

**Chongqing Small Towns Water Environment  
Management Project**

**Resettlement Policy Framework**

Chongqing World Bank Project Management Office  
March 31, 2014

## 1 Project Introduction

Chongqing Municipality has a land area of 82,400 km<sup>2</sup> and a population of 33.3 million, featuring a complex socioeconomic and geographic environment, i.e., a fusion of a metropolis, and extensive rural areas, reservoir areas and mountain areas. To achieve sustainable development, the Chinese government attaches great importance to and focused on addressing urban-rural gap, regional disparities and inequality and other strategic issues. The development of Chongqing also faces these challenges. While the Chinese government carried out large-scale western development, the integration development of urban and rural areas has been the top priority in the "Eleventh-Five-Year" and "Twelfth-Five-Year" plans. In 2007 in the context of the western China development strategy, Chongqing Municipality is one of the two pilot cities for reform of balanced urban and rural development.

The Project consists of 4 subprojects (see Table 1): Rongchang, Shizhu, Pengshui and Tongnan Subprojects, with a gross investment of 1.327 billion yuan, including a Bank loan of 700 million yuan, accounting for 52.75%. The Project is expected to break ground in July 2014 and be completed in June 2016, with a construction period of 24 months.

**Table 1 Estimated Investment in the Project**

No.	County	Subproject	Estimated investment (00 million yuan)		
			Subtotal	Bank Loan	Local counterpart funds
1	Rongchang	Rongchang County Flood and Wastewater Management Subproject	3.31	1.65	1.66
2	Shizhu	Shizhu County Flood and Wastewater Management Subproject	2.28	1.22	1.06
3	Pengshui	Pengshui County Flood and Wastewater Management Subproject	5.05	2.97	2.08
4	Tongnan	Tongnan County Flood and Wastewater Management Subproject	2.63	1.16	1.47
<b>Total</b>			<b>13.27</b>	<b>7</b>	<b>6.27</b>

All the 4 subprojects have land acquisition and house demolition and the relevant RAPs have been prepared. During the project preparation stage, the project IA and the design institute have conducted the detailed survey on the affected villagers and their villages. They have collected the opinions of local people on the subprojects through public consultation. Measures were to be taken to minimize the impacts on the people. During the project implementation and the monitoring stage, the project owner will keep local people informed of the project and establish the good appeal mechanism to ensure that all the relevant appeals and complaints from local people could be handled appropriately and timely.

During the preparation stage, the temporary impacts of the subprojects wastewater pipelines laying process on residents cannot be determined, and the stockyard and temporary sheds during the construction has no clear and specific location. Therefore, in case any of these subprojects cover unexpected land acquisition and house demolition, this RPF must be followed to prepare the relevant document.

## 2 Principles and Objectives

In the World Bank funded project, the borrower or the project owner must take all the necessary measures to mitigate the negative social impacts that brought out from the project. The WB OP 4.12 "Involuntary Resettlement" has provided the relevant objectives and the principles.

The project owner must compensate the project-affected people to offset their costs of the losses due to the project negative impact for instance, the relocation, the rehabilitation of the their production and lives. All the necessary measures must be taken to avoid or

reduce the land acquisition and all the related negative impact.

When land acquisition and the relevant negative impact are not feasible to avoid, the principal objective of this RPF is to ensure that the affected properties of all the affected persons (hereafter “the affected persons”) will be compensated at the replacement value and granted with all the possible rehabilitation measures or the other possible assistances to improve or at least restore their income levels and the living standards.

Definition of “Project-affected Persons”: refers to group which is affected, for the implementation of project, in the following fields: a) The living standard is affected or would-be-affected unfavorably; or b) The ownership of any house, rights or interest, land (include housing plot, cultivated land and pasture) or other movable estates or real estates are temporarily or almost permanently taken over or occupied; c) the people whose productive assets temporarily or almost permanently taken over or occupied d) The people whose business operation, occupation, work or living or accustom is unfavorably affected.

Definition of “Replacement Cost”: for agricultural land, it is the pre-project or pre-displacement, whichever is higher, market value of land of equal productive potential or use located in the vicinity of the affected land, plus the cost of preparing the land to levels similar to those of the affected land, plus the cost of any registration and transfer taxes. For land in urban areas, it is the pre-displacement market value of land of equal size and use, with similar or improved public infrastructure facilities and services and located in the vicinity of the affected land, plus the cost of any registration and transfer taxes. For houses and other structures, it is the market cost of the materials to build a replacement structure with an area and quality similar to or better than those of the affected structure, or to repair a partially affected structure, plus the cost of transporting building materials to the construction site, plus the cost of any labor and contractors’ fees, plus the cost of any registration and transfer taxes. In determining the replacement cost, depreciation of the asset and the value of salvage materials are not taken into account, nor is the value of benefits to be derived from the project deducted from the valuation of an affected asset. Where domestic law does not meet the standard of compensation at full replacement cost, compensation under domestic law is supplemented by additional measures so as to meet the replacement cost standard.

The World Bank OP4.12 established the key principles for the resettlement planning and implementation. The specific principles for this RPF are as following:

- (a) Where feasible, the project design and RAP should be conceived as the sustainable development program and the affected persons will be benefited from services and facilities provided by the project.
- (b) All the displaced persons are entitled to the compensation for their lost properties or other alternative, equivalent means of compensations. In case the displaced persons have no legal rights to the lost properties, these won’t prevent them from the relevant compensation or other alternative, equivalent means of compensations.
- (c) The compensation standards in the RAP are the full amount payable to the affected individual owners or the collective owners without any intentional or unintentional deduction. In china, the affected individual owners will obtain the compensations due to the lost houses and other fixed assets while the village collectives will obtain the compensation for the lost land.
- (d) The village land adjustment is more feasible way when the farmland is acquired. In some cases where the agricultural incomes account for very small proportion of the total incomes, other means of rehabilitation, such as cash compensation or the employment opportunities are acceptable if the affected persons are willing to do so.
- (e) The housing plots, shops or the reallocated farmland for the displaced persons should have the equivalent use value compared to pre-project or pre-displacement.
- (f) The transition period should be minimized. The compensation for the lost properties should be paid to the affected persons before their physical relocation to

ensure that new houses could be built beforehand. Meanwhile, all the necessary measures must be taken to minimize the transition period before the project construction starts.

- (g) The affected persons should be fully consulted during the RAP preparation so that they are informed of options and rights pertaining to resettlement. The RAP must be disclosed to all the affected persons in feasible ways.
- (h) The community services and the accessible resources after displacement should be maintained or improved.
- (i) The borrowers are obliged to pay all the relevant costs of land acquisition and resettlement. They must provide all the relevant resources for rehabilitation of the affected persons if necessary.
- (j) RAP should include the proper institutional arrangement to ensure that the rehabilitation measures could be effectively designed, planned and implemented.
- (k) The proper arrangement of internal and external monitoring and evaluation should be made during the project implementation.
- (l) The complaints and the appeal channels must be established and all these relevant information must be provided to the affected persons.

### 3 RAP Preparation and Approval Procedures

The borrower is responsible for preparing and implementing the RAP including paying all the relevant resettlement costs. Once the land acquisition and house demolition are identified and the project impact is scoped, the RAP preparation should be started. The borrower will conduct the socio-economic survey to determine the potential project impacts and identify the possible numbers of the affected persons. This survey will determine whether a complete RAP or an abbreviated RAP is required (refer to relevant part in Annex A of OP 4.12). When impacts on the entire displaced population are over 200 people, a complete RAP is required; when impacts on the entire affected people are minor, or fewer than 200, an abbreviated RAP is required. When the affected persons are not relocated to other places and their lost productive material is less than 10% of the total, the impacts are regarded as “comparatively minor”.

If the RAP is required, it must be prepared according to the principles and objectives in this RPF. The main contents of the complete and the abbreviated RAP are shown in Table 2.

Table 1: The Main Contents of Complete and Abbreviated RAP

Types of RAP	Complete RAP	Abbreviated RAP
RAP Main Contents	<ul style="list-style-type: none"> <li>● Description of the Project;</li> <li>● Potential Impacts;</li> <li>● Socio-economic Survey and Baseline Survey;</li> <li>● Legal and Policy Framework;</li> <li>● Compensation Policy and Standards;</li> <li>● The Resettlement Measures and Income Rehabilitation Plan;</li> <li>● Resettlement Site Selection, Preparation and Relocation;</li> <li>● Rebuilding and Rehabilitation of the Houses, Infrastructure and Community Service of the Resettlement Site;</li> <li>● Institutional Arrangement and the Implementation Schedule;</li> <li>● Resettlement Costs and Budget;</li> </ul>	<ul style="list-style-type: none"> <li>● Project Impacts;</li> <li>● The Survey on the Affected Population;</li> <li>● The Resettlement Compensation;</li> <li>● The Feedback from the Affected Persons;</li> <li>● The Responsibilities of the Implementation Agencies;</li> <li>● The Grievance Procedures;</li> <li>● The Rehabilitation Scheme Implementation;</li> <li>● Timetable and Budget.</li> </ul>

Types of RAP	Complete RAP	Abbreviated RAP
	<ul style="list-style-type: none"> <li>● Public Participation and Information Disclosure;</li> <li>● Grievance Channel;</li> <li>● Monitoring and Evaluation.</li> </ul>	

#### 4 Legal Framework

The principal objective of this RPF is to ensure the resettlement planning and its implementation meets the WB OP 4.12 requirement. In addition, the RAP design has to conform to all the relevant laws and regulations in China, Chongqing Municipality and all the concerned districts and counties. The major legal framework is shown as Table 3.

Table 2: The Project Related Legal Framework

Level	Policy document	Effective date
State	Land Administration Law of the PRC	August 28, 2004
	Notice on Issuing the Guidelines on Improving Compensation and Resettlement Systems for Land Acquisition (MLR [2004] No.238)	November 3, 2004
	Regulations of the Ministry of Land and Resources on Public Hearing on Land and Resources	May 1, 2004
	Decision of the State Council on Deepening the Reform and Rigidly Enforcing Land Administration (SC [2004] No.28)	October 21, 2004
	Notice of the State Council on Issues Concerning the Strengthening of Land Control and Adjustment (SC [2006] No.31)	August 31, 2006
	Notice of the General Office of the State Council on Forwarding the Guidelines of the Ministry of Labor and Social Security on Doing a Good Job in the Employment Training and Social Security of Land-expropriated Farmers (SC [2006] No.29)	April 10, 2006
	Notice on Adjusting Fees for Using Additional Construction Land (CZ [2006] No.48)	November 7, 2006
	Real Right Law of the PRC	March 16, 2007
	Notice of the Ministry of Labor and Social Security, and Ministry of Land and Resources on Doing a Good Job in Social Security for Land-expropriated Farmers Practically (MLSS [2007] No.14)	April 28, 2007
	Notice on small loans to improve financial discount policy and promote women's entrepreneurship Employment (Choi blond [2009] NO.72)	July 27, 2009
	Notice of the Ministry of Land and Resources on Doing a Better Job in LA Management (MLR [2010] No.238)	June 26, 2010
	Opinion on Building Clean Party and Corruption Fighting (Ministry of Public Security Party [2011] No. 590)	January 1, 2011
Chongqing Municipality	Land Administration Regulations of Chongqing Municipality (Decree No.53 of the Chongqing Municipal Government)	March 22, 1999
	Land Acquisition Compensation and Resettlement Measures of Chongqing Municipality (Decree No.55 of the Chongqing Municipal Government)	January 1, 1999
	Interim Measures of Chongqing Municipality for Basic Endowment Insurance for Farmers Converted into Urban States in Land Acquisition after January 1, 2008	January 1, 2008
	Notice of the Chongqing Municipal Government on Adjusting Land Acquisition Compensation and Resettlement Policies (CMG [2008] No.45)	January 1, 2008
	Notice of the General Office of the Chongqing Municipal Government on Strengthening Land Acquisition and House Demolition Management	January 31, 2013

Level	Policy document	Effective date
	Practically (CMGO [2013] No.27)	
	Notice of the Chongqing Municipal Government on Further Adjusting Land Acquisition Compensation Rates (CMG [2013] No.58)	January 1, 2013
County	Notice of the Rongchang County Government on Further Adjusting Compensation Rates for Land Acquisition (RCG [2013] No.51)	January 1, 2013
	Notice of the Shizhu County Government on Further Adjusting Land Acquisition Compensation Rates (SCG [2013] No.63)	January 1, 2013
	Notice of the Tongnan County Government on Further Adjusting Land Acquisition Compensation Rates (TCG [2013] No.39)	January 1, 2013
	Supplementary Notice of the Tongnan County Government on Further Adjusting Land Acquisition Compensation Rates	August 1, 2013
	Notice of the Pengshui County Government on Further Adjusting Land Acquisition Compensation Rates (PCG [2013] No.73)	January 1, 2013
World Bank	Operational Policy OP4.12 on Involuntary Resettlement, and Bank Procedure BP4.12 on Involuntary Resettlement and appendixes	January 1, 2002

## 5 Reasonable Compensation Standards and Rehabilitation Measures

The compensation standards<sup>1</sup> will be made on the basis on the above-mentioned legal framework and in combination of the local actual conditions. The criteria for determining eligible affected persons are the cut-off date when the notice for land acquisition and house demolition is issued. After this date, the affected persons are not allowed to build new houses, extend or rebuild the existing ones or change the purpose of houses and land use; they are also not allowed to rent their lands or buy/sell houses. Any affected persons after this date are not eligible for the compensation.

The objective of the RAP is to ensure that the affected persons could be compensated at replacement value for their lost properties and improved or at least restore their income levels and standards of living. To achieve this end, all the affected persons should be identified and the planned rehabilitation schemes and measures are best suitable for them. Based on the main types of the project impacts (for example, rural land, houses and incomes etc), the following measures in Table 4 should be taken:

Table 3: Compensation Standards and Measures

Types of Project Impacts	Compensation Standards and Measures
Permanent Land Acquisition of National Land	Appropriation and Allocation
Permanent Land Acquisition of Rural Collective Land	① The arrangement of the basic pension: The land compensation includes the compensation for land acquisition, the compensation for young crops and the resettlement subsidy. The compensation for lost land and the resettlement subsidy are calculated separately. The land is compensated based on the areas of land acquired but regardless of the types of land. The resettlement subsidy is calculated based on the numbers of people who change from rural residents to urban residents. The land compensation is the compensation for the affected village

<sup>1</sup> Housing will be compensated based on the appraisal value. However, in case the appraised price of houses is lower than that in the RAP, the RAP standards are followed.

Types of Project Impacts	Compensation Standards and Measures
	<p>collectives. 80% of the land acquisition compensation is firstly allocated to the basic pension for the urban enterprise employees for those affected people by land acquisition, who will change from rural residents to urban residents. This amount of money is allocated from land resource departments to labor and social security departments; the remaining 20% is then allocated to affected villagers. The delivery patterns of the resettlement subsidy are determined by different ages of affected persons who transfer from agricultural to non-agricultural status. For those under 16 years old, the resettlement subsidy will be paid to the individuals at full amount while for those over 16 years old, the individuals have to pay the 50% of the basic pension for urban enterprise employees. The amount required will be allocated directly by land resources department to social security departments from part of resettlement subsidy. The remaining part is used by the individuals for their daily lives. In case the sum of 80% of the compensation for the lost land plus the part that the individual pays for their basic pension is still not enough for the required amount of the basic pension system, the project owner has to bridge this gap.</p> <p>② When the acquired farmland area is not eligible for the criteria of changing the rural residents to urban residents for an affected person, the consultation will be made among the affected village, village groups and the affected households to determine the persons who will change from rural residents to urban residents. The households who change from rural residents to urban residents will allocate their relevant part of land or resettlement subsidy to the households who don't change from rural residents to urban residents.</p> <p>③ The lost young crops and trees will be compensated at replacement value.</p> <p>④ When the houses or buildings become unsafe or lose their functions due to partially land acquisition, the whole area of the relevant land should be acquired.</p>
Temporary Land Occupation	<p>① The lost incomes, young crops, the costs for land resumption and the affected infrastructure will be compensated due to temporary land occupation.</p> <p>② The compensation for the rural collective-owned land will be made based on the purpose of land and the actual costs. It will include the compensation for young crops and the costs for land resumption. The compensation for the lost young crop is based on the crops in one-season.</p> <p>③ There will be no compensation for the occupied state-owned land. However, the affected attachments have to be compensated at the replacement value or be restored by the project owner based on their original design and scale.</p>
Rural House Demolition	<p>① Several options are provided in the principle of replacement value: building houses and providing to the affected households at a favorable price; providing the housing plots and the affected households building their own houses; cash compensation.</p> <p>② The site selection and the house design for the affected persons built by the project owners have to be fully consulted and confirmed with them.</p>

Types of Project Impacts	Compensation Standards and Measures
	③ All the relevant facilities and services have to be rebuilt and restored including power supply, telephone, cable TV and schools etc. ④ The subsidies for the transition period should be able to ensure that all their properties of the affected households could be moved out and also obtain the temporary houses to live in.
Attachment	They are compensated at the replacement value.
Affected Persons who lost their incomes from their operation of shops	① Provide the alternative locations for shops with the same size and the similar customers. ② The shop owners will be compensated in cash at the replacement value for their lost houses and facilities. ③ The shop owners will be compensated for all the relevant relocation costs and the lost sale incomes during the operation suspension period.
Affected Persons who lost their incomes due to the lost jobs	① Provide the job opportunities with the same salary level. ② Provide the cash compensation. ③ Re-employment training and rehabilitation for the affected persons or other necessary assistance to help them with new job positions.

## 6 Organization

Although the owner takes charge of fulfilling the RPF and the RAP mainly, the municipal PMO will assist the local government in the project area to supervise the project implementation according to the requirement of the World Bank to assure the RPF could be successfully met.

## 7 Implementation Procedure

The detail arrangement of the resettlement activities will be included into the RAP. If necessary, payment of compensation, rehabilitation measures of other entitlements (cash or practicality) and relocation should be completed in a month before land acquisition implementing. Additional transitional subsidy will be necessary if it is impossible to pay all compensation or provide other necessary assistances before land acquisition.

## 8 Grievance Mechanism

Because of all-round participation of the affected persons during resettlement implementation, serious grievances might not be occurred in resettlement implementation. Nevertheless, the project grievance procedures will be set up in the RPF to fairly deal with the complaints of the affected persons about land acquisition, compensation and rehabilitation and to avoid the complaints from the affected persons due to the too complicate procedures.

The procedure shows as follows:

Stage 1: If any AP is dissatisfied with the RAP, he/she can file an oral or written appeal to the community committee, which shall make a disposition within two weeks.

Stage 2: If the AP is dissatisfied with the disposition of Stage 1, he/she may file an appeal to the township government or sub-district office orally or in writing. In case of an oral appeal, the township government or sub-district office shall handle such appeal and keep written records. Such appeal should be solved within two weeks.

Stage 3: If the AP is still dissatisfied with the disposition of Stage 2, he/she may file an appeal to the county land and resources bureau or HD management office after receiving such disposition for arbitration, which shall make an arbitration award within four weeks.

Stage 4: If the AP is still dissatisfied with the arbitration award, he/she may file a suit in a civil court in accordance with the Administrative Procedure Law of the PRC after receiving such judgment.

## **9 Fund Arrangement**

The resource of compensation of land acquisition and relocation is from domestic counterpart fund. All compensation should be paid to the affected persons by stages before land acquisition and house dismantling.

## **10 Participating Consultation**

The owner must establish the consultation mechanism participated by the public in the project area. The RAP must introduce the measure adopted or to be adopted to the affected persons, so that the affected persons could take part in proposed resettlement activities to improve their participation consciousness in improving or recovering income level. In order to assure that the opinions and suggestions of the affected persons could be considered fully, the public participation activity should be implemented prior to the project design and mitigating measure implementation. The public participation activity must run through whole implementation process of the RAP and the external monitoring.

In the stage of RAP draft and final RAP, the PMO should release the RAP to the affected persons and the public in special spot. The RAP draft must be released in a month before evaluated by the World Bank, and the final RAP must be released after approved by the World Bank.

## **11 Monitoring & Evaluation**

The internal monitoring on resettlement impacts will be implemented by the owner as an independent part of the RAP. The internal monitoring will be implemented running through the whole implementation process and post evaluation process of the project. It will evaluate main implementation targets and completed items of the project. The RAP will be revised based on the internal monitoring if necessary. The monitoring report will be submitted to the PMO periodically.

Moreover, an independent and qualified agency will fulfill the external monitoring during the RAP implementation. According to the purpose of M&E, the main monitoring indicators are as follows:

- 1) Resettlement agencies
  - Consistency between the resettlement activities and policies;
  - Organizational management and internal control of resettlement agencies, and appropriateness thereof;
  - Accuracy of internal monitoring reports
- 2) Resettlement progress
  - Adequacy and timeliness of preparation of the resettlement site and compensation fees;
  - Relocation progress of APs;
  - Reasonableness and timeliness of compensation to APs and affected entities;
  - Reasonableness house allocation (including location, floor, size, etc.)
- 3) Production and livelihood restoration
  - Livelihood restoration of APs, especially vulnerable groups;
  - Use of compensation fees;
  - Relocation, replacement and reconstruction of infrastructure;
  - Availability of other subsidies

#### 4) Others

- Adequacy and rationality of public participation and consultation;
- Response to appeals from Aps
- The satisfaction of the Aps

The external M&E agency will prepare external monitoring reports based on its observations and survey findings, and report independently to the Chongqing PMO and the PMO submits the reports to the Bank after the review.