

ADDENDUM

TO THE MANAGEMENT RESPONSE TO REQUEST FOR INSPECTION PANEL REVIEW OF THE VIET NAM: COASTAL CITIES SUSTAINABLE ENVIRONMENT PROJECT – SECOND REQUEST (P156143)

This is an Addendum to the Management Response to the Request for Inspection of the Viet Nam: Coastal Cities Sustainable Environment Project – Second Request (P156143), received by the Inspection Panel on August 27, 2023 and registered on September 25, 2023 (RQ23/03). The Management Response was submitted to the Panel on November 8, 2023. This Addendum has been prepared to respond to additional concerns shared with the Panel by community members during the Inspection Panel’s visit to Viet Nam.

December 22, 2023

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ABBREVIATIONS AND ACRONYMS

CCSEP	Coastal Cities Sustainable Environment Project
CP	Compensation Package
DMS	Detailed Measurement Survey
ha	Hectare
IMC	Independent Monitoring Consultant
m ²	Square meter
OP	Operational Policy
PAH	Project-affected Household
PMU	Project Management Unit
RAP	Resettlement Action Plan
RPF	Resettlement Policy Framework
RS	Resettlement Site
VND	Vietnamese Dong

Currency Unit

(as of December 22, 2023)
USD 1.00 = VND 24,275.00
VND 1.00 = USD 0.000041

EXECUTIVE SUMMARY

- i. ***Management submitted its Response to the Request for Inspection of the Viet Nam – Coastal Cities Sustainable Environment Project (CCSEP) on November 8, 2023.*** The Panel subsequently conducted its field visit to Viet Nam from November 14 to 21, 2023. The Panel advised Management that during its visit to Viet Nam, it met with community members who were not part of the original Request for Inspection and who raised additional concerns, which the Panel intended to include in the Request for Inspection. Specifically, the additional concerns pertain to the 8.5 hectare (ha) portion of the Ngoc Hiep resettlement site to which households displaced by the Project are being moved, while the original Request for Inspection came from households located in the 5 ha portion of the Ngoc Hiep resettlement site, which is not required for the Project. The Panel shared the additional concerns with Management on December 4, 2023, and Management agreed to submit this addendum to its Response in order to address the additional concerns.
- ii. ***Summary of the Additional Concerns.*** According to the Panel, the additional concerns were raised by a group of “approximately fifteen people” specifically regarding the valuation methodology for land compensation; impact of the loss of income from fruit trees and gardens; police presence during compensation payment; and consultation and disclosure of information.
- iii. ***Management took note of all the concerns raised by the individuals who approached the Panel during its field visit.*** Management has reviewed all 222 individual compensation packages of the affected households in the 8.5 ha, the cadastral maps, as well as minutes of the consultations and the payment of compensation. ***Following this review, Management considers the concerns unfounded.***
- iv. ***Based on feedback collected from affected households Management understands that a large part of these concerns about insufficient compensation for land is based on the complainants’ frustration that they were not able to realize anticipated gains from land they had previously purchased, speculating that it would be converted to residential land, which carries a significant higher value.*** Management also notes that the claim that compensation was insufficient to buy replacement land is not correct. It appears that the complainants are seeking residential rather than agricultural land. Given that the land acquired was agricultural, the correct replacement type would also be agricultural. The classification of the land follows national zoning laws and plans and is unrelated to the Project. Management would like to emphasize that the unfulfilled expectations by the complainants do not constitute harm for the purpose of the Board Resolution establishing the Panel.
- v. ***There is also a smaller number of households who initially were offered compensation packages that did not comply with the RAP. Those cases had been identified by the Bank team and the Borrower was advised to correct them in June 2023.*** The compensation packages and related additional payments are currently being processed.
- vi. ***Management has reviewed the allegations related to loss of income from fruit trees and vegetable gardens and has not found evidence to support these allegations.*** The 24 households with trees and small crops in the 8.5 ha were compensated for the losses, along with compensation for the acquisition of their land, in accordance with the RAP.
- vii. ***Management has also reviewed and raised with the Borrower the allegation of inappropriate police presence during the compensation process and the alleged reduction of***

compensation amounts. No evidence was found to substantiate either claim. The alleged “deduction” from the compensation amount that some affected households complained about related to the *additional* bonus payment rewarding a swift handover of the acquired land. Some households did forgo this bonus payment because they did not complete this swift handover. However, even in those cases, the households received the full compensation for their land and assets as per the RAP.

viii. ***In conclusion, Management does not believe that the alleged harm cited in the Request stems from non-compliance with Bank policy. Management believes that the Bank has complied with its policies and procedures applicable to the matters raised by the Request. As a result, Management believes that the Requesters’ rights or interests have not been, nor will they be, directly and adversely affected by a failure of the Bank to implement its policies and procedures.***

I. BACKGROUND

1. Management submitted its Response to the Request for Inspection of the Viet Nam – Coastal Cities Sustainable Environment Project (CCSEP) on November 8, 2023. The Panel subsequently conducted its field visit to Viet Nam from November 14 to 21, 2023. ***The Panel advised Management that during its visit to Viet Nam, it met with community members who were not part of the original Request for Inspection and who raised additional concerns, which the Panel intended to include in the Request for Inspection.*** Specifically, the additional concerns pertain to the 8.5-hectare (ha) portion of the Ngoc Hiep resettlement site to which households displaced by the Project are being moved, while the original Request for Inspection came from households located in the 5-ha portion of the Ngoc Hiep resettlement site, which is not required for the Project. ***The Panel shared the additional concerns with Management on December 4, 2023, and Management agreed to submit this addendum to its Response in order to address the additional concerns.***

2. ***Summary of the Additional Concerns.*** According to the Panel, the additional concerns were raised by a group of “approximately fifteen people” specifically regarding the valuation methodology; impact from the loss of income; police presence during compensation payment; and consultation and disclosure of information.

II. LAND ACQUISITION PROCESS FOR THE 8.5 HA

3. ***Timeline of the acquisition of the 8.5 ha of Ngoc Hiep resettlement site.*** The government acquired and cleared portions of the Ngoc Hiep resettlement site over time to serve the demands and needs of local development projects. The land acquisition process for the 8.5 ha began in September 2016 and was completed in June 2021. Acquiring this land affected 222 households who owned or used property there but did not live there. Additionally, 1,404 graves on public and private land in the 8.5 ha required relocation.¹

4. ***Land classification in the 8.5 ha.*** Prior to 1994, the 8.5 ha was part of a 16.9 ha agricultural land area of the *Ngoc Son agricultural cooperative* and was used for agricultural production (see Photo 1 below). In April 1994, following Decree 64/1993/ND-CP on assigning state agricultural land to households for long-term agricultural production, the 16.9 ha of cooperative land were divided into individual plots assigned to 102 households, including 90 former members of Ngoc Son cooperative and 12 other households in Ngoc Hiep ward. Since that time, land plots within what later became the

¹ Within the 8.5 ha (actual 8.62 ha or 86,200m²), 222 Project-affected households held 65,036m² of agricultural land; 13,673m² are “other lands” (cemetery, public land, irrigation infrastructure, etc.), and 29.1m² is residential land. The residential land, which is occupied by one household, is not actually within the Ngoc Hiep resettlement site but rather lies along the access road to it. A part of the yard up to the fence (but not including the house itself) was acquired to expand the access road. The house was not affected, and the household did not need to move.

8.5 ha portion changed hands through a series of largely informal land transactions that occurred until the start of land acquisition in 2016. In the Detailed Measurement Survey (DMS), it is documented that only 22 of the 222 households who owned land in the 8.5 ha at the time of land acquisition were part of the original 102 households that received land from the cooperative. Throughout this time and up to the land acquisition, the entire area was classified as agricultural, including public roads and a public irrigation channel. This is recorded in the latest land management/cadastral map.



Photo 1. Aerial view of the later Ngoc Hiep site in 2003 with 8.5 ha having predominantly agricultural use.

5. ***Land use in the 8.5 at the time of land acquisition.*** At the time of land acquisition, the entire 8.5 ha consisted of agricultural land, a cemetery, and other public land. No one resided in the area, and there were no houses. Being low-lying, this area was prone to frequent flooding (see Photo 2). An upstream irrigation canal that had previously served the area had been decommissioned in 2010. Almost all (85 percent) of the 8.5 ha was bare, with the remaining 15 percent (owned by 24 of the 222 Project-affected households) containing some fruit trees and crops (vegetables) for private use.



Photo 2. Aerial view of the later Ngoc Hiep site in 2014: surface water collecting in ponds on the derelict fields.

6. **Status of compensation payments.** In November 2020, the relocation of the 1,404 graves was completed in a culturally appropriate manner. While most of the 222 affected households accepted the offered compensation packages for their agricultural land, 19 households initially disagreed. Thirteen of the 19 accepted the compensation after further negotiations with the local authorities. The remaining six households rejected the compensation offered and were subject to compulsory land acquisition, carried out in March 2021. The compulsory land acquisition process followed due process under national law, which is consistent with the Resettlement Action Plan (RAP), including the application of adequate advance notice and opportunity to lodge complaints. Since no one lived on the acquired land, no evictions took place. The compensation amounts for these six households were deposited in an escrow account. In November 2023, one of six households requested the funds and was paid out. Hence, there are currently five households from within the 8.5 ha of Ngoc Hiep resettlement site whose compensation payments are still pending collection.

7. **RAP-Compliance Due Diligence Review, June 2023.** Between February and June 2023, the Bank team conducted a RAP-compliance due diligence review of all 222 compensation packages offered to households in the 8.5 ha of Ngoc Hiep resettlement site. The review concluded that most compensation packages in the 8.5 ha complied with Bank policy requirements, with the exception of 19 out of the 222 households.² These 19 cases were sent to the Project Management Unit (PMU) to be brought into compliance following the Bank’s review. The current status of these 19 compensation packages is as follows:

² These are not the same 19 PAHs mentioned in paragraph 6.

- ***Incorrect compensation rate for 18 affected households.*** The due diligence review found that these 18 households were entitled to additional compensation since a part of their affected agricultural land was compensated using a lower compensation price (following national law) rather than the price set in the RAP (see paragraph 25).
- ***One affected vulnerable household.*** This household is a single mother with a disabled daughter. The household previously received the compensation amount for her acquired piece of agricultural land in March 2021. However, the due diligence review found that the household was also entitled to a special financial allowance as a vulnerable household. The provincial authorities authorized the payment of this additional support in October 2023 and informed the household accordingly, but it refused to accept it.³ The additional support is currently being processed by the City and, if the household continues to refuse to accept it, then it will be placed in an escrow account in accordance with the RAP.



Photo 3. Aerial view of the later Ngoc Hiep Site shortly before land acquisition (March 2016)

8. ***Post-compensation assessment report, November 2023.*** The Borrower engaged an Independent Monitoring Consultant (IMC) to prepare a post-compensation assessment of the land acquisition in the 8.5 ha of the Ngoc Hiep resettlement site. The IMC report involved a desk review and field interviews (carried out from October 30, 2023, to November 3, 2023) with PMU staff, group discussions, and 36 interviews using questionnaires completed by affected households in the 8.5 ha. The IMC report determined that none of the evaluated affected households were worse off because of the land

³ This household insists on receiving an in-situ resettlement plot to which, however, it is not entitled under the RAP. Since the household did not live on site, and since the land is agricultural without a house, the household is only entitled to cash compensation.

acquisition process in the 8.5 ha. It confirmed the compensation packages’ compliance with the RAP, which is consistent with the Bank’s own due diligence report. The post-compensation assessment report also stated that consultations, public disclosure, and grievance management activities complied with the RAP.

III. VALUATION METHODOLOGY

9. **Valuation methodology.** The calculation of compensation followed the Project’s RAP. The DMS identified eligibility and entitlements of affected households under the RAP. After identifying eligibility and entitlements of each affected household, the City authorities calculated the compensation for each affected item by multiplying its quantity by its replacement cost. If an affected household was entitled to financial allowances/support, the allowances were added to the compensation amount for land and non-land assets to constitute a compensation package, including resettlement (if any). The compensation calculation formula is summarized as follows: *compensation amount = (affected land area) x (replacement cost) + (affected non-land asset) x (replacement cost) + (relevant financial allowances).*

10. To ensure that the compensation and support was calculated following the Bank’s principle of replacement cost, the Project hired an independent land valuation firm⁴ in December 2022 to conduct a replacement cost survey for this area. The report’s main conclusion was that the proposed rates in the compensation packages were consistent with “actual” prices in the local land market, calculated using two different methodologies that were cleared by the Bank: (i) the direct comparison method – for those sections where there were at least three recently recorded transactions for a given area and category of land; and (ii) the coefficient-based method – for those sections where there was a limited amount of successful land transactions on the market and no land auctions in the Project area.

⁴ [*Oriental Valuation and Inspection Joint Stock Company \(OVI\)*](#) is an independent firm that was hired to carry out the survey. It is not a government body.

IV. MANAGEMENT'S RESPONSE

11. Management has carefully reviewed the allegations and responded to them in detail below. A summary matrix responding to the individual claims shared by the Panel is also attached.

12. *Management took note of all the concerns raised by the individuals who approached the Panel during its field visit. It has reviewed all 222 individual compensation packages of the affected households in the 8.5 ha, the cadastral maps, as well as minutes of the consultations and the payment of compensation. Following this review, Management considers the concerns unfounded.*

13. *Based on feedback collected from affected households, Management understands that a large part of these concerns is based on the complainants' frustration that they were not able to realize anticipated gains from land they had previously purchased, speculating that it would be converted to residential land which carries a significant higher value.* Management also notes that the claim that compensation was insufficient to buy replacement land is not correct, as the land sought is residential rather than agricultural, which is the correct replacement type. The classification of the land follows national zoning laws and plans and is unrelated to the Project. Management would like to emphasize that the unfulfilled expectations by the complainants do not constitute harm for the purpose of the Board Resolution establishing the Panel.⁵

14. *As noted in paragraph 7 above, there are also a number of households whose compensation packages were indeed not compliant with the RAP; those cases had been identified by the Bank team and conveyed to the PMU for correction in June 2023. The compensation packages and related additional payments are currently being processed.*⁶

15. *Management has reviewed the allegations related to loss of income and has not found evidence to support these allegations. The 24 households with trees and crops in the 8.5 ha were compensated for such losses along with compensation for the acquisition of their land, in accordance with the RAP.*

16. *Management has also reviewed and raised with the Borrower the allegation of inappropriate police presence during the compensation process and the alleged reduction of compensation amounts; no evidence was found to substantiate either claim.*

17. *Management responds to the specific allegations in more detail below.*

⁵ 2020 Inspection Panel Resolution, para 39. “[..] Non-accomplishments and unfulfilled expectations that do not generate a material deterioration compared to the without-project situation will not be considered as a material adverse effect for this purpose.[..]”

⁶ Project-affected households will be formally notified once the revised compensation packages are disclosed. So far, this has been the case for 12 compensation packages. The remaining six are still being processed and the households may not yet be aware of this.

Land compensation rates

18. ***The complainants expressed to the Panel that they believed that the compensation for their land was far too low. Indeed, Management noted (as also reflected in the IMC report) that many households were dissatisfied that their land was compensated according to its official classification, i.e., agricultural land.*** Their dissatisfaction stems from the fact that many of them initially bought the agricultural land hoping for the ability to either resell it at a profit or have it converted to urban land and develop it. Hence, the complaint that they were not able to buy replacement land with their compensation reflects their inability to buy ***urban land*** of the same size/location with the compensation they received for their ***agricultural land***. Management wishes to clarify that the classification of the land as agricultural predates the Project and is based on national zoning laws and plans that are unrelated to the Project. According to the IMC, at least one household purchased a piece of agricultural land in the same area using the resettlement compensation amount.

19. ***The survey carried out by the IMC notes that 65 percent of the 36 interviewed households in the 8.5 ha declared that they live outside the Ngoc Hiep ward and had purchased the land as an investment, awaiting its potential future conversion from agricultural to residential/urban land.*** Most of these purchase contracts are handwritten and not notarized.

20. ***The complainants further claim that the compensation amounts are lower than the price they had reportedly paid for their land.*** Management notes that the land purchases of the Project-affected households in the 8.5 ha are only partly documented: the vast majority of Project-affected households do not have notarized contracts but rather handwritten agreements that lack basic information, such as land size, price paid and purchase date (the IMC report indicates that some of the purchases may have occurred ***after*** the Project and the land acquisition was announced). In any case, Bank policy requires the borrower to provide compensation at replacement value ***at the time of acquisition***. It does not require the consideration of the land prices previously paid for the land, even when those can be clearly documented. Equally, Bank policy neither requires nor provides for compensation for inflated land rates that households may have paid in the past or for unrealized speculative gains.

Erroneous comparison with land rates for fully developed urban plots

21. The Panel refers to a government issued document that reportedly shows the price per m² of land to be about VND 9 million inside the 8.5 ha. It is important to understand that this price does not apply to the compensation of the ***bare agricultural land*** that was acquired. ***The price referred to in the document of VND 9 million is the price per m² for a fully developed plot of residential land equipped with road access, urban infrastructure and service and supply connections.*** Hence, the VND 9 million per m² ***will apply*** in future to the land in the 8.5 ha once the Ngoc Hiep site has been fully developed, reflecting the significant investments that the government is undertaking to upgrade the land (storm water drainage, road access, service connections, communal services, etc.). ***Again, Bank policy does not provide for or require compensation for possible future changes in land value.***

22. **Community members reportedly told the Panel that some Project-affected households received compensation based on a valuation of VND 1,000,000 per m². This is incorrect.** Agricultural land within the 8.5 ha was compensated at a maximum rate of VND 400,000 per m². **Management has reviewed all compensation packages for the 8.5 ha and confirms that no Project-affected household has received the claimed amount of VND 1,000,000 per m².**



Photos 5 and 6. The Ngoc Hiep site (8.5 ha) before (left) and after (right) infrastructure development.

Alleged reduction of the size of land parcels

23. **Some Project-affected households owned land that included public land of which they were not aware.** Since most real estate transactions in the 8.5 ha were carried out without a surveyor or notary to consult public records and planning maps, some Project-affected households unknowingly purchased land that is partly public land (e.g., public road or road reserve). The Project-affected households may not have been aware of this until the formal compensation process, which included an adjudication process leading to the exclusion of public land from the compensation. Management has reviewed the cases where complainants were allegedly compensated only for a portion of their property. Upon review it became clear that their properties included portions of public land which they did not legally own and hence for which they cannot be compensated. This may have occurred through encroachment on public land by owners expanding their property beyond its borders, or it may have occurred when they purchased the land without involving a surveyor or official records. Either way, Bank policy provides for the compensation of land that individuals own, but not land that they have encroached on – knowingly or unknowingly.⁷

24. **Different compensation rates for plots bigger than 750 m².** This pertains to the initial compensation that owners of plots with more than 750 m² received, which – following national law – provides for a lower rate for land above 750m². This, however, is not consistent with the RAP. For this reason, the compensation packages for the 18 affected households where this was the case are being revised following the Bank’s compliance

⁷ OP 4.12, para 15–16. “Persons with no legal claim to land are entitled to replacement cost for their non-land assets and resettlement assistance in lieu of land compensation.”

review of the compensation packages and the resulting additional payments are being processed accordingly.

25. **Replacement land not offered.** Several complainants raised the fact that they were not able to receive replacement land in the form of an in-situ plot on the Ngoc Hiep resettlement site. The reason for this is that none of the Project-affected households had lived on site and according to the RAP were not entitled to a replacement land plot. While Bank Policy does not require the provision of replacement land, a “*preference should be given to land-based resettlement strategies for displaced persons whose livelihoods are land-based,*”⁸ which is not the case here.

Alleged impact from loss of income

26. The Detailed Measurement Survey (DMS) collected types and number of trees and crops existing on the affected land, classified by their condition (e.g., age and productivity). These were valued according to the principle of replacement cost in compliance with the RAP. Trees and crops were compensated at full replacement cost regardless of the legal status of the land use. This compensation payment also considers the tree’s fruit yield and included provisions for loss of harvest.

27. A total of 24 households in the 8.5 ha had at least one fruit tree or crop on their land. The table in Annex 3 lists the 24 households with trees and crops, the compensation amount, and the compensation received. The RAP-Compliance Due Diligence Review of their compensation packages confirmed that they were all compensated in accordance with the RAP. The post-compensation assessment report concluded that none of the evaluated affected households were worse off as a consequence of the land acquisition process in the 8.5 ha.



Photos 7 and 8. Private trees were compensated.

⁸ OP 4.12, para 11.

Alleged deductions from compensation payments

28. *Management has reviewed the actual payment receipts for the compensation of the 19 households subject to compulsory land acquisition and could not find any “deduction” from the compensation entitlements.* The alleged “deduction” from the compensation payment due to “police presence” is either a misunderstanding or misrepresentation of the municipality’s compensation practice, as explained below.

29. *The RAP includes an additional incentive bonus entitlement (10 percent of the compensation value) granted to all affected households who vacate their affected land within 20 days of receiving the compensation amount, and an additional allowance of VND 3 million if the land is handed over immediately (i.e., the same day the compensation payment is received).* These payments are *in addition* to the compensation entitlements included in the RAP and seeking these additional payments is a voluntary choice of the affected household subject to meeting the specified requirements. The bonus payments aim at creating a financial incentive to implement the land acquisition quickly. If a household exceeds the 20-day cut-off period, then it forgoes the incentive bonus, but still receives the full *regular* compensation entitlement per RAP.

Alleged police presence in land acquisition process

30. As per normal practice in Viet Nam, there are two situations in which police are typically present in conjunction with the land acquisition process: (i) in the case of compulsory land acquisition; and (ii) when the compensation payment is made in cash. Both of these are prescribed under the national Land Law 2013, Article 71.

31. It is not uncommon in countries that exercise *eminent domain* for involuntary land acquisition to involve an enforcement authority. In Viet Nam, Decree 43/2014 requires a public security (police) task force to be responsible for ensuring security and safety during the enforcement of compulsory land acquisition. In line with this, for the compulsory land acquisition process in the 8.5 ha, police were present to support public officials and to ensure safety for all involved.

32. Pursuant to the Ordinance on Commune Police (2008), the commune police are broadly responsible for security, safety, and social order in the respective commune and is tasked with advising the People’s Committee of the same level on all issues related to security, safety, and social order in such commune. In practice, therefore, police are normally involved in any issues that are considered as related to the security and safety of the relevant commune area. In the case of the 8.5 ha, police were present when public officials were carrying large sums of cash for payment of compensation (payment in cash is required by the Land Law, Article 74.2).

33. The police are present during the compulsory land acquisition activities to ensure public order and safety, but not during any consultations or negotiations. It is not clear how Project-affected households could have been “pressured to accept the compensation payments” in police presence, when by that point any negotiation about the compensation would have already been concluded and the state would have moved to apply eminent

domain if compensation had been refused. Hence, there were no discussions about accepting compensation payments at the moment of mandatory acquisition. As noted earlier, compensation payments refused by some Project-affected households have been deposited in escrow accounts.

34. ***Alleged “forced acceptance” of the compensation.*** The application of eminent domain by definition includes the principle of the government taking the land for a set price. Hence, this legal practice does not require the affected households to consent to the acquisition or to the price offered by the government. However, the Bank team reviewed all compensation packages in the 8.5 ha to ensure that they complied with Bank policy requirements and the independent expert consultant’s assessment of land values.

Consultation and disclosure of information

35. There have been 26 consultations on compensation packages with the affected households in the 8.5 ha, in addition to the formerly affected households in the 5 ha. These consultations are summarized in Annex 3 and were recorded in minutes. To ensure transparency and adequately respond to concerns of affected households, three representative households were elected by the affected households serve on the Resettlement Committee.



Photos 9 and 10. Consultation meetings with group of Project-affected households from the 8.5 ha

36. ***In addition to these consultations, draft compensation packages were shared directly with the affected households for verification and comment and were publicly disclosed for at least 20 days in the Ngoc Hiep ward office.*** After the 20-day period, the draft packages were revised, as appropriate, if comments were received; the packages were subsequently submitted to the competent authority for approval. After approval, the Resettlement Committee delivered the approved decision to the affected household. At the time of payment, the household had the opportunity to raise any concerns about the approval decision, and the Resettlement Committee would provide the household the information on the approved compensation package to compare against the compensation payment received, after which point the affected household was required to return the original document to the Resettlement Committee, as is a common practice in Viet Nam.

37. ***In addition to consultations, Project-affected households received written information about their resettlement entitlements at various stages during the process. Only the original copies of the officially signed documents recording the transaction and the payment receipts for the compensation payments at the end of the process were returned to the Resettlement Committee for record-keeping,*** as mentioned above. However, the households could request copies of the documents or make them (e.g., taking a photograph using a cellphone) themselves. Moreover, the RAP is available online and a hard copy can be obtained at the ward.

38. The IMC post-compensation assessment report concluded that consultations, public disclosure, and grievance management activities complied with the RAP. The report noted that the meetings were attended by all affected households. Issues related to compensation, assistance policies, and compliance resolution mechanisms were explained, and affected peoples' questions were addressed.

Conclusion

39. *Management has carefully reviewed the concerns raised by the individuals who approached the Panel during the field visit. It has reviewed all individual compensation packages of the affected households in the 8.5 ha, the cadastral maps, as well as minutes of the consultations and the payment of the compensation. Management understands that in large part, these concerns are based on the complainants' frustration that they were not able to realize gains from land they had purchased on a speculative basis. Management also notes that the complainants' claim that compensation was insufficient to buy replacement land is not correct and that compensation was sufficient to purchase replacement agricultural land. Management emphasizes that the unfulfilled expectations of the complainants to realize potential future land price increases do not constitute harm for the purpose of the Board Resolution establishing the Panel.*

40. *Management has reviewed the allegations related to loss of income and has not found any evidence of this being the case. The 24 households with trees and crops in the 8.5 ha were compensated for such losses along with compensation for the acquisition of their land in accordance with the RAP. Management agrees that 19 compensation packages were initially not consistent with the RAP and notes that those have been sent back to the PIU for additional payments resulting from the correction.*

41. *Management has also reviewed and raised with the Borrower the allegation of inappropriate police presence during the compensation process and the related alleged reduction of compensation amounts. No evidence was found to substantiate either claim.*

42. *In conclusion, Management does not believe that the alleged harm cited in the Request stems from non-compliance with Bank policy. Management believes that the Bank has complied with its policies and procedures applicable to the matters raised by the Request. As a result, Management believes that the Requesters' rights or interests have not been, nor will they be, directly and adversely affected by a failure of the Bank to implement its policies and procedures.*

Annex 1. Issues Raised to the Inspection Panel

No.	Additional Concern	Bank Response
1	<p>A community member, whose land is in the 2.6-hectare part of the resettlement area, said that he had a 153 square meters plot of land. He stated that he had purchased the plot of land in 2015 for 800,000 VND per square meter. However, he told that he was offered the rate of 300,000 VND per square meter of land and in total he received 39 million VND. He further indicated that he wanted to construct a house on this land and that he now has nowhere else to build a house for his family, which includes four children. He stated that he was pressured to accept the payment, and he was offered a bonus if he accepted the payment early</p>	<ul style="list-style-type: none"> • Management has reviewed this information against the cadastral records, the RAP baseline and the 222 compensation packages of 8.5 hectares. There is no household matching the information provided by the Panel. • Irrespective of that, Bank Policy <i>requires payment of replacement value</i> and does not require consideration of the prices previously paid. • The stated desire to construct a house reflects a conflict with the necessary conditions for obtaining a construction permit (including land use certificate and compliance with the regional master plan). This is unrelated to the land acquisition. • The incentive bonus (mentioned in the complaint) was provided for in the RAP for households who hand over land in a timely manner.
2	<p>Another community member told that she had a 1500 square meters plot of land in the acquired 6-hectares area. However, she indicated that she was compensated for only 1200 square meters of land. She stated that she was told that she was not paid for 300 square meters of her land because of a road passing through. It was not clear whether it was an existing or a planned road. She said that out of the 1200 square meters, 500 square meters were compensated at a lower value.</p>	<ul style="list-style-type: none"> • Management has reviewed this information against the cadastral records, the RAP baseline and the 222 compensation packages in the 8.5 hectares. There is no household matching the information provided by the Panel. • The described deduction from the land area likely refers to the public land, which appears the household was unaware of until the formal compensation process, especially if the original purchase transaction took place without a surveyor and notary to consult the public records and maps. • In any case, Management has confirmed that deductions for public land were made on the basis of <i>existing</i> roads and public land as per cadastral maps and did not include planned roads. • This is possibly one of the 18 households who were incorrectly compensated at a lower price for land over 750 m², which does not comply with the RAP and for which compensation

No.	Additional Concern	Bank Response
		packages were revised to bring them in compliance with the RAP.
3	<p>Another community member stated that he purchased 176 square meters of land before 2010, prior to the commencement of the project. He told that he purchased his plot at 200,000 VND per square meter; however he was subsequently offered compensation (56,000,000 VND) at a rate of 320,000 VND per square meter, which he stated was below the land value at that time. He stated that after more than ten years the value of his land had increased more, and therefore the compensation to which he is entitled, should have been more. He added that after the Ngoc Hiep Ward resettlement project was set up, a decision was made to revoke his ownership of the land as well as those of households in the area.</p>	<ul style="list-style-type: none"> • The affected Project-affected household purchased the land (174 m²) in April 1999. According to the DMS, the acquired area is 176.1 m² (Based on a comparison of the measurements with the cadaster information, the property area turned out to be somewhat larger). The compensation packages offered and received was at replacement price of VND 320,000/m²) for the affected area of 176.1m². • The detailed compensation packages for this case was reviewed by the Bank team in April 2023 and found to be compliant with Resettlement Policy Framework (RPF)/RAP requirements. • The household did not engage in agricultural production and the status of the land plot at the time of land acquisition was vacant (without houses/structures or trees/crops on the land). The compensation amount for acquired land was fully paid to the Project-affected household. However, due to the late handover of the land, the Project-affected household did forgo the incentive bonus payment. The household received the compensation and handed over the land to the Project. • It is not clear on what basis the Project-affected household believes that the land value should have been much higher. This is most likely due to the general impression of households that their land is “de-facto urban land,” which is not the case.
4	<p>Another community member informed that the cash compensation offered for his 600 square meter plot was very low. He said that he received no replacement land in the compensation package for the land he lost. He indicated that he called the local authorities five or six times since March 2021. He stated that no one answered him.</p>	<ul style="list-style-type: none"> • This household purchased the land (600.9 m²) in January 2004. According to the compensation packages offered, the land was acquired and compensated for at the replacement cost of VND 320,000/m² for 600.9m². • The household did not engage in agricultural production and the status of the plot at the time of land acquisition was vacant (without houses/structures or trees/crops on the land). In addition to the compensation packages, the

No.	Additional Concern	Bank Response
		<p>household received the incentive bonus payment of VND 203,288,000, for handing over the land to the Project on schedule.</p> <ul style="list-style-type: none"> • The detailed compensation package for this case was reviewed by the Bank team in April 2023 and found to be compliant with RPF/RAP requirements. • As the household did not live on the land, according to the RAP, it was not entitled to receive an in-situ replacement plot. • There are multiple avenues for affected households to communicate with the implementing agency of the Project and other authorities. This includes the Project's Grievance Redressal Mechanism, which is fully operational. In addition, affected households can approach the Ward office or the PMU office directly. However, to strengthen the Project level-GRM, it has been agreed with the PMU to increase staff resources to manage grievances from Project-affected people more rapidly.
5	<p>Another community member stated that he purchased his land in 1994 or 1995. However, his land has been acquired under the Project. He told that he had refused to accept the compensation package because it was lower than what he expected.</p>	<ul style="list-style-type: none"> • As stated above, the Project-affected households' refusal to accept the compensation reflects the Project-affected households' expectation but is not based on verifiable data comparing the land rates of agricultural land in the area.
6	<p>One of the community members stated that his nephew bought the land in 2003 at a rate of 2 million VND per square meter and that he was offered compensation at 400,000 VND per square meter. He said that by the time the land was taken, one square meter of land was worth 6 million VND on the open market.</p>	<ul style="list-style-type: none"> • The desired compensation price reflects the Project-affected households' expectation but is not based on verifiable data comparing the land rates of agricultural land in the area.
7	<p>The community members showed a document purportedly issued by the Provincial authorities showing the price of a square meter of land at about 9 million VND per square meter. It is the Panel's understanding that this valuation of land</p>	<ul style="list-style-type: none"> • <i>It is important to understand that this price does not apply to the compensation of the acquired bare agricultural land. The price referred to in the government document of VND 9 million is the price per m² for a <u>fully developed plot of residential land equipped</u></i>

No.	Additional Concern	Bank Response
	relates to land plots that are allocated in the 6 hectares area.	<p><u>with road access, urban infrastructure and service and supply connections.</u> Hence, the VND 9 million per m² <i>will apply</i> in future to the land of the 8.5 ha once the Ngoc Hiep site has been fully developed reflecting the significant investments that the government has undertaken to upgrade the land (storm water drainage, road access, service connections, communal services, etc.).</p> <ul style="list-style-type: none"> • The status of the land at acquisition was derelict agricultural land and hence the compensation was for that type of land. • Bank policy does not provide for or require compensation for possible future changes in land value, which appears to be what the complainants seek.
8	A woman said her mother owned 700 square meters of land. But the authorities estimated the plot to be 600 square meters. They complained to the authorities on several occasions. She stated that the explanation they received was that there was a drainage channel passing through the land and therefore the land area to be compensated for was estimated at 600 square meters only at 320,000 VND per square meter. She stated that the compensation was very low. They refused compensation for three years until they felt forced to accept. She said that there was a group of 17 Project-affected households in a similar situation. She added that they asked for the valuation to be at 1,000,000 VND per square meter.	<ul style="list-style-type: none"> • In January 2004, the affected household purchased a plot of 719.5 m² (including an area of 81.8 m² of public land). The area, according to the DMS, is 721.9 m². Under the approved compensation package, this household received full compensation for an area of 640.1 m² (i.e., not including the 81.8 m² of public land) at a compensation unit price of VND 320,000/m². • The household did not engage in agricultural production and the land at the time of land acquisition was vacant, without houses/structures or trees/crops. The compensation amount was fully paid, and the household handed over the land to the Project. • The detailed compensation package for this case was reviewed by the Bank team in April 2023 and found to be compliant with RPF/RAP requirements. • There is no basis to apply the compensation unit price (VND 1,000,000/m²) requested by the affected household.
9	Community members informed that they had fruit trees, such as mangoes, bananas, coconuts, papaya and jackfruit growing on their land. They stated that this represented additional revenue for them.	<ul style="list-style-type: none"> • The Bank’s review shows that 24 Project-affected households had trees on their properties. All their trees were recorded, classified, and compensated at market price. • Management has reviewed the receipts of compensation payment for those trees.

No.	Additional Concern	Bank Response
10	A community member told that she had 125 square meters plot of land. She had papaya and other fruit trees growing on it. She also had a water well. She did not agree with the compensation that was offered to her because she thought it was low, and she preferred to receive a land-for-land compensation.	<ul style="list-style-type: none"> • Management reviewed the case of this Project-affected household who owned 108.3 m² (not 125 m²) with a well and some trees. This household agreed to receive compensation that was compliant with the RAP and handed over the land. • Management has reviewed the receipts of compensation payment for the trees. • As per RAP provisions, she was not entitled to receive a replacement plot, as she did not live on the land.
11	One community member said that she used to sell the fruits that she grew on her land in the market, and that generated a secondary income to her. She said that the acquisition of her land led to a loss of this revenue. She added that no one had asked her about the loss of income she generated from these trees.	<ul style="list-style-type: none"> • Management has reviewed all the cases that involve properties with fruit trees and confirms that these were appropriately recorded and compensated for to cover loss of income from the crop/tree.
12	Community members informed the Panel that some Project-affected households received compensation based on a valuation of 1,000,000 VND per square meter. They said this was the case because the land was located near the main road and because the Project authorities wanted to create a model resettlement.	<i>This is incorrect.</i> Agricultural land within the 8.5 ha was compensated at a maximum rate of VND 400,000 per m ² . Management has reviewed the compensation packages and confirms that no Project-affected household received the claimed amount of VND 1,000,000 per m ² .

Annex 2. Affected Households in 8.5 ha with Trees and Crops

No.	Name of Project-Affected Household ⁹	Types of affected Trees/Crops	Compensation Amount (VND)	Payment Received
1	Household # 1	- spinach: 912 m ²	10,944,000	Full amount has been received, plus incentive bonus
2	Household #2	- spinach: 307,7 m ²	3,692,400	Full amount has been received, plus incentive bonus
3	Household #3	- papaya: 12 trees - banana: 8 bushes - coconut: 4 trees	2,354,000	Full amount has been received, plus incentive bonus
4	Household #4	- coconut: 4 trees - banana: 6 bushes - mango: 3 trees	2,856,000	Full amount has been received
5	Household #5	- coconut: 12 trees - papaya: 4 trees	3,044,000	Full amount has been received, plus incentive bonus
6	Household #6	- coconut: 3 trees	1,800,000	Full amount has been received
7	Household #7	- coconut: 17 trees	7,600,000	Full amount has been received, plus incentive bonus
8	Household #8	- papaya: 13 trees - mango: 1 tree - custard-apple: 1 tree - coconut: 1 tree - jack fruit: 2 trees	2,790,000	Full amount has been received
9	Household #9	- spinach: 143,7 m ²	1,724,000	Full amount has been received, plus incentive bonus
10	Household #10	- jack fruit: 1 - coconut: 18 trees	21,170,000	Full amount has been received, plus incentive bonus
11	Household #11	- coconut: 5 trees	4,500,000	Full amount has been received

⁹ Names of individuals have been removed from the public version of this report to protect their privacy.

No.	Name of Project-Affected Household ⁹	Types of affected Trees/Crops	Compensation Amount (VND)	Payment Received
12	Household #12	- coconut: 2 trees - banana: 5 bushes	2,540,000	Full amount has been received, plus incentive bonus
13	Household #13	- coconut: 10 trees - banana: 4 bushes - mango: 4 trees	15,360,000	Full amount has been received, plus incentive bonus
14	Household #14	- coconut: 10 trees	9,000,000	Full amount has been received, plus incentive bonus
15	Household #15	- banana: 22 bushes - coconut: 9 trees	5,010,000	Full amount has been received, plus incentive bonus
16	Household #16	- banana: 5 trees - coconut: 8 trees	2,120,000	Full amount has been received
17	Household #17	- coconut: 38 trees - bamboo: 96 trees - banana: 1 bush	23,168,000	Full amount has been received, plus incentive bonus
18	Household #18	- coconut: 10 trees	6,090,000	Full amount has been received, plus incentive bonus
19	Household #19	- papaya: 1 tree - guava: 2 trees	2,440,000	Full amount has been received, plus incentive bonus
20	Household #20	- coconut: 7 trees - mango: 1 tree - guava: 3 trees	7,040,000	Full amount has been received, plus incentive bonus
21	Household #21	- coconut: 8 trees - papaya: 2 trees - custard-apple: 3 trees	6,138,000	Full amount has been received, plus incentive bonus
22	Household #22	- coconut: 12 trees	10,640,000	Full amount has been received, plus incentive bonus
23	Household #23	- mango: 4 trees - coconut: 14 trees - banana: 18 bushes - pomelo: 6 trees - jack fruit: 4 trees	46,336,000	Full amount has been received, plus incentive bonus

No.	Name of Project-Affected Household ⁹	Types of affected Trees/Crops	Compensation Amount (VND)	Payment Received
24	Household #24	- coconut: 54 trees - banana: 6 bushes	17,580,000	Full amount has been received

Annex 3. Disclosure and Consultations with Project-affected Households on Compensation Packages in Ngoc Hiep Resettlement Site

(CP = Compensation Package; NHRS = Ngoc Hiep Resettlement Site; PAH = Project-affected Household)

No.	Date	Activities	Contents	Venue
1	Sep 8, 2016	Meeting with representatives of 120 Project-affected Households (PAHs) in Ngoc Hiep resettlement site (NHRS)	<ul style="list-style-type: none"> - Disclose Decision No 756/QD-UBNN dated Sep 1, 2016 on notice of land acquisition for construction of NHRS - Disclose policies of compensation support and resettlement - Inform people about the land acquisition and resettlement (LAR) plan and collect their opinions 	Ngoc Hiep PC's office
2	Mar 21, 2017	Meeting with 20 PAHs in NHRS	<ul style="list-style-type: none"> - Disclose compensation packages (CPs) - Collect households' feedback/comments on CPs and respond to them 	Ngoc Hiep PC's office
3	Apr 7, 2017	Meeting with 19 PAHs in NHRS	<ul style="list-style-type: none"> - Disclose CPs - Collect households' feedback/comments on CPs and respond to them 	Ngoc Hiep PC's office
4	May 12, 2017	Meeting with 16 PAHs in NHRS	<ul style="list-style-type: none"> - Disclose CPs - Collect households' feedback/comments on CPs and respond to them 	Ngoc Hiep PC's office
5	Jun 16, 2017	Meeting with 13 PAHs in NHRS	<ul style="list-style-type: none"> - Disclose CPs - Collect households' feedback/comments on CPs and respond to them 	Ngoc Hiep PC's office
6	Jul 26, 2017	Meeting with PAHs in NHRS who may be eligible for resettlement	<ul style="list-style-type: none"> - Disclose option, criteria and principle of resettlement for PAHs who may be eligible for resettlement. - Collect their opinions 	Ngoc Hiep PC's office
7	Aug 8, 2017	Meeting with 31 PAHs in NHRS	<ul style="list-style-type: none"> - Disclose CPs - Collect households' feedback/comments on CPs and respond to them 	Ngoc Hiep PC's office
8	Aug 17, 2017	Meeting with 16 PAHs in NHRS	<ul style="list-style-type: none"> - Disclose CPs - Collect households' feedback/comments on CPs and respond to them 	Ngoc Hiep PC's office
9	Sep 13, 2017	Meeting with 28 PAHs in NHRS	<ul style="list-style-type: none"> - Disclose CPs - Collect households' feedback/comments on CPs and respond to them 	Ngoc Hiep PC's office

No.	Date	Activities	Contents	Venue
10	Oct 5, 2017	Meeting with 28 PAHs in NHRS	- Disclose CPs - Collect households' feedback/comments on CPs and respond to them	Ngoc Hiep PC's office
11	Nov 24, 2017	Meeting with 74 PAHs in NHRS	- Disclose CPs - Collect households' feedback/comments on CPs and respond to them	Ngoc Hiep PC's office
12	Mar 22, 2018	Meeting with 5 PAHs in NHRS	- Disclose CPs - Collect households' feedback/comments on CPs and respond to them	Ngoc Hiep PC's office
13	May 16, 2019	Meeting with 16 PAHs in NHRS	- Disclose CPs - Collect households' feedback/comments on CPs and respond to them	Ngoc Hiep PC's office
14	Jun 27, 2019	Meeting with 7 PAHs in NHRS	- Disclose CPs - Collect households' feedback/comments on CPs and respond to them	Ngoc Hiep PC's office
15	Aug 15, 2019	Meeting with 10 PAHs in NHRS	- Disclose CPs - Collect households' feedback/comments on CPs and respond to them	Ngoc Hiep PC's office
16	Oct 25, 2019	Meeting with 29 PAHs in NHRS	- Disclose CPs - Collect households' feedback/comments on CPs and respond to them	Ngoc Hiep PC's office
17	Nov 14, 2019	Meeting with 8 PAHs in NHRS	- Disclose CPs - Collect households' feedback/comments on CPs and respond to them	Ngoc Hiep PC's office
18	Nov 29, 2019	Meeting with 6 PAHs in NHRS	- Disclose CPs - Collect households' feedback/comments on CPs and respond to them	Ngoc Hiep PC's office
19	Mar 20, 2020	Meeting with 8 PAHs in NHRS	- Disclose CPs - Collect households' feedback/comments on CPs and respond to them	Ngoc Hiep PC's office
20	May 20, 2020	Meeting with 21 PAHs in NHRS	- Disclose CPs - Collect households' feedback/comments on CPs and respond to them	Ngoc Hiep PC's office
21	Nov 6, 2020	Meeting with 21 PAHs in NHRS	- Disclose CPs - Collect households' feedback/comments on CPs and respond to them	Ngoc Hiep PC's office

No.	Date	Activities	Contents	Venue
22	Jan 22, 2021	Meeting with 17 PAHs in NHRS	<ul style="list-style-type: none"> - Disclose CPs - Collect households' feedback/comments on CPs and respond to them 	Ngoc Hiep PC's office
23	Jul 16, 2021	Meeting with 3 PAHs in NHRS	<ul style="list-style-type: none"> - Disclose CPs - Collect households' feedback/comments on CPs and respond to them 	Ngoc Hiep PC's office
24	Sep 8, 2022	Meeting with 4 PAHs in NHRS	<ul style="list-style-type: none"> - Disclose CPs - Collect households' feedback/comments on CPs and respond to them 	Ngoc Hiep PC's office
25	Oct 25, 2022	Meeting with 14 PAHs in NHRS	<ul style="list-style-type: none"> - Disclose CPs - Collect households' feedback/comments on CPs and respond to them 	Ngoc Hiep PC's office
26	Dec 19, 2022	Meeting with 22 PAHs in NHRS	<ul style="list-style-type: none"> - Disclose CPs - Collect households' feedback/comments on CPs and respond to them 	Ngoc Hiep PC's office