementation: Partially implemented**  
The CRP suggests that ADB Management support the reduction of debt accumulated by AHs for purposes of investing in housing assets to the quality of houses which the AHs occupied prior to resettlement, extending TA 8810 accordingly. The existence of such debt should be an inclusion criterion for debt workout when it can reasonably be directly attributed to resettlement from properties along the railway. |
| **6. Implement the expanded income restoration program (EIRP) in a sustained and sustainable manner.** | **Status of implementation: Implemented, with ADB Management currently awaiting the final report of its consultant CUFA**  
The CRP suggests that in order to further enable sustainable income restoration of all AHs at the resettlement sites, consideration be given to: |
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| • continuing vocational and skills training, job placement and other enterprise-based income restoration activities under the EIRP with a focus on those AHs who are able and willing to work and whose quarterly incomes have not yet been restored to average pre-resettlement real income levels;  
• identifying practical ways to offer such support to the small number of AHs who have still to move to the Phnom Penh (14) and Poipet (5) resettlement sites once they move to those sites; and |

The CRP also requests ADB Management to share CUFA’s final report and any associated end-of-TA evaluation for CRP’s further feedback.

/S/ Dingding Tang, Chair, Compliance Review Panel

/S/ Ajay Achyutrao Deshpande, Member, Compliance Review Panel

/S/ Halina Ward, Member, Compliance Review Panel

**05 February 2019**
LIST OF PERSONS MET DURING THE COMPLIANCE REVIEW MONITORING

The Compliance Review Panel (CRP) contacted the following persons within and outside the Asian Development Bank (ADB) in carrying out its monitoring of the request for compliance review under the project.

ADB Staff

1. Hiroaki Yamaguchi, Director, Transport and Communications Division, Southeast Asia Department (SETC-SERD)
2. Hideaki Iwasaki, Country Director, Thailand Resident Mission (former Director, SETC-SERD)
3. Sunniya Durrani-Jamal, Country Director, Cambodia Resident Mission (CARM), SERD
4. Ricardo Carlos Barba, Principal Safeguards SpecialistIS, South Asia Department (previously leading the implementation of the expanded income restoration program when he was still with CARM)
5. Rangina Nazrieva, Safeguards Specialist (Resettlement), CARM, SERD
6. Takeshi Fukayama, Transport Specialist, SETC-SERD
7. Sokha Ouk, Senior Environment Officer, CARM, SERD
8. Gemma Bade, Project Analyst, SETC-SERD

ADB consultants

1. Peter Mason, Credit Union Foundation Australia (CUFA)
2. Mao Ye, CUFA
3. Adelaida Mortell
MANAGEMENT'S ACTION PLAN FOR IMPLEMENTING THE RECOMMENDATIONS OF THE COMPLIANCE REVIEW PANEL

Management's Action Plan
To Implement the Board Decision on the Recommendations of the CRP Final Report:
Compliance Review Request on the Greater Mekong Subregion: Rehabilitation of the
Railway in Cambodia Project
Loans 2288-CAM and 2602-CAM, and Grant 0187-CAM

To implement the Board's decision on the six recommendations of the Compliance Review Panel (CRP) Final Report - Compliance Review Request on the Greater Mekong Subregion: Rehabilitation of the Railway in Cambodia Project - Loans 2288-CAM and 2602-CAM, and Grant 0187-CAM, Management, in consultation with the Government of Cambodia (Government), has developed remedial actions. The attached matrix includes remedial actions that have been agreed to by the Government, with their implementation arrangements and timelines.

Following the Board's decision, an Oversight Committee, headed by the Vice President (Operations 2), was established to provide advice and guidance in the formulation and implementation of the remedial actions which are intended to bring the project into compliance. To facilitate the process and secure the Government's understanding, members of the Oversight Committee also held high-level meetings with senior Government officials.

Actions to implement the six recommendations are summarized in the following paragraphs.

With respect to Recommendation 1, ADB requested the Government to establish a remedial action program. An agreed time-bound remedial action program is given in the attached matrix. The Government has agreed to review for each affected household (AH) the detailed measurement survey (DMS) and the corresponding contract, and provide compensation deficits for (i) property losses due to mis-categorization and due to inflation using consumer price index; and (ii) transition allowances (living/income and transport allowances) due to inflation using consumer price index. However, the Government does not agree to provide compensation for additional income losses from the date of relocation of AHs up to the commencement of income restoration activities. ADB is continuing its dialogue with the Government with a view to reach a resolution of this issue.

To ensure timely and effective implementation of Recommendation 1 within 12-18 months as recommended by CRP, ADB will verify the Government's review of the DMS and will actively engage with the Government in developing information dissemination documents and conducting consultations with AHs. ADB will also closely review reports of external monitoring consultants to ensure proper delivery of compensation deficits.

With respect to Recommendation 2, Government has agreed to assess the public facilities at the relocation sites and improve them to conform to relevant country standards. ADB will review, in close consultation with the Government, the operations and maintenance of the facilities at the relocation sites, and will explore ways for capacity development of community-funded and -driven maintenance mechanisms, by working with self-help groups established at the relocations sites to come up with appropriate operations and maintenance arrangements.

On Recommendations 3 and 4, ADB is ready to provide technical assistance to support the Government in strengthening the grievance redress mechanism (GRM) and building capacity of the Inter-ministerial Resettlement Committee. To ensure transparency of the GRM,
the Government has agreed to include representatives of AHs in the GRM and provide details of grievances regarding computation and payment of compensation deficits in external monitoring reports which are disclosed on ADB's website.

On Recommendation 5, the Government does not agree to establish a debt workout scheme on the grounds that debt workout is not a compliance issue, but has agreed that ADB may help identify possible resources and develop a support program with the participation of a micro finance institution, non-governmental organization, or other suitable entry, to help address the financial sustainability of AHs.

On Recommendation 6, ADB will continue to support the ongoing expanded income restoration program (EIRP) to ensure its sustainability.

Remedial actions will be implemented in consultation with AHs and other stakeholders. Prior to implementation, the remedial actions will be explained to AHs in the project sites and feedback will be sought. The compensation deficit payment scheme (under Recommendation 1) entails multiple tiers of consultations that will be undertaken with AHs.

ADB will continue to perform its supervisory role and will actively support and engage with the Government with the aim of bringing the project into compliance with ADB policies and procedures. In particular, ADB will continue close monitoring of the remedial actions, with increased field presence, through frequent review missions and site visits with Government officials. The Oversight Committee will continue to monitor and guide further development and implementation of the remedial actions.
## Remedial Actions

| Recommendation 1: Establish a compensation deficit payment scheme. |
|---|---|---|
| **Actions** | **Implementation** | **Milestones** |
| Inter-ministerial Resettlement Committee (IRC) reviews for each affected household (AH) the: (i) Detailed Measurement Survey (DMS); and (ii) Contract between IRC and AH, for mis-categorization in the DMS. | IRC completes review of the DMS and the Contracts for 3,581 AHs and identifies mis-categorizations. (By Quarter (Q) 3, 2014) ADB verifies the results of IRC’s review. (By Q3, 2014) | Review completed by Q3, 2014. |
| IRC computes compensation deficits for: (i) property losses due to mis-categorization and inflation using consumer price index (CPI), and (ii) transition allowances (living/income and transport allowances) due to inflation using CPI. | IRC prepares adjusted quantities due to mis-categorizations and new unit rates for: (i) property losses; and (ii) transition allowances (living/income and transport allowances). (By Q3, 2014) ADB verifies adjustments. (By Q3, 2014) | Computations completed by Q3, 2014. |
| IRC conducts consultations and disseminates information to AHs on the: (i) timelines for house-to-house consultations; (ii) methodology for computation of compensation deficits; and (iii) appeal’s mechanism under the improved Grievance Redress Mechanism (GRM) regarding computation and payment of compensation deficits. | IRC prepares: (i) timelines for house-to-house consultations; and (ii) information dissemination materials, including grievance redress. (By Q4, 2014) IRC conducts consultations. (By Q4, 2014) ADB observes IRC’s consultations with AHs. | Consultation and information dissemination materials prepared by Q4, 2014. Consultations conducted and information disclosure completed by Q4, 2014. |
| IRC prepares amended contracts for AHs reflecting compensation deficits. | IRC prepares amended draft contracts. (By Q4, 2014) ADB reviews sample amended draft contracts. (By Q4, 2014) | Amended draft contracts prepared by Q4, 2014. |
| IRC conducts house-to-house consultations. | IRC provides AHs with copies of the amended draft contracts and House-to-house consultations. | |

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1. 3,581 partially or fully AHs under the Project, excluding households at Samrong Estate.
2. Review of 119 records has already been completed during the OSPF process; the balance to be reviewed by Q2, 2014.
3. Prices will be updated using the CPI from 2006 up to (i) the year of relocation for AHs who relocated to 5 resettlement sites, and (ii) the year of compensation for other AHs. All adjustments will be consistent with the entitlement matrix of Updated Resettlement Plans (URP Phnom Penh, 2010; URP Poipet, 2010; URP Southern Line, 2009, and URP Northern Line and Missing Link, 2008).
4. "Living/income and transport allowances refer to the category: “Impacts During Relocation and Loss of Income or Source of Livelihood” based on entitlement matrices of URP (see footnote 3 for URP).
5. Improved GRM to include representative(s) of AHs in each Commune Resettlement Sub-Committee and quarterly monitoring reports of the existing external monitor to include details of grievances regarding computation and payment of compensation deficits.
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<th>Actions</th>
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</table>
| Explains corrections to DMS and computation of compensation deficits.  
(By Q1, 2015) | IRC provides A-Hs with opportunity to comment on the amended draft contracts within one month from the date of individual consultations.  
However, the amended draft contract can be signed within this period if A-H decides and agrees.  
(By Q1, 2015) | Supply of amended draft contracts to A-Hs completed by Q1 2015. |
| IRC explains GRM for appeals against payment computations.  
(By Q1, 2015) | IRC effectively uses media and other communication channels for outreach of consultations.  
(Q4, 2014-Q1, 2015) | ADB monitors, through the existing external monitor, consultations with A-Hs  
(By Q1, 2015) |
| IRC provides payments to A-Hs.  
(Q1-Q2, 2015) | ADB monitors, through the existing external monitor, payments to A-Hs. | Payments completed by Q2 2015. |

**Recommendation 2**: Improve facilities at resettlement sites.

| IRC assesses facilities at the relocation sites to ensure that these facilities conform to relevant national, provincial, or local authority standards. | IRC: (i) visits each relocation site; (ii) prepares inventory lists of the existing public facilities and existing non-public facilities; and (iii) assesses the quality and adequacy of public facilities based on national, provincial or local authority standards.  
| IRC prepares a time-bound action plan for the improvement of the facilities at the relocation sites. | IRC prepares a time-bound action plan which: (i) identifies urgent actions to improve public facilities at the relocation sites; and (ii) provides cost estimates and detailed implementation schedule of the | Time-bound action plan prepared by Q1, 2015. |

5 Additional income losses from the date of relocation of A-Hs up to the commencement of income restoration activities.
6 Public Facilities refer to facilities that will be owned by national, provincial or local governments.
<table>
<thead>
<tr>
<th>Actions</th>
<th>Implementation</th>
<th>Milestones</th>
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<tbody>
<tr>
<td>IRC improves the facilities at the relocation sites identified as urgent actions under the time-bound action plan.</td>
<td>IRC improves public facilities at the relocation sites in accordance with the time-bound action plan. (Q1-Q2, 2015)</td>
<td>Facilities improved by Q2, 2015.</td>
</tr>
<tr>
<td>IRC hands over the improved facilities to the appropriate local authorities.</td>
<td>IRC hands over the non-public facilities to the residents and the improved public facilities to the appropriate local authorities with a clear statement that O&amp;M will be the responsibility of the respective recipients. (By Q1, 2015)</td>
<td>Facilities handed over by Q1, 2015.</td>
</tr>
<tr>
<td>IRC requests the Ministry of Health (MOH) to ensure that the medical center at the Phnom Penh relocation site operates as per national standards.</td>
<td>IRC advises MOH in writing to ensure that the medical center at the Phnom Penh relocation site operates as per national standards set by MOH. (Q3, 2014)</td>
<td>Medical center at the Phnom Penh relocation site operates as per national standards set by MOH by Q3, 2014.</td>
</tr>
<tr>
<td>C&amp;M mechanism of the facilities at the relocation sites.</td>
<td>Under discussion.</td>
<td>Under discussion.</td>
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**Recommendation 3:** Improve the functioning of the grievance redress mechanism, to be reflected in a time-bound and verifiable action plan.

| IRC prepares a specific and verifiable time-bound action plan for improving the functioning of the GRM. | IRC prepares a specific and verifiable time-bound action plan. (Q4, 2014) | Agreed action plan prepared by Q4, 2014.                                    |
| ADB reviews and provides feedback on the action plan. (By Q4, 2014) | ADB reviews the time-bound action plan. (By Q1, 2015) |                                                                           |
| IRC implements the specific and verifiable time-bound action.         | Implements the specific and verifiable time-bound action. (Starts by Q4, 2014) | Commencement of implementation of the action plan by Q4, 2014.              |

**Recommendation 4:** Develop an appropriate program to build capacity of IRC, to be reflected in a time-bound and verifiable action plan.

<p>| IRC, in consultation with ADB, prepares a time-bound and verifiable action plan for capacity building. | IRC prepares a time-bound and verifiable action plan for capacity building with ADB assistance. (By Q1, 2015) | Time-bound and verifiable action plan developed by Q1, 2015.               |
| IRC implements the time-bound and verifiable action plan. | IRC implements the action plan. (Starts Q2, 2015) | Implementation of the action plan starts by Q2, 2014.                      |
| Upon IRC’s request, ADB provides expertise and arranges training programs and exchange visits of IRC staff in Asia. (Starts Q1, 2015) | Upon IRC’s request, ADB provides expertise and arranges training programs and exchange visits of IRC staff in Asia. (Starts Q1, 2015) |                                                                           |</p>
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<tr>
<td><strong>Recommendation 5.</strong> Establish a debt workout scheme to help highly indebted families repay their accumulated debts through a dedicated credit line and a debt workout facility.</td>
<td>Under discussion.</td>
<td>Under discussion.</td>
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<tr>
<td>Develop and implement measures to help address financial sustainability of AHs.</td>
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<tr>
<td><strong>Recommendation 6.</strong> Implement the expanded income restoration program (EIRP) in a sustained and sustainable manner.</td>
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<tr>
<td><strong>IRC to continue implementation of the EIRP.</strong></td>
<td>IRC continues supporting existing EIRP activities in all relocation sites.</td>
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<td></td>
<td>ADB continues monitoring of the EIRP.</td>
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<tr>
<td><strong>Build capacity of self-help groups (SHGs) for sustainability.</strong></td>
<td>Builds capacity of SHGs in managing the EIRP funds. (Starts Q3, 2014)</td>
<td>Implementation commences by Q3, 2014.</td>
</tr>
<tr>
<td><strong>IRC to design exit strategies for SHGs.</strong></td>
<td>IRC designs exit strategies and assists in laying the foundation/building blocks for eventual transformation of such SHGs into saving groups. (By Q4, 2014)</td>
<td>Exit strategies designed by Q4, 2014.</td>
</tr>
<tr>
<td><strong>IRC to implement exit strategies for SHGs.</strong></td>
<td>IRC implements exit strategies. (Starts by Q4, 2015)</td>
<td>Projected completion by Q4, 2015.</td>
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</table>
DECISION OF THE BOARD OF DIRECTORS OF THE ASIAN DEVELOPMENT BANK ON
THE CRP’S RECOMMENDATIONS

31 January 2014

DECISION OF THE BOARD OF DIRECTORS OF THE
ASIAN DEVELOPMENT BANK

On 31 January 2014, the Board considered DOC.R1-14: CRP Final Report – Compliance Review Request on the Greater Mekong Subregion: Rehabilitation of the Railway in Cambodia Project - Loans 2288-CAM and 2602-CAM, and Grant 0187-CAM, and made the following final decision regarding the recommendations set out in Section X of the CRP Final Report. The Board approved recommendations 2, 3, and 4 as proposed by CRP and approved recommendations 1, 5, and 6 with modifications.

Taking into account the modifications as approved by the Board, Section X of the CRP Final Report would read as follows:

264. The CRP has given long, serious, and earnest consideration to these recommendations. Their main purpose is to bring the project into compliance with ADB safeguard policies, in view of the noncompliance on the part of ADB that the CRP compliance review disclosed. The recommendations also seek to avoid further harm to affected persons.

265. Recommendation 1: Establish a compensation deficit payment scheme. With regard to our findings under sections A.1 (on the adequacy of resettlement plan preparation and implementation), B.1 (on the adequacy of compensation for property losses), B.2 (on the adequacy of transition assistance for affected households), and B.3 (on the adequacy of compensation for lost income and income restoration), the most obvious recommendation appeared to be a fresh independent replacement cost study from 2006 to 2013 and a resettlement audit of compensation payments with a follow-up payment program to ensure that full compensation is paid to all AHs. However, on further reflection the CRP concluded that a resettlement audit would not fully serve the purpose of speedily bringing this project into compliance. An audit would take at least 2 years to complete and another year would be spent making compensation payments to AHs. These AHs need assistance as soon as possible and the delay is not justifiable. Besides, the CRP’s interviews with government officials clearly showed that the government does not favor a resettlement audit.

266. The CRP therefore turned to examining alternative ways of bringing this aspect of the project into compliance. It identified international and national mass compensation claims processing techniques as a model for a potential solution. There is considerable experience and knowledge on mass claims processing techniques in a wide range of situations including post-conflict war reparations to victims, dormant account claims on Swiss banks, and refugee and immigrant compensation schemes at the international level, as well as natural disaster compensation schemes at the national level. The CRP’s recommendation for addressing compensation deficits for property and income losses, as well as transition allowances, draws on these experiences and models. The CRP believes

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1 This is a key recommendation made in a confidential ADB Report of 12–22 September 2012.
ADB would thus be able to address the compensation deficits and rectify noncompliance effectively and quickly. The recommendation below is provided with the expectation that if and when it is approved by the Board, it would be used by ADB Management as a guide in crafting its action plan for implementing the recommendations. The recommendation must therefore be seen as a broad framework and not as a rigid scheme.

267. The CRP recommends that ADB require the GoC:

a. to establish a remedial action program to compensate the AHs. Such a program must ensure that AHs are compensated in accordance with ADB's safeguards policy and applicable ADB procedures and the guidelines set forth below, which CRP estimates would likely fall in the range of $3 million to $4 million. The source of funding for such program should be an ADB loan or other sources of funds; and

b. to agree to the implementation and administration of such program, consistent with the guidelines set forth below, with the assistance, advice and oversight of ADB.

268. There are several options for how such a program could be established and operated and what factors might be considered in computing compensation deficits, but the operations of the program have to satisfy the following guidelines, consistent in any case with ADB's safeguards policy, applicable ADB procedures, and relevant loan covenants:

(i) The program must be established and the compensation paid to AHs quickly (within 12-18 months of the approval of these recommendations by the Board) and efficiently.

(ii) The program might not compute compensation deficits with precision but should establish sufficient and clear entitlements for compensation categories (property loss, cost adjustments for inflation, transition allowance, income loss, etc.) in compliance with ADB's safeguards policy and applicable ADB procedures for which AHs could apply.

(iii) The program has to mitigate property, transitional, and income losses suffered by AHs so that they are not made worse off as a consequence of the resettlement.

(iv) As required by paragraph 128 of the Accountability Mechanism Policy, all remedial actions will be carried out in accordance with applicable ADB policies and procedures, and with the consent of GoC as contemplated by such paragraph 128.

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5 This would include the additional 248 AHs in Phnom Penh that were initially assessed as partially affected, but later found to be fully affected (paras. 153–154). The still pending Addendum RP for Phnom Penh was intended to provide compensation and resettlement assistance for the 105 AHs that opted to move to the Phnom Penh resettlement site. The remaining AHs who choose to relocate close to their original place of habitation would apparently not receive any additional compensation although their houses had been found to be fully affected.
(v) Appropriate arrangements (including necessary skills and infrastructure) will be devoted to implement the program.

(vi) The program should operate transparently.

(vii) The program must have an oversight body which can also act as a single-tier appeal body regarding computation and payment of compensation.

269. An illustrative example of how such a scheme could be designed and implemented is provided in Appendix 5 of this report.

270. ADB Management in its response to the draft CRP report stated that it "agrees that compensation deficits should be rectified" but that the "establishment of an ADB fund for compensation payments is not the appropriate mechanism" for the reasons set out in its response. One reason adduced by ADB Management was that the recommendation constituted "damages" and was not within the competence of the CRP. The CRP believes that the recommendations contained in this final report fall squarely within the definition of compensation payable to AHs under ADB operational policies and procedures and its recommendation seeks to bring this project into compliance.

271. The requesters in their comments on the CRP draft report state that the "broad contours of the proposed compensation deficit payment scheme represent an acceptable remedy for the issues of inadequate compensation for losses." However they assert that "there is too much discretion granted to ADB Management in the CRP’s recommendation to design the scheme" and "(g)iven their experience over the past four years, the requesters have little faith that the ADB will follow through appropriately with this recommendation unless the basic structure and principles of the scheme are clearly prescribed as recommendations by the CRP and adopted by the Board." In the CRP’s view, the guidelines set out in the recommendation if and when adopted by the Board will need to be followed by the ADB Management, and the CRP will have an opportunity to comment on Management’s action plan drawn up in pursuance of those guidelines and to monitor the implementation of the action plan if and when it is approved by the Board.

272. Recommendation 2: Improve facilities at resettlement sites. With regard to its findings in section A.2 (on adequacy of basic services and facilities at resettlement sites), the CRP acknowledges that considerable efforts are under way to ensure that the access roads are improved after the rainy season ends in November 2013. The CRP also found that all the sites now have water and electricity supply, though in Battambang the quality of the water supply is still a significant issue. A primary school has been built in Poipet and the school at the Phnom Penh resettlement site is being enlarged to accommodate 10 more classrooms. The CRP also expects to see the continued provision of the medical insurance scheme formerly provided by SKY. The CRP recommends that the medical center at the Phnom Penh site be refurbished, provided with a better supply of medication, and properly staffed with a medical doctor. ADB Management should present a time-bound action plan that spells out, in some detail, both urgent and longer-term actions to be taken to improve and maintain the facilities on all sites.
273. **Recommendation 3**: Improve the functioning of the grievance redress mechanism, to be reflected in a time-bound and verifiable action plan. The CRP’s findings under section A.4 acknowledge the improvements that have been made in the grievance redress mechanism. Yet it is still not functioning as expected. The CRP suggests that the ADB Management review this mechanism and propose interventions, including training and capacity building, as well as a greater up-front role for IRC in providing guidance on complaint handling. ADB Management should have an action plan with specific time-bound and verifiable actions for improving the functioning of the grievance mechanism.

274. **Recommendation 4**: Develop an appropriate program to build capacity for resettlement in the IRC, to be reflected in a time-bound and verifiable action plan. With regard to the CRP’s findings under section A.5, ADB has taken action to build the capacity of the executing agency (IRC) for resettlement. In CRP interviews with the IRC, it was clear that the resettlement committee has an enthusiastic group of young staff, many of whom are willing to learn best practices and find ways to improve performance in resettlement and other safeguards. IRC now provides services to many projects funded by different donors and it is therefore in the interests of ADB to continue to build the capacity of the IRC by offering training and exchange visits to other places in Asia where resettlement is being carried out more successfully. The CRP suggests that ADB, in consultation with IRC, develop an appropriate capacity-building program for IRC, to be reflected in a time-bound and verifiable action plan. The plan may include training and other interventions such as the provision of expertise.

275. **Recommendation 5**: Establish a debt workout scheme to help highly indebted families repay their accumulated debts through a dedicated credit line and a debt workout facility. The dedicated credit line would provide funds at a highly subsidized interest rate and at sufficiently long maturity. ADB loans or other funds could be used to finance this debt workout scheme. Funds could be used only to repay debts. Funds provided under the debt workout program would be disbursed directly against AH loan repayment obligations, and would not be disbursed to indebted households. The repayment of informal lenders that have lent at usury rates to AHs presents a special challenge. Households interested in participating in the debt workout scheme should be consulted on how procedures for repaying debts to informal money lenders directly through the debt workout facility could be established. AHs would be required to use the incremental compensation payments proposed in recommendation 1, for debt repayment. Funds provided under the facility to a single household would need to be capped, for example at $1,000, to avoid fund capture by better-off households, which could borrow larger amounts because they have more valuable assets. AHs participating in the scheme would also be required to participate in basic financial training to improve household financial management. The scheme could be implemented by an NGO or other suitable institution that can demonstrate adequate financial management competence. Further data on the debt levels of resettled households would be required to establish the approximate size of the fund for a debt workout.

276. **Recommendation 6**: Implement the expanded income restoration program in a sustained and sustainable manner. The EIRP now being implemented is an appropriately designed program. It provides funds to SHGs for capacity building, some
funds for investments, and training support. For the program to be sustainable, capacity building should be provided over an extended period, to allow SHGs to develop into sustainable institutions and eventually savings groups, and SHG systems and financial management processes to mature. In light of the vulnerabilities and high indebtedness experienced by many AHs during the resettlement process, support under the EIRP to resettled households should be continued.

With respect to recommendation 7 relating to the freight facility at the Samrong Estate, the Board noted that the government of Cambodia has requested that the development of that freight facility be removed from the project scope. The Board also noted Management’s advice that an appropriate amendment to the project scope was being processed, and would be presented to the Board for consideration in due course. The Board did not adopt recommendation 7 pending a final determination of the scope change.

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