
Appendix 1-2

**GEF Mainstreaming Integrated Water and
Environment Management Project
Social Management Policy Framework
(Amended)**

**China Irrigation and Drainage Development Center, Ministry of Water
Resources
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ABBREVIATIONS

AH	-	Affected Household
AP	-	Affected Person
ARAP	-	Abbreviated Resettlement Action Plan
BP	-	Bank Procedure
DDR	-	Due Diligence Report
EC	-	Environmental Capacity
EMDP	-	Ethnic Minority Development Plan
ET	-	Evapotranspiration
FGD	-	Focus Group Discussion
GEF	-	Global Environmental Facility
HD	-	House Demolition
IPPF	-	Indigenous Peoples Policy Framework
IWEM	-	Integrated Water and Environment Management
LA	-	Land Acquisition
M&E	-	Monitoring and evaluation
MEP	-	Ministry of Environmental Protection
MWR	-	Ministry of Water Resources
OP	-	Operational Policy
PCN	-	Project Concept Note
PMO	-	Project Management Office
PRC	-	People's Republic of China
RAP	-	Resettlement Action Plan
RPF	-	Resettlement Policy Framework
SA	-	Social Assessment
SMPF	-	Social Management Policy Framework
TORs	-	Terms of Reference
WWTP	-	Wastewater Treatment Plant

Units

Currency unit	=	Yuan (CNY)
1.00 yuan	=	\$0.15
1 hectare	=	15 mu

1. Introduction to the Project

1.1. Background of the Project

The Mainstreaming Integrated Water and Environment Management Project” (hereinafter refers to as the “Project”), which is jointly applied for and executed jointly by the GEF Project Management Offices (PMOs) of the Ministry of Water Resources (MWR) and the Ministry of Environmental Protection (MEP) (hereinafter, the “Central PMOs”), with the World Bank being the international executive agency, was approved by the GEF Council in May 2014.

The Project aims to improve and promote the mainstreaming of the integrated water and environment management (IWEM) approach in river basins and regions, which is conducive to China to implement the reform and development of highly efficient, cooperative and environment-friendly production method of the water resources and energy. The overall development objectives of the Project are: **1) mainstreaming ET/EC-based activities for integrated water and environment management (IWEM); 2) applying new technologies to control water consumption in sub-basins and groundwater overdraft regions, and reduce water pollutant emissions; 3) extending the approach in the Haihe River, Yellow River and Liaohe River Basins, to release more ecological flow and form mass outcomes in the Bohai Rim.**

The planned investment in the Project is USD104.5 million, including a GEF grant of USD9.5 million, software counterpart funds of USD19 million from the Chinese government, and water resources and environmental hardware counterpart funds of USD76 million from the Chinese government and local governments.

1.2. Scope of the Project

The design of the Project is based on comprehensively concluding and learning from the successful experience and advanced technologies of the GEF Haihe River Project (Phase 1), in combination with the construction of strictest water resources management system and Action Plan for Prevention and Control of Water Pollution (“Action Plan”), as well as the implementation of the 13th five-year plan for the economic and social development of the nation and local governments. Furthermore, the project concept note (PCN) approved by GEF Council and GEF grant plan have been taken into consideration in the design. The Project will include the following four aspects:

- 1) Research on IWEM mainstreaming;
- 2) Demonstration of ET/EC-based IWEM;
- 3) Extension of the ET/EC-based IWEM approach to the Haihe, Liaohe and Yellow River basins; and
- 4) Institutional support and project management

The Project will be coordinated and managed by the Central PMOs, and implemented specifically by the provincial and municipal PMOs.

1.3. Social Impacts Related to Project Activities

The Project will support the implementation of research projects, i.e. technical assistance and capacity building activities for basin and regional water resources and water environment integrated management, in some pilot sub-basins and pilot counties (cities/districts) of demonstrative projects. However, in order to reduce water consumption and control pollutant emissions, the Project may include some technical assistance activities, and small-scale water resources and environmental construction activities. Therefore, the Project will not lead to serious social issues and risks, but on the contrary generate overall environmental and social benefits.

According to the scope of the Project, the Project aims to improve the IWEM level of the selected areas in Hebei Province, and is expected to generate positive impacts. During project implementation, technical assistance activities (e.g., water resources and IWEM studies), and small-scale water resources and environmental construction activities, which may result in minor social impacts, such as land acquisition (LA) and house demolition (HD), including:

- Civil works involved in pilot demonstration and extension, such as WWTPs and rehabilitation of agricultural irrigation facilities, may involve LA and HD, and trigger the Bank policy OP4.12.
- Since the Project requires that innovative technologies and integrated management be extended to 15-20% applicable areas in the Haihe, Liaohe and Yellow River basins, its consequent influence should be pre-cautioned by the project approach, though there won't

-
- be any physical investment but policy advocacy in the three river basin..
- In addition, municipal IWEM plans and action plans developed under the Project (e.g., closing some pumped wells, reducing irrigated area, increasing water charges, increasing costs for reduced pollutant emissions, and even closing down some polluting enterprises) may pose potential social risks to local people, e.g.:
 - 1) IWEM Demonstration in Shijiazhuang: in “Ecological flow in Hutuo River Plain recovery proposals based on water consumption”, it may be necessary to impose emission limits on polluting enterprises, or even close down some seriously polluting enterprises along the Hutuo River to maintain its ecological flow, thereby affecting enterprise and employee income. Such enterprises should be guided to be transformed to green production, and employees provided with skills training and employment assistance.
 - 2) IWEM Demonstration in Chengde: In “Monitoring means and platform, management model and cooperation mechanism for state-controlled section attainment for trunk stream of Luanhe River”, in order to meet the water quality standard: 1) It may be necessary to impose emission limits on polluting enterprises, or even close down some seriously polluting enterprises along the river, thereby affecting enterprise and employee income; employees should be provided with skills training and employment assistance; 2) Rural non-point source pollution within a certain area around the trunk stream should be controlled effectively, which involves control over pesticide and fertilizer use, and may reduce local agricultural income. During implementation, bad cultivation practices should be corrected to realize harmless and green agricultural production, and free skills training offered.
 - In addition, needs of special groups like vulnerable groups and women should also be considered in social impact analysis.

The following components of the Project have been screened preliminarily on social safeguard, as shown in Table 1-1 and **Appendix 9**.

Table 1-1 Preliminary Screening Results of Resettlement Impacts Caused by Components under the Project

No.	Project	IA	Investment (RMB0,000)	Description	Location	Land Use (Ha)	Year	Note (engineering or research project)
1	Second phase of Kuancheng County sewage treatment plant	Kuancheng County government	4500	Pump room, AAO tank, and secondary sedimentation tank etc. Purchase submersible pump, rotary type grille decontamination machine, manual open-close machine, and rotational flow desilting tank.	Kuancheng County	0.8	2017-2019	Water pollution prevention engineering
2	Shi-Jia-Zhuang/MWR: Rehabilitation of Large- and Middle-Scale Irrigation Districts	Shi-Jia-Zhuang Water Bureau and the counties related	9370	The program's goal is to rehabilitate the large- and middle-scale irrigation systems, including 200 KM of canal lining, and development of 13,300 hectares of water saving irrigation areas. The program plans to be implemented from 2017 to 2022.	Ping-Shan County, Yuan-Shi County, Lu-Quan County, and Jing-Xing County	tbd	2017-2022	Water resources
3	Shi-Jia-Zhuang/MWR: Improvement and enhancement of Engineering Works for Wastewater Discharge Outlet in Important Water Function Zones	Shi-Jia-Zhuang Water Bureau and the counties related	12500	The program's goal is to prepare the layout plan of wastewater discharge outlets, and to rehabilitate the wastewater discharge outlet in important water function zones. The program plans to be implemented from 2017 to 2022.	Ping-Shan County and Ling-Shou County.	tbd	2017-2022	Water pollution prevention engineering
4	Shi-Jia-Zhuang/MWR: Development of Water Engineering Management and Service Delivery System	Shi-Jia-Zhuang Water Bureau	1400	The goal is to establish the water supply and allocation system for South-North Water Transfer Projects, and to establish the information sharing platform for water security, and to standardize the service delivery system, and to construct the monitoring and control facilities and the dedicated communication pipelines. The program plans to be implemented from 2017 to 2022.	The program is located in selected places of Shi-Jia-Zhuang.	tbd	2017-2022	Water resources
Total			27770					

1.4. Purpose of this SMPF

The Project involves water resources and environmental construction works, such as WWTPs, organic fertilizer production lines, agricultural irrigation facilities, sewer network construction, small river management and pond dredging, which are scheduled for 2017 and beyond. Their designs and scales are unknown for the moment. It is only possible to prepare a policy document to guide future resettlement, namely the Resettlement Policy Framework (RPF).

The Social Management Policy Framework (SMPF, including SAF, RPF and DDR) is developed to ensure that all measures are taken to avoid or minimize social impacts in all project activities funded by the grant and domestic counterpart funds. Unavoidable impacts will be identified according to the applicable Bank policies, and PRC laws and regulations, and necessary mitigation measures developed and implemented.

The SMPF establishes the objectives, procedure, organizational framework and implementation arrangements for identifying and managing potential social impacts arising from project activities, and public participation and grievance redress mechanisms, and covers social impact screening tools used across all components.

2. Implementation Procedure for Social Management Policies

According to the IWEM plans and action plans under the Project (e.g., closing some pumped wells, reducing irrigated area, increasing water charges, increasing costs for reduced pollutant emissions, and even closing down some polluting enterprises), civil works in pilot demonstration and extension areas may involve LA, HD and resettlement, and pose potential social risks to local people. Social impacts will be screened and alleviated, and management measures developed and implemented through the following steps:

- Step 1—identifying resettlement impacts involved physical investment activities under the Project, e.g., WWTPs, organic fertilizer production lines, agricultural irrigation facilities, sewer network construction, small river management and pond dredging;
- Step 2—screening potential social impacts during management, e.g., closing some pumped wells, reducing irrigated area, increasing water charges, increasing costs for reduced pollutant emissions, and even closing down some polluting enterprises, and minority impacts, identifying social safeguards according to the applicable PRC laws and regulations, and the Bank's safeguard policies, and determining required social safeguard documents;
- Step 3—preparing terms of reference (TORs) for the SA Report, EMDP, RAP and Resettlement Due Diligence Report (DDR);
- Step 4—review of the TORs by the Bank according to the social safeguard policies;
- Step 5—preparing social safeguard documents, and conducting discussion and disclosure;
- Step 6—approval of safeguard documents; and
- Step 7—Implementation, supervision, monitoring and evaluation

2.1. Identification of Potential Social Impacts

The Central PMOs will screen each component for social safeguard policies to identify the nature and scope of its potential social impacts. The screening tools for each component (SA, EMDP, RAP, DDR, etc.) depend on the nature and magnitude of its potential impacts. Since the expected SA needs specialized techniques, the PMOs will appoint qualified social experts and consultants to assist in such task.

The PMOs and their social safeguard experts will work together to screen each component, and identify applicable PRC laws and regulations, and the Bank's safeguard policies, and the safeguard tools required (SA, RAP, DDR, etc.). **Appendix 1** provides a guide for preliminary screening in this regard.

The screening results will be used to identify the type of safeguard documents required for each component.

Social safeguard screening

The PMOs will screen all components for social impacts, including: 1) mode of LA, including due diligence on completed or ongoing LA and HD activities (usually past 3-5 years); 2) necessity of LA (if any), and population affected by involuntary resettlement (permanent and temporary); 3) if the component is in a minority habitat, and its impacts on minority residents; and 4) number of wells closed and polluting enterprises closed down, reduced irrigated area, increased agricultural/industrial water costs, costs for reduced pollutant emissions, etc. under IWEM plans and action plans, and impacts on vulnerable groups and social gender. The PMOs will use the screening tools set out in **Appendix 1** to determine the severity of such impacts, and identify social safeguard documents to be prepared.

In addition, the social safeguard documents should give consideration to social gender development. During project preparation and implementation, social fairness and gender equality will be promoted through extensive, equal participation, and consultation with local enterprise managers and workers (including affected local female workers). Particular attention should be paid to the participation of ethnic minorities and vulnerable groups (including women). Sensitivity to social issues should be maintained during LA, resettlement, and employment assistance for enterprises (if any). Equal participation and social gender sensitivity will be reflected in project activities, such as capacity building, consultation, compensation, and livelihood restoration.

Social safeguard documents

The social safeguard documents of each component depend on its impacts:

- **SA:** If any major social impact is expected to arise in any minority habitat, such as closing

some pumped wells, reducing irrigated area, increasing water charges, increasing costs for reduced pollutant emissions, and even closing down some polluting enterprises, an SA report should be prepared.

- **RAP:** If more than 200 persons are affected by LA and HD, an RAP should be prepared, otherwise an ARAP should be prepared.
- **Resettlement due diligence report (DDR):** If the land for a component has been acquired, a due diligence investigation should be performed on relevant LA activities, and a report prepared accordingly.

2.2. TOR Preparation

After the completion of social safeguard screening for a component, the Central PMOs should prepare a full safeguard screening form of such component to the Bank for review, together with the social safeguard documents required for such component.

After confirmation by the Bank's task force, the Central PMOs will develop the RAP, SA and DDR TORs with the assistance of the social consultants.

If the Project involves LA and HD, OP/BP4.12 will be triggered, and a full RAP or ARAP prepared. If the affected population exceeds 200, a full RAP should be prepared. If the affected population is less than 200, an ARAP should be prepared. Once a full RAP is to be prepared, the Central PMOs will develop TORs with the assistance of experienced social experts. A full RAP should be based on accurate social survey results, and include measures to mitigate negative impacts from resettlement (e.g., compensation for land, buildings and other assets, assistance during the transition period, assistance in livelihood restoration). In order to ensure that necessary resettlement measures will not replace or restrict the use of resources and assets before project implementation, resettlement activities should be implemented together with the project investment plan. See Chapter 4 for the main tasks of the RAP. **Appendix 2** provides the TORs of the full RAP.

See Chapter 3 for the main tasks of SA. **Appendix 3** provides the TORs of the SA Report. See Chapter 5 for the RPF. **Appendix 4** provides the TORs of the DDR.

If innovative technologies and management practices are extended to any minority habitat, OP/BP4.10 will be triggered, an EMDP prepared, and experienced social experts appointed to provide technical assistance. See **Appendix 7** for details.

2.3. TOR Review by the Bank

The RAP, SA, DDR and EMDP TORs will be reviewed and confirmed by the Bank. The Bank's social safeguard experts will pay a site visit to further identify social risks, and confirm or improve the TORs.

2.4. Preparation of Safeguard Documents, Discussion and Disclosure

Preparation of safeguard documents

Once the screening and documentation requirements are accepted by the Bank and confirmed by the government, the project developer will prepare detailed safeguard documents and develop impact mitigation measures with the assistance of the PMOs.

Before the finalization of the safeguard documents, they should be released timely at places that can be reached by primary stakeholders, and in forms and languages that they can understand. Particular attention should be paid to this to ensure that potential APs have sufficient time and obtain drafts before consultation.

For any component requiring RAP, EMDP, SA and DDR, consultation will be conducted at least twice at the preparation stage. The scope of social issues will be identified at the beginning of preparation of the safeguard documents, and consultation on preliminary results conducted before the finalization of the safeguard documents.

All the above safeguard documents to be submitted to the Bank should include Chinese and English versions.

Discussion and disclosure

The level of public consultation and the scope of information disclosure should be consistent with the severity of social impacts of the component. The information to be disclosed should at least include the design and impacts of the component, and recommended mitigation measures. At the design and implementation stages, the above information should be updated and reported to stakeholders. Multiple disclosure modes may be used, possibly including poster, brochure,

newspaper, Web and community meeting. Before consultation, all safeguard documents should be disclosed at public places accessible for APs and other stakeholders in order to lay a foundation for meaningful consultation. The disclosure and consultation mechanism should be planned and specified in the relevant safeguard documents.

Grievance redress

If any affected individual or organization thinks that it is not properly treated under the Project, a grievance redress mechanism is necessary, including: 1) a recording and reporting system, including written and oral appeals; 2) handled by persons designated by local governments; and 3) restriction on appeal handling time. This mechanism will be specified in the relevant safeguard documents. During implementation, the PMOs will perform regular M&E on the operation of this mechanism.

2.5. Approval of Safeguard Documents

The provincial and municipal PMOs should review and approve the social safeguard documents in accordance with the domestic regulations.

The Bank's social experts will review and approve the social safeguard documents. The SA Report, RAP, EMDP and DDR should have been reviewed and approved by the Bank before the component is approved.

2.6. Implementation, Supervision, Monitoring and Evaluation

Implementation

The project developer is responsible for the implementation of the safeguard measures at the implementation stage.

Supervision

The PMOs are responsible for the implementation of the actions related to safeguard approved by the government and the Bank. The Bank's task force will visit the project area regularly during implementation for the purpose of:

- Directing and assisting in the preparation of the safeguard tools;
- Reviewing screening results, reports and safeguard documents; and
- Supervising the implementation of the safeguard tools to ensure that they comply with the Bank's policies.

M&E

The Central PMOs will appoint qualified, experience consultants to perform M&E to obtain key social information on the components and information on the effectiveness of the mitigation measures. For any component requiring an RAP, the Central PMOs will appoint third party independent consultants accepted by the Bank to perform external M&E on RAP implementation. External M&E reports will be submitted to the Bank and the Central PMOs.

3. Social Assessment Policy Framework

3.1. Purpose

The main purpose of SA is to identify the potential social impacts and risks of the Project, and propose measures and suggestions to avoid or minimize negative impacts and enhance positive impacts.

During project preparation, needs of different stakeholders will be collected in a participatory manner so that the Project can benefit more stakeholders, promote local inclusive development, and adapt project preparation, design, construction and operation to the local economic and social development objectives, the local conditions and the development needs of the target population.

3.2. Tasks

The SA agency will conduct SA on public participation and information disclosure, identify primary stakeholders, analyze the Project's economic, environmental, social and other impacts on primary stakeholders, and learn their needs for the Project (IWEM mainly) using the basic data from the baseline survey in order to optimize the project design, ensure the equal participation of stakeholders in the Project, and reflect their suggestions effectively. The main tasks of SA are:

- 1) Identifying primary stakeholders and their needs, and conducting a mutual adaptability analysis;
- 2) Learning attitudes of primary stakeholders (especially vulnerable groups, women and minority residents) to the Project's potential economic, environmental, social and other impacts, and identifying the Project's social risks;
- 3) Learning public perceptions, satisfaction with and ideas about the current situation of IWEM, and meeting primary stakeholders' needs for IWEM and related infrastructure;
- 4) Preparing a social management plan for optimizing the project design, improving information disclosure and promoting public participation through extensive informed participation and consultation, evading project risks, and promoting the realization of the project objectives; and
- 5) Conducting free, prior, and informed consultation in minority habitats to learn their needs, and judging if an EMDP should be prepared based on OP4.10.

In addition, the public should be fully aware of the background, objectives and implementation plan of the Project through communication and sharing during consultation in order to fully involve them in the Project.

3.3. SA Report Preparation and Approval

Since the IWEM plans and action plans are expected to have some impacts (positive and negative), especially for vulnerable groups, and water resources and environmental construction works may involve LA, HD and resettlement, and the extension to the Liaohe and Yellow River basins may involve minority habitats, it is necessary to assess the Project's potential impacts on the affected population, and prepare a social management plan and a public participation plan based on consultation results.

The PMOs will judge if the affected population supports the Project extensively based on free, prior, and informed consultation. If such support is available, the borrower should prepare a detailed SA report. The breadth and depth of analysis in the SA report should match the nature and magnitude of the Project's potential impacts on society and stakeholders. The SA report should include the following:

- 1) Stakeholder analysis

Identifying primary stakeholders involved in the Project, mainly including urban and rural residents, and polluting enterprises affected (positively and negatively) by the IWEM plans and action plans, especially vulnerable groups, and also including local municipal (county/district) water resources bureaus, environmental protection bureaus, etc.

Analyzing primary stakeholders' needs for and attitudes to the Project, their roles, and issues in their interactions

- 2) Poverty analysis and strategy

Learning the poverty situation of the project, analyzing causes of poverty, poverty reduction measures, the Project's poverty reduction effects, and needs of the poor to ensure that the poor benefit from the Project

- 3) Women's needs for the Project

Learning the profile of local women, analyzing the Project's impacts on them and their needs,

and preparing a women's action plan to protect their rights and interests

4) Analyzing the Project's impacts on minority residents (if any) and their needs, and judging if it is necessary to prepare an EMDP (**see Section 4.2 for details**)

5) Social impact analysis

Analyzing the Project's impacts on different stakeholders, including positive impacts and negative risks, thereby identifying, controlling and avoiding the Project's social risks effectively, mainly for affected urban and rural residents, and polluting enterprises

6) Public participation and consultation

Improving public awareness of detailed project planning, identifying their needs for project information disclosure, and establishing a sound information disclosure mechanism based on existing local practices through consultation with primary stakeholders at the preparation stage, thereby optimizing the project design, and ensuring that different stakeholders participate fully and equally in project planning, design and implementation

7) Social Management Plan and implementation

Proposing pertinent policy suggestions and actions to avoid or minimize social risks through risk identification and analysis

8) Grievance redress and M&E

At the preparation, construction and operation stages, a grievance redress mechanism should be established to learn and solve issues with stakeholders arising from the Project. An M&E mechanism will be established to ensure that the Social Management Plan is implemented properly.

SA approval

Before the determination of a component's eligibility for Bank funding, the Central PMOs should submit an SA report that complies with the Bank's social safeguard policies to the Bank for review two months before implementation. Such component will be implemented after review and approval only. The approved SA report should be disclosed on local newspapers and government websites before implementation.

3.4. Institutional and Legal Framework

SA will be conducted on an objective, fair, just, lawful, democratic, scientific and people-oriented basis in order to minimize social impacts and maximize social benefits.

SA will be conducted in accordance with the applicable state, provincial and municipal laws, regulations and policies, and the Bank's social safeguard policies in a participatory, gradual way.

3.5. Principles and Framework for Public Participation

In its participation handbook, the Bank defines public participation as "the process through which a project's stakeholders influence and jointly control their development interventions, decisions and related resources." In order to prevent primary stakeholders from being simply regarded as passive assistance receivers, interviewees or laborers during development, a Bank project is a process that motivates primary stakeholders to influence and control development actions. In order to realize this process, more extensive stakeholders in the economic and related sectors of the whole country should be considered, so that all stakeholders and their relations can be identified, and taken into account at all stages of the Project, so that the poor have easier access to resources, especially financial resources, and the management capacity of primary stakeholders and their organizations is enhanced. The participation framework for primary stakeholders is as shown in Table 3-1.

Table 3-1 Public Participation Framework of the Project

No.	Step	Role of primary stakeholders	Role of government	Role of experts	Outcome
1	Issue analysis and theme establishment	Analyzing family, social and resource issues, and finding out causes	Administrative, political and financial support	Helping primary stakeholders analyze issues, and guiding them to find out causes	True issues are identified accurately.
2	Scope and framework of the Project	Proposing own needs, and establishing a framework for issue solving by relating	Studying if the government can support programs proposed by primary	Giving technically feasible advice to the government and primary stakeholders	The scope of the Project is related to practical needs of primary

No.	Step	Role of primary stakeholders	Role of government	Role of experts	Outcome
		causes to needs	stakeholders	based on issue analysis	stakeholders.
3	Project planning	Developing a project activity schedule based on socioeconomic characteristics, and appointing persons responsible	Reviewing relations between programs of primary stakeholders and government appropriations	Developing a plan together with primary stakeholders to warn against risks	Planned activities comply with socioeconomic characteristics of primary stakeholders.
4	Project implementation	Establishing an organizational system for implementation, and appointing persons responsible	Providing conditions for implementation	Technical support	Beneficiaries are responsible for themselves.
5	M&E	Monitoring own activities and organizes periodic progress evaluation	Participating in M&E	Analyzing M&E results, and reporting to the government and primary stakeholders	Beneficiaries learn the progress of activities timely.
6	Final project evaluation	Evaluating the final effectiveness of own and external inputs	Participating in evaluation on the effectiveness of government inputs	Participating in evaluation on the effectiveness of technical inputs	Beneficiaries evaluate if they benefit.
Role		Decision implementer	Guarantor	Supporter	Unification of roles

3.6. Implementation Process and Financial Arrangements

Implementation Process

The Social Management Action Plan and the Public Participation Action Plan should specify implementation schedules, agencies responsible and funding sources for all proposed activities. At the implementation stage, the Central PMOs will be responsible for the implementation of these plans, and take appropriate measures to enhance positive benefits and mitigate negative impacts.

Financial Arrangements

Funds needed for the implementation of SA, the Social Management Action Plan and the Public Participation Action Plan will be from the project budget, government finance and special funds of competent authorities.

4. Resettlement Policy Framework

4.1. Purpose

Since the Project may involve LA and involuntary resettlement due to detailed design, optimization or for any other reason at the construction stage, the borrower has prepared the RPF, and related principles and guidelines in accordance with the Bank's policy OP4.12 to guide resettlement activities.

4.2. Objectives, Principles and Terms

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;
- Displaced persons 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.

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.

Each RAP should be based on identifiable basic information collected, and include the following 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).

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 RAP 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 RAP shall be supervised, monitored and evaluated effectively and timely.

4.3. RAP Preparation and Approval

The preparation and implementation of the RAP (including the payment of all resettlement costs) will be the responsibility of the borrower. The MWR and the MEP are fully responsible for the Project, and the Project is implemented by the Central PMOs.

When the affected population of the long-listed components exceeds 200, the Central PMOs will prepare an RAP in close cooperation with the provincial and municipal PMOs, and submit it to the Bank; in addition, APs should be fully consulted so that they have a chance to participate in the design and implementation of the RAP.

On the basis of the Operational Policy on Involuntary Resettlement (OP4.12), the RAP will cover the following (if relevant), and anything unrelated to the Project should be specified in the RAP:

- 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;
- 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;
- M&E.

The RAP 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 RAP can compensation, resettlement and restoration activities begin. Such activities should be completed before the commencement of civil engineering.

When the affected population of the long-listed components does not exceed 200, the Central PMOs will prepare an abbreviated resettlement action plan (ARAP) in close cooperation with the provincial and municipal PMOs, and submit it to the Bank; in addition, APs should be fully consulted so that they have a chance to participate in the design and implementation of the RAP.

On the basis of the Operational Policy on Involuntary Resettlement (OP4.12), the ARAP 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.

The ARAP 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 ARAP can compensation, resettlement and restoration activities begin. Such activities should be completed before the commencement of civil engineering.

4.4. Institutional and Legal Framework

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

The PRC has developed a complete legal framework and policy system on LA, HD, resettlement and compensation, including the Land Administration Law of the PRC (amended on August 28, 2004). Within the state legal and policy framework, local governments have promulgated relevant local regulations and policies to manage and direct local LA, HD, 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.

The key laws, regulations and ordinances of the PRC used to prepare this RPF and ensure its legal validity include: 1) laws and policies on LA (see **Appendix 5**); 2) laws and policies on social security (see **Appendix 5**); and 3) laws and policies on HD, including:

- Regulations on House Acquisition on State-owned Land and Compensation (Decree No.590 of the State Council)
- Measures for the Acquisition and Appraisal of Houses on State-owned Land (HC [2011] No.77)

The latest policies will apply in practice.

According to the Notice of the Ministry of Land and Resources on Doing a Better Job in LA Management (MLR [2010] No.238), "All localities shall establish a dynamic adjustment mechanism for compensation rates for land acquisition, adjust compensation rates for land acquisition every 2 or 3 years depending on economic level and local per capita income growth, and improve the compensation level for land acquisition gradually." The LA compensation rates of the Project will be fixed on this basis.

The purpose of preparing the RAP 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 RAP are rational.

APs losing farmland will be entitled to the following compensation and restoration measures:

- Land reserved for resettlement obtained through LA should be used to develop the collective economy with the consent of villagers, offer collective jobs for collective resettlement, generate operating income, etc.
- Where land reallocation is impossible, land-expropriated farmers must be identified. They will be provided with jobs with a remuneration level at least equivalent to their lost income, or receive a resettlement subsidy at 4-6 times the average annual output value (AAOV) of the acquired land in the 3 years before LA. If the former living standard of the APs still cannot be fully restored like this, resettlement subsidy may be increased to 15 times the AAOV.
- If land compensation fees and resettlement subsidy are still insufficient to restore the living standard of the APs, they will receive subsidies from fees on the use of state-owned land.
- Land compensation fees and resettlement subsidy will be paid to the affected village committees, and used to: (1) increase cultivated area if land is available; (2) improve agriculture through irrigation, etc.; and (3) develop nonagricultural income. Like fixed assets, affected young crops, fruit and commercial forests will be compensated for at replacement cost.
- The lost income, young crops and infrastructure, and land restoration costs of the persons affected by temporary land occupation will also be compensated for.
- 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. 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.

The RAP prepared should include an entitlement matrix for the APs. See **Appendix 6** for a sample.

4.5. Implementation Process

The RAP 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 LA. If full compensation is not paid or necessary assistance measures are not available before LA, a transition subsidy should be provided.

4.6. Financial Arrangements

The Central PMOs, and the provincial and municipal PMOs will bear all costs related to LA 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 LA and HD are entitled to compensation or any other appropriate relief measure. For the above reason, the budget in the RAP should include contingencies, which are usually 10% or more of the estimated resettlement budget in order to cover contingent resettlement costs.

The compensation rates specified in the RAP 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 RAP should describe by what means compensation fees are paid by the component owners to the affected villages or villagers. A rationale is that the fund flow should be as direct as possible with minimum intermediate links.

4.7. Public Participation and Information Disclosure

The RAP 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.

At the RAP drafting and finalization stages, the provincial and municipal PMOs should also disclose the RAP to the APs and the public at certain places of the project site and in certain languages. The first draft of the RAP should be disclosed at least one month prior to Bank evaluation. The final RAP must be disclosed again after acceptance by the Bank.

During public participation and the disclosure of the RAP, this RPF was also disclosed in the project area to collect comments from the APs.

5. Resettlement Due Diligence

5.1. Completed or Ongoing Due Diligence Tasks

From September 2004 to June 2011, the GEF Haihe River Project (Phase 1) implemented jointly by the MWR and the MEP was implemented successfully. During the implementation of this project, social safeguard documents were prepared as required by the Bank.

5.1.1. Resettlement Policies

In order to protect the lawful rights and interests of the APs, and ensure the successful implementation of the Project, resettlement will be implemented in strict conformity with the laws and policies of the PRC on LA. The RPF is shown in Table 6-1.

Table 6-1 Resettlement Policy Framework of the Project

Level	Policy document	Effective date
State	Land Administration Law of the PRC	2004-8-28
	Regulation on the Dismantlement of Urban Houses of the PRC (Decree No.305 of the State Council)	2001-11-1
	Guiding Opinions on Appraisal of Urban House Dismantlement	2004-1-1
	Notice on Issuing the Measures for the Appraisal of Acquired Houses on State-owned Land (HC [2011] No.77)	2011-6-3
	Regulations on the Implementation of the Land Administration Law of the PRC (Decree No.256 of the State Council)	1998-12-27
	Decision of the State Council on Deepening the Reform and Rigidly Enforcing Land Administration (SC [2004] No.28)	2004-10-21
	Guidelines on Improving Compensation and Resettlement Systems for Land Acquisition (MLR [2004] No.238)	2004-11-3
	Notice of the State Council on Intensifying Land Control (SC [2006] No.31)	2006-8-31
	Notice of the Ministry of Land and Resources on Formulating Uniform Annual Output Value Rates and Location-based Integrated Land Prices (MLR [2005] No.114)	2005-7-23
	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 (SCGO [2006] No.29)	2006-4-10
	Measures on Public Announcement of Land Acquisition (Decree No.10 of the Ministry of Land and Resources)	2002-1-1
	Urgent Notice of the General Office of the Ministry of Land and Resources on Doing Well in Land Acquisition and House Demolition Management Practically (MLR [2011] No.72)	2011-12-19
Province	Measures of Hebei Province for the Implementation of the Land Administration Law of the PRC (2012)	2012-9-28
	Notice of the Hebei Provincial Government on Strengthening and Improving the Basic Living Security System for Land-expropriated Farmers (HPG [2004] No.37)	2004-6-25
	Notice of the Hebei Provincial Government on Amending Location-based Land Prices for Land Acquisition (HPG [2011] No.141)	2011-12-30
	Notice of the Hebei Provincial Government on Amending Location-based Land Prices for Land Acquisition (HPG [2015] No.28)	2015-6-1
	Implementation Measures of Hebei Province for the Acquisition and Compensation of Houses on State-owned Land (HPG [2012] No.2)	2012-8-1
City/ county	Implementation Measures of Cangzhou City for the Acquisition and Compensation of Urban Houses on State-owned Land (CMGO [2013] No.177)	2013-12-4
	Compensation Rates of Cangzhou City for Relocation and Temporary Resettlement for the Acquisition of Urban Houses on State-owned Land (CJ [2011] No.168)	2011-12-2
	Measures of Cangzhou City for the Assessment of Social Stability Risks for the Acquisition of Urban Houses on State-owned Land (CJ [2012] No.113)	2012-6-20

5.1.2. Availability and Utilization of Resettlement Funds

Fund availability

The survey by the provincial land and resources department shows that the compensation for LA, HD and the affected enterprises has been fully paid by the owner.

Evaluation of fund disbursement and use

In order that compensation fees are paid fully and timely to the APs according to the applicable

policies and rates, a sound fund disbursement procedure has been established, as shown in Figure 6-1 (taking the pilot city of Cangzhou as an example).

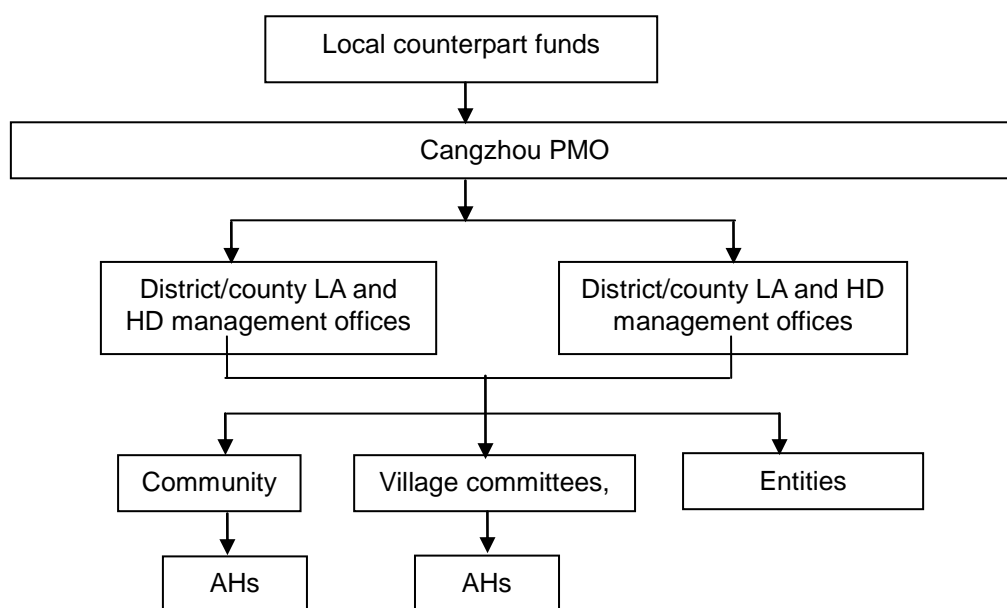


Figure 6-1 Disbursement Flowchart of Resettlement Funds

5.1.3. Resettlement and Restoration

In the Project, resettlement measures for LA include cash compensation, endowment insurance, free training, etc., resettlement measures for demolished rural resident houses include cash compensation at full replacement cost and property swap, and the resettlement measure for demolished non-resident properties is cash compensation, in which the amount of compensation is based appraisal.

Livelihood restoration measures that comply with the state and local policies and practices have been taken to ensure that the living standard of the APs is not reduced.

5.2. Information Disclosure and Grievance Redress

At the resettlement planning and implementation stages, great importance should be paid to public participation and consultation to collect comments from stakeholders extensively, and disclose resettlement information to them.

The LA and HD management offices of the pilot counties (cities/districts) will further confirm LA and HD impacts in advance, which will be further verified by village committees and AHs.

For example, the Cangzhou Municipal Land and Resources Bureau has distributed a statement of compensation rates and resettlement modes for LA and HD to the affected villages, specifying the range of LA, affected villages and groups, preliminary compensation rates, resettlement modes for affected agricultural population, etc., and stating that anyone objecting to the above information may apply for public hearing within 5 working days.

The local county governments have released announcements on LA programs, specifying the range of LA, acquired land types and sizes, compensation rates, resettlement modes for affected agricultural population, etc.

5.3. Resettlement Due Diligence Framework

Since LA may be involved in subsequent implementation, due diligence should be conducted under the SMPF. See **Appendix 4** for the resettlement due diligence framework.

Purpose of due diligence

The purpose of due diligence is to review the LA and resettlement work comprehensively to see if it complies with the Land Administration Law of the PRC, and the provincial and municipal regulations and policies on LA, check the procedures, progress, funding and effectiveness of LA and resettlement, evaluate the APs' production level, living standard and satisfaction, identify outstanding issues, and propose feasible suggestions.

Methods of due diligence

The deskwork and fieldwork methods are used in due diligence mainly.

- 1) Deskwork: collecting and verifying literatures related to the Project and resettlement
- 2) Fieldwork: including sampling survey, FGD, interview, etc.

Key points of due diligence

- Approval process of construction land
- LA and HD policies, and implementation
- LA progress, fund disbursement, compensation rates, etc.
- HD progress, fund disbursement, compensation rates, new house construction, etc.
- Income restoration, new house construction, and satisfaction of APs
- Compensation and resettlement for entities affected by HD
- Vulnerable groups
- Operating efficiency of resettlement IAs
- Public participation and consultation
- Grievance redress

6. Organizational Structure

6.1. Organizational Framework

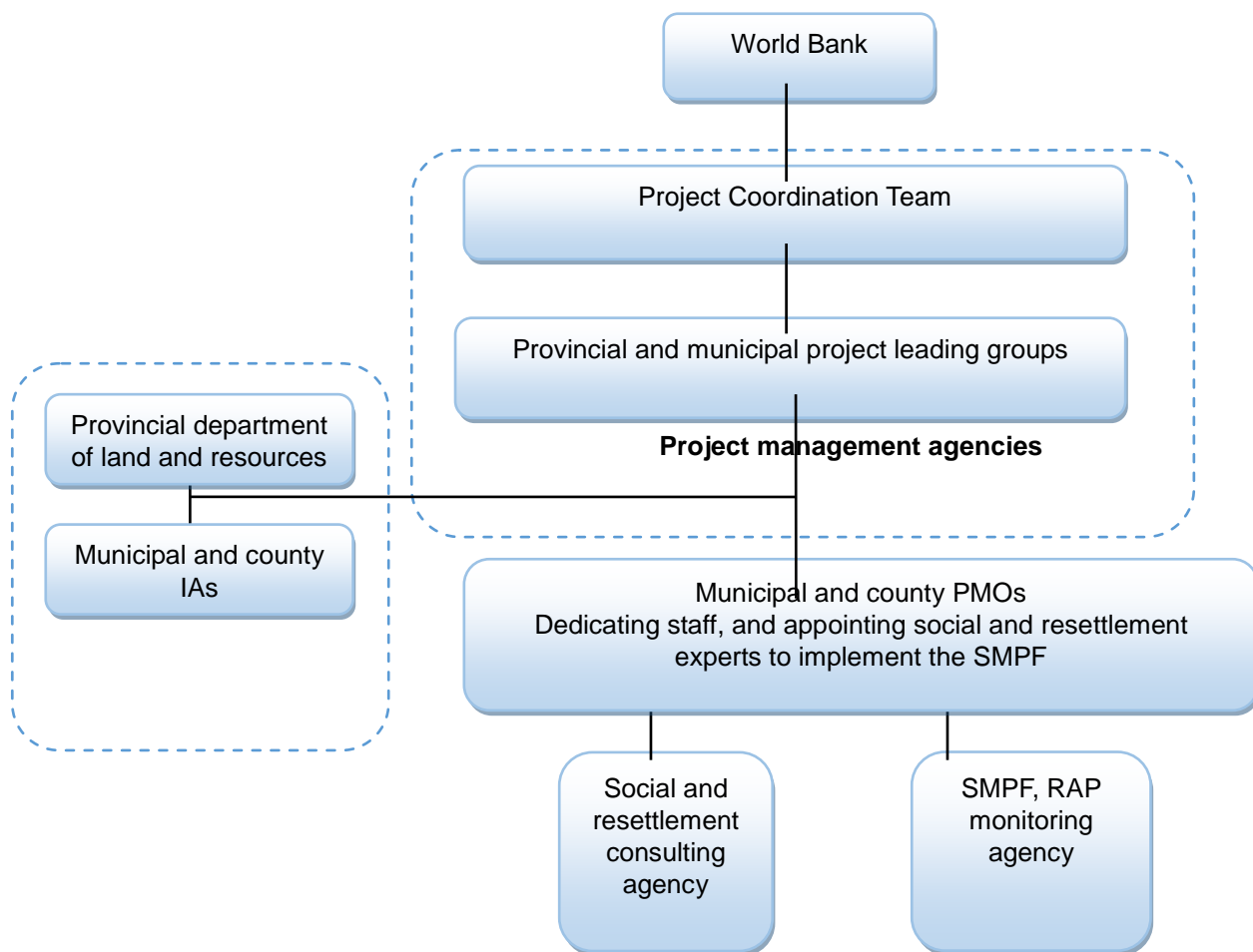


Figure 7-1 Organizational Chart for Social and Resettlement Management of the Project

Bank: supervising the implementation of social and resettlement management, and reviewing and approving the social safeguard documents

Project Leading Groups and the Central PMOs: supervising the implementation of the social safeguard documents; and reporting the same to the Bank regularly

Provincial and municipal project leading groups and PMOs: screening social risks preliminarily according to the approved SMFP, reviewing the Social Management Plan, and reporting the implementation of the Social Management Plan, RAP and EMDP (if any) to the Central PMOs regularly with the assistance of the consultants or consulting agencies

Provincial land and resources department, and municipal/county land and resources bureaus: The provincial land and resources department will approve relevant documents, and supervise the implementation of LA and HD. The municipal/county land and resources bureaus are responsible for preparing relevant documents, and implementing LA and HD.

Municipal PMOs: responsible for project implementation, preparing social management documents and RAPs, assisting in project monitoring and supervision, and submitting progress reports to project management agencies

SA and resettlement consulting agencies: preparing the SA Report, RAP and EMDP

SA and resettlement monitoring agencies: conducting M&E on the Social Management Plan, RAP and EMDP

6.2. Institutional Capacity Building

The project management agencies are responsible for project management, assigning staff to manage social and resettlement risks, and ensuring that the Project is implemented as outlined in the Social Management Plan or RAP. In addition, the project management agencies may appoint

qualified domestic social consultants or agencies for assistance in conducting activities under the SMPF.

The qualified social consultants or agencies appointed by the project management agencies will offer social and resettlement safeguard training to the component management agencies, which will prepare and implement the Social Management Plan, RAP and EMDP with the assistance of the consultants. Such training mainly includes: 1) Bank policies, and domestic laws, regulations and policies related to the Project; 2) potential social risks arising from project preparation and implementation, and preventive measures; 3) RAP and EMDP preparation; and 4) M&E on the social safeguard documents.

7. Monitoring and Evaluation

A social and resettlement M&E mechanism has been established for the Project, including internal and external monitoring.

7.1. Internal Monitoring

Internal monitoring will be implemented by the PMOs. Each PMO will appoint a dedicated monitoring staff member to collect and compile M&E information timely, and prepare two monitoring reports annually for submission. The Central PMOs will analyze monitoring semiannually, and check the implementation progress and process of the SA, RAP and EMDP (if any).

7.2. External Monitoring

External M&E will be conducted by an independent agency appointed by the Central PMOs through public bidding over all resettlement and ethnic minority development (if any) activities of the Project until project completion. Such independent agency may be an academic institution, NGO or consulting firm, but it should have qualified and experienced staff, and its TORs should be accepted by the Bank.

In order that the RAP is implemented effectively as expected, the owner will conduct M&E on RAP implementation. M&E results will be included in quarterly reports for submission to the Bank.

