

**World Bank Financed Zhejiang Rural
Area Wastewater Management Project**

**Resettlement Policy Framework
for
the Zhejiang Rural Area Wastewater Management
Project**

**Zhejiang Provincial PMO
June 2014**

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A Overview of the Project

1. The Zhejiang Provincial Government plans to construct the Zhejiang Rural Area Wastewater Management Project (hereinafter, the “Project”) using a Bank loan of USD200 million and domestic counterpart funds of USD207 million, totaling USD407 million (equivalent to CNY2.463 billion). The objectives of the Project are: 1) realizing urban-rural integrated water supply, and wastewater collection and treatment; 2) constructing and improving rural water supply and drainage facilities; 3) constructing scattered rural water supply and drainage systems in selected villages; and 4) establishing an innovative mechanism for the sustainable operation of rural water supply and drainage systems.
2. The Project involves Anji County in northern Zhejiang, Fuyang City in the suburb of Hangzhou Municipality, Tiantai County in Taizhou Municipality, and Longquan City in Lishui Municipality. According to the project framework, implementation arrangement and the consolidated FSR¹, the project will be carried out in two phases, involving more than 720 villages. The total investment will be CNY 2463.2 million including contingencies and financial cost, of which USD 200 million (equivalent to CNY 1231.6 million) will derive from loan of world bank, accounting for 50%.
 - ✧ The phase1 of the project includes 16 components involving more than 200 villages; these components will invest a total of CNY 1162.13 million, of which USD 95.39 million will derive from loan of World Bank.
 - ✧ The components of the phase2 with total investment of CNY 1267.11 million (including USD 99.61 million loan of World bank) will be implemented on the basis of framework approach, which will be constructed gradually by IA based on actual preparation progress with getting no-objection of World Bank after the components of phase 1 are being launched.
3. According to the agreement between Zhejiang Province and the Bank, the provincial PMO and IAs have identified resettlement impacts of the components under Phase 1 of the Project, and prepared RAPs for counties and cities separately in accordance with the Bank Operational Policy OP4.12 on Involuntary Resettlement.
4. For the components of Phase 2 not included the RAPs, the provincial PMO has prepared this RPF (Resettlement Policy Framework) to guide their resettlement activities.

B Objectives of Resettlement, Definitions and Key Principles

5. This RPF is based on OP4.12 “Involuntary Resettlement” in the World Bank Operational Manual issued in December 2001, and the overall objectives are:
 - Involuntary resettlement should be avoided where feasible, or minimized, exploring all viable alternative project designs.
 - Where it is not feasible to avoid resettlement, resettlement activities should be conceived and executed as sustainable development programs, providing sufficient investment resources to enable the persons displaced by the project to share in project benefits. APs should be meaningfully consulted and should have opportunities to participate in planning and implementing resettlement programs.
 - APs should be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.
6. This RPF defines the principles and objectives of resettlement, and appropriate guidelines, rights, and legal and institutional framework, compensation and restoration patterns, participation characteristics, and appeal procedure for resettlement, and is used to guide compensation, resettlement and restoration matters.
7. Each RAP should be based on identifiable basic information collected, and include the following

¹ This draft final report was prepared by East China Investigation and Design Institute and Zhejiang province Development and Planning Research Institute

aspects:

- Those whose farmland or rural houses together with housing sites is/are wholly or partly affected by the Project (permanently or temporarily);
- Urban houses wholly or partly affected by the Project (permanently or temporarily);
- Commercial facilities (enterprises and stores) wholly or partly affected by the Project (permanently or temporarily);
- Young crops and ground attachments wholly or partly affected by the Project (permanently or temporarily).

8. The key principles and objectives of this RPF are as follows:

- Acquisition of land and other assets, and related resettlement should be minimized where possible;
- As of the baseline survey date, all APs are entitled to restoration measures to help them improve or at least their living standard, ability to earn income and production level; the lack of legal title to asset losses does not impede their entitlement to resettlement measures;
- The resettlement measures available include: (1) residential houses and other buildings are compensated for at replacement cost free from depreciation or recovery of residual value; (2) cash or other means of compensation, such as land replacement and endowment insurance; (3) equal replacement of housing and housing sites acceptable to APs; and (4) subsidies for relocation and living;
- If APs can accept the replacement of housing, housing sites and farmland, replacements should be as close to their lost land as possible;
- The transition period of resettlement should be minimized, and restoration measures should be made available to APs at the project site before the preset starting date;
- The acquisition plan of land and other assets, and the restoration measures offered shall be negotiated with APs repeatedly to ensure minimum interference; APs will be empowered before the preset starting date;
- The existing community service and resource levels should be maintained or improved;
- Whenever and wherever necessary, financial and material resources for resettlement and restoration must be available; the budget in the RAPs should include contingencies;
- The institutional and organizational arrangements should ensure that assets and resettlement are designed, planned, consulted and implemented effectively and timely;
- The implementation of the RAPs shall be supervised, monitored and evaluated effectively and timely.

C Preparation and Approval of the RAPs

9. Before the commencement of construction of the components under Phase 2, the provincial and local PMOs, and IAs will identify the components for resettlement impacts, prepare RAPs in accordance with this RPF, and submit them to the Bank for review and approval. The preparation and implementation of the RAPs (including the payment of all resettlement costs) will be the responsibility of the borrower.
10. When the affected population of the components under Phase 2 exceeds 200, the local PMOs will prepare RAPs and submit them to the Bank with the assistance of the Zhejiang PMO; in addition, APs should be fully consulted so that they have a chance to participate in the design and implementation of the RAPs.
11. The RAPs will cover the following (if relevant), and anything unrelated to the Project should be specified in the RAPs:
 - General description of the Project;
 - Identification of potential impacts of the Project;

- Objectives (the main objectives of the resettlement program);
 - Socioeconomic studies: The findings of socioeconomic studies to be conducted in the early stages of project preparation and with the involvement of potentially displaced people;
 - Legal framework: The findings of an analysis of the legal framework, covering the scope of the power of eminent domain and the nature of compensation associated with it, the applicable legal and administrative procedures, environmental laws and social welfare legislation, laws and regulations, and any legal steps necessary;
 - Institutional framework: covering the identification of agencies responsible for resettlement activities and NGOs that may have a role in project implementation; an assessment of their institutional capacity, and any steps that are proposed to enhance their institutional capacity;
 - Eligibility: Definition of APs and criteria for determining their eligibility for compensation and other resettlement assistance;
 - Valuation of and compensation for losses;
 - Resettlement measures: a description of the packages of compensation and other resettlement measures that will assist each category of eligible APs to achieve the objectives of the policy;
 - Selection, preparation and rearrangement of the resettlement site;
 - Supply of housing, infrastructure and social services;
 - Environmental protection and management;
 - Public participation and consultation, where the APs and the related communities must be included;
 - Integration with host populations: measures to mitigate the impact of resettlement on any host communities;
 - Grievance procedures: affordable and accessible procedures for third-party settlement of disputes arising from resettlement;
 - Organizational responsibilities;
 - Implementation schedule;
 - Costs and budget;
 - Monitoring and evaluation.
12. The RAPs should be completed no later than 6 months before the starting date of resettlement, and submitted to the Bank for consideration at least 3 months before that. Only after the Bank has accepted the RAPs can compensation, resettlement and restoration activities begin. Such activities should be completed before the commencement of civil engineering.
13. When the affected population of the components under Phase 2 does not exceed 200, the local PMOs will prepare abbreviated resettlement action plans (ARAPs) and submit them to the Bank with the assistance of the Zhejiang PMO; in addition, APs should be fully consulted so that they have a chance to participate in the design and implementation of the RAPs.
14. The ARAPs covers the following minimum elements:
- a census survey of APs and valuation of assets;
 - description of compensation and other resettlement assistance to be provided;
 - consultations with displaced people about acceptable alternatives;
 - institutional responsibility for implementation and procedures for grievance redress;
 - arrangements for monitoring and implementation; and

- a timetable and budget.

15. The ARAPs should be completed no later than 4 months before the starting date of resettlement, and submitted to the Bank for consideration at least 3 months before that. Only after the Bank has accepted the ARAPs can compensation, resettlement and restoration activities begin. Such activities should be completed before the commencement of civil engineering.

D Institutional and Legal Framework

16. The legal framework guiding the implementation of the RAPs is based on the Bank's policy on involuntary resettlement (OP4.12), the applicable laws, regulations and ordinances of the state, Zhejiang Province, and the project cities/counties.

17. The PRC has developed a complete legal framework and policy system on land acquisition, house demolition, resettlement and compensation, including the Land Administration Law of the PRC (amended on August 28, 2004), and the Regulation on the Expropriation of Buildings on State-owned Land and Compensation (Decree No.590 of the State Council) (January 21, 2011). Within the state legal and policy framework, local governments have promulgated relevant local regulations and policies to manage and direct local land acquisition, house demolition, resettlement and compensation work. The city/county governments have promulgated local regulations and policies in accordance with the applicable state laws and policies to manage and direct relevant local work.

18. The key laws, regulations and ordinances of the PRC used to prepare this RPF and ensure its legal validity are as follows:

1. State laws and regulations

- Land Administration Law of the PRC
- Regulations on the Implementation of the Land Administration Law of the PRC (Decree No.256 of the State Council)
- Decision of the State Council on Deepening the Reform and Rigidly Enforcing Land Administration (SC [2004] No.28)
- Interim Regulations on Farmland Occupation Tax of the PRC
- Guidelines on Improving Compensation and Resettlement Systems for Land Acquisition (MLS [2004] No.238)
- Notice of the Ministry of Land and Resources on Doing a Practical Job in Compensation for Land Acquisition (MLR [2004] No.58)
- Regulations on the Expropriation of Houses on State-owned Land and Compensation Therefor (Decree No.590 of the State Council)

2. Local regulations and policies

- Measures of Zhejiang Province for the Implementation of the Land Administration Law of the PRC (effective from December 30, 2009)
- Measures of Zhejiang Province for Land Acquisition Compensation and Basic Living Security for Land-expropriated Farmers (Decree No.264 of the Zhejiang Provincial Government) (effective from January 1, 2010)
- Regulations of Zhejiang Province on Land Utilization Planning (effective from July 1, 2011)
- Notice of the Zhejiang Provincial Government on Reissuing the Minimum Protective Compensation Rates for Land Acquisition (ZPG [2012] No.2)
- Interim Measures of Anji County for Integrated Rural Land Management and Resettlement (ACGO [2011] No.150)
- Notice of the Anji County Government on Publishing the Compensation Rates for House Acquisition in 2011 (ACG [2011] No.37)
- Notice of the Anji County Government on Adjusting Compensation Rates for Land Acquisition of Anji County (ACG [2012] No.57)
- Administrative Measures of Fuyang City for the Acquisition of Collective Land (FMG [2002] No.14) (effective from May 13, 2002)
- House Replacement Rates of Fuyang City (FDRB [2006] No.216) (effective from May 25, 2006)
- Administrative Measures of Fuyang City for the Construction of Rural Residential

- Apartments (FMG [2007] No.4) (effective from June 12, 2007)
- Notice on Adjusting Location-based Composite Land Prices for Land Acquisition of Fuyang City (FMG [2009] No.58) (effective from April 27, 2009)
 - Opinions on Compensation for the Demolition or Relocation of Industrial Enterprises (Interim) (FMG [2010] No.46) (effective from March 18, 2010)
 - Some Opinions of the Fuyang Municipal Government on the Administration of Rural House Construction (FMG [2012] No.163) (effective from September 27, 2012)
 - Measures of Fuyang City for the House Acquisition and Compensation on State-owned Land (FMG [2013] No.17) (effective from February 22, 2013)
 - Interim Measures of Tiantai County for Integrated Rural Land Management and Resettlement (ACGO [2011] No.150)
 - Notice of the Tiantai County Government on Publishing the Compensation Rates for House Acquisition in 2011 (ACG [2011] No.37)
 - Notice of the Tiantai County Government on Adjusting Compensation Rates for Land Acquisition of Tiantai County (ACG [2012] No.57)
 - Notice on Re-promulgating the Location-based Composite Land Prices for Land Acquisition of Longquan City (LMG [2012] No.36)
 - Rural Benchmark Land Prices of Longquan City in 2008
 - Interim Measures of Longquan City for Basic Living Security for Land-expropriated Farmers (LMG [2006] No.66)
 - Implementation Rules of Longquan City for Social Endowment Insurance for Urban and Rural Residents (LMG [2010] No.44)
 - Notice on Adjusting the Minimum Living Security Standards for Urban and Rural Residents (LMGO [2013] No.62)
 - Plan of Longquan City for Adjusting Compensation Rates for Ground Attachments and Structures (LMGO [2008] No.173)
19. The purpose of preparing the RAPs is to ensure that the APs have sufficient opportunities to replace their lost assets, and improve or at least restore their income level and living standard. To realize this purpose, all APs should be identified, and it should be ensured that all APs think the remedies defined in the RAPs are rational. In consideration of the main types of impact (e.g., land acquisition and occupation, demolition of residential houses (including rural and urban), and non-residential houses (including enterprises and commercial stores)), the following measures are usually taken:
20. APs losing farmland will be entitled to the following compensation and restoration measures:
- The direct APs will receive land compensation fees and resettlement subsidies in full;
 - The direct APs will receive young crop compensation fees in full;
 - Eligible APs will be included in endowment insurance for LEFs or the social security system; and
 - The APs will have priority in receiving job opportunities and skills training under the Project.
21. Demolished houses and attachments will be compensated for as follows, and the following restoration measures will be taken:
- Supply of resettlement housing of equal value;
 - Compensation at full replacement cost;
 - Reconstruction or restoration of all affected facilities and services (e.g., roads, water and power supply, telephone, cable TV, schools);
 - The subsidy during the transition period should ensure that all assets are relocated or temporary housing is obtained.
22. APs losing business income (or employment income) will be entitled to the following restoration measures:
- Main mitigation measures for anyone losing business income include: (1) offering an optional commercial site with the same size and similar customer sources; (2) granting cash

compensation to the owner of the commercial property at the full replacement cost of such property and all facilities thereof; (3) offering transitional compensation for all expenses and lost sales income related arising from relocation for the non-operating period.

- Main mitigation measures for anyone losing employment income include: (1) offering an optional job opportunity with the same pay; (2) offering a transition subsidy for reemployment training and resettlement, or taking any other necessary measure to help him/her find a new job.

23. The RAPs prepared should include an entitlement matrix for the APs.

E Implementation Process

24. The provincial and city/county governments, and owners have established necessary coordination agencies to plan, coordinate and monitor resettlement activities, including the Provincial Project Leading Group, Provincial PMO, subproject leading groups, local PMOs², and IAs (owners)³. The RAPs should specify their responsibilities, staffing, capacity, and if necessary, any detailed institutional capacity training program.

25. The RAPs should include an implementation schedule for all activities to be conducted. If necessary, compensation payment, other entitlement restoration measures (in cash or in kind) and resettlement should at least be completed one month before land acquisition. If full compensation is not paid or necessary assistance measures are not available before land acquisition, a transition subsidy should be provided.

F Financial Arrangements

26. The local PMOs and IAs will bear all costs related to land acquisition and resettlement. Any RAP consistent with this RPF must include estimated costs and a budget. Whether identified as APs at the RAP preparation stage or not, and whether sufficient funds are available or not, all those adversely affected by land acquisition and house demolition are entitled to compensation or any other appropriate relief measure. For the above reason, the budget in the RAPs should include contingencies, which are usually 10% or more of the estimated resettlement budget in order to cover contingent resettlement costs.

27. The compensation rates specified in the RAPs provide a basis for the calculation of compensation fees for resettlement, which should be fully paid to individuals or collectives losing land or other assets, and should not be deducted for any reason. The RAPs should describe by what means compensation fees are paid by the local PMOs and IAs to the affected communities/villages or residents/villagers, entities and relevant right holders. A rationale is that the fund flow should be as direct as possible with minimum intermediate links.

G Public Participation and Information Disclosure

28. Public participation will run through the whole process, especially during the DMS, resettlement measure development and resettlement implementation.

29. The RAPs must describe all measures taken or to be taken, involve the APs in the proposed resettlement arrangements, and foster the sense of participation in livelihood and living standard improvement or restoration activities. To ensure that the APs' opinions and suggestions are fully considered, public participation should be prior to project design and the implementation of resettlement relief measures. Public participation must run through the whole RAP planning, implementation and external monitoring process.

30. At the RAP drafting and finalization stages, the local PMOs and owners should also disclose the RAPs to the APs and the public at certain places of the project site and in certain

² Including Anji, Fuyang, Tiantai and Longquan PMOs

³ The Anji, Fuyang and Tiantai Subprojects have one owner each, which are Anji Guoyuan Water Co., Ltd., Fuyang Water Company and Tiantai Water Supply Co., Ltd.; the Longquan Subproject has two owners, which are Longquan Water Supply and Sewerage Co., Ltd., and Longquan Rural Water Supply Station, which are responsible for the urban (including Alley Water Supply and Drainage Facility Improvement), and rural (including Scattered Rural Wastewater Treatment Systems) components respectively.

languages. The first draft of the RAPs should be disclosed at least one month prior to Bank evaluation. The final RAPs must be disclosed again after acceptance by the Bank.

H Grievance Redress Procedure

31. Since the resettlement work is conducted with the participation of the APs, no substantial dispute will arise. However, in order to ensure that APs have a channel to file an appeal on any issue concerning land acquisition and resettlement, a grievance redress procedure must be established.
- ✧ Stage 1: If any AP is dissatisfied with any RAP, he/she can file an oral or written appeal to the village committee or sub-district office orally or in writing. In case of an oral appeal, the village committee or sub-district office shall handle such appeal and keep written records. Such appeal should be solved within one week.
 - ✧ Stage 2: If the AP is dissatisfied with the disposition of Stage 1, he/she may file an appeal to the owner after receiving such disposition, which shall make a disposition 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 local PMO after receiving such disposition, which shall make a disposition within two weeks.
 - ✧ Stage 4: If the AP is still dissatisfied with the disposition of Stage 3, he/she may file an appeal to the provincial PMO after receiving such disposition, which shall make a disposition within two weeks.

I Monitoring and Evaluation

32. The provincial and local PMOs will supervise and monitor the implementation of the RAPs. Supervision and monitoring results will be recorded in quarterly reports for submission to the Bank.
33. Internal monitoring and supervision:
- Check implementation, including checking the baseline information, valuation of asset losses, and the implementation of compensation, resettlement and restoration rights according to the RPF and the RAPs.
 - Monitor if the RAP is implemented as designed and approved.
 - Check if the funds for RAP implementation are appropriated timely and fully, and if such funds are used in a manner consistent with the RAPs.
 - Record all appeals and their solutions, and ensure that appeals are handled timely.
34. Independent external monitoring: The Zhejiang PMO will appoint an independent agency through public bidding to perform period external M&E on the implementation of the RAP. Such agency may be an academic or independent consulting firm, but must have qualified and experienced staff, and their terms of reference must be accepted by the Bank.
35. In adaptation to the internal supervision information and monitoring reports checked, the external M&E agency will perform a sampling survey (sampling rate: 5-20%) after 6 months of implementation of the RAP. The main objectives are:
- To evaluate if the participation and compensation payment procedures, and restoration rights are implemented practically, and consistent with the RPF and the RAPs;
 - To evaluate if the RPF objective of improving or at least maintaining the living standard and income level of the APs has been realized;
 - To gather qualitative socioeconomic impact indicators of project implementation; and
 - To propose suggestions for improving the implementation procedure of the RAPs in order to realize the principles and objectives of this RPF.