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Ministry of Industry & Handicraft

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Phnom Penh, 2nd September, 2014

Ms. Amy Leung,
Director – Urban Development and Water
Southeast Asia Department
Asian Development Bank
6 ADB Avenue, Mandaluyong City
Metro Manila 1550
Philippines
Email: aleung@adb.org

Dear Ms. Leung,

**Proposed ADB Loan for the Urban Water Supply Project
Land Acquisition in Stoung and Svay Rieng and Revised Subproject Components**

We wish to inform ADB that land acquisition in the two towns of Stoung and Svay Rieng, for the proposed Urban Water Supply Project (the Project), is no longer required.

During the PPTA, the Consultants concluded that the Project would not involve any resettlement in seven of the nine sub-project towns and that only minor land requirements for two sub-project towns would be required: 16m² in Savy Rieng and 240m² land (with 40m² wooden unhabitated structure) in Stoung. Hence, two Resettlement Plans (RPs) were prepared, compliant with ADB's SPS policy and the Royal Government of Cambodia laws. Due Diligence Reports (DDRs) were prepared for the remaining seven towns, where land acquisition is not required.

The Ministry of Industry and Handicraft (MIH) recently completed a comprehensive assessment of provincial waterworks, including those under the proposed Project. The assessment was completed in July 2014 and covered management, finance, and operational aspects of the waterworks, including a review of the immediate technical priorities for the PWWs. Based on this assessment, we agreed changes to a number of sub-components that more accurately reflect the current operational needs of the waterworks at Stoung and Svay Rieng, which negate the need for the proposed land acquisition as follows:

1. In Stoung, the acquisition of 240m² of land adjacent to the existing water treatment plant, originally identified by the TA consultants for an underground storage reservoir, is no longer required because the storage reservoir is removed from the scope of the Project.
2. In Svay Rieng, the 16m² of land to be acquired for the construction of an additional deep borehole, outside of the water treatment plant site, is no longer required because the borehole is removed from the scope of the Project.

Further to recent email communications with the Project Officer, Mr. Michael White, we have agreed the acceptability of technical changes to the sub-components and confirm that they are (i) relevant to the immediate needs of the two waterworks and (ii) will not change the outcome of the Project. There is no longer any need for land acquisition for the Project and hence RPs are no longer required for Stoung and Svay Rieng. As such, the involuntary resettlement category for the Project is currently Category C. *TM.*

We wish to thank you and your staff for kindly assisting us to revise the RPs for Stoung and Svay Rieng into DDRs, which were sent to us by email on 26 August 2014 together with the other seven DDRs for our review and approval. We have shared the DDRs with the Interministerial Resettlement Committee (IRC) for its information. We will review and approve the DDRs in due course and MIH confirms that the Project will not include any land acquisition and resettlement during implementation.

For your reference, we attach the complete list of sub-project components and cost estimates for all nine provincial towns, as agreed on 26 August 2014 for use during project loan processing. The cost estimates now include a reduced 15% contingency and the list includes the cost estimate for new laboratory equipment at six of the waterworks as previously agreed.

Please accept, Ms. Leung, the assurance of our high consideration.

Yours sincerely, *TM*



EK Sonn Chan
Secretary of State
Ministry of Industry and Handicraft

Cc Michael White, ADB Project Officer, SEUW

Attachment: Revised list of sub-components for Stoung and Svay Rieng

Revised List of Sub-Project Components – 26 August 2014

No.	Town	Proposed Infrastructure Improvements	Preliminary Cost Estimate (\$)	Remarks
1	Kampong Cham	A- Drill 2 new boreholes to replace wells 1 and 2, with new submersible pumps (capacities to be refined but no more than capacity of system). This includes casing, screen, pump testing, pump controls, building & power connection.	300,000	
		B - Add 3 lengths of 100mm diameter pipe (1,420m, 1,000m, 885m) and one length of 300mm diameter of 1,660m to run in parallel with existing pipe	280,000	
		C - Add 5 lengths of 110mm diameter pipe (2,000m, 1,200m, 1,500m, 350m, 340m) and 5 lengths of 63mm pipe (900m, 850m, 380m, 500m, 1090m) for extensions to current system.	200,000	
		D- Replace current gas chlorination system	50,000	
		E- Gate valves and bulk meters for 5 zones - sizes required are 1x315mm dia., 2x200mm dia., 1x150mm dia., 1x100mm dia.	14,000	
		F - Second floors for existing office and laboratory buildings	80,000	
		G - New transformers (3)	36,000	
		H – One new 100m deep borehole for higher end of town with submersible pump, wellhead, controls, pump building, power supply, fencing, rising main to existing elevated reservoir	150,000	
		I - Rehabilitate existing elevated reservoir and provide connection into network	20,000	
		Subtotal Kampong Cham	1,130,000	
		Contingency 15%	169,500	
		Total Kampong Cham	1,299,500	
		2	Kampong Thom	A - Replace 2 raw water pumps with submersible pumps. Current pumps have long shafts which cause vibration & overheating.
B- Replace motor fans and bearings on clear water pumps	5,000			
C- Increase water storage with 2,000m ³ capacity. Demolish and remove existing 200m ³ tank	300,000			
D - Riverbank protection with gabion baskets	60,000			
E - Filters need 4 new manual gate valves for drains.	15,000			
F- Replace old pipeline network with 3 km (DN110mm HDPE)	100,000			
G - replace filter block inlet gate valve 500mm	20,000			
H- Replace current gas chlorination system	50,000			
I- Addition of sludge drying bed	10,000			

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No.	Town	Proposed Infrastructure Improvements	Preliminary Cost Estimate (\$)	Remarks
		J - Bladder tank for clear water surge protection	10,000	
		K - Gate valves and meters for zoning purposes	15,000	
		L - Re-route alum dosing pipe with ABS pipe	5,000	
		M-Laboratory equipment	50,000	New
		Subtotal Kampong Thom	720,000	
		Contingency 15%	108,000	
		Total Kampong Thom	828,000	
3	Kampot	A- Replace old chlorination system	50,000	
		B - Replace 4 gate valves with dia. 500mm of drains and 4 Air scour Valves with dia. 160mm of backwash for WTP	18,000	
		C - Replace 200mm restriction on elevated tank line with 250mm and install 2 bulk clear water meters (east & west).	15,000	
		D - Add bladder tank for surge protection on direct pumping line to town.	5,000	
		E - Re-route alum dosing pipe with ABS pipe	5,000	
		Subtotal Kampot	93,000	
		Contingency 15%	13,950	
Total Kampot	106,950			
4	Sihanoukville	A- Rehabilitation of filters with introduction of mixed air/water stage	55,000	
		B-Additional clearwater storage 500m ³ with necessary slope protection	200,000	
		C-Install raw water flow meter	10,000	
		D-Improve control panel for raw water pump security	10,000	
		E-Replace intake pump gate valve (dia., 200mm)	3,000	
		F-Re-route alum dosing pipe with ABS pipe	5,000	
		G-Laboratory equipment	50,000	New
		Subtotal Sihanoukville	333,000	
		Contingency 15%	49,950	
		Total Sihanoukville	382,950	
5	Pursat	A- Install one transformer 300KVA	25,000	
		B - Replace 2 raw water pumps with submersible pumps. Current pumps have long shafts which cause vibration & overheating.	80,000	
		C - New 500mm gate valve for upper inlet pipe	10,000	

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No.	Town	Proposed Infrastructure Improvements	Preliminary Cost Estimate (\$)	Remarks
		D - Filters need 2 new manual gate valves for inlets and drains.	15,000	
		E - replace filter block inlet gate valve 500mm	10,000	
		F - Install 3Km parallel DN160mm HDPE pipe	52,000	
		G- Replace old chlorination system	50,000	
		H- Addition of sludge drying bed	10,000	
		I-Laboratory equipment	50,000	New
		Subtotal Pursat	302,000	
		Contingency 15%	45,300	
		Total Pursat	347,300	
6	Siem Reap	A- Install main pipe diameter 600mm 6.5 Km from Treatment Plant to Zone 1, including road reinstatement	2,806,000	
		B- Install distribution network in Zone 1 (up to 250mm dia.) and Install distribution network in APSARA zone - for houses in same commune as Zone 1.	2,196,000	
		Subtotal Siem Reap	5,002,000	
		Contingency 15%	750,300	
		Total Siem Reap	5,752,300	
7	Stoung	A - Remove 2008 sedimentation tank extension	10,000	
		B - Remove generator building and construct new one near carpark	10,000	
		C - New WTP between current WTP and office	120,000	
		D - Gate valve for backwash line	5,000	
		E - Following completion of A,B&C, demolish 2003 WTP and build second WTP train in its place	150,000	
		F-Laboratory equipment	50,000	New
		Subtotal Stoung	345,000	
		Contingency 15%	51,750	
		Total Stoung	396,750	
8	Stung Treng	Full new water supply system		
		A - P&G and Intake on Mekong	80,000	
		B - New WTP of 7,950m ³ /day capacity with elevated storage tank and underground tank	1,208,000	
		C - New/rehabilitated tanks on old WTP site	150,000	
		D - Electrical & mechanical	160,000	
		E - New distribution system all districts	9,630,000	

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No.	Town	Proposed Infrastructure Improvements	Preliminary Cost Estimate (\$)	Remarks
		F – Laboratory equipment	50,000	New
		Subtotal Stung Treng	11,278,000	
		Contingency 15%	1,691,700	
		Total Stung Treng	12,969,700	
9	Svay Rieng	A- Change iron/manganese package plant filters with conventional filters & aeration	550,000	
		B- Replace current chlorination system	50,000	
		C- Replace old pipeline network with 5.2 Km of new HDPE	145,000	
		D- Expand new pipe network with 23.5 Km	290,000	
		E- Add frequency inverters to 3 intake pumps (Capacity about 100m3/h)	40,000	
		F- Addition of sludge drying bed in WTP grounds	10,000	
		G-laboratory equipment	50,000	New
		Subtotal Svay Rieng	1,135,000	
		Contingency 15%	170,250	
		Total Svay Rieng	1,305,250	
GRAND TOTAL 9 TOWNS (INFRA)			20,338,000	
Grand Total Contingencies			3,050,700	
GRAND TOTAL TOWNS			23,388,700	

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