
IV. Policy Innovation and Practices in the PRC's Risk Management of Land Acquisition Resettlement

Introduction. Along with the PRC's rapid socio-economic development, the problems involved with land acquisition have become ever more prominent with wide implications for program management and social stability. To address these problems, governments at all levels have been exploring new approaches to land acquisition within the framework of the current legal system and have gained some practical experience that can serve as an important reference point for decision making on new types of land acquisition systems and the revision of relevant laws.

A. Policy Innovation at the National Level

In light of the flaws in the land expropriation system, such as low levels of compensation, incomplete implementation of resettlement arrangements and "irrational" procedures, and additional problems created by these identifiable weaknesses in the system, the State Council and MLR have been trying to improve land expropriation and reduce negative impacts on affected populations and society more widely.

1. Improving Laws and Regulations

Since 1999, MLR has attached great importance to improving laws and regulations in a bid to strengthen the administration of land acquisition.¹¹ A series of standard documents and policy measures have been issued to improve the current land acquisition system, such as the Notice of MLR on Strengthening the Administration of

Land Expropriation (No. 180, 1999, MLRs); Measures on Land Acquisition (No.10, 2001, MLRs); Circular on the Enhancing Land Acquisition Compensation and Resettlement (No. 358, 2001, MLRs); Circular on Safeguarding the Legitimate Rights and Interests of the Land-loss Farmers (No. 225, 2002, MLRs); Circular on Further Measures to Strengthen the Protection of Farm Land (No. 388, 2003, MLRs); Regulations on Public Hearing of State Land and Resources; etc., requiring various administrative agencies of land and resources to clearly understand the importance of the land acquisition task, and conscientiously fulfill their duties by tightening supervision of the compensation and resettlement process, following closely the progress of land acquisition after approving it in order to ensure the complete implementation of relevant laws and regulations. In the meantime, efforts should also be made to explore innovative solutions to the land acquisition problem and severely punish violators and, in this way, land use for the PRC's national development can be guaranteed and also the legitimate rights and interests of land-loss farmers.

2. Enhancing Inspection of Land Acquisition Implementation

In recent years, MLR has organized follow-up inspection of land acquisition implementation annually by an inspection team made up of administrative officials and research personnel. During their inspection, the team reviews materials of declaration for approval, compensation and resettlement plan; does on-site investigation; and visits land-loss farmers to follow the implementation process and correct the delayed payment of compensation. In this way, local government's awareness of administration by law has been greatly enhanced and the farmers' right to land has been safeguarded.

¹¹ In the PRC, local governments implement land acquisition. MLR issued a series of department regulations and documents to regulate implementation of land acquisition by local governments and prevent them from encroaching on farmers' rights. It makes sure legally that all of these regulations and documents meet embodiment demand on the current laws.

3. Long-Term Perspective to Reform System

While strengthening administration of land expropriation and fully implementing existing laws and regulations, MLR takes a long-term perspective in exploring reform measures in an effort to find the root causes of the current problems.

In 1999, MLR formally established the task team on the Studies of Land Expropriation Reform and made the team responsible for relevant theoretical studies and on-site investigation. The team has been conscientiously conducting research at the service of national decision making. In 2000, the team was incorporated into the MLR soft science research program. In 2002, the leading group on rural affairs from the central Government and MLR jointly launched research on improving the land expropriation system, and in the same year, land expropriation reform was put on the major research agenda. The research programs have provided the theoretical basis for overcoming the problems in designing the land expropriation system. Meanwhile, since 2001, MLR has launched pilot reform programs in 19 cities.

To resolve the problems that have arisen in land expropriation in the PRC, the key is to resolutely reform the inequitable and cumbersome¹² parts of the prevailing land expropriation system, and to develop a new land expropriation system consistent with social-market approaches toward economic development and also consistent with the current situation in the PRC. Ever since 2003, the Leading Group Office of Central Rural Work has taken the lead to organize relevant departments in drafting central policy documents related to the reform of the land expropriation system. Reform pilot work of the land expropriation system organized by MLR has also been further deepened; and the drafting work of Land Expropriation and Acquisition Rules, and the amending, counseling, and drafting work of relevant articles of the Land Administrative Laws led and organized by the Legislative Affairs Office of the State Council are ongoing.

4. Improving the Prevailing Land Expropriation System

In October 2004, the central Government issued the Decision of the State Council on Deepening Reform and Strengthening Land Administration, on the condition

that no major amendments are made to the laws that made important improvements on the prevailing land expropriation system.

First, it requires higher compensation for land expropriation. The decision points out that land expropriation compensation and resettlement should not only guarantee the restoration of original living standards of the land-taken farmers, but also provide them with security for their long-term livelihoods. The measures on land expropriation compensation should be revised. For those land-taken farmers who have received land compensation and resettlement subsidies—according to existing laws and regulations—but who have received payments that are insufficient to sustain their original living standards or insufficient to pay for the social security costs resulting from land acquisition, the people's governments of the provinces, autonomous regions, and municipalities should approve increases in resettlement subsidies. When the aggregate amount of the land compensation and resettlement subsidies reaches the legal ceiling—and this still does not ensure that land-taken farmers sustain their original living standards—the local people's governments may use the revenue from the paid use of public land to subsidize them.

Second, it puts forward more express policies on resettlement approaches for land-taken farmers. It states that in city planning, the local government should integrate the land-taken farmers into the employment and social security systems of cities and towns; outside the planning, the Government should keep necessary farmland or arrange appropriate jobs for land-taken farmers in its jurisdiction during the acquisition; the land-taken farmers without basic conditions for their production and living should be relocated.

Third, it makes important supplements to land expropriation procedures, especially to preapproval procedures. For example, it requires that before land expropriation is reported for approval according to laws, the land-taken farmers should be advised about the purpose and location of land to be expropriated, compensation standards, and resettlement approaches. Further, the land-taken rural collective economic organizations and farmers should confirm the results of survey on the status of land to be expropriated. And if necessary, the land resources administrative departments should organize hearings according to relevant provisions and take relevant materials known and confirmed by the land-taken farmers as the necessary materials for approval of land expropriation.

¹² There are four problems in the PRC's current land expropriation system, namely, (i) over-wide expropriation coverage, (ii) low compensation level, (iii) faulty resettlement policy, and (iv) impractical expropriation procedure.

B. Local Governments' Policy Measures and Innovations

1. Provincial Government's Policy Measures

In Jiangsu Province, efforts were made to upgrade the standard for land expropriation. Over recent years, with economic and social development and rising living standards in Jiangsu Province, the original standard for land expropriation compensation can no longer meet the changing requirements. Therefore, the provincial government has carried out measures for land expropriation compensation and establishing basic livelihood security pilot units for the land-taken farmers, thus establishing the basic livelihood security system for the land-taken farmers. The whole province will be divided into four areas to carry out the corresponding standards for land expropriation compensation.

The compensation for land expropriation is 10 times the average output of the first 3 years before the land is expropriated. The minimum standards for the average annual output of the first 3 years since the land is expropriated are CNY27,000; CNY24,000; CNY21,000; and CNY18,000 per ha in the first, second, third, and fourth areas, respectively.

Resettlement subsidies for land expropriations are provided according to the number of land-taken farmers. The total extent of expropriated land divided by the area of land per head in rural collective economic organizations before land expropriation determines the number of land-taken farmers. The minimum standards for resettlement subsidies per land-taken farmer are CNY20,000; CNY17,000; CNY13,000; and CNY11,000 in four parts of the province, respectively. The method of calculation has been improved to ensure a more objective assessment of compensation, as well as to reduce subjectivity.

In Zhejiang Province, there are attempts to integrate subsidies into the social security system. The Provincial Party Committee and the provincial government have attached great importance to the security issue concerning land-taken farmers. In the first half of 2003, the provincial labor and social security bureau and other government agencies jointly promulgated Guidelines on the Establishment of Basic Livelihood Security System for Land-taken Farmers (for details, see Article II, second section of Part II, Report IV), specifying the requirements in terms of old-age pension, employment, medical care, minimum

allowances, and professional training. Other cities are trying hard to map out ways to solve this issue. In 2004, the number of land-taken farmers insured totaled 520,000, including 390,000 insured for subsistence in the province.

In addition, other provincial or municipal governments in Shanghai, Chongqing, and Shandong also have formulated relevant policies and measures that have improved the level of compensation and livelihoods.

2. Local Governments' Policy Measures

Some local governments have made great efforts to employ land-taken farmers and to establish their basic livelihood security, greatly improving the affected farmers' living standards (Table 1).

C. Pilot Work for Reform of the Land Expropriation and Resettlement System

Since 2001, MLR has initiated reform experiments of the land expropriation system in 19 cities of 12 provinces (municipalities, or autonomous regions) in the PRC, including Jiaxing and Wenzhou of Zhejiang; Guangzhou, Foshan, and Shunde of Guangdong; Nanjing and Suzhou of Jiangsu; Fuzhou and Xiamen of Fujian; Qingpu District of Shanghai; Shijiazhuang of Hebei; Shenyang of Liaoning; Chengdu of Sichuan; Tongzhou District of Beijing; Luoyang and Xinxiang of Henan; Suihua of Heilongjiang; Ma'anshan of Anhui; and Nanning of Guangxi.

Pilot cities have actively embraced and conducted experiments under the overall guidance of MLR for the reform of the land expropriation system and, in taking account of the practical situations within these different regions, the results have provided models of good practice for the improvement and reform of the existing land expropriation system. Instances of good practice in pilot localities are described in this section of the report.

1. Reforms to Increase Compensation Standards

When assessing land expropriation compensation, many localities (mainly cities) have gone beyond the assessment methods specified in the prevailing laws and instead have made a comprehensive analysis of local conditions, economic development status, local farmers' living standards, and other factors to determine

Table 1: Local Governments' Resettlement Policy Measures

Localities	Measures
Hangzhou City in Zhejiang province	<ul style="list-style-type: none"> - Advances the transition of employment modes for nonagricultural residents turned from agriculture and gives priority to employment support - Grants a 2-year unemployment security to facilitate a balanced transition of the landless laborers' job changes - Formulates a pension policy with "minimum-standard premiums and minimum-standard benefits" - 30% of the lump unemployment insurance and pension premiums paid by the land-taken farmers should be assumed by the municipal public finance
Jiangsu Nanjing Jiangning Development Zone, the Science Park, and Lukou	Setting up employment agencies, providing market-oriented employment services, and assistance for the landless laborers
Ningbo of Zhejiang	Establishing a pension security risk fund system for land-taken persons
Yushan District of Ma'anshan, Anhui	Establishing professional training center for farmers
Liuyang Bio-medical Park Zhuzhou Tianyuan (Economic Development Zone)	Providing free job training
Shangrao County of Jiangxi	Issuing the Provisional Measures on Employment and Reemployment of the Landless Farmers in the Planning Urban Area of Shangrao Country

Source: Matrix prepared by China Land Surveying and Planning Institute (CLSPI).

a relatively fixed measurement standard within a wider area (for instance, taking a township or village as the unit of analysis), rather than simply calculating on the basis of average annual output of the land-loss farmers' expropriated land for the preceding 3 years. Even when assessing agricultural output as one of the factors in a wider location analysis, at least it is a comprehensive measure of average annual output based on conditions for farmers generally in the local area.

Thus, location factors of the land under consideration are taken into account when determining land compensation and resettlement subsidy standards, and differentiated by the acquisitioned land's transport links, distance to the local city, and grade of city.¹³ For example, Suzhou divides location according to "urban districts and county-level cities", while Nanjing divides according to "main urban areas, urban districts, and five counties"—both of which directly exhibit location conditions related to cities and to their grades. Shunde and Foshan tried uniform standards for land expropriation compensation and resettlement within the scope of the whole city, as well as increasing their

standards for land expropriation compensation. Early in 2000, Shunde increased the standard for land expropriation compensation by 47% in combination with consideration of local market living requirements. The municipal government also provided that it would make corresponding adjustments on this standard according to the retail price index for the last year publicized by the price administrative department. After beginning reform pilot work, the municipal government expressly provided in relevant documents that, if the land of the former administrative villages, which have been changed to neighborhood committees, was used for urban construction, the standard for land expropriation compensation would move upwards by 15% of the original basis. Foshan reassessed its standards for land expropriation compensation by reassessing the whole city's land compensation fees and resettlement subsidies. The new standard was 36% more than before.

2. Ways to Resettle Land-Taken Farmers

Good practice is to purchase pension insurance for land-taken farmers, as represented by the social pension insurance scheme initiated by Jiaying of Zhejiang, and a commercial pension insurance resettlement tried out in Suzhou. After Jiaying had reformed its methods of resettlement, the land expropriation work was uniformly

¹³ The grade of city is decided by the economic indexes (including Gross Domestic Product [GDP]), per capita income, consumption level, investment in real estate, and growth rate). Grade A cities are provincial capitals and municipalities directly under the central government, such as Shanghai, Shenzhen, Guangzhou, and so on. Grade B refers to the economically developed cities, such as Shenyang, Changchun, etc. Grade C refers to ordinary cities, such as Tangshan, Qinhuangdao, etc. Grade D refers to relatively economically developed counties, such as Zhangjiagang, Kunshan, Jiaying, Yueqing, Yiwu, etc.

planned and handled by the local government. The resettlement subsidies were not paid directly to the land-taken rural collectives and farmers, but were instead transferred by government departments to a resettlement special-purpose account established by the labor department, from where they go to the accounts of each resettled individual. The land-taken farmers are registered as urban householders and are subject to different standards for living expenses and pension fund payment, and also according to different ages. Suzhou divides the land-taken farmers requiring resettlement into three levels according to age, and purchase commercial pension insurance according to these criteria, and then insurance companies pay out from pension funds on a monthly basis. Chengdu and other large cities have also started to establish pension insurance systems for landless farmers.

The practice of pension insurance has the potential to resolve long-term livelihood security problems of land-taken farmers, especially old-aged landless farmers after land is acquisitioned, and may be significant in maintaining social stability. However, it does not fundamentally solve employment problems for surplus young laborers. Unemployment among this sector of the population has the potential to undermine social stability. As a result, in addition, many regions have explored diversified resettlement modes in an attempt to meet the demands of farmers across a range of risk factors.

Wenzhou, Foshan, Shunde, and other localities have also tried to give farmers long-term livelihood security by leaving aside some land for resettlement. For example, on the basis of land-use resettlement indicators, Wenzhou had the regional government reassign a proportion of the acquisitioned cultivated land area for the use of a land-taken rural collective economic organization to engage in operations in the secondary industry or the service sector. This system has been in operation in these cities for some 10 years and is liked by the people.

Some local governments have made great efforts to employ land-taken farmers and to establish basic livelihood security for them. For example, Jiangsu Nanjing Jiangning Development Zone, the Science Park, and Lukou all set up employment agencies, providing market-oriented employment services and assistance for the landless laborers.

The practice of Hangzhou, Zhejiang, is that after handling unemployment registration, landless laborers meeting the specified conditions may apply

for a Hangzhou Employment Aid Certificate and enjoy the same policy treatments for assistance as for urban residents with employment difficulties. Yushan District of Ma'anshan, Anhui, has established a vocational training center for farmers, according to the model of "seeking governmental support, making market operation, adjusting measures to local conditions, and getting trained nearby," with the aim of further developing the farmers' skills training and, thus, improving translocation and the employment potential of rural laborers.

3. Improve and Standardize Procedures and Practices

A further aspect of good practice identified in the course of this research is that before approving land expropriation, it is necessary to discuss with land-taken villages the standard for land expropriation compensation or sign a land expropriation compensation and resettlement agreement. According to relevant provisions of the Land Administrative Law, after "land acquisition plans" prepared by local governments are approved, land expropriation compensation and resettlement plans specific to each expropriated unit or individuals should be made. However, it has to be recognized that due to verification of land characteristics (such as authorization of the output standard per mu, determination of compensation multiples, and other problems) it is often difficult to reach an agreement with the land-taken farmer collectives or individuals, which may bring conflict and affect implementation of land expropriation. In this regard, after making a land expropriation survey, Wuxi of Jiangsu first negotiates with the municipal (district) governments of the land users and the expropriated units, and reaches uniform land expropriation agreements, and then has the municipal (district) governments, bureau of land resources, and land users jointly negotiate with the expropriated villages to formulate land price plans, and land compensation and resettlement plans. The land resources administrative department thereafter reports for approval of land acquisition on a step-by-step basis according to the reporting procedures specified by the law. Many pilot cities have a form of land expropriation agreement, and sign agreements with the expropriated units before applying for approval of land expropriation, or at the time of land expropriation compensation registration, and combine such agreements with the procedures of "two announcements and one

registration.” Since agreement has been reached with the expropriated villages on land expropriation compensation, resettlement measures, and other issues before land expropriation has been announced, land expropriation plans can be successfully implemented after approval, avoiding conflicts over disagreement with standards for land expropriation compensation after the announcement.

Finally, some pilot study localities have implemented a land acquisition “advance notice” system with various levels and types of consultation. For instance, Heilongjiang implements a system of “advance notice on land expropriation” that is, after the land expropriation preliminary survey and before preparation of land expropriation plans, by holding a village representative assembly, issuing an advance notice on land expropriation, advising about the place, scope, and other information of land proposed to be acquired, publicizing the results of verification on land assessment and, after these are confirmed by each party, using them as a basis for preparing “land acquisition plans” and for conducting land expropriation compensation registration. Before preparing “land acquisition plans,” Chengdu, for example, has the municipal or county land resources administrative department publicize the results of surveys at expropriated villages, and accepts deputations from collectives and addresses the issues raised.

D. The Reform of the PRC's Land Expropriation System

At the beginning of the 1990s, domestic scholars were appealing for a reform of the land expropriation system; this triggered an ongoing discussion of land

expropriation issues at the theoretical level, providing a basis for reform of the land expropriation system.

From 1999 to 2001, theoretical reviews and on-site surveys were conducted by MLR, which set up a task team in 1999 for a “study on reform of the land expropriation system” in 1999 which engaged in a theoretical review and on-site survey work, and putting forward preliminary proposals on the reform of land expropriation system. In 2000, the topic of “study on reform of land expropriation system” was formally listed in the policy research plan of MLR.

In August 2001, MLR held a forum on the reform experimental work of the land expropriation system in Foshan, Guangdong. The launch of the first batch of reform pilot work on the land expropriation system in nine cities indicated that the reform process was under way and the reform of the land expropriation system had taken the essential first step.

In 2002, the reform of land expropriation system made an important step forward with the listing by MLR of the reform issue of land expropriation system as part of its key policy research plans, and it further clarified the direction of the reform and put in place a second batch of reform pilot work in 10 more cities. In the meantime, the Leading Group Office of Central Rural Work and MLR jointly conducted a survey and study on “improving the land expropriation system”, the results of which would provide the leaders of the State Council a solid basis for decision making.

In 2003, on the basis of the pilot work and studies undertaken in preceding years, the relevant articles of the LAL were amended, and preliminary work began within the relevant departments of the State on drafting the Land Expropriation and Acquisition Rules.