

# **Requesters Comments on ADB Management’s Action Plan to Implement the Board Decision on the Recommendations of the CRP Final Report: Greater Mekong Subregion: Rehabilitation of the Railway in Cambodia Project**

**May 19, 2014**

## **I. Introduction**

1. Equitable Cambodia (EC) and Inclusive Development International (IDI) represent Requesters whose complaint to the Compliance Review Panel (CRP) prompted the aforementioned Board Decision and Management Action Plan. Requesters, who wish to remain anonymous due to concern for their personal security, have authorized IDI and EC to continue to represent them in discussions with the Asian Development Bank (ADB) and other stakeholders regarding the implementation of the Board Decision until their grievances have been resolved.

2. On 25 April 2014, the ADB Cambodia Resident Mission disclosed Management’s Action Plan To Implement the Board Decision on the Recommendations of the CRP Final Report: Compliance Review Request on the Greater Mekong Subregion: Rehabilitation of the Railway in Cambodia Project (hereafter the “Action Plan”) in response to requests by affected households and NGOs. In a letter to NGO representatives issued on the same date, the Country Director stated that “[t]he Action Plan will be disclosed to Requesters and AHs, and their views and comments will be an important part of the Plan and remediation processes. In the next stage of the process, the Action Plan will be further informed by additional consultations with AHs to introduce all the remedial actions on which agreement with the Government has been secured and to seek feedback on them.”

3. IDI and EC submit these comments on behalf of Requesters. These comments follow a workshop held with Requesters in May 2014 to explain the draft action plan and discuss the Requesters’ responses, views and concerns. We urge Management to meaningfully incorporate these comments into a revised Action Plan.

## **II. Requesters’ General Comments**

4. More than four years after raising their initial concerns with ADB, and two and a half years after submitting their first complaint to the ADB Accountability Mechanism, most households affected by the Cambodia Railway Rehabilitation Project remain worse off than they were prior to its implementation. After an extensive investigation, the CRP concluded that Requesters did indeed suffer direct and material harms as a result of the Project. Harms confirmed by the CRP include, *inter alia*, inadequate compensation for loss of property and income, transition allowances, and income restoration, resulting in indebtedness and impoverishment; and inadequate facilities at resettlement sites, resulting in loss of life and other adverse impacts on the health and well-being of affected households.<sup>1</sup> The CRP concluded that these harms were the result of failure to implement ADB's operational policies and procedures.<sup>2</sup>

5. **ADB safeguard requirements are not voluntary.** ADB is obliged under its Safeguard Policy Statement to ensure, through due diligence, review and supervision, that borrowers/clients comply with safeguard requirements.<sup>3</sup> The Government of Cambodia is obliged under the Project loan agreements to implement the Project in accordance with ADB's Involuntary Resettlement Policy (1995) and "to ensure timely provision of counterpart funds for resettlement to meet any unforeseen obligations in excess of the resettlement budget estimates in order to satisfy resettlement requirements and objectives."<sup>4</sup> Despite their policy and contractual obligations, ADB and the Government of Cambodia have failed to develop an Action Plan that is sufficient to implement the Board Decision on the Recommendations of the CRP Final Report and to bring the Project into policy compliance. The draft Action Plan indicates a lack of agreement from the Cambodian Government with respect to critical measures required by the Board to address compensation deficits, indebtedness, infrastructure at resettlement sites, and income restoration. The mandatory nature of safeguard policies means that the ADB must use all means at its disposal to ensure that the Project is brought into full compliance and that inaction or the adoption of half-measures that will not produce required results are unacceptable.

6. **Loss of income and livelihoods.** Requesters wish to emphasize in particular that they have suffered extensive income losses for which they have not been compensated. Most affected household incomes remain well below their pre-displacement levels, while household expenditures have increased.<sup>5</sup> As the CRP concluded in its Final Report, "the compensation for livelihood restoration did not adequately make up for the greater distance of some resettlement sites from the original place of residence, which made it

---

<sup>1</sup> Final Report on Compliance Review Panel Request No. 2012/2 on the Greater Mekong Subregion: Rehabilitation of the Railway Project in the Kingdom of Cambodia [CRP Report], p. vii, paras 110-112 and para 258.

<sup>2</sup> CRP Report, p. vii.

<sup>3</sup> SPS, para. 46.

<sup>4</sup> CRP Report, Schedule 5, para 7 and 11.

<sup>5</sup> Empirical data on the socio-economic situation of resettlers in Phnom Penh, collected by NGO Sahmakum Teang Tnaut in in 2012, showed that household incomes halved from \$344 to \$183 since resettlement.

impossible or very costly for AHs to continue working at the old location. The initial income restoration program was poorly designed and provided only training opportunities without capital support.” By the time the Enhanced Income Restoration Program (EIRP) started, twelve months or more after the households had been resettled, “many households had already experienced significant income losses” and “the income shocks resulting from these income losses contributed to increased indebtedness.”<sup>6</sup>

7. The Action Plan as it currently stands fails to:

- 1) compensate people for their income losses;
- 2) address the indebtedness that the most vulnerable households are burdened with as a result of inadequate compensation and income restoration; and
- 3) strengthen, expand and sufficiently prolong the EIRP to ensure its effectiveness in restoring incomes on a sustained basis.

If these failures are left unresolved, the Project will continue to leave hundreds of vulnerable families impoverished and without redress. The Requesters call upon ADB and the Government of Cambodia to respect their obligations to comply with the Involuntary Resettlement Policy by taking robust measures to fully compensate affected households for their income losses and commit to providing assistance for rehabilitation until affected household achieve at least the same level of well-being that they enjoyed before they were displaced.

**8. Provision of replacement housing of minimum standard.** The Action Plan fails to include remedial measures to avoid further impoverishment of poor and vulnerable people, including the provision of “replacement housing of minimum standard and security of tenure” (F2/OP-16). The CRP found that the lack of provision for replacement housing of minimum standard for poor and vulnerable resettled families was “a major design flaw” in the original 2006 RP, resulting in noncompliance with F2/OP para. 16.<sup>7</sup> The average compensation paid to resettled households (comprising both compensation for housing and transition allowance) amounted to only \$751, which is about half the cost of basic quality housing according to housing NGO Habitat for Humanity.<sup>8</sup> The result is that many households incurred debt in order to construct decent housing at the resettlement sites. Requesters call for this noncompliance to be remedied by establishing a compensation floor rate of at least \$1500 for property losses and ensuring that remedial compensation payments result in AHs receiving at minimum this amount for property losses.

---

<sup>6</sup> CRP Report, p. vii.

<sup>7</sup> CRP Report, para. 14.

<sup>8</sup> CRP Report, para. 159.

**9. Lack of consultation on resettlement options for fully affected households remaining along the railway.** The CRP found that “[l]imited consultation with APs during the preparation of the 2006 RP meant that there was a failure to ensure that “specific opportunities [were] provided for them to participate in choosing planning and implementation options [OM f2/BP, para. 4(v)], or that “the views of the affected people are taken into account in formulating the compensation and rehabilitation measures” (OM f2/OP, para. 44), resulting in noncompliance with these measures.”<sup>9</sup> The project remains in noncompliance with these measures, including in relation to the families who have not yet resettled out of the Corridor of Impact (COI), as well as those who have cut their houses and shifted back into the residual Right of Way (ROW), but are living in cramped plots with less than 30 square meters remaining. These families have not been presented with any options other than moving to a site that they reasonably expect would be detrimental to their livelihoods. Neither remaining onsite in cramped housing without secure tenure nor relocating to Trapeang Anhhhan where they will lose their livelihoods are acceptable options to them. Neither of these options complies with the substantive requirements of the Involuntary Resettlement Policy.

10. Twenty-eight families remaining in the COI in the Toul Sangke neighborhood have proposed two options that they would find acceptable and that would meet policy requirements: a) provision of resettlement plots with secure tenure at the Stung Meanchey site that was included as one of three options in the original 2006 Resettlement Plan (and then dropped because it was deemed too expensive – the cost burden of the Project being shifted to resettled families instead), in addition to their other entitlements for loss of property and income and transitional allowances; **OR** b) 8000 USD in lieu of replacement land, which they will use to purchase their own alternative land, in addition to their entitlements for loss of property and income and transition allowances. The Action Plan should ensure that one of these options is made available to AHs who remain entitled to resettlement assistance under the project.

**11. Provision of ex gratia solatium to families of deceased children.** Regarding the drowning death of two children in Battambang, the CRP found that the circumstances of the case, coupled with its findings of non-compliance in relation to the failure to provide water at the resettlement site, warranted the provision of “a reasonable *ex gratia solatium*” to the family of the deceased. The CRP noted that the father of the deceased children whom they visited is extremely poor and vulnerable and has suffered mental distress as well as loss of future income and support. The CRP also recommended a *solatium* be provided in the case of the child who died as a result of a road accident on the way back from school to the Poipet resettlement site.<sup>10</sup> The Action Plan fails to address this important recommendation. ADB Management should take responsibility for its gross negligence and provide payments to these desperate families who experienced a tremendous tragedy that would not have occurred but for the botched resettlement process.

---

<sup>9</sup> CRP Report, para. 90(i).

<sup>10</sup> CRP Report, para. 113.

12. **Samrong Estate.** Requesters note with concern that Recommendation 7 related to the adoption of specific safeguards for the development of a freight facility in Samrong Estate was deferred by the Board due to the request of the Government of Cambodia that the freight facility be removed from the project scope. Requesters remind ADB that Samrong residents have lived for nearly ten years in a state of anxiety because of this project, never knowing if and how they would be impacted. Requesters call upon ADB to provide, without further delay, clear information to AHs in Samrong about how this latest decision will affect them. Requesters further call upon ADB to place strict conditions on the withdrawal of the Samrong facility from the project scope to ensure that any displacement of residents in the Samrong area, in perpetuity, will comply with ADB's resettlement policy and the recommendations of the CRP.

13. **Disclosure of Professor Cernea's Independent Expert report and CRP comments on Management's Action Plan.** Among the key lessons that the CRP drew from its investigation of the Railway request was "the need for a reliable and effective independent monitor in projects with significant resettlement and environment impact." In countries like Cambodia, with a limited pool of potentially qualified consulting agencies, the CRP found that it is necessary "to engage non-national agencies with a proven track record to furnish the critically needed, fact-based scrutiny of project implementation that is the basis for timely and sound diagnosis of problems and remedies for these problems."<sup>11</sup> The CRP also highlighted the need to make public disclosure an integral and prominent part of project conception, feasibility assessment, design, implementation, monitoring and remedial actions.<sup>12</sup> In Management's Response to the Draft CRP report, Management agreed with these lessons.

14. Requesters call upon ADB to demonstrate that it has learned these lessons by disclosing the report, *Monitoring of Population Resettlement in Cambodia's Railway Rehabilitation Project: Current Status, Strengths, Weaknesses, and Recommendation*, which was prepared by prominent independent resettlement expert Professor Michael Cernea in 2012. Professor Cernea was contracted by ADB in mid-2012 in response to ongoing resettlement problems plaguing the Railway Project and the demands for an independent monitor by concerned civil society organizations. ADB, however, suppressed the Cernea report due to its apparently unfavorable findings. Upon an appeal by Requesters' representatives, the President approved the disclosure of only the report's recommendations, stating that "the harm that would result from the disclosure of the entire Report would be substantial, immediate, and likely irreparable, and outweighs the benefits of disclosure." While we believe this justification for non-disclosure was dubious at the time, with the public release of the CRP report, we now assert that such justification can no longer be sustained. Far outweighing this improbable justification is the direct and compelling interest of the Requesters - victims of substantial and in some cases irreparable harm - in

---

<sup>11</sup> CRP Report, para. 263.

<sup>12</sup> CRP Report, para. 262.

having access to the findings of a renowned resettlement expert who examined their situation. Professor Cernea’s expert findings - particularly with respect to income loss and debt – is immensely valuable information critical to a process of meaningful and informed consultation on remedial actions. Nondisclosure of an independent monitoring report makes a mockery of ADB’s professed commitment to transparency. As such, Requesters urge ADB to overturn its earlier decision and disclose the Cernea report without delay. Requesters also urge ADB to disclose the comments of the Compliance Review Panel on Management’s Action Plan for the same reasons.

### III. Requesters’ Specific Comments on Proposed Remedial Actions

Requesters’ specific comments on the proposed remedial actions disclosed by ADB on April 25, 2014 are provided in the matrix below.

<b>Board Approved CRP Recommendations</b>	<b>Management Proposed Remedial Actions</b>	<b>Requesters Comments</b>
<p><b>Recommendation 1: “Establish a compensation deficit payment scheme.</b> The CRP recommends that ADB require the GoC:</p> <p style="padding-left: 20px;">a. to establish a remedial action program to compensate the AHs. Such a program must ensure that AHs are compensated in accordance with ADB’s safeguards policy and applicable ADB procedures and the guidelines set forth</p>	<ul style="list-style-type: none"> <li>• Inter-ministerial Resettlement Committee (IRC) reviews for each affected household (AH) the: (i) Detailed Measurement Survey (DMS); and (ii) Contract between IRC and AH, for mis-categorization in the DMS.</li> <li>• IRC computes compensation deficits for: (i) property losses due to mis-categorization and inflation using consumer price</li> </ul>	<ul style="list-style-type: none"> <li>• The approach proposed by Management is inconsistent with Board-approved CRP Recommendation 1. Management proposes a desk review that will only look at inconsistencies between the DMS and the compensation contracts. The review will not examine flaws in the DMS itself, which is where the bulk of the mis-categorizations and inaccuracies occurred. In its investigation report, the CRP found “considerable inaccuracies in the DMS resulting in misclassified and erroneously inventoried structures,” and it concluded that, “a large number of households were thus</li> </ul>

<p>below, which CRP estimates would likely fall in the range of \$3 million to \$4 million. The source of funding for such program should be an ADB loan or other sources of funds; and <b>b.</b> to agree to the implementation and administration of such program, consistent with the guidelines set forth below, with the assistance, advice and oversight of ADB....</p> <p>...The program has to mitigate property, transitional, and income losses suffered by AHs so that they are not made worse off as a consequence of the resettlement...</p> <p>...The program must have an oversight body which can also act as a single-tier appeal body regarding computation and payment of compensation..."</p>	<p>index (CPI); and (ii) transition allowances (living/income and transport allowances) due to inflation using CPI.</p> <ul style="list-style-type: none"> <li>• IRC conducts consultations and disseminates information to AHs on the: (i) timelines for house-to-house consultations; (ii) methodology for computation of compensation deficits; and (iii) appeal’s mechanism under the improved Grievance Redress Mechanism (GRM) regarding computation and payment of compensation deficits.</li> <li>• IRC prepares amended contracts for AHs reflecting compensation deficits.</li> <li>• IRC conducts house-to-house consultations (IRC provides AHs with amended draft contracts; explains corrections to DMS and computation of compensation deficits; provides Ahs opportunity to comment on the amended draft contracts; explains GRM for appeals against payment computations;</li> </ul>	<p>undercompensated for the loss of their houses (p. vii).”<sup>13</sup> The CRP explored two options to remedy the under-compensation: a) a fresh independent cost study from 2006-2013 and a resettlement audit of compensation payments with a follow-up payment program to ensure that full compensation is paid to AHs, or b) a mass claims process that would address compensation deficits for property and income losses, as well as transition allowances, effectively and quickly. The former option was rejected by the CRP because it would take up to three years to deliver remedial compensation, which would be an unjustifiable delay for AHs who need assistance as soon as possible. This is why CRP recommended a mass reparations scheme. Management, however, has instead opted for an incomplete audit, which will not capture the most significant errors that led to compensation deficits for property losses. Furthermore, it is proposed that this incomplete audit will be conducted by IRC, which was responsible for the compensation deficits in the first place. This plan will take an unacceptably long period (18 months) to deliver payments to AHs and it will guarantee that they are left undercompensated for their property losses. <b>Requesters call upon Management to design a mass claims process, as stipulated in Recommendation 1, and to ensure that it is carried out by an independent third-party that has the proved capacity and integrity to do this</b></p>
---	---	---

<sup>13</sup> CRP Report, p. vii.

	<p>ADB monitors through existing external monitor and consultations with AHs).</p> <ul style="list-style-type: none"> <li>• IRC provides payments.</li> <li>• ADB to verify results of review and adjustments and observes consultations with AHs and payments.</li> <li>• To be completed by Q2 2015.</li> <li>• No agreement on computation and payment of compensation for income losses to relocated AHs.</li> </ul>	<p><b>work.</b></p> <ul style="list-style-type: none"> <li>• The Action Plan does not provide for compensation for income losses since AHs were resettled. As noted above, household income levels have been halved in most areas due to the location of resettlement sites and the delays and inadequacy of income restoration programs. Without compensation for actual loss of income, the project will remain non-compliant. The Board’s decision was clear that “ADB require the Government of Cambodia” to compensate AHs for “property, transitional, and <i>income losses... so that they are not made worse off as a consequence of resettlement</i>” [emphasis added]. <b>Requesters insist that all AHs are compensated for their income losses, as required by Recommendation 1. ADB must enforce Section 4.01 of the Loan Agreement to ensure that this occurs.</b></li> <li>• There is no new oversight and appeals body established for the compensation deficit payment scheme. The Action Plan relies on the non-independent external monitor and the failed grievance redress mechanism, which has apparently only been altered by including a representative of AHs in each Commune Resettlement Sub-Committee. It is unclear how these representatives will be selected and what powers they will have on a committee made up predominantly of local authorities. <b>Requesters call for a multi-stakeholder oversight body, which also serves as a single-tier</b></li> </ul>
--	--	--



		<b>appeal body regarding compensation,.</b>
<p><b>Recommendation 2: “Improve facilities at resettlement sites...</b>  The CRP recommends that the medical center at the Phnom Penh site be refurbished, provided with a better supply of medication, and properly staffed with a medical doctor. ADB Management should present a time-bound action plan that spells out, in some detail, both urgent and longer-term actions to be taken to improve and maintain the facilities on all sites.</p>	<ul style="list-style-type: none"> <li>• IRC assesses facilities at the relocation sites to ensure that these facilities conform to relevant national, provincial, or local authority standards.</li> <li>• IRC prepares a time-bound action plan for the improvement of the facilities at the relocation sites.</li> <li>• IRC improves the facilities at the relocation sites identified as urgent actions under the time-bound action plan.</li> <li>• IRC hands over the improved facilities to the appropriate local authorities.</li> <li>• IRC requests the Ministry of Health (MOH) to ensure that the medical center at the Phnom Penh relocation site operates as per national standards.</li> </ul>	<p>The proposed remedial action clearly falls short of ADB's resettlement policy, which requires that people not be left worse off than they were prior to displacement and for resettlement to be conceived and executed as a development opportunity. In line with these policy principles, the facilities at resettlement sites must conform to <i>ADB</i> standards, not national/local standards. It is similarly not sufficient for IRC to request the MoH to ensure that the Phnom Penh medical center is operating per national standards. ADB must work with MoH to ensure that the facility provides adequate medical services to the resettled population. It is manifestly evident from past practice that reliance on IRC without ADB’s active involvement results in a failure to meet policy requirements. <b>Requesters seek a “time-bound action plan presented by ADB Management that spells out, in some detail, both urgent and longer-term actions to be taken to improve and maintain the facilities on all sites” as stipulated clearly in Recommendation 2. This action plan must ensure that the facilities at resettlement sites meet the standard of ADB’s Involuntary Resettlement Policy.</b></p>
<p><b>Recommendation 3: Improve the functioning of the grievance redress mechanism, to be reflected in a time-bound and</b></p>	<ul style="list-style-type: none"> <li>• IRC prepares a specific and verifiable time-bound action plan for improving the functioning of the GRM.</li> </ul>	<p>There is no action plan presented by ADB Management with specific time-bound and verifiable actions for improving the function of the grievance mechanism. <b>Requesters call upon Management to furnish such a</b></p>

<p><b>verifiable action plan.</b> The CRP suggests that the ADB Management review this mechanism and propose interventions, including training and capacity building, as well as a greater up-front role for IRC in providing guidance on complaint handling. ADB Management should have an action plan with specific time-bound and verifiable actions for improving the functioning of the grievance mechanism.</p>	<ul style="list-style-type: none"> <li>• IRC implements the specific and verifiable time-bound action.</li> </ul>	<p><b>plan, as stipulated in Recommendation 3. The existing failed GRM should be replaced with a new independent body, which is legitimate, accessible, equitable, transparent, and rights-compatible.</b></p>
<p><b>Recommendation 4: “Develop an appropriate program to build capacity for resettlement in the IRC, to be reflected in a time-bound and verifiable action plan...”</b> The CRP suggests that ADB, in consultation with IRC, develop an appropriate capacity-building program for IRC, to be reflected in a time-bound and verifiable action plan. The plan may include training and other interventions such as the provision of expertise.”</p>	<ul style="list-style-type: none"> <li>• IRC, in consultation with ADB, prepares a time-bound and verifiable action plan for capacity building.</li> <li>• IRC implements the time-bound and verifiable action plan.</li> <li>• Upon IRC’s request, ADB provides expertise and arranges training programs and exchange visits of IRC staff in Asia.</li> </ul>	<p>There is no time bound and verifiable action plan presented for developing an appropriate capacity-building program for IRC. <b>Requesters call upon Management to furnish such a capacity-building plan, as stipulated in Recommendation 4. This plan should not only include training for IRC but also for ADB staff and Management, which have shown themselves to lack the most basic understanding of what is required to comply with its Involuntary Resettlement Policy. Requesters further call upon ADB and IRC to hold their staff personally accountable for their wrongful acts and omissions, which have led affected families to suffer enormous hardships.</b></p>
<p><b>Recommendation 5: “Establish a debt workout scheme to help highly indebted families repay their accumulated debts through</b></p>	<p>“Under discussion.”</p>	<p>Requesters find it completely unacceptable that there is no plan presented to implement Recommendation 5 due to a lack of agreement by the Government of Cambodia that debt workout is “a compliance issue.” The CRP</p>

<p><b>a dedicated credit line and a debt workout facility.</b> The dedicated credit line would provide funds at a highly subsidized interest rate and at sufficiently long maturity. ADB loans or other funds could be used to finance this debt work out scheme. Funds could be used only to repay debts. Funds provided under the debt workout program would be disbursed directly against AH loan repayment obligations, and would not be disbursed to indebted households...</p> <p>Households interested in participating in the debt workout scheme should be consulted on how procedures for repaying debts to informal money lenders directly through the debt workout facility could be established. ... The scheme could be implemented by an NGO or other suitable institution that can demonstrate adequate financial management competence. Further data on the debt levels of resettled households would be required to establish the approximate size of the fund for a</p>		<p>found that “the design and implementation of the resettlement program was a contributory factor in the indebtedness of a significant number of AHs.”<sup>14</sup> Heavily indebted households will never be able to restore their incomes and living standards if they do not have assistance repaying their debts. A failure to address indebtedness will mean that a large number of AHs will be at high risk of losing their houses and land to creditors. The irreparable harm that this will cause to AHs is without question a compliance issue and must be prevented. <b>Requesters insist that a debt workout scheme be established, as stipulated in Recommendation 5. ADB must enforce Section 4.01 of the Loan Agreement to ensure that this occurs.</b></p>
--	--	--

---

<sup>14</sup> CRP Report, para. 207.

<p>debt workout.”</p> <p><b>Recommendation 6: “Implement the expanded income restoration program in a sustained and sustainable manner...</b>For the program to be sustainable, capacity building should be provided over an extended period, to allow SHGs to develop into sustainable institutions and eventually savings groups, and SHG systems and financial management processes to mature. In light of the vulnerabilities and high indebtedness experienced by many AHs during the resettlement process, support under the EIRP should be continued.”</p>	<ul style="list-style-type: none"> <li>• IRC to continue implementation of the EIRP.</li> <li>• Build capacity of self-help groups (SHGs) for sustainability.</li> <li>• IRC to design exit strategies for SHGs by Q4 2014.</li> <li>• IRC to implement exit strategies for SHGs by Q4 2015.</li> </ul>	<ul style="list-style-type: none"> <li>• The proposed remedial action contradicts the spirit and the letter of Recommendation 6 and will ensure continued non-compliance with the Involuntary Resettlement Policy. The CRP's original recommendation was that the EIRP needed to be expanded, including by increasing funds for SHGs and lengthening the maturities for loans. CRP also recommended that support for income restoration be continued for five more years. The Board unfortunately weakened this recommendation by removing the line about increasing funding to SHGs and lengthening the maturity dates for loans. It stated that support under the EIRP to resettled households should be continued, but it removed the period of time for which this should occur. The justification provided by some EDs for this change was that the Board did not want to limit the period for extension of the EIRP in case <i>more</i> time is needed to ensure sustainability. In the meeting held with Requesters on 11 February 2014, the ADB Country Director provided the same explanation. However, the proposed action <i>ends the program</i> by the 4th quarter of 2015. This is clearly inconsistent with the Board's directive, which calls for capacity <i>building over an extended period</i> and <i>continued support for the EIRP with the goal of sustainability</i>.</li> <li>• Community development experience in Cambodia shows that it takes 5-10 years and sufficient injections of capital in order to build sustainable</li> </ul>
---	---	--

		<p>savings groups.<sup>15</sup> Exit plans should not be based on arbitrary pre-determined timelines but rather on a positive assessment of the strength and sustainability of the savings groups and whether or not the program has succeeded in restoring household incomes to pre-displacement levels or higher.</p> <ul style="list-style-type: none"> <li>• <b>Requesters call upon Management to commit to expand the EIRP, including through the provision of increased funds to SHGs to allow larger business loans with lengthened maturity dates, and to extend the timeframe of the program as long as necessary to achieve the objectives of the Involuntary Resettlement Policy. If necessary, this should be accomplished through a new project with grant funding.</b></li> </ul>
--	--	--

---

<sup>15</sup> This is based on the experience of Equitable Cambodia (formerly Bridges Across Borders Cambodia), which has a decade of experience supporting community development processes in Cambodia.