

Social Audit Report for Yingde Subproject

Project Number: 49084-001
October 2016

PRC: Small and Medium-Sized Enterprise Industrial Wastewater and Sludge Treatment Project

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**Small and Medium-Sized Enterprise Industrial
Wastewater and Sludge Treatment Project**

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October, 2016

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Abbreviations

ADB	Asian Development Bank
AESPR	Annual Environment and Social Performance Report
AHs	Affected Households
APs	Affected Persons
CTEG	CT Environmental Group
DMS	Detailed Measurement Survey
EIA	Environment Impact Analysis
FSR	Feasibility Study Report
GRM	Grievance Redress Mechanism
HD	House Demolition
IWSP	Industrial Water Supply Plant
LA	Land Acquisition
LAR	Land Acquisition and Resettlement
LRAB	Land Resource Administration Bureau
PRC	People's Republic of China
SME	Small and Medium Enterprises
WWTP	Wastewater Treatment Plant
YYIP	Yingde Yinghong Industrial Park

WEIGHTS AND MEASURES

km	kilometer
m ²	square meter
mu	Chinese land measuring unit (1 hectare = 15 mu) 1 mu = 666.7 m ²
ha	hectare (10,000 m ²)

1 Introduction

1. **Project Description.** The proposed project will support CT Environmental Group Limited (CTEG) to build, own, and operate a series of specialized small and medium enterprises (SME) industrial wastewater and sludge treatment plants in the designated areas determined by the local governments. The project will contribute to mitigating water pollution from SMEs, and will improve SME industrial wastewater and sludge management through increased treatment of wastewater and sludge. The project scope includes the installation and operation of SME industrial wastewater and sludge treatment plants at designed performance levels. By 2019, wastewater treatment capacity of 450,000 tons per day, sludge treatment capacity of 4,200 tons per day, and industrial water supply capacity of 240,000 tons per day will be developed. This social audit report covers the Yingde project (the Project).

2. **Objectives and Scope of the Report.** Land acquisition and resettlement activities of the Project have been completed by the local government (Yinghong Township Government). ADB'S assistance to CTEG falls under the category of 'Corporate Finance' in Safeguards Requirements 4 (Special Requirements for Different Finance Modalities, section H) of the 2009 ADB Safeguards Policy Statement (SPS).¹ As required by the SPS, a Social Safeguards Compliance Audit was undertaken for CTEG's past and present performance with regard to managing social dimensions of the Project, particularly on land acquisition and involuntary resettlement, indigenous peoples/ethnic minority issues, labor and working conditions, stakeholder engagement, among other related issues.

3. The audit was performed in accordance with the SPS and other social requirements, as well as applicable local environmental, social, and occupational health and safety regulatory requirements in the PRC.

4. **Methodology.** In the course of conducting the social safeguards audit for the Project, the following was undertaken: (i) a desk review of the CTEG's existing environmental and social management system (ESMS); (ii) a review of relevant national laws, regulations and guidelines related to social impact assessment, land acquisition, ethnic minorities and consultation and participation, which are presented in Table 1; (iii) interviews with the CTEG's Management and key staff, representatives of Yinghong Township Government, local farmers from whom their crops were acquired in November 2009, and the list of persons met is presented as appendix I; and (iv) site inspection of the Project. The documentary review and interviews were carried out during the course of the site visit with an aim to assess the labor and working conditions, land acquisition and involuntary resettlement, indigenous peoples, and gender and development aspects. The desk review also included a review of project documents and literature including feasibility study report (FSR), environment impact assessment report (EIA), opinion on site selection, and crops compensation agreements with affected villagers.

Table 1- Relevant National Laws, Regulations and Guidelines

Type	Laws, Regulations and Guidelines
Involuntary	● Land Administration Law of the People's Republic of China

¹ The Safeguards Policy Statement is available from <http://www.adb.org/Documents/Policies/Safeguards/default.asp>

Type	Laws, Regulations and Guidelines
Resettlement	<p>(effective from January 1, 1999, amended on August 28, 2004);</p> <ul style="list-style-type: none"> ● Law of the People's Republic of China on Administration of the urban Real Estate (1994); and ● The document 28: State Council's Decision to Deepen Reform and Strictly Enforce Land Administration Issued by State Council in October 2004. ● Regulations on the Protection of Basic Cultivated land (No.257 Decree of the State Council of The People's Republic of China on December 27, 1998); ● The Land Administration Law of People's Republic of China (effective as of January 1, 1999, latest version on August 28, 2004); ● The Implementation Rules for The Land Administration Law of People's Republic of China (Decree No.256 of the State Council, effective from January 1, 1999); ● Decision of the State Council on Deepening the Reform and Rigidly Enforcing Land Administration (SC [2004] No.28, effective from October 21, 2004); ● Guidelines on Improving the System of Land Compensation and Resettlement (the Ministry of Land and Resources [2004] no. 238); ● Real Property Rights Law of the People's Republic of China (No. 62 order of the President of People's Republic of China, and effective as of October 1, 2007); ● The Administrative Measures for the Pre-view of Land Use for Construction Projects of the local government (No.42 Order of The Ministry of Land and Resources, effective as of January 1, 2009); ● Regulations on the Expropriation of Houses on State-owned Land and Compensation (Decree No.590 of the State Council, effective from January 21, 2011); and ● Regulations on Appraisal of the Houses on State-owned Land (No.77 of the Ministry of Housing and Urban-rural Development effective as of June 3, 2011).
Indigenous Peoples	<ul style="list-style-type: none"> ● Ethnic Minority Autonomous Religion Law of PRC(effective from October 1, 1984, amended on February 28, 2001) ● Notice of State Council on the Establishment of Ethnic Minority Villages (1983); ● Regulation on the Work of Administrative Urban Ethnic Minority (effective from September 15, 1993)
Other social issues	<ul style="list-style-type: none"> ● Labor Law of the People's Republic of China (effective from January 1, 1995) ● Law of the People's Republic of China on the Protection of Rights and Interests of Women (effective from October 1,1992)

2 Involuntary Resettlement

2.1 Project Description

5. In July 2015, CTEG entered into an Investment Agreement with the Yinghong Township Government, Yingde City in relation to a wastewater treatment plant (WWTP) and an industrial water supply plant (IWSP) under the Build-Own-Operate (BOO) model, pursuant to which the Yinghong Township Government agreed to grant to CTEG the exclusive operation right to construct the facility and operate and manage the industrial wastewater treatment services and industrial water supply services in the Yingde Yinghong Industrial Park (YYIP) of Qingyuan Overseas Chinese Industrial Park. The total investment amount is estimated to be approximately CNY420 million. Under the Investment Agreement, the proposed wastewater treatment plant will be developed in two phases with a total design capacity of 80,000 m³/day. Phase I of the new wastewater treatment plant can treat 20,000m³ of wastewater per day. As CTEG has not entered into any service agreement with the local government regarding the provision of domestic wastewater treatment, the Phase I of the proposed wastewater treatment plant will be mainly used for industrial wastewater collection and treatment. The designed industrial water supply capacity of the industrial water supply plant is 140,000m³/day per day, to be developed in phases according to the water demand, with the designed capacity of the first phase to be 50,000 m³/day.

6. The YYIP was established in August 2008 with total planned area of 73.8 km² (7,380 hectares) In December 2010, 36 km² (3,600 hectares) land was allocated from the 73.8 km² to establish the Shunde-Qingyuan Special Industrial Cooperation Zone. So at present the planned area of the Yingde Yinghong Industrial Park is 37.8 km² (3,780 hectares) which includes two parts including Hongxing Zone and Yinghong Zone. Figure 1 is the location of the two zones of YYIP and Shunde-Qingyuan Special Industrial Cooperation Zone.

Figure 1- Map of the YYIP and Shunde-Qingyuan Special Industrial Cooperation Zone



7. According to the Investment Agreement, 180 mu (12 hectares) land and 100 mu (6.7 hectares) land will be provided for construction of the WWTP and IWSP respectively. WWTP and IWSP will be constructed in phases and the land will be provided by local government based on the requirement of each phase. The final area of land provided to CTEG will be determined on the final design and land granting agreement. The Yinghong Township Government will ensure the land comply with the local land use plan. All land acquisition and resettlement activities will be implemented by the local government. The local government will pay the land acquisition cost, and be responsible for three supplies and one leveling (supply of water, electricity and road and leveled ground). CTEG will buy the state-owned construction land using right from the government and sign the land granting agreement.

8. This social audit report covers the phase I of the WWTP and IWSP. 100 mu (6.7 hectares) state-owned land was transferred to CTEG by Yingde Yinghong Industrial Park Administrative Committee on 11 December 2015 for phase I. The design for phase I is ready. Future phases of the WWYP and IWSP will be constructed based on the development of the YYIP. Table 2 presents the components of the phase I of the WWTP and IWSP. Phase I of the WWTP will provide service to the Hongxing Zone of the YYIP. Phase I of the IWSP will provide service to the Hongxing Zone of the YYIP and the Shunde-Qingyuan Special Industrial Cooperation Zone. Figure 2 is the layout of the WWYP and pipeline Network in Hongxing Zone. Figure 3 is the layout of the IWSP and pipeline network in Hongxing Zone and Figure 4 presents the layout of the industrial water supply pipeline network in Shunde-Qingyuan Special Industrial Cooperation Zone.

9. The ground leveling is ongoing. Civil work of the plant is planned to be commenced from October 2016 and completed by October 2017. Construction of pipelines is planned to be commenced from April 2017 and completed by October 2017.

Table 2- Components of the Project

Number	Components	Description
1	IWSP	
1.1	Plant	20,000 m ³
1.2	water supply intake pump station	200 m ²
1.3	Transmission pipeline from the water supply intake to the plant (DN1400)	6,080 m
1.4	Water supply distribution pipeline network in Shunde-Qingyuan Special Industrial Cooperation Zone	
	DN300	32,274 m
	DN400	17,118 m
	≥DN500	6,069 m
	Subtotal	55,461 m
1.5	Water supply distribution pipeline network in Yingde Yinghong Industrial Park (Hongxing zone)	
	DN200	5,885 m
	DN300	12,488 m
	DN400	10,568 m
	≥DN500	4,631 m

Number	Components	Description
	Subtotal	33,572 m
2	WWTP	
2.1	Plant	50,000 m ³
2.2	Waster water collection pipeline network (Hongxing Zone)	
	DN200	20,225 m
	DN300	6,990 m
	DN400	3,825 m
	≥ DN500	3,299 m
	Subtotal	34,339 m
2.3	Effluent discharge pipeline to the Guantianshui creek (DN1200)	2,971 m

Source: FSR and EIA

Figure 2- Layout of the WWYP and Pipeline Network in Hongxing Zone



Figure 3- Layout of the IWSP and Pipeline Network in Hongxing Zone

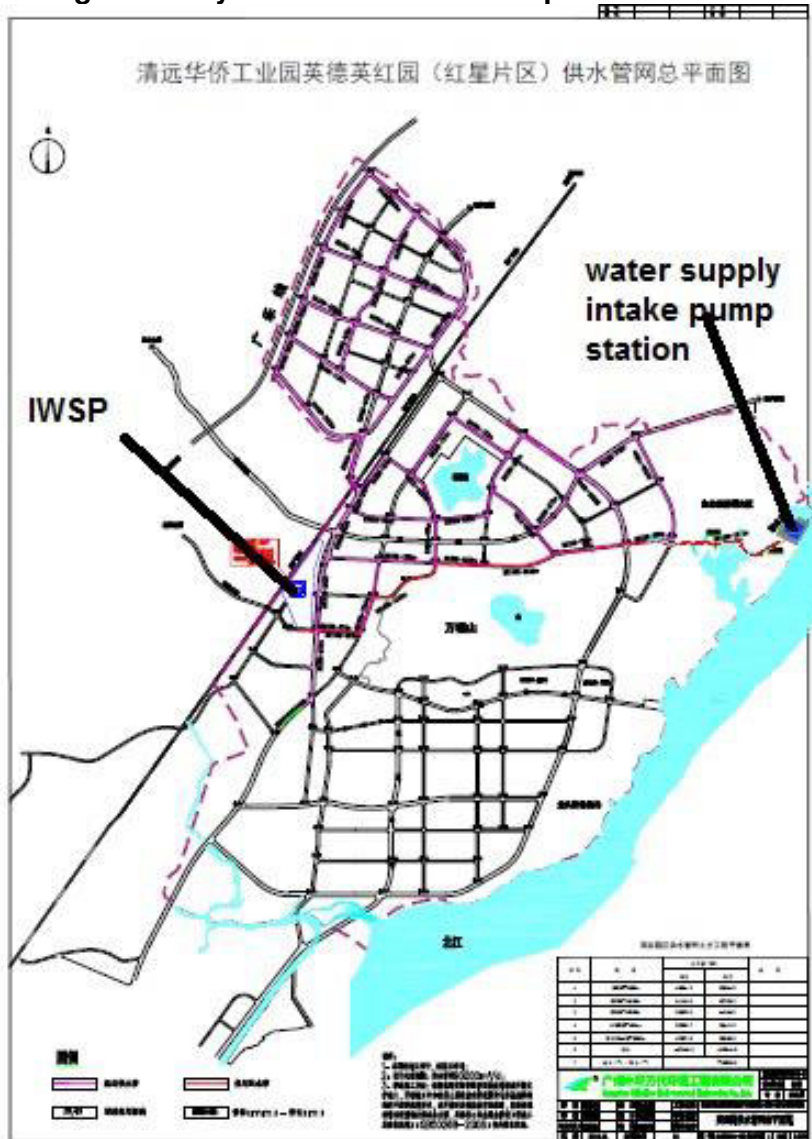


Figure 4- Layout of the Industrial Water Supply Pipeline Network in Shunde-Qingyuan Special Industrial Cooperation Zone



2.2 Location and Socio-economic Profile

Figure 5- Project Location
Map of Guangdong Province



10. **Location.** The city of Yingde ($23^{\circ}50'31''$ — $24^{\circ}33'11''$ N, $112^{\circ}45'15''$ — $113^{\circ}55'36''$ E) lies in the north central part of Guangdong Province, covering an area of 5,634.21 km², under the administration of Qingyuan Prefecture. The area of Yingde consists of 23 townships and 1 sub-district. The total population of Yingde City is 1,120,176.

11. The subproject is located in the Yinghong Township, which is only 150 kilometers to Guangzhou City (the capital of Guangdong Province). Yingde Yinghong Industrial Park is located in Yinghong Township.

12. In 2015, the GDP of Yingde City achieved CNY 24.126 billion by a growth rate of 9.1%. Farmers' average net income was amounted to RMB 11,921 by a growth rate of 9.6% and the disposable income of urban residents was RMB 21,546 by a growth rate of 8.5%. According to Table 3, the farmer's average net income of and disposable income of urban residents in Yingde city is lower than the provincial level as Guangdong is one of the most developed provinces in PRC.

Table 3- Comparison of Economic Indicators in 2015 (Unit: CNY)

	Yingde City	Qingyuan Prefecture	Guangdong Province
Farmers' average net income	11,921	11,682	13,360
Disposable income of urban residents	21,546	22,907	34,757

Data source: 2015 Yearbook.

2.3 Land Acquisition and Resettlement Impacts

13. Table 4 summaries the land acquisition impacts for all the components of the subproject. The Project only induces transferring the 100 mu (6.7 hectares) state-owned land using right from the government to CTEG. Standing crops on the 100 mu (6.7 hectares) state-owned land was affected. There is no collective land acquisition and

house demolition impact. There is no residential household within the 200 meters buffer zone according to the EIA.

Table 4- LAR Impacts of the Subproject Components

Number	Components	Location (village/county)	Land Area Required (mu)	Date Acquired	Impacts	AHs/APs	Status of Acquisition / Resettlement Activities
1	WWTP and IWSP	Yingde Yinghong Industrial Park	100	December 2009	Standing crops on 100 mu state-owned land was acquired.	4/20	Completed
2	water supply intake pump station	Zhukengkou of Beiji River Beach	0.3	Will be provided by the government by April 2017	200 m ² (0.3mu) state-owned land within the river beach will be allocated to CTEG.	0/0	Ongoing
3	Pipeline network	Yingde Yinghong Industrial Park	0	-	Temporary state-owned land occupation.	0/0	NA
4	200-meter buffer zone ²	Yingde Yinghong Industrial Park	0	-	No impacts	0/0	NA

14. The **water supply intake pump station** will be constructed within the Beiji River Beach. 200 m² state-owned land will be allocated by local government to CTEG. There is no person affected. Figure 6 is the proposed site.

² According to the EIA, within the buffer zone, residential houses, school, hospital, food processing factory and medicine factory can't be constructed.

Figure 6- Proposed Site for Water Supply Intake Pump Station



15. Although the detailed design for the pipelines has not been finalized, all pipelines will be laid underground/overground along the existing road or planned road, as presented in Figure 7. During implementation of pipe laying, the contractor will set temporary access, so it will not cause any temporary disturbance to any business activities/people along the road. No privately owned fixed assets, either residential or commercial, will be affected. The contractors will be responsible for recovering the road.

Figure 7- Land for Laying the Pipelines



16. For temporary land occupation, local government and the contractors will reduce all adverse impacts to the surrounding residents, including: (i) abandoned soil will be sprayed with water in the event of several days of fine weather or on windy days during the construction period. Project contractors will treat any waste soil promptly and dispose of it promptly, in a manner which prevents dispersal of soil on the roads. Wheels of construction vehicles will be cleaned using compressed water before the vehicles begin to work to keep the local environment clean. Meanwhile, construction units should clean the roads periodically if soil spills occur. (ii) all construction within 200 meters of residential housing will be prohibited between the hours of 11pm and 6am. Meanwhile, temporary noise interception devices should be set up around the building site or around residences to minimize noise pollution.

17. On 14 October 2015, Yingde City Planning and Administration Bureau issued the opinion on land use which is presented as Figure 8. This document concludes that according to the general plan of Yingde Yinghong Industrial Park, the 100 mu (6.7 hectares) land for the WWTP and IWSP complies with the planned land use function. Also on the same date, Yinghong Township Land Resource Administration Station under Yingde City Land Resource Administration Bureau issued the opinion on the site selection (Figure 9), which concludes that the selected site complies with the general plan of Yinghong Township and the land use function is infrastructure land.

Figure 8- Opinion on Land Use



Figure 9- Opinion on the Site Selection



18. 100 mu (6.7 hectares) state-owned land was transferred to CTEG by Yingde Yinghong Industrial Park Administrative Committee on 11 December 2015 and the government's notification on land transfer is presented as Figure 10. Acquisition of the standing crops on the 100 mu state-owned land affected 4 HHs and 20 persons. Figure 11 is the red line map of the project. Figure 12 is the project site.

Figure 10- Government's Notification of Land Transfer

清远华侨工业园英德英红园管理委员会

英红园函（2015）79 号

关于清远华侨工业园英德英红园污水处理厂（红星片区）及供水厂项目（一期）用地完成征地工作的告知函

英德英滔环保实业有限公司：

英红园管委会已完成贵公司位于英红大道北以西、红星一路以北的清远华侨工业园英德英红园污水处理厂（红星片区）及供水厂项目（一期）100 亩用地的征地拆迁、青苗补偿工作，现正式将上述用地交付给贵公司开发建设，请贵公司在即日起 3 个月内进场动工，并按照约定履行合同，尽早建成投产。

特此函告



附件：清远华侨工业园英德英红园污水处理厂（红星片区）及供水厂项目（一期）项目用地红线图

Translation of the Figure 6

Yingde Yinghong Industrial Park Administrative Committee
YHYH [2015] 79

Notification of Completion of LAR of WWTP (Hongxing Zone) and IWSP (phase I) of
Yingde Yinghong Industrial Park

CTEG:

Yingde Yinghong Industrial Park Administrative Committee has completed 100 mu land acquisition and compensation for the standing crops for the WWTP (Hongxing Zone) and IWSP (phase I), which is located in the west of Yinghong Road and in the north of Hongxing No.1 Road of Yingde Yinghong Industrial Park. Now, the land is formally transferred to your project company. Please commence construction within 3 months as of today to comply with the agreement, so that the project can be put into operation as early as possible.

Yingde Yinghong Industrial Park Administrative Committee
11 December 2015

Figure 11-Red Line Map

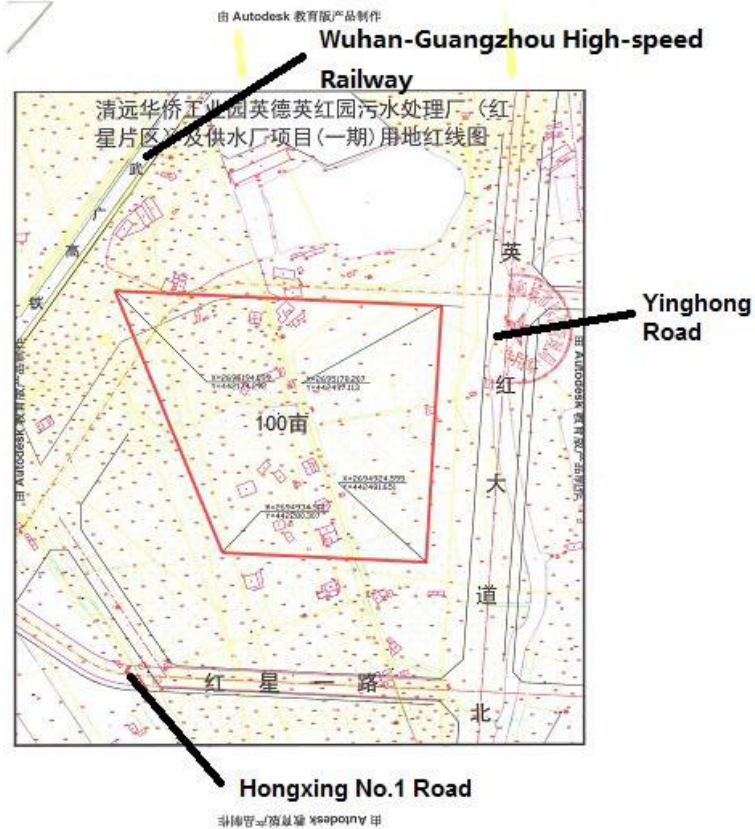


Figure 12-Project Site



2.4 Compensation Rates, Cost and Income Restoration

19. In 2006, the old Yingde Prison was closed and relocated to a new site by Guangdong Provincial Prison Administration Bureau. Yingde Prison was established in 1952. 26,000 mu state-owned land which belonged to the Yingde Prison was transferred to Yinghong Township Government in 2006. YYIP was established in August 2008, and these lands are the main source for establishing YYIP. This is the advantage of YYIP that there is no need to acquire the collective land from the local villages.

20. In 1999, Yingde Prison leased out some land to the local farmers for 10 years. So in 2009, the lease contract expired and YYIP commenced the acquisition of standing crops and compensation for 4,000 mu land for the phase I of YYIP. The 100 mu land provided to CTEG is within the area of the 4,000 mu land.

21. For the 100 mu land within the red line of the Project, 4 HHs were affected. The 4 HHs entered into a lease of 106 mu state-owned dry land from 1 March 1999 to 1 March 2009 with Yingde Prison. The rent was set at CNY 25 per mu per year. According to the agreement, during the lease period, if the agreement needs to be terminated and the land needs to be withdrawn by Yingde Prison in advance, the standing crops on the land will be compensated. In 2006, the land which belonged to the Yingde Prison was transferred to Yinghong Township Government and in March 2009, the lease contract expired. However, in order to benefit the local farmers, Yingde Yinghong Industrial Park Administrative Committee paid compensation for the standing crops on the land.

22. In September 2009, Yingde Yinghong Industrial Park Administrative Committee posted the standing crops acquisition notice in the nearby villages and disclosed by newspaper and broadcast.

23. The affected farmers, representatives of village committees, and officials from Yingde Yinghong Industrial Park Administrative Committee participated in the detailed measurement survey (DMS) which was conducted in November 2009. The results of the DMS which include the type of crops, quantity, growth period and total compensation was confirmed and signed by the farmers, and the representatives from the government also endorsed and signed. Based on the result of the DMS, the farmers signed the standing crops compensation agreement with Yingde Yinghong Industrial Park Administrative Committee. The compensation was paid within 5 days after signed the agreement, and the farmers was responsible for removing the crops within 15 days. A copy of the standing crops compensation agreement is presented as appendix II. The DMS registration table is presented in Figure 13 and Table 5. Table 5 is the translated version of Figure 13. Yingde Yinghong Industrial Park Administrative Committee confirmed that by December 2009, all compensation was paid directly to the farmer's back account and the standing crops were removed. There is no remaining issue.

Figure 13- Scanned DMS Registration Table

红星区首期用地开发征地青苗发放表

单位: _____ 2009年 11 月 21 日

农户	青苗类	年限	数量 (亩、棵)	补偿标准	金额	户主签名	备注
谭育路	柑桔	4	379	260	98540	谭育路	11.21
	柑桔	2	45	75	3375		
	水竹	成材	1745	2	3490		
	蕉树		54	12	648		合计: 10605
李志强	木桔	4	902	260	234520	李志强	11.24
	木桔	2	135	75	10125		
	龙眼	4	35	216	7560		
合计					¥252205		
李达强	桔	4	429	260	111540	李达强	11.
	荔枝	成材	206	216	44496		
	水竹	成材	330	2	660		
合计					¥156696		
罗润财	木桔	4	199	260	51740	罗润财	11.24
	木桔	2	36	75	2700		
	龙眼	4	14	216	3024		
合计					¥57464		
本页合计					¥572418.00		
经办人: 谭育路 证明人: 陈兆元 审核人: 黄志雄							
领导审批意见:							
同意。 陈建华 2009.12.21							

Table 5- DMS Registration Table

Name	Type of Crops	growth period (year)	Quantity (tree)	compensation rate (yuan/tree)	amount of compensation (yuan)	signature	remark
Tan Yilu	citrus	4	379	260	98,540		21 Nov.
	citrus	2	45	75	3,375		

Name	Type of Crops	growth period (year)	Quantity (tree)	compensation rate (yuan/tree)	amount of compensation (yuan)	signature	remark
	Phyllostachys heteroclada Oliver	mature tree	1,745	2	3,490		
	Musa basjoo Siebold		54	12	648		
Subtotal					106,053		
Li Xiaoqiang	citrus	4	902	260	234,520		24 Nov.
	citrus	2	135	75	10,125		
	longan	4	35	216	7,560		
Subtotal					252,205		
Li Daqiang	citrus	more than 4	429	260	111,540		24 Nov.
	Litchi	more than 4	206	216	44,496		
	Phyllostachys heteroclada Oliver	mature tree	330	2	660		
Subtotal					156,696		
Luo Runcai	citrus	4	199	260	51,740		24 Nov.
	citrus	2	36	75	2,700		
	longan	4	14	216	3,024		
Subtotal					57,464		
Total					572,418		
Processed person		Endorsed person		Audit person			
Person in charge:							

24. Compensation rates for standing crops were calculated based on the Notice of Compensation Measures for Land Acquisition and House Demolition in Yingde City (YF[2009] No.54), which was effective from 23 July 2009. The compensation rate in this document was based on market value. Table 6 compares the compensation rates applied during implementation and in the Government's document. Generally speaking, all compensation rates applied were higher than in the government's documents. For citrus, the maximum compensation rate is 216 yuan/tree and only for the trees whose diameter at breast height is more than 20.1 cm. Normally, the citrus tree need at least 5 years to grow to reach at 20.1 cm. During implementation, all citrus trees whose growth period were more than 4 years were compensated at 260 yuan per tree. From January

to March 2008, there was a severe snow storm and freezing rain over southern China, and most of the citrus trees were frozen to death. The local government decided to increase the compensation rate to assist the farmers. Also for the citrus trees whose growth period was 2 years, the compensation rate was increased from 60 to 70 yuan per tree. For banana tree and longan, the highest compensation rates in the document were applied. The AHs were satisfied with the increased compensation rates.

25. Also, the farmers were responsible for removing the crops. And they sold them and got additional money.

Table 6- Compensation Rates Applied for the Project and in the Government's Document

No	Type of Crops	Growth period (year)	Compensation Rates Applied for the Project (yuan/tree)	Compensation Rates in the Government's Document (yuan/tree)
1	Citrus	4	260	If the diameter at breast height is more than 20.1 cm, the compensation is 216 yuan/tree.
2	Citrus	2	75	If the diameter at breast height is between 5.1 cm to 10 cm, the compensation is 60 yuan/tree.
3	Phyllostachys heteroclada	mature tree	2	2
4	Banana tree		12	Only the trees which can bear fruit are compensated based on 12 yuan/tree
5	Longan	4	216	Only the diameter at breast height is more than 20.1 cm, the compensation is 216 yuan/tree.

26. The severe snow storm and freezing rain over southern China in 2008 was a disaster to the local HHs, and nearly made some HHs to go bankruptcy. Nearly all citrus trees were frozen to death. Citrus is the main crop which can be sold at a high price in northern area of China during Spring Festival and generate the majority cash income. So in 2009, acquiring the standing crops was a good piece of news to them, although according to the land lease contract compensation was not required if the agreement was expired.

27. Due to close distance of Yinghong Township to Guangzhou City, the young people do not engage in farming, and only the middle aged and old people undertake agricultural activities. Before acquiring the standing crops in 2009, as the cost for fertilizer, pesticides, and labor has been increased year by year, the income from the leased land was decreased. After acquiring the standing crops, and with the establishment of the industrial park, at least one labor is engaged from each of the land acquisition affected household and get job in the factories. The 4 HHs deposit the

compensation in the bank and get the interest. From Table 7, it's concluded that the income after acquiring standing crops is increased a lot.

28. By now, there are around 50 factories in YYIP, which generate 3,000 job opportunities annually. 80% of the jobs are provided to local people. According to local policy, all farmers can receive a free skill training provided by local government. The labor and social security bureau prepares the training program based on the requirements of the local industry development.

Figure 14- Skill Training to Farmers



Table 7- Income Before and After Standing Crops Acquisition

Name of affected household (head)	Compensation for standing crops (yuan)	Area of leased land (mu)	Income from leased land (yuan)	Income after acquiring the standing crops			Date of Compensation payment
				Interest from the bank ³ (yuan)	Salary from the factories (yuan)	Subtotal (yuan)	
Tan Yilu	106,053	10	3,800	2651	30,000	32,651	21.November . 2009
Luo Runcai	252,205	45	10,500	6305	30,000	36,305	24.November . 2009
Li Daqiang	156,696	30	7,500	3917	30,000	33,917	24.November . 2009
Li Xiaoqiang	57,464	21	5,700	1437	30,000	31,437	24.November . 2009
		106					

³ The annual interest rate is 2.5%.

2.5 Information Disclosure, Consultation and Participation

29. During implementation, great importance was paid to the public participation, and consultation meeting was organized with the lessee farmers. Public participation had made good achievements, and the needs of the villagers were incorporated into implementation.

30. Hard copy of *Notice of Compensation Measures for Land Acquisition and House Demolition in Yingde City (YF[2009] No.54)* was distributed to the affected farmers before acquiring the standing crops.

31. On 30 October 2009, a consultation meeting was held. Table 8 summaries the results of the meeting.

Table 8-Summaries of Consultation Meeting⁴

Location	Date	Participants	Number of APs	Key concerns of APs	Solution measures
Yingde Yinghong Industrial Park Administrative Committee	2009-10-30	Officers from Yingde Yinghong Industrial Park Administrative Committee	60	AP should join the DMS.	Have done. The affected farmers, representatives of village committees, and officials from Yingde Yinghong Industrial Park Administrative Committee participated in the detailed measurement survey (DMS) which was conducted in November 2009. The results of the DMS which include the type of crops, quantity, growth period and total compensation was confirmed and signed by the farmers, and the representatives from the government also endorsed and signed.
				Cash compensation for standing crops.	Yes, cash compensation was paid.
				The compensation should be directly paid to the AH's bank account, not transferring through several government agencies.	Have done.
				From January to March 2008, there was a severe snow storm and freezing rain over southern China, and most of the citrus trees were froze to death. The farmers preferred to get higher compensation rates.	After discussion and in order to benefit the farmers, the compensation rate was increased from 216 to 260 per tree. This was welcomed by the farmers.

⁴ The consultation meeting was held for the 4000 mu land for phase I of YYIP. The 4 HHs affected by the Project joined the meeting.

2.6 Grievance Redress Mechanism

32. Complete appeal and grievance system was established to deal with the problems induced by acquiring standing crops, so the APs could find relevant department for their appeal and grievance. Steps of appeal and grievance are shown as the following.

- If any AP was aggrieved by any aspect of the resettlement, he/she could state his/her grievance and appeal to Yinghong Township Land Resource Administration Station in oral or in written form. If an oral appeal was made, the Yinghong Township Land Resource Administration Station would record it on paper and process it. The Yinghong Township Land Resource Administration Station would make a decision on or resolve it in two weeks.
- The aggrieved AP could state the grievance and appeal to the Yinghong Township Government in oral or in written form. The Yinghong Township Government would decide on or resolve it in two weeks.
- If the aggrieved AP was not satisfied with the decision of the township government, he/she could appeal to the Yingde City Land Resource Administration Bureau, which would reach a decision within two weeks.

33. According to Administration Procedure Law of the People's Republic of China, the APs could appeal to administration departments who had administration rights for arbitration. If the APs were still dissatisfied at the decision of the arbitration, they could appeal to a people's court according to the civil procedural law after receiving the decision of the arbitration.

34. The related government agencies confirmed that up to now, those agencies had not received any appeal and grievance from the affected people.

3 Indigenous Peoples

35. In Yingde City, there are 33 ethnic minority groups with the population of 5,600, accounting for 0.5% of the total population. The main ethnic groups are Yao and Zhuang. Yinghong Township is a Han area and all the 4 affected HHs are Han people. There is no ethnic minority staff in CTEG Yingde Company.

4 Other Social Issues

4.1 Employment and Labor

36. CTEG follows the China Labor Law (1994) strictly with particular attentions paid to the well-being of all staff in PRC. CTEG provides social benefits to staff members that include pension insurance, medical insurance, maternity insurance, unemployment insurance, work injury insurance and a social housing fund. The HR manager of CTEG Yingde Company confirmed that the lowest wage of CNY 2,300 is higher than the minimum wage level of CNY 1,210 which is issued by the Yingde City Labour and Social Security Bureau. Free dormitory and shuttle bus is provided to the staff.

37. CTEG has guidelines of procedures and standards requirement and they are clearly documented. Every new staff will be given a job training and orientation via immediate supervisor. Further trainings would also be given via group discussion and learning activities.

38. CTEG gives local labor a priority. CTEG encourages the civil works contractors to hire workers from the local community. For the contractors, they also prefer to employ local people as this will save the cost, although there is no provision in the contract with the contractors. At present, among the 15 staff in Yingde Company, the number of local people is 8, accounting for 53%. For Yingde project, 150 job opportunities will be generated during construction period and at least 80% will be hired locally. During operation, the number of staff in Yingde company will be increased to 40, and 95% will be provided to local people. For local employment, even there is no agreement with the local government, CTEG will employ more for saving cost and can quickly adapt to the city.

39. CTEG also prefer to cooperate with the contractors who are compliance with China Labor Law. During construction, CTEG will closely monitor their performance and check if minimum wages, hours worked, benefits, prohibition of child labor and forced labor complies with the national labor law and other regulations. For example, when the Labor Supervision Station of the Labor Bureau goes to the project site, CTEG will work closely with the government to check if the contractors are compliant. The identification card of each worker needs to be checked by the HR manager of CTEG if the age is more than 18 years old. In order to avoid the wage arrears for migrant rural workers, CTEG will check if the workers receive the wage on time.

4.2 Protection of Women's Rights and Interests

40. The Human Resource Department of CTEG has appointed staff to be responsible for the women's affairs. CTEG upholds gender equality and provides equal employment opportunities for men and women during project design, construction supervision, and plant operation. CTEG is sensitive to the special needs and vulnerabilities of women. Priorities are provided to women if the jobs are more appropriate for female staff, such as in the financial and human resource department, technology research and development center. CTEG complies strictly with the Law of the People's Republic of China on the Protection of Rights and Interests of Women (1992). All women staffs have maternity insurance. Women are organized for tour and are given gifts during women's day.

41. Among the total 15 staff in CTEG's Yingde Company, there are 4 female staff, accounting for 27%. CTEG encourages the contractors to provide equal employment opportunities to women. CTEG prefers to have cooperation with the partners who don't have discrimination on women. Among the 150 jobs which will be generated during construction period, it's estimated that at least 20% can be provided to women. For the 40 job opportunities during operation, 30% will be provided to women, which are mainly laboratory, financial, and administration positions.

4.3 Community Relationships

42. The director of Yingde Company is responsible for addressing any complaint from the local communities.

5 Conclusion

43. The site selection and design of the phase I of the WWTP and IWSP has been optimized to avoid the occupation of collective farmland and residential house demolition. The Project only induces transferring the state-owned land using right from the government to CTEG.

44. For acquiring the standing crops on the 100 mu state-owned land, compensation and fund disbursement was conducted in 2009 in accordance with the Land Administration Law of the People's Republic of China and the applicable regulations of Guangdong Province and Yingde City. Acquiring the standing crops and compensation was not in anticipation of ADB financing. Based on consultation, the applied compensation rates were higher than in the government's documents and the affected households were very satisfied. The compensation and entitlements provided to the APs satisfy the requirement of ADB 2009 SPS S2. There is no outstanding noncompliance issue.

45. Laying out the pipelines will induce temporary land occupation on the state-owned land, and the mitigation measures such as temporary access to the business nearby and noise control have been developed and the contractor will be responsible for recovering the road.

46. An effective organizational system has been established for the Project at all levels. The responsibilities of the agencies concerned are well defined and their staff is well trained, thereby promoting the successful implementation of standing crops acquisition.

47. During project preparation and implementation, many public participation activities were conducted to address the concerns of the affected households, such as the detailed measurement survey, the compensation rates, and disbursement of the compensation fees.

48. The grievance redress channel for the APs is unobstructed and effective, and the APs know the appeal channels. The related government agencies confirmed that up to now, those agencies had not received any appeal and grievance.

49. The Project expects to bring non-discriminatory benefits to all residents as it improves the general environmental health and sanitation in the service areas. There is no ethnic minority population in Yinghong Township. So this project does not trigger ADB SPS SR 3 on Indigenous Peoples.

50. CTEG strictly follows the Labor Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Rights and Interests of Women, and other applicable laws and regulations. Protecting the rights and interests of labor and women are protected practically. Requirements under ADB's Social Protection Strategy (2001) with respect to core labor standards are being complied and this will be monitored continuously and included in the regular monitoring reports to ADB.

6 Corrective Action Plan

51. There is no outstanding noncompliance issue with respect to the standing crops acquisition and compensation. No corrective action is required.

52. There is some remain procedural issues which need to be addressed by CTEG and local government. As described in para 16, the 100 mu land and the selected site for the WWTP and IWSP complies with the general plan of Yingde Yinghong Industrial Park. However, among the 100 mu land, 22.5 mu complies with the existing land using plan, as the remaining 77.5 mu state-owned farmland needs to be transferred to state-owned construction land. The existing land using plan is being updated based on the general plan (2013-2030) of Yingde Yinghong Industrial Park and will be approved by Guangdong Provincial Land Resource Department by 2016. Then CTEG will sign the land granting agreement with Yingde City Government and pay the land transfer fee. Accordingly, Yingde City Government will issue the Certificate of State-owned Land Using Right to CTEG. The Annual Environment and Social Performance Report (AESPR) needs to present the progress of the land domestic procedures, and copies of the documents include approval issued by Guangdong Provincial Land Resource Department, land granting agreement signed between Yingde City Government and CTEG, and Certificate of State-owned Land Using Right needs to be presented. In addition, AESPR needs to cover employment generated by the subproject and labor compliance, and any gender measures implemented.

53. The detailed design for the pipelines has not been finalized, and all pipelines will be laid underground/overground along the existing road or planned road. However, during implementation, if any fixed assets are affected and compensation is required, CTEG will inform ADB and will also report in the Annual Environment and Social Performance Report needs to include the following information:

- Description of impacts
- Compensation rates
- Consultations conducted
- Grievance received and addressed measures

Appendix I: List of Persons Met

Number	Name	Agency	Title
1	Liang Qilin	CTEG Yingde Company	General Manager
2	Li Feng	CTEG Yingde Company	Engineer
3	Wu Hongding	Yinghong Township Business Station	Official
4	Lai Zhiyong	Yinghong Township Government	General Director
5	Ma Jianwen	Yinghong Township Land Resource Administration Station	Official
6	Zeng Jiuqiu	Yinghong Township Planning Station	Official

Appendix II: Compensation Agreement for Standing Crops

土地青苗补偿协议书	
甲方：清远市华侨产业（英红）园区管理委员会	乙方：谭宜路
因红星区首期用地开发征用土地的需要，根据英府[2009]54号文的有关规定，经双方协商，现就青苗补偿签订如下协议：	
一、 补偿项目：	
甲方清除乙方种植在红星区的各类青苗共计补偿金额： 壹拾零万陆仟零佰玖拾叁元正 (¥1,060,533.00元)。 详细补偿项目见附表《青苗补偿清单》	
二、 清苗时间：	
为保证红星区首期开发用地的顺利进行，乙方应在签约后十五天内自行将各类青苗清理出场，并交出土地。	
三、 补偿付款方式：	
甲乙双方签订青苗补偿协议后，甲方五天内一次性付清补偿款给乙方。	
四、 其它事项：	
1、乙方必须在协议约定的时间内自行清理出场地，如逾期不清理甲方可组织清理或强行施工。	
2、本协议自甲乙双方签字之日起即日生效，一式二份，甲乙双方各执一份。	
甲方代表：岑其地	乙方代表人身份证号码： 440228195311155379 谭宜路
二〇〇九年十一月二十一日	