



Social Audit Report

Project Number: LN2960
20 July 2014

PRC: Dynagreen Waste-to-Energy Project Social Audit Report for Jixian Waste-to-Energy Plant

Prepared by

Dynagreen Environmental Protection Group Company Limited for the Asian Development Bank

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Asian Development Bank

Dynagreen Waste-to-Energy Project

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Abbreviations

AAOV	Average Annual Output Value
ADB	Asian Development Bank
AHs	Affected Households
APs	Affected Persons
CCEL	Commission of City Environment and Landscape
DMS	Detailed Measurement Survey
EIA	Environment Impact Analysis
FGD	Focus Group Discussion
FSR	Feasibility Study Report
HD	House Demolition
JCCEL	Jixian Commission of City Environment and Landscape
LA	Land Acquisition
LAR	Land Acquisition and Resettlement
LRB	Land Resource Bureau
M&E	Monitoring and Evaluation
MSW	Municipal Solid Waste
WTE	Waste to Energy
PRC	People's Republic of China

1 Introduction

1. **Project Description.** The project will address the need to treat MSW in small and medium-sized cities and supply electricity to the local grid. The ADB loan will be channeled through Dynagreen to fund a series of WTE subprojects with total capacity of up to 6,300 tons of MSW per day and to generate approximately 610 gigawatt-hours of electricity annually by 2018. Each subproject incinerates waste, recovers waste heat for power generation, purifies waste gas, and disposes of ash. This social audit report covers the Jixian WTE Subproject.

2. **Objectives and Scope of the Report.** Land acquisition and resettlement activities of Jixian WTE subproject has been implemented and completed by the local government. The ADB's assistance to Dynagreen 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 by an external expert, Mr.Zhou Jian for Dynagreen's past and present performance with regard to managing social dimensions of Jixian WTE subproject, particularly on land acquisition and involuntary resettlement, indigenous peoples/ethnic minority issues, labor and working conditions, stakeholder engagement, among other related issues.

3. The purpose of the Social Safeguards Compliance Audit is to determine the nature and extent of all social areas of concern at the Jixian WTE facility and with corporate practices. The audit was performed in accordance with the SPS, as well as applicable local environmental, social, and occupational health and safety regulatory requirements in the PRC and other ADB social policy requirements related to labor and social protection and gender and development.

4. **Methodology.** In the course of conducting the social safeguards audit for the subproject, the following was undertaken: (i) a desk review of the Dynagreen's existing environmental and social management system; (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 Dynagreen's Management and key technical staff, representatives of Jixian Commission of City Environment and Landscape (JCCEL), Bieshan Township Land Resource Office; and (iv) site inspection of the subproject. 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 aspect of the subproject. The desk review also included a review of project documents and literature including pre-approval of land using, permission notes for location, certificate of compensation, and consultation documents.

Table 1- Relevant National Laws, Regulations and Guidelines

Type	Laws, Regulations and Guidelines
Involuntary Resettlement	● Land Administration Law of the People's Republic of China (effective from January 1, 1999, amended on August 28, 2004);

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

Type	Laws, Regulations and Guidelines
	<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 Subproject Description.

5. On March 26 2013, Jixian County Government and Dynagreen signed the Build-Operate-Transfer (BOT) agreement to construct the Jixian Waste-to-Energy (WTE) plant. According to the BOT agreement, all land acquisition and resettlement activities will be implemented by the local government. The proposed Jixian WTE Plant has a daily treatment capacity of 700 tons of urban waste, and an annual generating capacity of 81.59 million kWh. The total investment of the Project is RMB 299.9546 million.

Figure 1- Project Location



6. **Location.** Jixian County lies in the northernmost of Tianjian City, covering an area of 1,593 km², under the administration of Tianjin Municipality directly under the Central Government. The area of Jixian consists of 26 sub-districts/townships and the population is 0.96 million. The Xijiuhu Village within which the project located is under the administration of the Bieshan Township.

7. In 2013, the GDP of Jixian County achieved CNY 40.5 billion with a high growth rate of 39% from 2012. Farmers' average net income in the county amounted to RMB 20,193 and the disposable income of urban residents was RMB 27,700. According to Table 2, the farmer's average net income of Jixian County is higher than the level of Tianjin due to the contribution of the income generated from the non-agricultural activities such as salary income and income from operating business. Jixian County has a good location as the distance to Beijing is only 88 kilometers, so that a lot of local people go there to seek job opportunities. Also, Jixian County is famous for its beautiful scenery and called as back yard garden of Beijing. The country tour in Jixian County has generated a lot of job opportunities for the local farmers.

Table 2-Comparison of Economic Indicators in 2013 (Unit: CNY)

	Jixian County	Tianjin Municipality
Farmers' average net income ¹	20,193	15,405
Disposable income of urban residents	27,700	32,658

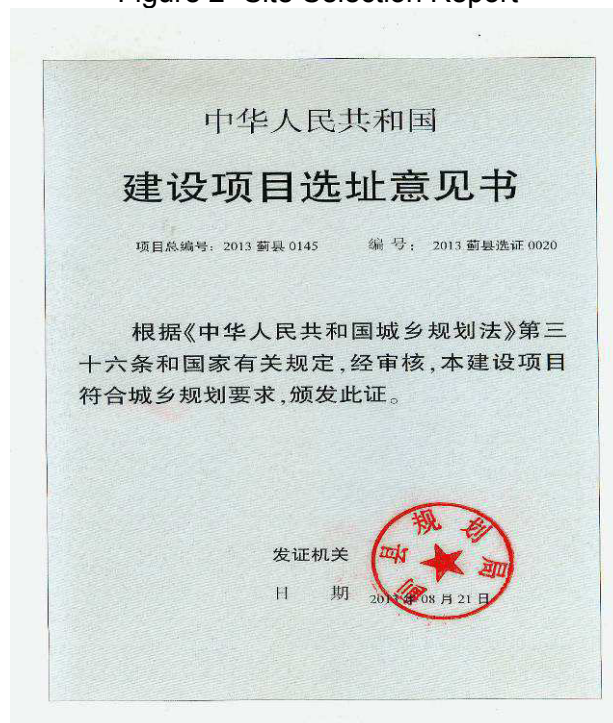
¹ Net income includes agricultural and nonagricultural incomes.

Data source: 2013 Yearbook.

2.2 Land Acquisition Impacts

8. Site Selection Report of Project was issued by Jixian County Planning Bureau on 21 August 2013, which is presented as Figure 2. The approved land area for the Jixian WTE subproject is 86,667 m².

Figure 2- Site Selection Report



№120225201300029

基 本 情 况	建设项目名称	天津蓟县综合性垃圾处理场
	建设单位名称	蓟县市容和园林管理委员会
	建设项目依据	蓟发改【2013】46号
	建设项目拟选位置	蓟县 别山镇原第一水泥厂
	拟用地面积	86667 平方米
	拟建设规模	0 平方米
附图及附件名称 拟建设规模以审定的修建性详细规划（或总平面图）为准。		

遵守事项

- 一、本书是城乡规划主管部门依法审核建设项目选址的法定凭据。
- 二、未经核发机关审核同意，本书的各项内容不得随意变更。
- 三、本书所需附图附件由核发机关依法确定，与本书具有同等法律效力。

9. A total of 86,667m² (130mu) was acquired for the WTE subproject, as presented in Figure 3. The land was collective construction land and belonged to the Bieshan Township Government. In 1974, Jixian No.1 cement plant was established by the township government on the land, as there are mountains nearby. At the beginning of this century, due to the poor performance, the cement plant was closed and has stopped producing. Also, this plant had backward production techniques and equipment that seriously polluted the atmospheric environment, and according to national policy, it should be closed. At that time, the plant had around 170 workers. When the plant was closed in 2000, the government provided jobs to the displaced workers or the workers went to the labor market to find new jobs. The land was vacant for more than 10 years. There is existing road, water supply and electricity for the cement plant which can be upgraded and then used by WTE plant, so no additional land need to be acquired.



Figure 3-The Land Acquired for the Plant

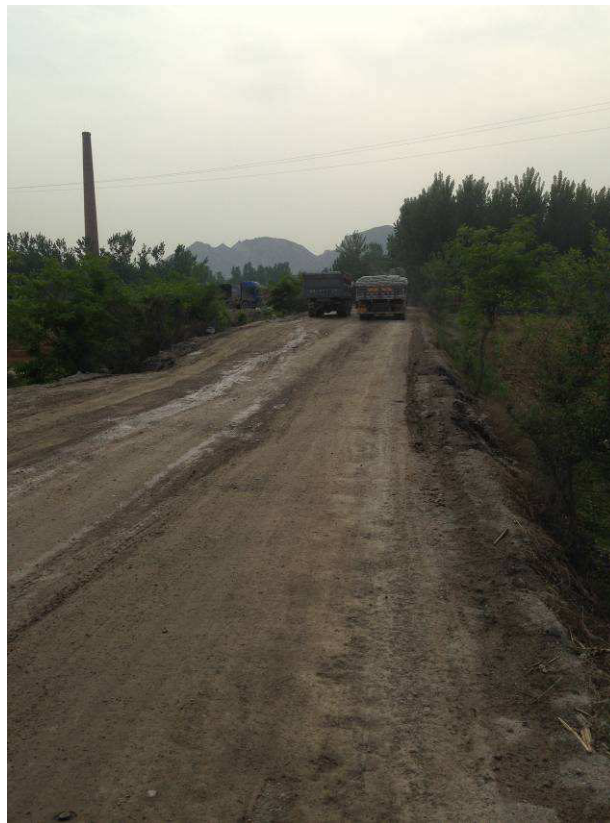


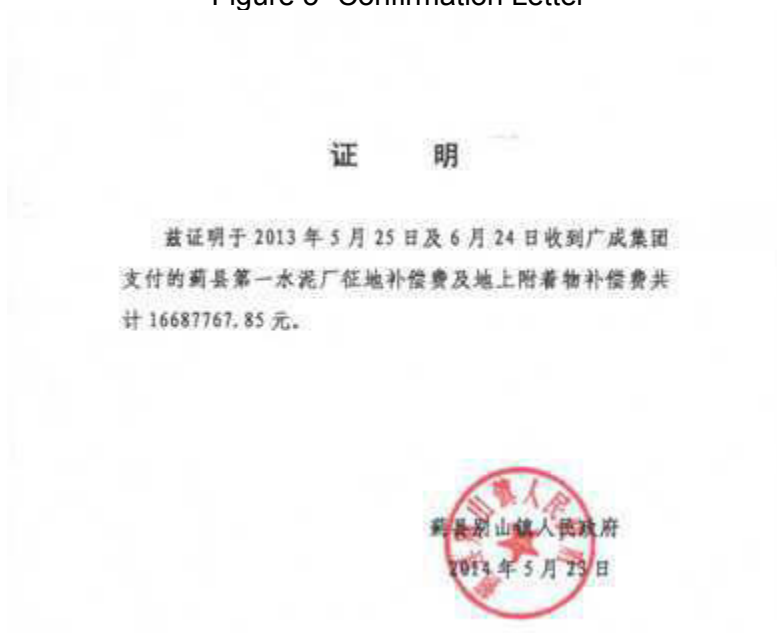
Figure 4-Existing Access Road

10. Although the acquired land was collective construction land, the land belonged to the township government, so there was no farmer affected. Jixian Guangcheng Investment Group, which is state-owned, is entrusted by the county government to conduct land consolidation and land development for infrastructure projects in the county. After Dynagreen signed the BOT agreement with the government, the Guangcheng Group started negotiation with the Bieshan Township Government. According to the *Compensation Standards for Ground Attachment (JGTFZ[2008]1087)* issued by Tianjin Land Resource Bureau and Pricing Bureau, finally, based on negotiation and asset appraisal, the total compensation for land and structures and the cost

for dismantling equipment is CNY 16,687,767.85 yuan. By 24 June 2013, all compensation was paid to the account of Bieshan Township Government. Figure 5 is the confirmation letter of receiving the compensation by Bieshan Township Government. The confirmation letter states that Bieshan Township Government has received compensation of 16,687,767.85 yuan for the acquired land and the ground attachments.

11. During the due diligence period, the breakdown of the compensation can't be collected by the audit consultant. The compensation agreement was finalized based on negotiation, so both parties preferred not to share the agreement. The compensation is accepted by the Bieshan Township Government and there is no remaining issue as the land has remained vacant for the past 10 years and there are no settlers or users of the land after the cement plant was closed, and prior to acquisition of the WTE Company. The land has been transferred to the project company and leveling of ground is being conducted, as presented in Figure 3.

Figure 5- Confirmation Letter



Confirmation Letter

This is to confirm that we have received 16,687,767.85 yuan as the compensation for the land and ground attachment on May 25 and June 24, 2013.

Bieshan Township Governemnt
May 23, 2014

12. The Jixian County Land Resource Bureau issued the pre-approval of land using on March 6, 2014, as presented in Figure 6. According to this document, 84,648.3 m² construction land is acquired and there is no farmland affected. Compared with this number, 86,667 m² is acquired during implementation and the added area is 2,018.7 m². The reason for this is some remaining small piece of unused land is also acquired from the township government, and this is common practice in PRC during land acquisition. This small piece of land is also within the closed cement plant and the compensation has been paid to the township government.

Figure 6- Pre-approval of Land Using

**蓟县国土资源分局
建设项目用地预审报告**

编号：2014—005 号

建设单位	蓟县市容和园林管理委员会				
拟建项目名称	蓟县综合性垃圾处理场				
拟建项目 四至范围	东至：别山镇西九户村集体土地				
	西至：别山镇东毛庄村集体土地				
	南至：别山镇东毛庄村集体土地				
	北至：别山镇周庄子村集体土地				
供地政策			规划 性质	现状工矿用地、 工矿置换用地	
项目用地总面积	84648.3 平方米	占用耕地补偿资金		/	
农用地	/	耕地	/	基本农田	/
未利用土地	/	建设用地		84648.3 平方米	
建设项目 预审要求	1、该项目占地规划地类为现状工矿用地、工矿置换用地，符合土地利用总体规划要求。 2、依据法律、法规规定，办理用地手续。 3、依规定交纳相关税费。				

批准日期：2014年03月06日

抄送单位：蓟县发展和改革委员会

注意事项：1、本预审报告附图1份，图文一体为有效文件。2、本预审报告为建设单位用地审批的必备报件。3、本预审报告有效期两年（从批准之日计算），如需对项目用途、建设项目选址等进行重大调整的，应当重新申请预审。

2.3 Institutional Arrangement

13. Land acquisition was implemented by the government agencies, including Jixian County Land Resource Bureau, Bieshan Township Government and the Guangcheng Group.

- Jixian County Land Resource Bureau was responsible for handling, checking and approving land acquisition, and managing and supervising the implementation activities.
- Jiaozishan Township Government participated in the impact survey and signed the agreement and received the compensation.
- Guangcheng Group took the key role to negotiate with the township government and paid the compensation.

3 Indigenous Peoples

14. Ethnic minority population in Jixian County is 35,400, which is 3.7% of the total population of 0.96 million. The main ethnic minority group is Man and Hui. They all speak the same language as Han. They do not face any social discrimination and can benefit the same from the project.

4 Other Social Issues

4.1 Employment and Labor

15. Dynagreen follows the China Labor Law (1994) strictly with particular attentions paid to the well-being of all staff in the Peoples Republic of China. Dynagreen provides social benefits to staff members that include pension insurance, medical insurance, maternity insurance, unemployment insurance, work injury insurance and a social housing fund and its remuneration to the staff are within the mandated wages. Dynagreen also prefer to cooperate with the contractors who are in compliance with China Labor Law. For example, when the Labor Supervision Station of the Labor Bureau goes to the project site, Dynagreen will work closely with the government to check if the contractors are compliant.

16. Dynagreen 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.

17. Dynagreen gives local labor a priority. Dynagreen encourages the civil works contractors to hire workers from the local community. At the site, Dynagreen Jixian company has appointed a safety supervisor, who is working at the site to check if occupational health and safety regulatory requirements are complied with. All mandated benefits and wages being carried out by the contractors as not only monitored by Dynagreen but also the local Labor Supervision Station of the Labor Bureau often goes to the site to check. **To date, there is no report of noncompliance.** 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. For Jixian WTE plant, 50 job opportunities will be generated during operation and at least 50% will be hired locally in Tianjin. For local employment, even there is no agreement with the local government, Dynagreen will employ more local labor for saving cost and can quickly adapt to the city.

4.2 Protection of Women's Rights and Interests

18. The Human Resource Department of Dynagreen has appointed staff to be responsible for the women's affairs. Dynagreen upholds gender equality and provides equal employment opportunities for men and women during project design, construction supervision, and plant operation. Dynagreen 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. Dynagreen 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.

19. Among the total 85 staff in Dynagreen's headquarter, there is 21 female staff, accounting for 25%. Dynagreen encourages the contractors to provide equal employment opportunities to women. Dynagreen prefers to have cooperation with the partners who don't have discrimination on women. Among the 50 jobs which will be generated during Jixian WTE plant operation period, it's estimated that at least 20% can be provided to female staff, which are mainly laboratory, financial, and administration positions. Also, there will be 10 service job opportunities, such as kitchen service staff and cleaners, will be provided to the local villagers, and mainly for women.

4.3 Community Relationships

20. Jixian plant management has established good rapport with the community close to the plant. The local villagers have been employed during the plant land leveling, and the benefit-sharing mechanism is a good basis for the harmonious community relationship. During operation, it will hold a regular tour of plant facilities for village representatives and explains the actual operation of generators, anti-odor measures, wastewater treatment, flue gas emission control, and residue disposal and whether they meet environmental standards. Also, the Jixian plant will do support for the middle school to organize environment protection awareness education.

5 Conclusion

21. The design of the subproject has been optimized to avoid the occupation of farmland and residential house demolition. There is no person affected. All land acquisition was implemented by local government.

22. Land acquisition, compensation and fund disbursement have been conducted in accordance with the Land Administration Law of the People's Republic of China and the applicable regulations of Tianjin City. The compensation and entitlements provided to the township government are based on negotiation. All mitigating measures implemented complied with ADB SPS SR2 requirements, and there is no outstanding noncompliance issue.

23. 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 land acquisition.

24. The Project expects to bring non-discriminatory benefits to all residents as it improves the general environmental health and sanitation in the service areas. The ethnic minority people in the county can benefit the same from the project. So this subproject does not trigger ADB SPS SR 3 on Indigenous Peoples.

25. Dynagreen 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 which are not inconsistent with national labors are being complied and this will be monitored continuously and included in the regular monitoring reports to ADB.

6 Corrective Action Plan

26. There is no outstanding noncompliance issue with respect to the land acquisition and compensation arrangements. There are also no remaining issues related to ethnic minority aspects of Jixian WTE Plant. No corrective action is required.