

***APPENDIX I SOCIAL IMPACT
ASSESSMENT***

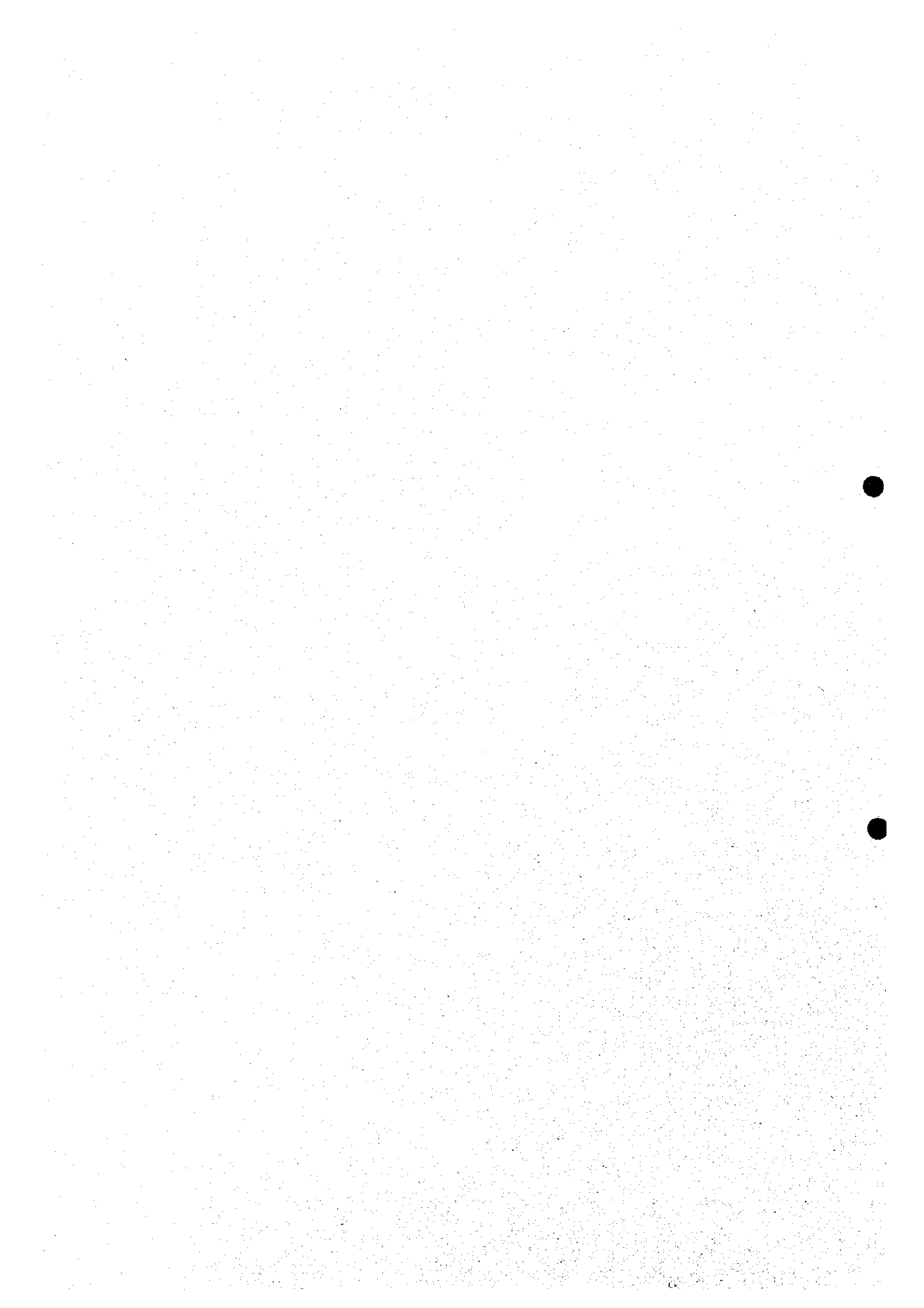


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APPENDIX I SOCIAL IMPACT ASSESSMENT

I. Master Plan Study

1. General Description of the Inhabitants in Ho Chi Minh City

In the past several years, many socio-economic surveys were conducted by governmental agencies at city, district and ward levels. Each survey has different objective but the results can provide information of living conditions of the inhabitants in the city. Among them, the "Pre-feasibility Survey of Households On and Along Canals in Inner City" conducted by Department of Land & Housing covers wide area of the city. The targets of the survey are 25,000 households locating on and along the canals in 8 districts and the proposal for housing development including relocation program is prepared based on the results. The "Feasibility Study on Tau-Hu Canal Rehabilitation Program" surveyed 250 households living on and along the Tau-Hu Canal with relocation survey. Also, Department of Transportation and Public Works and Urban Drainage Company conducted the "Survey on Urban Drainage-Sewerage System and Inner City Environmental Sanitation" in 1996. This survey covers 1,200 households in 12 districts. Based on the results of these surveys, the characteristics of the inhabitants in study area can be outlined as follows.

1.1 Population and Residential Status

Table I.1.1 shows the number of households and population living along and on the major canals and their tributaries in 8 districts in inner-city. In 1996, 36,478 households are living along canals, in which 25,044 houses (25,945 households with 218,602 persons) were surveyed by Department of Land & Housing.

According to the "Pre-feasibility Survey of Households On and Along Canals in Inner City", average number of family members is 8.4 people. Regarding the generation living in one household, nearly half of the total households (46.8%) have two generations, followed by three generations of 30.5% and one generation of 22.6%. This structure, however, is different in each district due to different socio-economic situation, living time and condition of inhabitants. Among total inhabitants, the share of female is larger than that of male (47.5% for male and 52.5% for female). Households headed by female accounts for 55.5%. Number of people who have permanent registration shares about 80-90% of the total. Numbers of people who can work at 16-55 ages accounts for 61.4% and the rests do not work because they are unemployed, in school, sick or retired.

There are 25,044 surveyed houses on and along canals, channels, locating on an area of

more than 132 ha, in which 85.9 ha (65% of total) are illegally used land as seen Table I.1.2. District 5 and District 6 occupy higher rate of illegally used land (about 75% of total used land of households on canals/channels of each district).

Classification of houses by distance from canal bank shows that actual houses locating on river or half bank-half river (6,307 houses of 25,014 houses, 25.4% of the total) do not occupy high rate compared to those locating on bank. The houses on and along canals were built long time ago. The survey results, however, explained that " the households have mostly encroached and filled the original condition of the canal, only a few small ditches left and the traces of the former channel bank."

Table I.1.3 shows time of the house construction. 43% of the houses were constructed before 1975. Table I.1.4 shows status of houses. 41.8% and 52.8% of total houses are under Class 4 and Temporary of house category respectively. Illegal house ownership accounts for about 80%. Though it does not include boat people, the number of the boat people coming from outside the city has been increased because the rapid development of Ho Chi Minh City (hereinafter referred HCMC) has attracted them. Houses without legal house registration paper accounts for 81.8% of total, 61.7% of total built houses without legal papers and 28.6% are transferred (buying, selling) houses without legal papers. Thus, possibility to ask for water and electricity meter is restricted.

1.2 Living Conditions of the Inhabitants

The survey by Department of Land & Housing lacks the economic and social data. According to the survey conducted by Department of Transportation and Public Works (Survey on Urban Drainage/Sewerage System and Inner City Environmental Sanitation HCMC, May 1996), monthly income per household is 1,783,000 VND, average monthly income per person is 415,600 VND in District 5 (highest) and 903,000 VND/household and 132,000 VND/person in Go Vap District (lowest). Main income sources are government staff (20-47%), traders (20-35%), workers and services (10-30%). Average expenditure per person is 356,295 VND. Food accounts for the highest share of total expenditure, followed by electricity (4.1%), education (4.1%), health (3.5%) and water meter.

According to the survey by Department of Land & Housing, small business accounts for 15%, followed by government staff (10.5%) and porters (8%). The survey on Tau Hu Canal funds that, most of the poor people living on and along the canals are labor workers such as porters, cyclo drivers, etc. These jobs are often irregular and have low income. Average monthly per capita income is 250,000 VND and the group of less than this amount accounts for 52.7% of total households. There is 1.05% of

unemployment. In general, majority of the surveyed persons does the simple works (cadres, traders, labor workers and services) and their houses are Grade 4 and made by temporary materials.

Investigation results show that average ground floor area of each house along canals/channels is 57.8m²/house. 62.2% of total houses have not private toilets, of which 73.8% discharge wastewater directly to canals. Rate of electricity supplied is rather high (93.5%). Among them, however, 46.2% has electricity meter, and almost half of total households connect from neighbors (47.2%). Water supplied to the area is mainly tap water with about 23.2% water meter installed households, the remains have to buy or connect via neighbors or use water from river, canal and well. Rate of private toilet, electricity meter and water meter are the lowest at District I.

Most households have a preference for resettlement on site or within the same district when they were requested to relocate. The poorer inhabitants (per capita monthly income of less 250,000 VND) tend to prefer the resettlement option of moving outside their district (58.8%) because they cannot meet the cost of high rise apartments built in the inner city. The level of per capita income has some association with the preference for various resettlement options, according to the survey of Tau-Hu canal. As the survey results, house is not the first priority for the inhabitants. Job and improvement of their living condition for short or long term is an important and significant decision in resettlement for the people living along and on canals.

Illiteracy rate is 3.7% and people at primary school accounts for 21.1%. With high rate of inhabitants at working age and low education, majority of them has not been trained technical skill. The report explains "this is a dilemma to plan resettlement site, in particularly resettlement site in inner city and its adjacent with industrial zones."

1.3 Environmental Awareness of Low Income Inhabitants

It is common to say that most of the canals in HCMC are polluted by wastewater and garbage discharged directly from households and factories, especially located on and along the canals. Part of the population is, however, still unaware of the necessities for environmental protection at their resident quarters, which is the result of the sociological survey on environmental awareness of inhabitants in 2 poor residential blocks in District 8 and Binh Thanh District in 1996 (conducted by Environmental Committee of HCMC in cooperation with Lausanne Poly-technique University). They did not relate unsanitary conditions of the surrounding environment and their own health and living conditions. Contradiction is that people are very diligent by keeping clean their immediate household environment, but on the other hand the same people was freely dumping their garbage into the canals without considering the bad effects of

their actions (directly or indirectly) on them. In depth interviews of families on the habit of discharging of refuse into drainage ditches and canals instead of collecting them and transferring them to the waste collectors, the most common answer is that this is the easiest and most economic way to dispose of solid wastes.

The interviews showed that some of the people customs reflect carelessness attitude about outside of their house environmental conditions. Some of the houses have toilets but the residents prefer to use public toilets located on canals by reasoning that this activity is keeping their house cleaner. These people think that toilets over the canal are more environmentally sound than toilets with septic tanks built on land. The former type toilets are considered better with flowing water while the latter type has no such facility.

Part of the residents was aware of the bad effects to the environment by their illegal activities. However, they tend to charge the responsibilities not to themselves but to the community, to the government for the protection of the environment. They consider that as individual and as a unit of family, they are only responsible for the cleaning of their household and cannot contribute to a better environment at large. People do not give attention to the presence of the refuse and of the toilets build over canals even if these two factors in fact contribute the most aggravated cause to pollution of the environment. These factors can also be directly retracted by the people activities.

When asked about the priorities to be suggested to the government, the most common item cited is the improvement of the water supply system. Nowadays, only 1/3 of the households is equipped with water meter, others had to be sub-connected, transported water by man-power or to pay higher price for water. The 2nd priority often mentioned is the drainage problem. Only in these residents that people were aware of the uncleanness of the sewerage and its contact could be detrimental to their health.

2. Relocation and Resettlement

2.1 Social Survey of Relocation and Resettlement

2.1.1 Objectives of the Survey

The objectives of this survey are:

- To understand living conditions of the households along the canals, in the slum areas, on-site resettlement and off-site settlement areas,
- To assess existing relocation programs of the people and understand desire of people through options of relocation at surveyed areas, and

- To understand the level of environmental awareness, especially with quality of canal, of local people.

Construction of drainage and sewerage system is required urgently for environmental improvement and better living condition in HCMC. The result of analyzing and assessing this survey is a background for setting up a relocation option and cost estimation for land acquisition and relocation program in case of construction of facilities.

The target areas are, (i) On and along the major canals, (ii) Slum area away from canals, and (iii) On-site and off-site resettlement areas. The former two areas are selected based on the government policy of relocating those inhabitants and also on the fact that they are major factors of environmental degradation of the city. The 3rd area is necessary for assessment of the present relocation policy. Among the 3 areas, there are three kinds of group such as (i) Inhabitants who should be relocated in future but no concrete plan presented yet by the authority, (ii) Inhabitants who already agreed with relocation and waiting for new accommodation is ready, and (iii) Inhabitants who have already resettled in the resettlement sites.

Based on the above objectives and targets of the survey, 1,098 households were randomly selected from the study area. The size of sample in each survey site is decided depending on the total population living in that area. The survey was conducted from 2 November to 16 November 1998.

2.1.2 The Results of the Survey

(1) Living Conditions

Total population of the households surveyed is 6,263. Average family size is 5.7 persons, which is much smaller than the data found in the survey by Department of Land & Housing (8.4 persons). The larger families consist of 2 or 3 generations. According to the age structure of all members, under 16 years old (22%) has the largest share, followed by 26-35 years old (21%) and 16-25 years old (20%) as shown in Table I.2.1. Proportion of female (52%) in the all members is larger than that of male (48%) as seen in Table I.2.2.

About 79% of all family members of the respondents are from HCMC. The population from southern and middle areas of Vietnam account for 11% and 4% respectively (See Table I.2.3).

Regarding education level, 32% of all members is primary school, followed by secondary school (30%) and high school (18%) as seen in Table I.2.4. It may be said

that education level is higher in resettlement site than on and along canal and in slum areas.

According to the age structure of all members of the surveyed households (1,098 households with 6,263 persons), a group of under 16 years old shows 22%, which is the largest share, and 20.9% of all members is at school. Included the elderly and retired persons (5.7%) and unemployed persons (6.8%), the share of dependent family members becomes high. According to the population by sex, the rate of female is 52% and the number of female head of household is higher than that of male head of household. It may be said that the rate of working women is high to support for the family life.

(2) Residential Status and Land Use Right

Table I.2.5 shows that 63% of the total households surveyed has no legal documents of land use and almost half of the households do not hold legal certificates of house ownership. Majority of total households has lived in HCMC for a long time and they have permanent residency as seen in Table I.2.6. If they have legal rights of land use and house ownership, they are charged some taxes and fees such as land use tax and house registration fee that make heavy burden to the households. This may be a major reason for many permanent residents without legal. The share of illegal residents in the surveyed area is rather low with 2%. Since residential status, land use right and house ownership are major factors in calculating compensation of relocation, the combination of these factors makes the compensation various and complicated.

(3) Housing Condition

Table I.2.7 shows legal status of house ownership. Nearly half of households on and along canal and in slum areas do not own legal certificates. Though more than half of households owned certificates before they moved to the resettlement sites, the share of the households that own legal certificates decrease. This reflects that households cannot get certificates until they complete their payment of the cost of new houses.

The length of living in the present place appears in Table I.2.8. Most of the households in resettlement site have lived only less than 5 years. However, about 30% of them had lived in the previous place for 21-30 years before relocation. It means that they left land where they have lived since 1975 for the relocation program. There are still many households living for more than 40 years on and along canals and in slum areas.

Type of house is mostly row house (50%) or ground floor house (38%). Purchase price of house in resettlement sites is shown in Table I.2.9. The price of VND 40-80 million

accounts for 46%. Since 56% of the sampled households pay their house cost by 10 year-installments, they should pay back VND 4-8 million on an average per year.

Domestic facilities owned by the households are mostly TV, radio, bicycle and motorbike as shown in Table I.2.10. The share of electricity meter on and along canals and in slum areas (52%) is much higher than that of water meter (29%). In resettlement sites, most households have electricity and water meters (98% and 87% respectively). Also, the refrigerator in resettlement sites accounts for the higher rate than other sites, which shows high living standard.

Major reasons for living in the present place are close to friends or relatives (33%) and close to work (19%) as shown in Table I.2.11. Problems with living in the present place are shown in Table I.2.12. Flood is the most serious problem considered by the respondents, followed by too many people living around and many garbage.

The ways to get the present houses are mostly self-built (43%) and purchased (34%) as seen in Table I.2.13. Houses are extended even over the canals as the number of family members increases. New houses in resettlement sites are usually 5-6 story apartments. VND 40-80 million/year should be paid back for a unit of apartment in the resettlement site (46% of total households). Since most of the households pay back by installments of 10 years, annual repayment is VND 40-80 million. This payment shares 22-44% of the annual expenditure of a household, which is a large burden to the most of the households. Also, since the design of new housing is almost standardized and the relocatees who choose to buy the unit offered by the government cannot help living in unstable unit of apartment in spite of their family size, occupation and economic situation, etc.

(4) Income and Income Sources

Household income is regarded as an important indicator for identifying factors involved as well as understanding capacity of household groups when selecting suitable options for resettlement. Based on the household income data provided by respondents, household monthly income can be classified in Table I.2.14. Since the poverty line is identified at VND 250,000 per capita,

- Poor income households, those with less than VND 2 million to 3 million monthly income.
- Medium income households, those with VND 2 million to 3 million monthly income.
- High income, those with VND 3 million to 5 million monthly income, and
- Very high income, those with over VND 5 million monthly income.

Distribution of income is highly concentrated to level of VND 1 million - 2 million (39%). Few households under the survey have income more than VND 5 million. Compared with on and along canal and slum areas and resettlement sites, the former two areas show higher share of VND 1-2 million (40%) than the latter (37%). Also, Table I.2.14 indicates that monthly household income of less than VND 2 million on and along canals and in slum areas and in resettlement sites account for 66% and 55% respectively. The figure reveals a high proportion of the poor people who live on and along canals and in the slum area.

Average monthly income of the interviewed families is about VND 2.05 million. Highest income is found on and along canal and in slum areas (VND 100 million) and the lowest one in resettlement sites (VND 140,000).

Among the survey households, a high percentage had an income earning activity in the home, which is mostly informal employment. This reveals that there are many laborers in the canal area engaged in manual worker such as porters, cyclo drivers, garbage collectors, etc. These jobs are often irregular and have low income. Measures for resettling them into high rise apartments, therefore, should be considered in respect to their informal occupation.

Income level differs from different income sources and family structure (how many members are workable). There are many households who operate small restaurant, drug store, repair shop, etc. in their houses, hold street stalls, peddling and trade in the market, and work as irregular labors near their houses. Many of them are informal jobs without official business license. Their incomes will lose or decrease after relocation especially when they live far away from the present places and their housing styles change. For example, living in the upper story unit of apartment, they will lose home base businesses. Table I.2.15 shows that 44% of the respondents decreased their incomes and 45% did not change after relocation.

(5) Expenditures of Household

As the highest share of total expenditure, VND 5 to 10 million accounts for 28% on and along canals and in slum areas. However, category of VND 10 to 15 million accounts for 27% in resettlement sites. Annual average expenditure per household is VND 1.7 million as presented in Table I.2.16. Average amount in resettlement site (VND 18.7 million) is the highest. Also, minimum expenditure is the highest in the resettlement sites (VND 1.1 million) which shows the inhabitants spend more money than other sites.

The number of households with loan is not large (28%). Among the households with

loan, lenders (45%) or relatives (22%) are common sources.

(6) Wastewater/ Solid Waste

52% of the households discharge wastewater and throw solid waste directly to canal/river systems. Toilets are mostly located over the canal. Though houses in the resettlement sites should be equipped with toilets and connected to sewerage system, and garbage collection service is provided, still some households continue their behavior of discharging wastewater and throwing away the garbage into canal, and further many households leave waste in empty yards. While the most inhabitants regard canals/ivers as important places for wastewater and garbage disposal, this activity is also recognized as a major factor of water pollution.

Main water source in the survey sites is tap water (See Table I.2.17). It is clear that resettlement site shows higher rate of tap water than that of on and along canal and in slum area. 31% of the households on and along canal and in slum areas and 87% of the households in resettlement sites are connected with sewer as seen in Table I.2.18. While more than half of interviewed families on and along canal and in slum area (52%) discharge waste water directly into canal or river system, 12% of households in resettlement site discharge waste water into canal/river. It is noted that about 13% of houses in resettlement site are not equipped with sewer. There are many toilets on canals/ivers which discharge excreta (Table I.2.19). Households on and along canal that have already agreed with relocation accounts for 26% and households without relocation plan accounts for 44%, which gives heavy burden to canal system.

(7) Environmental Problems

Environmental problems that the inhabitants recognized in their surroundings are bad smell, disposal of wastewater and solid waste as seen in Table I.2.20. After resettlement, still solid waste, bad smell and wastewater are their environmental problems. Table I.2.21 indicates that 91% of the respondents think that cleaning of canals is important because they want to be free from obnoxious odor and mosquito/germ. It is noted that the inhabitants can help activities for cleanliness and further they are willing to pay fee for cleaning canals. Also, 66% of the households respond that the best way of water quality improvement is to stop throwing garbage into canals by increasing their own environmental awareness. For this purpose, the inhabitants should change their attitude that canal is important as disposal of wastewater and solid waste.

(8) Clean the Environment

Though the topic of cleaning environment has not been discussed so often, this topic is mostly talked during the daily conversation with neighbors (See Table I.2.22). The discussion is usually held in neighborhood units informally. Most of the respondents think the cleanliness of canal is important and are willing to help these activities (91%). The main reasons are to free from bad odor, and to prevent breeding mosquitoes/germs as shown in Table I.2.23. In order to implement this purpose, 66% of the respondents consider that the best way is to stop throwing garbage into canals and 36% are ready to pay fee (Table I.2.24).

Governmental help (68%), law and fine enforcement (53%) and incentives given to the people are proposed by the respondents as the best way to improve environment generally in HCMC as shown Table I.2.25.

(9) Community Participation

(a) Community Activities/Information Sources

Community activities among the respondents are not so active. Among them, however, women's association is the most popular which means that women's role in community is significant. To the question of reasons for living in the present place, "close to friends and relatives" is the largest share, followed by "close to work place", as shown in Table I.2.26. Environmental issues are discussed mostly in the neighborhood unit. So far, community as a whole has no experience of organized activities but small group of community may have some possibility for environmental improvement. The inhabitants usually get information of their society through mass media and PR by the government. Based on this result, in order to diffuse environmental improvement and relocation policy, women's groups and mass media can be used effectively.

Most of the respondents have no experience of vocational training, even the households living in resettlement sites.

(b) Decision Maker

Decision maker in the household is mainly head of household (84% for on and along canals and in slum area). Under the condition that the share of female household is higher than male one, the difference of gender is not remarkable.

(c) Information Sources

The family members of the respondents usually can get information of their surrounding society from TV/radio, newspaper, magazines and PR by governments.

(10) Opinions for Relocation/Resettlement

As a relocation package in Table 1.2.27, the respondents who have no plan of relocation prefer land with legal title (29%), followed by a package of house to be bought with low interest loan, assistance to get job and land with legal title (26%). Rented house or cash grant only is not preferred. Land with legal title seems to be most important factor for relocation. If the compensation is not satisfied, 70% of the respondents continue negotiation until final agreement and some of them (12%) will not relocate, which is not neglected. Regarding the respondents' concerns after relocation, Table 1.2.28 shows that the respondents want to live in clean environment (66%), to have their own land and build their houses. They expect positive aspects of the relocation more than the negative ones. Basic services to be required by the expected relocatees are water supply, sewerage system, electricity, garbage collection/disposal, transportation, health/education facilities, etc. For more than 70% of the respondents, it took 3-6 months to get new job after relocation and still more 15% needed more than 6 months as indicated in Table 1.2.29. During the jobless time, the economic situation of the relocatees is suffered considerably. Households that have already resettled and that have already agreed reply that they understand government relocation policy well and they try to follow the government instruction and comply regulation.

(a) Understanding of Relocation Policy

Toward the question of why they will relocate/relocated, most interviewees who have already agreed with relocation and already resettled in resettlement sites responded that they have to comply with government order as presented in Table 1.2.30. The people usually understand the relocation policy provided by the authority (84%).

The respondents without relocation plan consider the relocation package offered by the government as shown in Table 1.2.31. They prefer land with legal title, followed by house that they can buy with low interest loan, land with legal title and government assistance to find job.

Half of the respondents who have already agreed had consented relocation at the first negotiation with government. The major reason for disagreement with relocation is unsatisfied compensation. The respondents without relocation plan consider that if compensation is not satisfied they will continue negotiation with government until they come to compromise (Table 1.2.32).

(b) Concerns after Relocation

The respondents who have already agreed are concerning with living in clean area and relationship with neighbors after their relocation (Table 1.2.33). Loss of the present work is also concerned. The respondents who have no plan of relocation are concerned with living in clean area, own land and house and better school and health facilities. Income decrease is also concerned. Respondents in both sites think much of the living environment.

The services in the new resettlement site that the respondents need are water and electricity meters, sewer and garbage collection (Table I.2.34). The households who have already agreed concern with training of human resources and income generation program as the fourth priority.

(c) Affect from Relocation/Resettlement

Most of the respondents consider that they will lose a whole land they live in by the requisition of land by the authority for the construction of environmental facilities. The respondents who have no plan of relocation are afraid of relocation of house and land and income decrease after relocation as seen in Table I.2.35. As options of resettlement, the respondents without relocation plan prefer to move to on-site resettlement site provided by the government, followed by the preference of living in the resettlement site provided inside the district (Table I.2.36). However, the respondents who have already agreed prefer to live in the resettlement site in other districts.

Regarding the capacity of household who want to buy a unit of apartment in the new resettlement site, the respondents can pay at installment systems (Table I.2.37). Among the respondents who cannot afford to pay all in cash, they mostly prefer the installment time is 10 years (57%).

Table I.2.29 presents the duration to be taken to find jobs after relocation. 71% of the households already settled in resettlement sites took 3-6 months until they got new jobs.

Additionally, 14% of the respondents needed more than 6 months. It means that these households have experience of the decrease of income during this time after relocation. Table I.2.38 also supports this. Income decreased for 44% of the households and no change for 45%.

Table I.2.39 and Table I.2.40 show advantages and disadvantages of relocation respectively. As advantages of relocation, close to school (70%) and to get better house (56%) and electricity meter (34%) are listed. On the contrary, disadvantages of relocation are poor water supply (33%) and poor health facilities (18%).

(11) Findings

- (a) Since the share of female population and female head of household are larger than that of male, it is better that women will be provided with environmental education and information related to relocation for effective promulgation.

- (b) The rate of permanent residency is higher and that of illegal residency is lower than expected. However, regarding legal status of land use and house ownership, small population has legal documents for land use and house. This result is similar to the results of Department of Land & Housing, and it is related largely to the compensation policy.
- (c) Since length of living in the present area is quite long, it may make relocation difficult and compensation complicated.
- (d) The purchase price of house in resettlement sites is quite high, especially for low-income households. This repayment per year accounts for 22-44% of total annual expenditure.
- (e) The disparity of income level per household is very large. It depends on the family size and major income sources. The relocation policy should be considered with diversification of housing type and cost based on this result.
- (f) The percentage of labor force (from age 18-55) in the study area accounted for 64% of the total surveyed population. This means that there is a rather high dependency ratio of households (21% of dependent children and 6% of old-retired and 7% of unemployed that are dependent on other members per household). The difference in dependency ratio as well as work force ratio between the areas is not remarkable. However, in observation of the work force group, it should be noted that the skilled laborers are not many. The relocation policy, therefore, should consider the unskilled laborers when moving them to any new resettlement areas. A relevant resettlement policy for relocatees should be combined with an employment policy including vocational training program.
- (g) Families who discharge wastewater into canal/river are many. Even after relocation the houses connected with sewer in the resettlement site, some continue this behavior. For the people, the canal/river system is important as place for disposal of wastewater and solid waste, in spite of their recognition that these activities are major source of water pollution. Therefore, appropriate environmental awareness for the people is essential.
- (h) People recognize the necessity of cleaning canals nearby and willing to help through stopping garbage throwing into canals (by self awareness increase) and even paying fee for cleaning. However, as general environmental improvement in HCMC, people rely on government.

- (i) Major information sources are mass media and PR by the government. In order to increase environmental awareness of the people and relocation policy, these measures should be fully utilized.
- (j) The people who have already resettled and agreed with relocation generally understand the purpose of relocation and try to follow government instruction and regulation, even if they have disagreed with compensation.
- (k) The people concern social issues after relocation as well as economic condition. They are afraid of decrease of income. Therefore, the relocation policy should be planned carefully with consideration of socioeconomic conditions of the people.

2.2 Relocation and Resettlement Policy and Related Regulations

2.2.1 National Policy

Though many laws, decrees and regulations have issued since 1992 (Constitution issued), the policy and legal framework for relocation is not fully coherent and transparent. Still many regulations have been often revised or cancelled. Key to the policy of relocation is that all people who are using land legally, are entitled to compensation for their land and property if the State claims their land for national defense, security or national and public interest. Businesses will be entitled to compensation if they have paid the land use tax from non-State budgets. However, illegal users of land will not be compensated for their land and property.

Table I.2.41 summarizes the legal framework of relocation and resettlement. Decree No. 90/CP was displaced by Decree No. 22/ND-CP issued in 24 April 1998. Decree No. 22 is the base for determination of region's area to be cleared for national and public purposes. According to this decree, all transportation and infrastructure projects allow government to appropriate land required. Also, Land Law (1993) and Civil Code (1996) that stipulate the rights and obligation of land users are base of the decree. The new decree highlights further compensation entitlements and subsidies compared to the previous one. The higher prices for urban land is set and the definition of land for public use is broadened. The policy of compensation of the all projects is unified to avoid complaints by the inhabitants and the degree of compensation becomes higher. Presently, however, according to this decree, a growing number of people still cannot be classified as legal and are thus not entitled to compensation arrangements.

Relocation policy largely takes the form of compensation policy in the above legal framework. However, it is significant that not much attention is paid to enactment of regulations concerning a minimization of relocation and socio-economic aspects of the affected people and businesses securing that are at minimum not worse off than before their resettlement. Relocation/resettlement is perceived as a positive objective by the

State and also by the PC of HCMC, not an important to be avoided.

Decree No. 60/CP issued in 1994 defines the requirements necessary to establish full legal title over property, including residential housing and the residential land use right. Article 10 of this decree specifically describes the legal requirements of land users to receive compensation. This decree is the basis for the legal entitlement to compensation.

Compensation costs of land and property are based on minimum and maximum prices determined for five types of land as specified in Decree No. 87/CP. Provinces and cities governed by central government are allowed to set their own land values according to the local conditions, as they fall within the limited ranges. The local district PC is responsible for confirming the land and structure areas affected and the entitlements to compensation.

2.2.2 HCMC Policy

PC of HCMC is responsible for determining a compensation plan including those with who are eligible for compensation and the compensation rates within national policy. There are several Provincial regulations that set the procedures for compensation within the national framework. Major projects require special legislation. The provisional decisions that regulate the process of resettlement are shown in Table 1.2.42.

The relocation in HCMC aims at 3 objectives as follows.

- (i) Clearance of encroached houses on and along canals that obstruct living environment, security and water way transport
- (ii) Urban rehabilitation
- (iii) Reduction of population pressure in inner city residential areas

The third objective in the above falls under one of the targets in Master Plan of HCMC, that is, appropriate population distribution and housing condition in the city. Planning on the use of land and architecture of urban landscapes in the readjusted Master Plan of HCMC includes to remove houses on and along canals and arrange new residential quarters for people to improve their housing conditions. The present population in inner city of over 4 million shall be reduced to 3.6-4 million by 2020. Under this program, over 1.7 million inhabitants shall be moved to outer-city. This population flow is considered as the following 3 ways by the staff of Department of Land & Housing.

- (i) Compulsory relocation: Some parts of the inhabitants have to relocate under the policy of the city government (especially, inhabitants along the canals and in slum, and low income people)

- (ii) Voluntary relocation: People follow the inhabitants who already settled in the outer-city industrial areas
- (iii) Selective relocation: Inhabitants with high living standard may want to live in the area with better environment or better infrastructure in suburban area.

There are 4 groups targeted for relocation by the city authority, that is,

- (i) inhabitants on/ along canals,
- (ii) slum houses,
- (iii) inhabitants living in the area with infrastructure projects, and
- (iv) factories, companies, workshops/warehouses (which should go to industrial zones).

It is important to note that current government policy in respect of all canal residents within the city is that all structures and households living on and along the canal within a boundary of 20m from the existing bank (called as "the technical boundary") will be removed and structures within another 20m (termed as "the redevelopment boundary") will also be subject to clearance (depending on the detail design and funding of the project).

There is a plan of setting up industrial zones with residential area, which will develop toward south and east directions with relocation of the above targeted inhabitants. It is estimated that these areas will create about 535,000 jobs and additional 265,000 jobs servicing the industry workers and their families in the above areas.

Presently, the policy followed for relocation in HCMC differs somewhat from district to district. This results from the fact that districts can adopt some specific regulations on compensation and relocation within the overall framework. City-wide policies and regulations can be applied by the districts with some degree of flexibility. However, the general policies to the relocated households are;

- (i) For those who look for accommodation by themselves
 - They are compensated and subsidized once by cash
 - If they back to their previous area, different district or province, they are given favorable conditions for re-immigration to that area
 - Government encourages them to be back to a big family
- (ii) For those who register at new apartments prepared by the government
 - Compensated for clearance and subsidized for relocation
 - Allowed to buy in lump sum or in deferred payment term or rent an apartment at the newly built apartment block
 - Exempted from land use tax, registration fee of new house and land transfer fee
 - Supported for vocational training and put priority on employment service

- for cases who register at new apartment block at industrial area of the district
- Supported for the low income people for 3-6 months to have a stable life in resettlement area, such as living cost, education cost, medical care, service of social workers and privilege for job training
- Supported for necessary formalities on permanent residential registration

In Decision No. 05/UB-QLDT, PC of HCMC has further specified the prices of urban land in the city, and also mentions percentage rate of land compensation price concerned to legality of land. The price, however, do not necessarily conform to market values. In addition, further regulations have been issued by PC of HCMC to specify in more detail, the compensation costs for property, business loss and damage, and moving fees for the affected people.

Decisions No. 4755/QD-UB-QLDT and No. 6377/QD-UB-QLDT are stipulation of compensation policy, specifically unit price of house and assets. It is noted that these decisions stipulate the subsidization for relocation to illegal land users and houses under the limited conditions. However, it is not applied in actual cases (or depends on the each district policy). Decision No. 5787/QD-UB-QLDT is for management of resettlement apartment by the government and relocatees. Additionally, duties and rights of project owners, selling and transferring apartment are regulated. Households who have permanent registration in HCMC and who cannot afford to find new accommodation in other places shall be entitled to purchase one apartment unit or a house in new areas of relocation on the bases of deducing prices of the house and land. Housing prices in the new sites are based upon the floor area of the building. If they buy a new house, the buyers can choose one of the following 3 options.

- Payment of the entire cost at a time: 10% discount
- Payment at least 30% of total price at the first and the remainder paid every 3 months within 1 year: 2% discount
- Payment within 10 years, each year of which pays 1/10 of the cost.

2.3 Organization and Procedure of Relocation/Resettlement

2.3.1 Organization Related to Relocation/Resettlement

Decree No. 22 stipulates the organization responsible for relocation/resettlement. Under Decision No. 4964QD-UB-VX (1998), PC of HCMC has established a Steering Committee for Urban Planning, Compensation and Resettlement. This is illustrated in Fig. I.2.1. Compared with previous Decree No. 90, the city authority has a larger power and can cover all projects related to relocation. Under Decree No. 22, sub-divisions are set up in Steering Committee at city level;

- Standing division consisting of heads of all divisions

- Division of compensation and relocation
- Division of planning and arrangement of relocation
- Division of monitoring, propaganda and mobilizing

At the district level, there is also a steering committee. The tasks of Steering Committee are to co-ordinate compensation and resettlement activities including consultation, advice, monitoring for compensation and relocation of district level, enforce HCMC policy and assist in the establishment of District Committee. Fig. I.2.2 shows organization of relocation.

PC of HCMC decides lands to be confiscated, and has the overall responsibility for determining the compensation plan, setting its own land values within the broad national range. Within this set of local values, PC of HCMC also has the right to apply an adjustment coefficient. District PC is responsible for confirming the land and structure areas affected and the entitlements to compensation. PC of district shall be responsible for an option to compensate and relocate people in areas to be cleared when there is a decision of PC of HCMC. The Chairperson of PC of district is entitled to issue a decision for the establishment of Project Management Unit (PMU) for Clearance and Compensation of each project when there is a decision of PC of HCMC for land acquisition and clearance of houses in the districts. Members of PMU include authorized representatives of agencies of district. Chairperson or vice chairperson of PC of district will be head of PMU. PC of district has authority to draw up and determine specific compensation rates. The legal status of existing settlements can be determined by the involved districts working in coordination with the Department of Land & Housing.

During the last couple of years, People's Councils have tended to increase their role in the local operation of decrees. People's Council is the representative body of people and the local legislation body, in charge of supervising the city and the inferior administrative bodies. Each district and ward has its own people council which is elected every 5 years by the city voters. City People's Council has the right to ratify the decrees to execute the laws of inferior bodies. Members of People's Council will elect the chairperson and vice chairperson of PC and members of PC accordingly. This council is particularly relevant to relocation where national regulation requires that they be specified in the local context. Also, People's Council can receive people's complaints including those related to relocation and try to solve them.

Work concerned with relocation and resettlement is handled by Department of Land & Housing. This department is responsible for coordinating the relocation plan at city level. This includes planning, funding and arranging transfers of funds. This department handles the City Housing Development Fund whose source mainly comes from the sale of state-owned housing. Funds are used for supporting relocation, such as development and repair of housing for the people without enough money.

The work concerning dredging of canals and drainage is handled by Department of Transportation and Public Works. Chief Architect's Office manages projects, supported by Urban Planning Institute (UPI). UPI conducts research on urban planning, being responsible for setting the boundaries for relocation, and proposes projects to Chief Architect's Office. Actual implementation is responsibility of the districts, with Department of Land & Housing providing technical support, managing and constructing of housing and building, and being also able to move funds between districts.

Department for Labor and War Invalids, Social Affairs is a part of the Steering Committee. It is mainly concerned with implementing the policy of resettlement to New Economic Zones -rural development at some distance. The social aspects of the inhabitants in resettlement sites should be covered mainly by this department, but this activities have not been implemented yet. Also, Department of Education is responsible for the school registration, transfer of school children during the construction of new school, of children after relocation.

Key issues regarding the organizations related to relocation/resettlement are,

- (i) Coordination between organizations is problematic and not functional,
- (ii) There is a considerable difference in capacity between different districts, and
- (iii) The issue of rehabilitation of relocatees is not actively taken up by any organization, though its importance is recognized.

2.3.2 Relocation/Resettlement Procedure

The process, in case of canal rehabilitation project, is described generally in 6 steps as follows.

- (i) Survey by Department of Land & Housing with support by related districts and wards
 - consideration of boundaries drawn for redevelopment and identification of levels of pollution in canal
 - identification of enterprises, businesses, markets and other social facilities
 - detailed survey of households
- (ii) Confirm planning by Department of Land & Housing
 - preparation of land use along the canal, land acquisition map
 - preparation of the resettlement plan, how and where to relocate people
 - estimation of compensation cost
- (iii) Mobilize people by district company
 - announcement on land acquisition
 - negotiation and agreement with affected households
 - cooperation with local authorities to make planning go smoothly
- (iv) Prepare new resettlement plan for new area and plan of how to relocate by

- Department of Land & Housing and PMU of district
- try to fast track planning and implementation
 - work with New Economic Zones to resettle those without permits
 - integration with planning of new enterprises in new development areas to provide employment
 - plan to organize regulations in new resettlement area
- (v) Make new regulations for resettlement area by Department of Land & Housing and submit PC of HCMC for the approval
- (vi) Start clean canal, develop the banks, plant green areas, etc. by district company

The decision to resettle persons housed in specific locations is made by the PC of HCMC. A survey is conducted to obtain information on the households to be removed. After pre-feasibility study, inhabitant's opinions are heard and adjusted, which makes the relocation project more feasible and practical. So, usually relocation projects take long-term study and negotiation period. The authority continues to explain all questions raised by the inhabitants to proceed smooth relocation. However, the limited capacity cannot include all requests and opinions from the inhabitants into the project.

PC of HCMC works with the PC of district and Department of Finance to discuss compensation policy. Inhabitants living in the areas to be removed are informed of the government plan by the PC of ward. PC of ward holds meetings with the inhabitants frequently until they come to agreement. After the plan has been thoroughly understood and is acceptable to the residents, they sign agreeing to demolish their houses, vacate the sites and turn over the land to the district on a date by the district PC. Complaints that occur during the course of compensation and move of people shall be considered by Steering Committee following the complaints procedures of the State Law on complaints on Land Law and other State regulations.

Problems that are usually faced by district authority are difficulties of explanation of city policy of relocation to the inhabitants. In order to get concurrence of the people, propaganda is carried out continuously. For this purpose, each district organizes implementation teams which are selected by local people. They are usually members of women's association, youth association, etc. and hold meetings at city, district and ward levels to understand relocation policy and the way of propaganda to the people. They continue to talk with people by visiting each house during the planning period of relocation.

District officials visit every house to measure the house and land to assess compensation cost based on the standard and procedure issued by the city authority. If there are only a small percentage of permanent residents and the majority do not have residential permits nor house ownership, it is relatively easy to resettle these people from a legal viewpoint. A public hearing may not be held where no rights of settlement exist. The government plan will in this case be only announcement.

The inhabitants who should relocate can get lot of land or apartment unit or separate house. If land set aside at locality for resettlement is provided, the relocatees can construct own house on that land. This choice, however, depends on the land availability of each area and available land is limited in HCMC. Usually this concerns an apartment in a multi-story apartment building.

The apartment housing that relocatees live is designated by the government. The apartment housings have different types of units and prices and relocatees can choose the unit based on their conditions. However, for the poor the unit in the apartment building designated by the government are allocated.

2.3.3 Compensation

Compensation will be provided in cash, by land or by house according to Decree No. 22. Scope of compensation is;

- (i) Loss of the whole area of confiscated lands stated in Decree No.22
- (ii) Loss of properties on confiscated land, including infrastructure
- (iii) Subsidizing people and factories that have to be relocated
- (iv) Paying fees to confiscated land-owners who have to change their jobs
- (v) Paying the cost of site clearing, moving and allowance

Those who are entitled to compensation for loss of properties on confiscated lands must be legal owners of those properties. The minimum and maximum price range established under Decree No. 87/CP is used as the basis for assessment of compensation by provincial/city authorities. PC of HCMC is responsible for creating a compensation plan and the compensation rates that will be paid within national guidelines. Major projects require special legislation. The compensation frame is based on the Decision No. 4755/QD-UB-QLDT of PC of HCMC and other circulars under this Decision. Individuals using land illegally after 15 October 1993 will receive no assistance and are liable for the removal of all illegally constructed works. Allowance for moving, transition and subsistence are limited to permanent residents, which excludes about 40% of those displaced from this assistance. Categories for compensation and unit rates come from variety of decrees, as discussed in Table 1.2.43.

Compensation amounts are based on the following criteria.

- (i) Purpose of resettlement (i.e. rehabilitation of the environment, road construction, commercial development, etc.)
- (ii) Status of the inhabitants (i.e. permanent residency with residential permit, temporary residency for short or long term without residential permit)
- (iii) Standard, quality and status of land and house (i.e. with or without legal land use right and house ownership)

In Decision No. 05/UB-QLDT, PC of HCMC has further specified the prices of urban land in HCMC, but which do not necessarily conform to market values. Decision 6337/QD-UB-QLDT regulates additional basis for compensation for land confiscation for houses located on and along canals or rivers and areas of huts in HCMC.

State-owned enterprises, socio-political organizations, private-owned enterprises, etc. which are rented or granted lands by the State and not pay land use tax or paid from State budget shall not be compensated for loss of land. However, those organizations shall be compensated for expenses invested in this land.

The removal of houses and businesses leads to a destruction of investment made by households and business owners. Based on the present legal and regulatory framework for relocation, legal households are compensated for this loss. The compensation is considerably lower than the market rates and often not at replacement value. According to the present regulatory framework, illegal households are not entitled to compensation other than receiving a one way removal fee or support in moving to the New Economic Zone.

According to the interview of official in Department of Land & Housing, very few people have objected the relocation and the reason is unsatisfied compensation amount. In this case, city authority continues propaganda of social benefits of the relocation until everyone comes to agree. However, the difference between districts can be seen in such case that District 5 provides extra money for compensation of VND 25 million per households located on outlet to promote the relocation. In case construction company or project owners have enough money for compensation, relocation seems to be conducted smoothly and quickly.

2.4 Problems of Relocation and Resettlement

The major problems that the government and the inhabitants (to be) relocated are facing are summarized as below.

2.4.1 Government Side

(1) Legal Land User

The difficulties encountered are in moving households with land use rights. Legal land users have the right to be compensated by the present law/regulation. However, many of these households feel that the unit price of compensation for their land is below the market rate and it takes long time for negotiation.

(2) Illegal Houses/Land Users

The number of illegal house and land users in the whole city has not been officially

investigated yet. Based on the social survey conducted by Department of Land & Housing, the number in limited areas have been often used. However, the number of illegal people is likely to increase as development of the city. In planning of relocation project, with lack of these data, macro planning and estimation of compensation and subsidy costs may become difficult and inaccurate. Additionally, illegal residents have not been compensated in relocation under the existing regulatory framework and this causes hindrance of smooth relocation negotiation.

(3) Price of Apartment Unit

Many people living in areas earmarked for relocation, for example, in NL-TG project have not been relocated due to many causes. One of the most mentioned is that apartments were overpriced for the intended people or insufficiently built. Many households are very poor and earn their living on a day-to-day basis. Since a part of the project costs are expected to be covered by the amount of selling units, the difficulties to pay by the relocatees make the government budget tight. Also, the design of apartment is not usually appropriate from the point of family structure, income level, income sources, etc.

(4) High Percentage of Relocatees who sell their Units of Apartment in Resettlement Sites
Over 30-40% of the relocatees are estimated to not stay in the resettlement sites and move to other places based on the interview with district officials and staff of IER (Institute of Economic Research). This problem seems to occur in many resettlement sites and are considered seriously by the government. The Steering Committee of Canal Program is now carrying out the survey to know the percentage of the relocatees who have illegally sold their units of the apartment and left the resettlement sites of NL-TG canal project. The authority considers this attitude of the relocatees are based on the following two factors;

- since the price of unit is lower than the market price, relocatees sell at the higher price than that they bought and get money,
- after resettlement, living condition is getting better and they look for the much better housing.

Based on the interview and observation, however, the most possible reason is likely that the amount of repayment make a large economic burden to the relocatees and their living difficult. Some of the relocatees in NL-TG project who sold units of apartment and buy boats for their living and/or trading business. Now, a lot of boats can be seen floating on the canal, which produces another problem on and along the canal.

(5) Limited Budget and Manpower for Relocation/Resettlement

In order to relocate the inhabitants, clear explanation of the policy, procedure and plan after relocation is necessary to the people. Also, people's opinions will be heard and

compensation amount should be calculated and negotiated considerably with the targeted inhabitants. When the government tries to negotiate with inhabitants until their full agreement, continuous and hard efforts are necessary with the limited manpower. All these activities need enough budget and government staff in charge with technical knowledge. The relevant organizations should cooperate and coordinate one another.

2.4.2 Inhabitants Side

(1) Loss of Income Base and Decrease of Income

The relocation of households and their businesses may have a major impact on the income situation of households and affect the basis of businesses. If the dependency ratio in the household is high (many small children, students, unemployed members, invalid, etc.), a loss of employment and income has a large impact on the sustenance of families. Relocation to sites in the still low developed areas of HCMC may seriously affect the employment prospects. When maintaining the original job after relocation, households may be faced with an increase in transportation costs and an increase in travel time to their places of work. In some cases, this may lead to giving up the income generating activity. The reduction in income is largely determined by the style of housing. People on the upper floors in high rise buildings cannot maintain prior business activity.

Also, the operations of informal businesses will be affected by relocation. In particular, when the resettlement is to sites which do not allow the relocatees to maintain their former client and suppliers' networks, or when developing new client and supplier's networks may take considerable time to develop. According to the present regulatory framework, informal businesses and non-registered operation are not compensated.

Furthermore, the planning of resettlement sites is presently insufficiently linked to the planning of industrial zones and their foreseen development. In addition, given the low skill levels of many of the relocatees of the canal and slum areas and without additional support, the employment opportunities of relocatees in the industrial zones may be rather limited.

(2) Increase of Costs of Living in the Resettlement Site

The cost of living often increases upon relocation and resettlement for those households that chose to buy an apartment in the new resettlement area. Households in the new resettlement sites have to pay service charges such as water, electricity and garbage collection, repayment for housing units, possibly higher transportation costs, etc. It should be recognized that some of these expenditures may not have been paid at all by a part of the households in their original locations. It is estimated that some 20-30% of households experienced difficulties in paying these extra payments when

combined with repaying a 10-year loan period for the new apartment. This incurs additional financial burden due to high interest rates and loan service conditions.

(3) Change of Life Style

Government prefers apartment construction for resettlement to other options of relocation such as land and row houses, although International Organizations and many NGOs provide recommendation and suggestions of other options for relocation policy. Because the authority considers if the poor is provided with land and build their houses, environment and landscape in the city cannot be kept appropriate. However, it is likely that people prefer to be provided with land and build their houses by themselves. Standardized apartment and rent houses are not preferable according to their traditional living style.

Thus, in case resettlement housing is offered, the new housing may not coincide with requirements, preferences and living style of the households. Though many houses are not only used for residential but also economic purposes, the apartments offered to the relocatees have not been designed for continuing the home based economic activities.

Also, sometimes the previous community is split in some places and their cooperation system is broken. This may cause the uneasy of the relocatees in new resettlement sites and the unstable relationship between new relocatees and the already existing inhabitants.

2.5 Recommendations

(1) Minimization of Relocation

Removal of the houses on canal and half canal/half land (depending on the area left is available for living) cannot be avoided for environmental improvement and construction of the drainage/sewerage facilities. The houses on bank, however, should not be relocated as many as possible and it is better to consider their upgrading for environment improvement. As far as the project implementation is not disturbed, the number of relocatees should be minimized in order to decrease the negative impacts. Moving too many people in a short time to large sites is likely to have serious social consequences as the informal control systems break down. Therefore, in relocation, a whole of small community or some divided groups of community are considered to avoid breakup of the existing community.

(2) Consideration of Socio-economic Aspect of Relocation/Resettlement

The government emphasizes entirely on physical development aspects of relocation/resettlement, such as population and houses. However, invisible condition should be considered such as job, education, health, other social services, etc. It is

necessary that all relocatees are supported in their re-establishment in the new site. This support could comprise direct financial support in offsetting losses of income during the phase of transfer, covering transfer related costs, compensating for significant increase in living costs. Entitlements to socio-economic re-establishment need to be outlined in detail.

The support is not direct financial support to the relocatees, but also includes, facilitation of community development activities particular with the aim to (re-) build community structures, support in training people to enhance their income and employment opportunities and the start of a credit scheme for informal business owners. Living condition of the people after relocation should be suitable to the people's demands.

More important, however, seems that many relocatees cannot afford to live in units presently offered in apartment buildings, in spite of favorable repayment and tax arrangements to the relocatees. Construction of apartments should be counted on social investigation data such as scale, average people/house, economic possibility, etc.

(3) Reconsideration of Compensation Policy

Since illegal people have not been considered as compensation policy, they should be considered to be subsidized at minimum. Compensation for loss of business is restricted to households with a business license. It is likely that many existing smaller, informal businesses, do not have licenses. Businesses should be compensated at higher rates and those without licenses should also be compensated. A program of small loans to restore income earning capacity should be provided to those who are relocated to multi-story buildings and thereby lose access to their prior markets. A re-training allowance or a place in one of the nearby markets should be considered.

Regardless of their residential/housing status, all affected households and businesses before a particular cut-off date, are included in relocation arrangements. The principle, however, is that at minimum all affected inhabitants and businesses should not be worse off than before their relocation. Therefore, at minimum affected persons should be offered an arrangement which allows for replacement of what they currently have or access to. In addition to cash compensation, non-monetary forms of compensation are favored.

The unit rates of land are not reflect current market conditions. A compensation needs to be undertaken of the rates suggested with recent land sales in similar areas.

Entitlements to relocation arrangements for the different categories of households and businesses are to be well-defined and transparent. Depending on the residence status, legal status of the land and the ownership status of property, different relocation

arrangements may be offered. All households are supported in their transfer plus all their belongings from their original site to the resettlement site.

In case of self-finding accommodation, appropriate price of land and social allowance should be considered. Rehabilitation in the new resettlement sites should be covered not by money but by program, such as providing facilitators (NGOs and community groups) to support relocatees new life. Community in the area should be activated for development.

(4) Consideration of Inhabitants' Needs and Community Involvement

The present condition of the inhabitants, their problems and needs should be understood and then should be integrated into the relocation/resettlement plans. Good development of relocation and resettlement options depends very much on a good understanding of the existing situation and full participation of the affected households and businesses. The inhabitants may be encouraged and facilitated to be involved in the planning, implementation, monitoring and evaluation of relocation/resettlement, if possible. Attention should be paid in community participation to decision-making regarding the resettlement site selection, layout and design of housing in resettlement sites, the transfer process and the formulation of support required in facilitating their socio-economic re-establishment. Participation helps to build support for long term responsibilities necessary for sustainable development, i.e. to avoid selling and moving the apartment units by the relocatees.

The standards for new housing and infrastructure are beyond the payment capacity of those relocated. People are likely to be forced to accept a level of services and benefits they cannot afford and do not need. People should be provided with resettlement housing that is within their payment capacity or be given a direct exchange for what they lost.

(5) Rehabilitation of Relocatees

Unless the new site has good access to income generating possibilities, the standard of living of the relocatees is very likely to be negatively affected due to the relocation. Relocatees should be provided with opportunities to be rehabilitated, to improve or at least restore their former standards after resettlement. In particular, an option for generating job opportunities is to reserve space for businesses in or adjacent to the resettlement sites or encourage labor intensive enterprises to join by providing sites and economic incentives such as taxation exemption. In addition to employment, access to transportation networks, supply of educational/medical services, establishment of social support network etc. should be focused. Resettlement sites, supply of job training and development of infrastructure should be decided. With respect to impacts on employment and businesses, Vietnam lacks an effective program to restore the income-earning capacity of individuals who lack a business license at the

time of relocation. There is no institutionalized job-training program to help those displaced.

II. FEASIBILITY STUDY

3. Background

Relocation of houses, inhabitants and their properties are inevitably brought about in the implementation of the priority project (hereinafter called as "the Project"), which is selected out of the master plan, was established in the Study on Urban Drainage and Sewerage Development for HCMC. The relocation policy of HCMC is that all houses will be cleared on and along the canals (the houses located from the bank to the road or 20m from the bank in case of Nhieu Loc-Thi Nghe). Nevertheless, the primary objective of the policy on relocation in the Project is to minimize the relocated or negatively affected inhabitants and properties. Based on this policy, especially in Tau Hu-Ben Nghe Canal Improvement Site in the Project, the target for relocation along the canals is designated as the structures located within distance of 5m from the canal bank.

4. Project Components and Summary of Impacts

The routes and sites of all facilities have been selected to avoid and minimize the need for relocation. Basically, the sites excepting canal improvement site are not inhabited densely and not be considered relocation seriously. Although the canal improvement program would involve a large scale relocation, the Project tries that the affected area would be minimized such as 5m distance from the canal bank at most. The types of impacts that are considered under this Project include the following:

- Permanent land acquisition
- Loss of housing
- Partial and a whole impacts on structures
- Temporary and permanent impacts on shops and small businesses
- Impact on public infrastructure and other assets
- Relocation/transitional household/employment impacts
- Replacement of site infrastructure and social services

Given the on-going status of the Transport Infrastructure Development Project in HCMC which plans to construct Ben Chuong Duong-Ben Ham Tu-Tran Van Kieu Road to N.H.1A, it will be unnecessary to remove houses covered by these project components. This project will relocate 4,650 houses located mostly on the left bank of the Tau Hu- Ben Nghe Canal.

Inventory is compiled to prepare Action Plan of Relocation and Resettlement. Based

on the Inventory, pursuant to legal framework related relocation, Action Plan is prepared to implement relocation smoothly in advance of the Project implementation, i.e. construction and development of the facilities.

Total number of the houses to be relocated in case of implementation of the Project is estimated at 1,754 as shown in Table I.4.1. However, if all the houses located up to the roads are cleared according to the HCMC policy, total number of houses is 1,971. It shows that houses for canal improvement site for the Project shares 89% of the total houses to be relocated by HCMC policy. While this makes the authorities related to relocation suggest displacement of all houses up to the roads, the Project follows the minimization of relocation and only the project-affected area should be limited.

The location of the target for relocation is shown in Fig. I.4.1. It is clear that the areas in Wards land 2 of District 4, Wards 8 and 9 of District 8 have more households that intrude on or above and along the canals that should be cleared.

4.1.1 Condition of Residents and Assets

The Project will cover about 61,388m² of land and 70,537m² of housing area. The largest single impact of the Project would come from the area on and along Tau Hu-Ben Nghe canals in District 4 and 8 as the site for canal improvement. This area involves a maximum affected land area of 41,909m² (68.3% of the total project-affected land area), approximately 62,180m² of residential floor area (88.2% of the total housing floor area), and would displace about 1,557 households with 8,875 people. An additional residential land area of 162m² and 10 households located on and along the Tau Hu canal (on the left side bank of the canal) in Ward 16 of District 8 would face clearance for the canal improvement. Additionally, this Project component would displace as many as 20 houses for wastewater pumping station site in District 8 as well as 116 houses in Thanh Da and Ben Me Coc 1 and 2 areas of pump drainage.

Other potential permanent impacts from the Project involve the need to clear land of houses in proposed wastewater treatment plant site in Nha Be District. This component would clear as many as 60 houses and about 120 people. Land area in Nha Be is all legally used and all illegally used in Thanh Da area. Also, share of the legal houses is 71% of the total houses in Nha Be and 0% in Thanh Da. This information is the basis of compensation.

Impacts associated with drainage improvement by pumping system are expected as follows (See Table I.4.2).

Impact associated with wastewater pumping station is expected to be as shown in Table I.4.3.

Improvements on the Tau Hu-Ben Nghe canals would result in the displacement of

houses that have infringed upon and narrowed the canal width. Re-establishing area with 5 meter width from the canal bank could require clearing an estimated one row of houses. This would cause the removal of about 1,557 houses and 8,875 inhabitants. The present conditions of the site are showed in Table I.4.4. The potential for infringement into a five-meter zone is expected to be more likely and the need for clearance more collective especially in Ward 1 and Ward 2 of District 4 and Ward 8 and Ward 9 of District 8. More than 85% of these house are located on canal. Among them about 67% is categorized as Grade 4 house and more than 55% were constructed before 1975.

The site designated as Wastewater Treatment Plant includes 15,000m² of the relocation target in Nha Be District containing farmland and residential space, about 60 households and 115 people. The existing condition of the site is listed in Table I.4.5.

4.1.2 Option of Relocation and Resettlement

Based on the relocation survey and experience of relocation in HCMC as part of urban renewal and provision of public housing, about 30% of the total households to be relocated want to find their houses by themselves after receiving compensation or subsidies/allowance as shown in Table I.4.6. In which, 37% will plan to find land and buy houses with enough budget and 63% cannot afford to relocate because of insufficient budget to buy new houses. Therefore, they will go back to their hometown or to other district/province or to the new economic zone organized by HCMC. The rest 70% of the total households to be removed will move to the resettlement sites arranged by the government. According to the relocation survey, 56.4% of the total respondents show their will to receive a piece of land in the present dwelling district to build their houses. However, since most of them have very low and unstable income, it is likely that they cannot afford to pay for it and then it is reasonable to say that the rate of the households that can buy land for their house construction is just 20%. The rest 80% can buy or rent units of apartment housing or houses.

5. Compensation for Project-affected Populations and Properties

5.1 Compensation Rate

Among those households entitled to receive compensation, the rate of compensation varies based upon various conditions as shown in Table I.5.1.

Table I.5.2 shows the compensation costs to be residents that are to be relocated by site.

The compensation price framework is currently set based on ;

- Decision No. 4755/QD-UB-QLDT of PC HCMC (29 June 1995) establishes compensation rates for displacement and resettlement of slum shelters ad

structures along canals and rivers in HCMC

- Decision No. 6337/QD-UB-QLDT of PC HCMC (6 August 1995) regulates additional basis for compensation for land confiscation for houses located above and along canals and rivers and areas of huts in HCMC
- Decision No. 05/QD-UB-QLDT (24 January 1995) establishes the land price in HCMC

Both of them are based on Decree No. 87/CP of the Government (1994). According to these Decisions, the average compensation per household is calculated at 35,311,000 VND. Recently, however, the Government has issued new Decree No. 22/1998/ND-CP to replace the Decree No. 87/CP. According to this new one, the average compensation cost per household comes to 45,477,375 VND (about 20% higher). Table 1.5.2 is figured using the new compensation cost per household.

Project-affected persons that are to be resettled must be presented with options as to 1) type of compensation-replacement housing, cash, or a combination of both, 2) selection among alternate sites for replacement housing, 3) training or employment alternatives for those who lose income-generating potential. The general procedure established is that:

- Permanent residents of HCMC, with no ability to procure a home elsewhere, can buy a house in the settlement area using the house and land compensation. Any difference in price is settled between the buyer and seller. If compensation is inadequate, the buyer can settle the remainder by a one-time cash payment discounted 10%, a 2% discount if purchased fully after one year; ten-year repayment, with one-tenth of the repayment each year.
- The cost of roads, drains, water supply, electrical cable and other infrastructure in the resettlement area will be paid by the government and is not included in the cost of houses.
- PC of District will help in the proposed transfer of land for families who want to construct their own new house in the planning area.

Based on the public involvement activities carried out during project design, compensation packages have been identified to meet the preferences of those who will be relocated and/or whose income will be affected. The characteristics of each package, including the site, the social and physical infrastructure and services, are described below.

All compensation costs will be covered by the State budget (HCMC) and paid by Department of Pricing and Finance based on the order of PC of HCMC. Among the inhabitants with entitlement of compensation, the rate of compensation varies mainly based on the following conditions:

- Occupied land and house with legal certificate is compensated at rate of 100% value of it.
- Occupied land and house lacking legal document is compensated at the rate of 80% value of it.
- Business losses
- Individuals under the priority treatment such as sacrificed soldier family, wounded family, invalid, etc.
- Allowance for moving

HCMC has developed an eligibility procedure for compensation and other assistance to relocated persons and their properties. Entitlement to a given level of compensation is determined according to the legal status of the land use, housing and resident. People have the right to use the land permanently, temporarily or on a lease basis according to the types of permission from the local PC. Legal status of housing is defined as legal constructed house, temporary one or rented house. Residential status also is categorized to be permanent and temporary.

5.2 Recommendations for Compensation

Based on the review of previous relocation/resettlement projects, the following items are ensured and recommended that would improve past performance:

5.2.1 Loss of Land

- Project affected people who have permanent land use rights as of the cut-off date will be fully (100%) compensated. The value of the compensation will be a weighted average of the pre-and post relocation market price of land of equal size and use, plus the cost of any registration and transfer taxes.
- Inhabitants to be relocated do not have legal documentation, but meet the conditions for permanent land use rights at the cut-off date, will be assisted by the District PC in obtaining legal documents. Those who have obtained land use certificates by the date set for compensation will be fully compensated (100%) at the pre-relocation market price. Those who meet conditions but have not obtained legal documentation will be entitled to 80% compensation.
- Project-affected persons illegally occupying land for a long time, not belonging to the State, even if it does not meet the conditions for legalization, will be compensated at 50% of the market value of the land up to 80m². However, if the land should have been occupied without dispute prior to the cut-off date.
- Project-affected persons occupying land located above the surface of canals or

rivers will not receive any compensation. They will be, however, entitled to rehabilitation assistance in amounts and levels sufficient to make up for losses. Additionally, they will be assisted to restore or improve their living standards, income earning activities, and production levels as their pre-relocation time.

5.2.2 Loss of Structure

Project affected people are considered as having legal rights to build a structure if they have a land use right certificate and a construction permit issued by the relevant authority. Inhabitants to be relocated are also considered as having legal rights if they have verbal permission from the ward which can be validated by local authorities according to criteria stipulated in Decree No. 60/CP (Article 10).

- Compensation for all residential, commercial or other structures will be paid at the replacement cost (market price of construction materials, taxes and labor to build an equivalent structure in a comparable area) of these structures without. Project-affected persons with legally constructed structures will be compensated at 100% of their replacement cost in the form of materials, cash or an equivalent combination of the two.
- Permanent residents living in illegally constructed structures should be compensated at 100% of their replacement cost plus rehabilitation. Compensation will be paid in the form of materials, cash or an equivalent combination of the two.
- Houses constructed above the water surface of canals or rivers before October 15, 1993 will be compensated at 50% of the value of the construction materials. Compensation will be paid in the form of materials, cash or an equivalent combination of the two.
- Houses constructed after October 15, 1993 will not be compensated. Project-affected people will be entitled to rehabilitation assistance in amounts and levels sufficient to make up for losses and to assist them for restoring or improving their living standards, income earning capacity, and production levels to their pre-project level.
- Where less than 70% of the structure's area must be demolished, the demolished area will be compensated at the replacement cost at the time of compensation. Houses where more than 70% must be pull down, compensation will be the same as for total demolition.

5.2.3 Other Losses

- People who have temporary rights or have rented houses owned by (or

constructed with) State funds, will have their houses confiscated without compensation for land and houses. The person using the house may rent another State-owned house based upon direction of the District PC. If the person prefers to arrange his own housing by himself that person may receive assistance in the amount of 500,000 VND/m² for the usable floor area noted in the temporary or lease agreement.

- If the project-affected persons who have shops or other business in their houses lose business, they will be assisted to improve or restore their income earning capacity and production levels regardless of their legal status of land use. Compensation will be paid for losses to production or business only if destruction area of the house is more than 70% of the constructed area and the owner with business has a valid license. Calculations of the allowance will be based on the average turnover of the latest year, as determined by the Tax Department of the District. (i) Where turnover is less than 5 million VND/month, compensation will be 3 million VND times the number of months until relocation of the business, (ii) Where turnover exceeds 5 million VND/month, one-time compensation will be 4 million VND times the number of months until relocation of the business.
- In accordance with government policy 1) each household will be provided with a moving relocation allowance of 1 million VND, 2) each permanent household member will receive a transition subsistence allowance of 1 million VND, 3) connection allowances for telephone, electricity and water meters, 4) special allowances for individuals in priority groups.

5.3 Compensation Guidelines

Compensation guidelines include:

- Business should be compensated at higher rates and those without licenses should also be compensated.
- Temporary residents and illegal occupants of land and buildings should be compensated at replacement cost for the value of all materials lost.
- Compensation will be in the form of cash, materials or an equivalent combination. Compensation will include allowances for any fees, taxes on land transfer, duties or other expenses incurred by relocation and resettlement.
- Compensation shall be provided prior to relocation. For relocating the people in a resettlement site, payment of compensation and relocation activities, including construction of their house at the resettlement site, must be completed at least 1 month prior to the start of the civil works. For

self-relocating persons and non-relocating persons, compensation must be completed at least 1 month prior to the acquisition of the asset.

- Compensation rates will be based on the affected construction area and not useable area.
- In the case of marginal impacts only cash compensation will be provided. If the impacts are so severe that remaining assets become unviable for continued use, project-affected persons are entitled to compensation for entire holdings.

5.4 Secondary Impacts on Resettlement Site

Development of resettlement housing will affect households living on the land of the resettlement housing. Such households will be considered project-affected persons with the same entitlements noted above. In addition the previous level of community services and resources will be maintained and impacts during the resettlement period will be minimized.

5.5 Economic Rehabilitation

The major income sources of households affected by the project are government staff, private business and services. As restoration or improvement of living standards, income earning capacity and production levels is the main objectives of this Action Plan, compensation and rehabilitation entitlements have been designated to meet this objective.

The type of rehabilitation measures suitable for the persons to be relocated should be decided in consultation with them, taking into consideration their needs, preferences, existing skills and education levels. The Labor Union, the Women's Union and Department for Labor, Invalids and Social Affairs are the organizations and agencies providing training and employment consulting services. Project-affected persons who are entitled to job replacement will be provided assistance.

Housing loan repayment periods should be lengthened to 15 years or longer to better match the payment capacity of households, with a one-year grace period to allow for income rehabilitation.

The standards for new housing and infrastructure are beyond the payment capacity of those relocated. People are being forced to accept a level of services and benefits they cannot afford and do not need. People should be provided with resettlement housing that is within their payment capacity.

Because multi-story apartment buildings provide greater buildings densities and greater amounts of open space, some of this space should be set aside for open markets

with stalls made available to relocated households for an affordable monthly fee. This would provide that greatest potential for income rehabilitation. The cost of a business license should be waived.

Opinions should be actively solicited and all of the above measures should be discussed and programs designed with the full participation of those to be relocated. The opportunities should be given to those with businesses to help design a new market location and job training program. Also, the inhabitants of new buildings should be given the chance to design a common area.

Additionally, the following income restoration measures should be considered.

- Job training and job replacement services should be provided to those who are unable to continue working in prior positions due to relocation.
- Priority for project-related employment
- Training in new or current occupations and a subsistence allowance during the training period. One member of the household would be eligible for training for a maximum period of 3 months. Additionally, all trainees will be provided with a training allowance during the training period.
- Transportation allowance to retain employment in the area of previous residence
- Additional special allowances for lost income for severely affected project-affected persons (subsistence allowance)
- Credit assistance to start a small business. Affected businesses would be provided with an allowance to compensate for lost revenue during the months of transition

6. Organization of Relocation/Resettlement

Fig. I.6.1 proposes organization to manage the project. This is based on the organization set up for Nhieu Loc-Thi Nghe project.

Decree No. 22 stipulates the organization responsible for relocation/resettlement. PC of HCMC has the overall responsibility for programs to recover land and relocate households. PC of HCMC decides lands to be confiscated and is responsible for determining the compensation plan, setting its own land values within the broad national range. Within this set of local values, PC of HCMC also has the right to apply an adjustment coefficient. Under Decision No. 4964/QD-UB-VX (1998), PC of HCMC has established a Steering Committee for Urban Planning, Compensation and Resettlement. The tasks of this Committee are to co-ordinate compensation and resettlement activities, enforce HCMC policy and assist in the establishment of District Steering Committees.

Compared with previous Decree No. 90, the city authority has a larger power and can

cover all projects related to relocation. Under this Decree, sub-divisions are set up in Steering Committee at city level;

- Standing division consisting of heads of all divisions
- Division of compensation and relocation
- Division of planning and arrangement of relocation
- Division of monitoring, propaganda and mobilizing

Working under PC of HCMC, Department of Land and Housing is responsible for land use management, and overseeing and managing resettlement programs for the development of the city. Work concerned with relocation and resettlement is handled by Department of Land & Housing. This department is responsible for coordinating the relocation plan at city level. This includes planning, funding and arranging transfers of funds. This department handle the City Housing Development Fund whose source mainly comes from the sale of state-owned housing. Funds are used for supporting relocation, such as development and repair of housing for the people without enough money. Department also works with PMU (Project Management Unit) in implementing project related relocation and resettlement.

The PMU shall be organized directly under the PC of HCMC and responsible for the day-to-day management and implementation of the Action Plan of Relocation and Resettlement. In particular, PMU will be responsible for minimizing the negative impacts of the project. Members of PMU include authorized representatives of agencies of district. Chairperson or Vice Chairperson of PC of district will be Head of PMU. PMU is consisted of 3 Departments, in which Department of Compensation and Resettlement handle the relocation/resettlement at city level.

PC of District is responsible for confirming the land and structure areas affected and the entitlements to compensation when there is a decision of PC of HCMC. It is also responsible for calculating the value of land and houses, and for defining the eligibility of households and individuals for categories of assistance. The Chairperson of PC of district is entitled to issue a decision for the establishment of PMU for Clearance and Compensation of each project when there is a decision of PC of HCMC for land acquisition and clearance of houses in the districts. The Chairperson of the PC District issues a decision to set up a Conducting Team for relocation and compensation. The Pricing Committee is responsible for coordinating with PC of District to explain and supervise compensation and assistance. Complaints arising from compensation and relocation are directed to the PC of district. Responsibility for resolution of grievances is also a district-level responsibility. At the district level, there is also a steering committee. Steering Committee has a role of consultation, advice, monitoring for compensation and relocation of district level. PC of district has authority to draw up and determine specific compensation rates.

Committees of District, Ward, and Commune shall be responsible for organizing

meetings of project-affected persons at which the options available under the various compensation packages shall be explained, and assistance provided in carrying out the option selected by each household.

There is not monitoring and evaluation system in HCMC. Therefore, the agency for monitoring and evaluation is necessary which will act as the ombudsman for the relocatees during resettlement, to resolve grievances as they occur, and will also conduct interview and surveys with all relocatees at intervals of 6 months and 12 months following the completion of resettlement activities. The monitoring and evaluation agency will also act as an impartial source of information for review of relocatees results.

During the last couple of years, People's Councils have tended to increase their role in the local operation of decrees. People's Council is the representative body of people and the local legislation body, in charge of supervising the city and the inferior administrative bodies. Each district and ward has its own people council which is elected every 5 years by the city voters. City People's Council has the right to ratify the decrees to execute the laws of inferior bodies. Members of People's Council will elect the chairman and vice chairman of PC and members of PC accordingly. This council is particularly relevant to relocation where national regulation requires that they be specified in the local context. Also, People's Council can receive people's complaints including those related to relocation and try to solve them.

The work concerning dredging of canals and drainage is handled by Department of Transportation and Public Works. Chief Architect's Office manages projects, supported by Urban Planning Institute (UPI). UPI conducts research on urban planning, being responsible for setting the boundaries for relocation, and proposes projects to Chief Architect's Office. Actual implementation is responsibility of the districts, with Department of Land & Housing providing technical support, managing and constructing of housing and building, and being also able to move funds between districts.

Department for Labor and War Invalids, Social Affairs is a part of the Steering Committee. It is mainly concerned with implementing the policy of resettlement to New Economic Zones -rural development at some distance. The social aspects of the inhabitants in resettlement sites should be covered by this department, but not implemented yet. Also, Department of Education is responsible for the school registration, transfer of schools during the construction of new school, of children after relocation.

7. Cost and Budget

The estimated costs for relocation and resettlement are shown in Table I.7.1.

Compensation can be subdivided into the following categories:

- Residential structures
- Land acquisition
- Compensation for expenses of project-affected persons
- Compensation for affected businesses or enterprises
- Other related costs of resettlement, and of infrastructure at replacement housing sites

The costs shown do not include the administrative costs of the PMU to implement the Action Plan of Relocation and Resettlement. To the base estimated cost, a contingency allowance of 15% should also be added in determining the budget for implementation of the Plan.

Total capital investment in the relocation related part of the project is 365.3 billion VND. The sources are 34.9% from State budget, 35.8% from loan from State budget and 29.3% from the inhabitants' self-build their houses. Compensation shares 22% of the total project budget. Total capital necessary for construction is 285.6 billion VND. The breakdown of the source can be found in Table I.7.1. State budget will cover 127.4 billion VND. Loan from State budget with preferential interest rate is 107 billion VND.

Among the State budget, construction cost (infrastructure development) shares 69.1% of the total investment and the rest of 30.9% is for compensation. Based on the HCMC annual budget (850 billion VND in 1997, 830 billion in 1998, 840 billion in 1999), the financial capacity is feasible for covering the total investment needed for the state budget, which shares 10.5%.

Depending on the income, expenditure of the inhabitants and the experience of relocation of houses on and along canals in the districts of 1, 3, 4, 5, Phu Nhuan and Binh Thanh, the payment options of the housing cost is estimated as follows.

- One time payment of the total cost of house: 12%
- One year installment payment: 18%
- 10-year installment payment: 60%
- Renting houses: 10%

About 12-14% of the total households that prefer to get a piece of land and build their houses by themselves belong to the middle income. Fig. I.7.1 explains the capital flow.

8. Implementation Schedule

8.1 Schedule of Activities

Table I.8.1 shows the summarized procedure of relocation/resettlement with time

schedule. The major activities to be implemented are;

- 1) **Appointment of Steering Committee:**
Steering Committees on Compensation and Resettlement are established consisting of related agencies at city level and district level (which are already set up at both levels).
- 2) **Survey:**
Baseline data of project-affected persons and structures will be collected by relevant district offices under supervision of the Steering Committee.
- 3) **Establishment, Decision of Compensation Framework:**
The investor with coordination with Department of Price and Finance, PC of District and related Departments sets up a regulation on the price framework for compensation. This is submitted to PC of HCMC. Discussions are held among PC of Wards, Communes and inhabitants to explain the purpose of the demand of relocation and confiscation of land and property. The target groups for relocation are defined and the agencies that shall be responsible for paying compensation are recognized. The relocated sites and measures of relocation are defined.
- 4) **Preparation for Eviction:**
The items in the Decision of PC of HCMC on relocation are explained to the inhabitants. Plans of house construction are drawn up and the list of the households who shall receive compensation is prepared. Discussion is held with owners of the houses on the compensation. The inhabitants who want to buy resettlement housing prepared by the government register. The inhabitants who register and are approved by Steering Committees are announced to see the newly-built houses where they will live.
- 5) **Payment of the Compensation:**
Compensation is paid for each household after the negotiation for compensation and resettlement is completed.
- 6) **Purchase of Housing:**
Contract of house purchase will be prepared with the House Management Company and at least 30% of the total cost shall be paid as a down payment.
- 7) **Moving:**
The inhabitants leave for other places. The inhabitants or the investor pull down the houses. Vacant land is transferred to the construction company.

8.2 Proposed Resettlement Sites

There are 8 housing construction projects are proposed consisting of town houses,

apartment buildings and separate houses (villas) as shown in Table I.8.2. Among them, 5.8% of town houses (273 houses) and 15.35% of units of apartment buildings (3,261 units) are reserved for resettlement. In case of implementation of the Project, 70% of the total households to be relocated (1,228 households) need new housing in resettlement sites. The 8 selected housing construction projects can produce 15,234 units of houses. Therefore, it is not difficult for HCMC to provide suitable dwellings for the inhabitants to be resettled. Units of apartment building will be sold to the relocatees and town houses will be constructed by the relocatees themselves in the land bought by them. Unit cost of houses construction is 1.5 million VND/m² for apartment building and 1.9 million VND/m² for town house. Investment capita per square meter includes clearance cost, construction cost, VAT, sales tax and others.

Fig. I.8.1 shows the location of the proposed resettlement sites. Table I.8.1 also explains the procedure of housing construction for resettlement. There are some supporting policies for the resettlement. For example, the government invests 100% in infrastructure to lower housing cost. Registration fee and land use tax are exempted. Several payment options are prepared. The relocatees have priority in training and providing jobs in resettlement sites. The very poor households can receive the support from "Poverty Alleviation Fund".

Total estimated capital necessary for relocation and resettlement is summarized in Table I.7.1.

8.3 Management of Housing after Relocation

According to the list made by PC of HCMC, the inhabitants living on and along the canals come and live in the apartment buildings. The apartment buildings are transferred to public work service companies under PC of District. Division of Urban Management at district level coordinates with PC of Ward to elect members of Apartment Building Management Board (in case of the households of an apartment are under 50 it is called Self-manage Team). The Apartment Building Management Board is set up with 3-5 members.

- 1) A leader has responsibility in organization and administration
- 2) One member has responsibility in technical matters maintenance
- 3) One member has responsibility in finance
- 4) Two other members, if the households in the apartment are over 100.

The disputes on apartment use right will be resolved primarily through conciliation and negotiation. If the conciliation is failed, the disputes will be submitted to the court. The users violate the regulation on apartment management, they will be fined for administrative violations, prosecuted for criminal responsibility or compensated the losses.