

Resettlement Planning Document

Resettlement Framework
Project Number: 39652
May 2006

People's Republic of China: Gansu Heihe Hydropower Development Project

Prepared by Gansu Heihe Hydropower Company for the Asian Development Bank (ADB).

The Resettlement Framework is a document of the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff, and may be preliminary in nature.

CURRENCY EQUIVALENTS

(as of 01 January 2006)

Currency Unit	–	yuan (CNY)
CNY1.00	=	\$0.124
\$1.00	=	CNY8.083

ABBREVIATIONS

ADB	–	Asian Development Bank
HPP	–	hydropower plant
MFF	–	multitranche financing facility
MW	–	megawatt
PRC	–	People's Republic of China
RP	–	Resettlement plan

NOTE

In this report, "\$" refers to US dollars.

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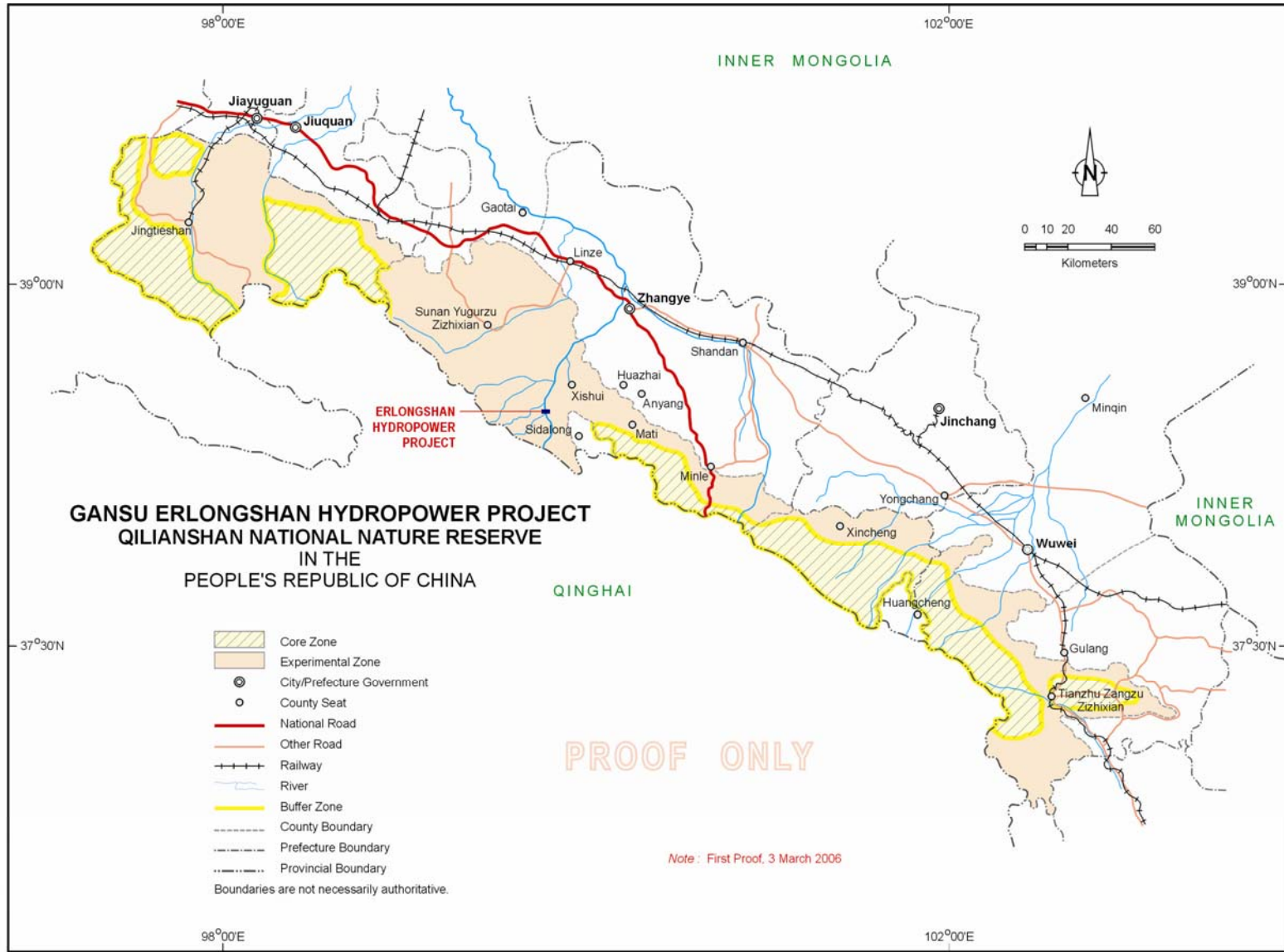
GANSU ERLONGSHAN HYDROPOWER PROJECT IN THE PEOPLE'S REPUBLIC OF CHINA



PROOF ONLY

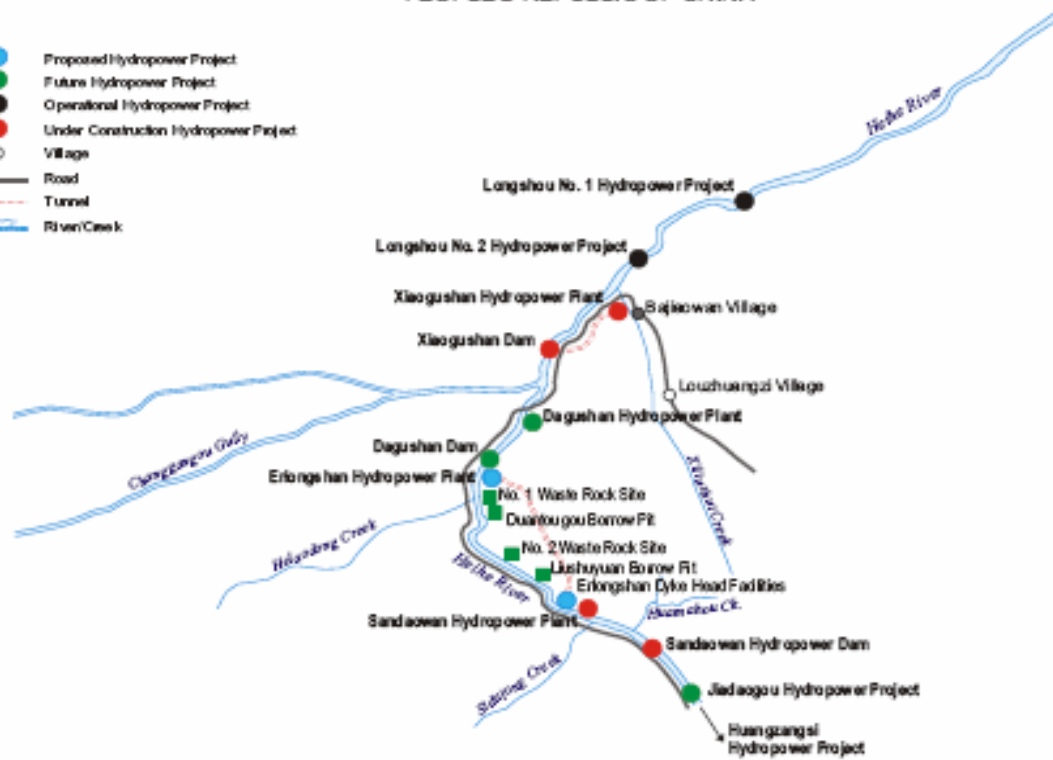
- Provincial Capital
 - City/Town
 - National Road
 - Other Road
 - +—+ Railway
 - River
 - Provincial Boundary
 - International Boundary
- Boundaries are not necessarily authoritative.

Note: First Proof, 3 March 2006



GANSU HEIHE HYDROPOWER DEVELOPMENT PROJECT
Distribution of Construction Sites of
Erlongshan Hydropower Project
IN THE
PEOPLE'S REPUBLIC OF CHINA

- Proposed Hydropower Project
- Future Hydropower Project
- Operational Hydropower Project
- Under Construction Hydropower Project
- Village
- Road
- - - Tunnel
- River/Creek



Note: Not to scale

Map 3

I. INTRODUCTION

1. This Resettlement Framework has been prepared to summarize the impact of involuntary resettlement issues relating to the Dagushan Hydropower subproject and other possible subprojects (the Subprojects) on the Heihe river cascade in Gansu Province in the People's Republic of China (PRC). The framework was prepared in accordance with the Asian Development Bank's (ADB's) *Involuntary Resettlement Policy*.

2. The Subprojects are located in Zhangye city, Gansu province, PRC, which has a relatively high poverty rate of 29.3%. Zhangye city has been facing chronic electricity shortages for several years due to low installed generation capacity in the city and large distances from the main power plants of Gansu province. Associated high transmission losses result in unreliable (frequent outages) and low quality service (low end voltage electricity). The frequent interruptions of electricity supply have been a major factor inhibiting the economic development of Zhangye city. The power shortages are anticipated to become more acute based on projected demand growth. The accelerated implementation of hydropower plants on the Heihe river cascade scheme is a key priority of the Zhangye city government in its 11th five-year plan to meet part of the expected electricity shortage in an environment friendly manner. ADB has previously supported development of the Gansu Clean Energy Development Project¹ on the Heihe river cascade scheme. It included construction of a 98 megawatt (MW) Hydropower Plant (HPP) on the Heihe River at Xiaogushan.

II. PROJECT DESCRIPTION

3. The first tranche under the proposed Multitranche Financing Facility (MFF) is Erlongshan HPP, which consists of a 50.5 MW 'run of the river' hydropower facility on the Heihe River cascade. Under the MFF, maximum two more projects will be financed on the same cascade, one is 59.5 MW 'run of the river' hydropower facility at Dagushan and the other is at the upstream of Dagushan. The Projects are located within Sunan County, in Zhangye city with altitude of 2,100 m. The Projects location is presented in Map 1, Map 2, and Map 3. The Projects are likely to construct the following facilities:

Buildings:

- (i) Temporary workers accommodation and permanent office and residential building.

Power Station Structures:

- (i) Open water intake canal, front pool and water discharge canal.
- (ii) Water intake tunnel and pressure regulation shaft.
- (iii) Power House and pressured water channel.
- (iv) 110 kV substation.

Borrow Pits:

- (i) Waste rock areas and borrow pits.

¹ ADB. 2003. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the People's Republic of China for the Gansu Clean Energy Development Project*. Manila (Loan 2032-PRC).

III. LEGAL FRAMEWORK

4. This Resettlement Framework is in accordance with the PRC Land Administration Law (1998), the Grassland Law (1985) and relevant local government regulations, which clarify land rights and provide a basic legal structure and policy framework for addressing all land acquisition and resettlement issues. This Plan also includes measures to ensure compliance with the social safeguards of ADB.²

5. The Standing Committee of the People's Congress of Gansu Province approved the Administrative Regulations of Grassland of Sunan Yugur Autonomous County on 15 December 1995. The General Regulations state on page 12, item 6:

“For the confiscation of natural grassland for construction use by the state or collectivities, the grassland compensation should be calculated based on the annual production of grasses, and the fee should be ten times that and should be paid at one time. For occupying artificial grassland the total investment for the grass construction should be added to the compensation fee, and also the livelihoods of herders should be properly arranged and the resettlement subsidies of the herders should be paid. The resettlement fee is settled by negotiation between the occupier, the affected households and the township and village governments and based on the replacement cost of permanent structures such as houses, animal sheds, sheep folds, etc.”

6. The Executing Details for the regulations state on page 6, item 4:

“For occupation of natural grassland needed for construction by the state or collectivities, the grassland compensation fee and the herders' resettlement subsidies should be paid at one time, before occupation of the grassland. For the confiscation of artificial grassland and fenced grassland, the total investment for the construction of the artificial grassland and fenced grassland should be added. The compensation fee should be used in the grassland construction projects that are done by the district and township governments and passed through the husbandry administrative departments. The herders' resettlement subsidies should be given to the affected households. The collecting standard of grassland compensation fee and the herders' resettlement subsidies is constituted by the autonomous county government.”

7. **Lost housing and assets on the land:** Compensation for demolished or affected housing, other buildings, irrigation canals, fences, trees and young crops belonging to enterprises, collectives or individuals must be paid directly to the owners.

8. Decision of the State Council on Deepening Reform and Tightening Land Administration (State Council Decree 28 of 2004): The Decree 28 stipulates that in case the compensation of requisitioned land and resettlement compensation still cannot maintain the same living standard of the resettlers as before land requisition, the resettlement compensation may be increased further. The total compensation for requisitioned land and resettlement compensation can exceed 30 times the yearly average output value of the land in the previous 3 years. The extra fund will be paid by the local governments. Purpose, place, compensation standards, resettlement programs should be told to the affected farmers beforehand, if necessary public hearings should be organized by land resource departments. Related government departments should pay more attention to the monitoring and supervision of land fee payment and use.

² ADB. 1995. *Policy on Involuntary Resettlement*. Manila.; and ADB. 1998. *Policy on Indigenous Peoples*. Manila.

9. Opinion of Gansu Provincial Government on Deepening Reform and Tightening Land Administration (Gansu Provincial Government Decree 48 of 2005) gives the detailed stipulation as follows:

- (i) If the per capita cultivated land holding of the collective, whose land will be acquired, is more than 1 mu, the combined total of land compensation and resettlement subsidy should not be lower than 16 times the yearly average output value of the land in the previous 3 years.
- (ii) If the per capita cultivated land holding of the collective, whose land will be acquired, is between 0.5 mu and 1 mu, the combined total of land compensation and resettlement subsidy should not be lower than 22 times the yearly average output value of the land in the previous 3 years.
- (iii) If the per capita cultivated land holding of the collective, whose land will be acquired, is less than 0.5 mu, the combined total of land compensation and resettlement subsidy should be 30 times the yearly average output value of the land in the previous 3 years.

10. ADB's policy on involuntary resettlement includes the following principles:

- (i) Involuntary resettlement should be avoided where feasible.
- (ii) Where population displacement is unavoidable, it should be minimized by exploring all viable project options.
- (iii) People unavoidably displaced should be compensated and assisted, so that their economic and social future would be generally as favorable as it would have been in the absence of the project.
- (iv) People affected should be informed fully and consulted on resettlement and compensation options.
- (v) Existing social and cultural institutions of resettlers and their hosts should be supported and used to the greatest extent possible, and resettlers should be integrated economically and socially into host communities.
- (vi) The absence of a formal legal title to land by some affected groups should not be a bar to compensation; particular attention should be paid to households headed by women and other vulnerable groups, such as indigenous peoples and ethnic minorities, and appropriate assistance provided to help improve their status.
- (vii) As far as possible, involuntary resettlement should be conceived and executed as a part of the project.

IV. ENTITLEMENTS

11. The affected households received entitlement in accordance to the type of impact, their eligibility and compensation standards set out in Table 1.

Table 1: Entitlement Matrix

Type of Loss	Entitled Persons	Compensation and rehabilitation measures	Implementation Issues
I. LOSS OF LAND USE			
Temporarily affected agricultural land	Households with land use rights or lease rights	Cash compensation for loss of income potential (2 times AAOV per year). Compensation for green crops and trees Restoration of land to its previous or better quality.	Temporary use of land will range from 6 to 18 months
Permanently affected agricultural land	Households with land use rights	Cash compensation for loss of income potential (8 times AAOV per year). 100% of subsidies and compensation should go the affected individual households.	Land registration and transfer fees will be paid by the Project to the land user. No further taxes will be owed.
Permanently acquired residential or commercial land	Households with land use rights	A new housing/commercial plot will be provided of equivalent size and accessibility, or cash compensation.	Cost of the plot and fees will be paid by the Project.
	Households with lease rights (e.g., market stalls)	A new housing/commercial plot will be provided of equivalent size and accessibility, or cash compensation.	
Permanently acquired main grassland	Households with land use rights	10 times the value of the annual grass productivity (kg/mu x Y/Kg).	Land registration and transfer fees will be paid by the Project. No further taxes will be owed.
Permanently acquired desert slope grassland	Households with land use rights	eight times the value of the annual grass productivity.	Land registration and transfer fees will be paid by the Project. No further taxes will be owed.
Temporary acquired grassland	Households with land use rights	10 times the value of the annual grass productivity (kg/mu x Y/Kg) After the construction is completed, the land occupied by the Project will be restored by the project contractors and returned to the affected persons.	Compensation is at full replacement cost for labor and materials, without deduction for depreciation or salvageable materials.
II. LOSS OF HOUSES & OTHER STRUCTURES			
Affected houses and structures (private or public)	Registered owner of house/property and non-titled occupants of structures	Compensation in cash for affected houses and structures based on size and quality of construction and compensation standards. Compensation is cash for attachments to the house (e.g., fences, walls, wells, drying areas, etc.).	Compensation is at full replacement cost for labor and materials, without deduction for depreciation or salvageable materials.

Type of Loss	Entitled Persons	Compensation and rehabilitation measures	Implementation Issues
III. LOSS OF CROPS AND TREES			
Green crops	Owner of crops	Owner will be compensated for the loss of the green crops at current market value of the mature crop.	Paid directly to owner.
Scattered trees	Owner of trees	Owner will be compensated based on type and age of tree and current market value.	Paid directly to owner.
IV. LOSS OF COMMON PROPERTY RESOURCES			
Irrigation facilities	Affected villages and households	Restoration of irrigation facilities to at least previous condition.	The Project will be directly responsible.
Domestic water supply sources	Affected villages and households	Water supply will be guaranteed to all APs, either through protection/restoration of the existing source or provision of new water supply facilities.	The Project will be directly responsible.
V. REHABILITATION MEASURES			
Housing transition allowance	For relocating APs that are required to relocate	Households will receive a transition allowance of 1000 yuan to cover cost of moving, damages, medical costs.	
Business transition allowance	For owners of businesses to be moved	Owners will receive compensation for lost income equivalent to 2 months net earnings.	
Special assistance for vulnerable households	Households categorized as vulnerable (very poor, single parent, elderly, disabled, or national minorities)	Households will receive priority for construction jobs and permanent staff employment for one member each. Households will receive priority for other poverty reduction programs.	

AP = affected person, AAOV = average annual output value per mu, AAOPM = average annual output per mu.

V. COMPENSATION STANDARDS

12. Following the national laws and provincial regulations and ADB policy, this Resettlement Framework has established entitlements, minimum compensation rates and rehabilitation approaches to address anticipated types of project impacts.

A. Land Compensation

13. For permanent land acquisition, land compensation and resettlement subsidies are calculated in accordance with local regulations and the average annual output value (AAOV) in the past 3 years. The agreed minimum standards are as follows (the compensation standard for cultivated land will not be mentioned here because there is no cultivated land acquisition in this project). CNY60/mu/year is applied for main grassland which is higher than average expected annual income of household from one mu of grassland (CNY6/mu/year):

- (i) Cultivated land = 16 times AAOV (to be determined if applicable)
- (ii) Main grassland = (6+4) times AAOV 100kg/mu times RMB 0.60/kg = RMB 600/mu

- (iii) Desert slope grassland = (5+3) times AAOV 70kg/mu times RMB 0.40/kg = RMB 224/mu

14. Households that have housing or commercial plots affected by the Project will have the option to receive replacement land nearby or cash compensation. For permanent land loss, all agreed compensation, including land compensation and resettlement subsidies, will be paid by the Project to the Township Land and Resources Office. Then, the Township will make direct payment either to the village committee or the affected household, or both, depending upon the compensation option agreed upon.

15. For temporary land occupation, the Project will make payment directly to affected persons based on average annual yield of different types of cultivated lands or grasslands. The compensation fee will be 10 times the AAOV for the number of production seasons between when the land is taken and when it is restored in productive condition. The Project is expected to occupy the land for maximum 3 years. The Project will restore the land to its original condition.

16. The compensation for green crops that could not be harvested due to permanent or temporary land acquisition will be paid by the Project directly to the affected individuals at the market value for the mature crop.

B. House Relocation

17. For demolished houses and other structures, the affected household is entitled to full replacement value of lost structures (including labor cost and without depreciation or deduction of salvage materials). The village will provide the affected household a comparable or better housing plot, site leveling, registration fees, restoring infrastructure (latrines, drainage, electricity and water connections) and transition allowances (for moving, damages, lost work time, medical costs). The following are the minimum compensation standards to be used:

- (i) brick or concrete houses = 350 yuan per m²
- (ii) wood brick and earth houses = 280 yuan per m²
- (iii) other living houses = 180 yuan per m²
- (iv) others structures (kitchens, animal sheds, storage) = 80 yuan per m²
- (v) other attachments (wells, walls, fences, latrines) = to be determined and mutually agreed
- (vi) transition allowance (for relocated households) =1,000 yuan per household

18. The above compensation will be paid directly to the affected household/owner. The affected households will rebuild their houses by themselves (or by contract) with compensation received and construction materials from their old houses. For those vulnerable households, the Township will provide assistance in house rebuilding.

C. Other Assets

19. The following will be adopted as minimum standards for other types of compensation: For demolished animal shed, the affected household is entitled to full replacement value of lost structures (including labor cost and without depreciation or deduction of salvage materials). The following are the minimum compensation standards to be used:

- (i) young fruit or poplar trees = 25 yuan a piece
- (ii) mature fruit trees = 80 yuan a piece
- (iii) Seasonal herding camp = 80 yuan per m²
- (iv) Timber Trees = 180 yuan per piece ($\varnothing < 20$ cm)

20. The above compensation will be paid directly to the affected household/owner. The above compensation was paid directly to the affected household/owner. The animal shed was rebuilt by the Project.

D. Rehabilitation and Income Restoration

21. In general, the impact of the Project will be very minor in most cases. However, some households may be seriously affected or may risk becoming worse off, despite the full payment of compensation. Such households will receive the following entitlements:

- (i) try best to hire project construction labor (one or two persons);
- (ii) project company will supervise and urge the contractors to train the hired persons and give preference to women labors;
- (iii) priority for involvement in local poverty reduction programs.

VI. CRITERIA AND ELIGIBILITY FOR COMPENSATION

22. The compensation and rehabilitation will be provided for all affected persons under the following conditions:

- (i) if their land area or income source will be removed due to land acquisition of the project;
- (ii) if their houses (or residential plots) will be demolished or partly damaged due to the land acquisition;
- (iii) if their other properties (crops, trees, and other facilities) or access to these properties will be removed or damaged due to land acquisition or construction of the project.

23. All affected persons, regardless of their legal status, will be provided compensation and rehabilitation based on the policies adopted by the project. Lack of legal paper of their customary rights of occupancy certificates shall not be an obstacle for obtaining compensation for them. It should also cover resettlement resulting from complementary activities that are not part of the ADB-assisted investment projects, but are necessary to achieve its objectives as set forth in the project documents. The policy applies to all affected persons regardless of the total number affected or the severity of impact. Particular attention is to be paid to the needs of vulnerable groups among those displaced—especially those below the poverty line, the elderly, women and children, indigenous groups and ethnic minorities.

VII. RESETTLEMENT FUNDING, COST ESTIMATE, FLOW AND CONTINGENCIES

24. The cost of potential land acquisition and resettlement will be included in the total project cost. A detailed cost estimate of the compensation and resettlement will be developed and included in the Resettlement Plan (RP). The project owner will make funds available for implementing land acquisition and resettlement, and will be responsible for any cost overrun. The minimum contingencies have to be 10% of total estimated resettlement cost.

VIII. CONSULTATIONS AND PARTICIPATION

25. During the preparation of subprojects, extensive consultation will be carried out by the project owner and concerned local governments with affected people and villages, regarding the potential resettlement impacts, compensation policies, and rehabilitation measures as well as grievance procedures. The affected people are invited to voice their opinion on the project, and participate in land measurement survey.

26. After preparation of the RP with detailed compensation standards and rehabilitation measures, they will be disclosed to the affected people and villages. The public disclosure of the RP could be carried out by holding meeting, putting up notice in the affected villages and distributing resettlement information booklet to the affected people.

IX. GRIEVANCE REDRESS MECHANISM

27. The consultation with the affected persons shall be conducted during the project preparation. The affected households shall attend to the land measurement survey for land acquisition and verified the land to be acquired and compensation standard shall be discussed. A copy of survey result shall be given to the affected households.

28. Complaints and grievance procedures for land acquisition in PRC are well established. Grievances will first be lodged with the village committee. If no settlement is reached within 2 weeks, the complainant has 1 month to elevate the grievances to Xishui Township Government of Sunan County. If it still unresolved within 2 weeks, the case can be sent to and settled by negotiation at the Project Company office.

X. INSTITUTIONAL ARRANGEMENTS

29. Project Company is responsible for the preparing RP both in Chinese and English version upon completion of land measurement survey and submits it to ADB within 1 month from land measurement survey for review and approval. Once the RP is approved by ADB, Project Company will implement it in accordance with the provisions stated herein as well as the relevant local laws.

30. Project Company will assign one resettlement officer to deal with implementation of land acquisition and liaise with affected households and other relevant government offices. Local governments (Sunan Grassland Management Office and Township Government) is responsible for carrying out the formal land compensation and transfer procedures. This is handled by Xishui Township under the supervision of the Sunan County Land and Resources Office and Sunan County Grassland Management Office).

31. Both Project Company and local governments (Sunan Grassland Management Office and Township Government) are responsible for maintaining records of project impacts, compensation and related documents. The village committees will provide support to the affected households to ensure proper implementation, including information dissemination, adequate consultation, effective grievance procedures, asset measurement and valuation, compensation payments, and rehabilitation measures, skills training and employment. The Sunan County Audit Office will regularly check that compensation funds are properly administered.

XI. IMPLEMENTATION PROCESS

32. The following steps will be carried out by the Project Company in order to ensure the resettlement policy framework is being complied.

33. **Land Measurement Survey and Socio-Economic Survey.** Once the proposed site is confirmed and preliminary design is approved, the land measurement survey of the project site will be carried out by relevant resettlement implementation agency, with the participation of affected households, staff from project owner, and officials from concerned township and villages. During the survey, scope of land acquisition and demolition impacts for all affected households will be carefully measured, and confirmed by the affected people. Also, a socioeconomic baseline survey including gender analysis will be conducted for 100% of affected households. Same format of Erlongshan HPP's RP has to be followed.

34. **Consultation with Affected People.** The compensation policies and rehabilitation measures in the RP will be consulted with affected villages and individuals. The comments and feedback from local governments and affected people will be reviewed by the project owner and considered in the RP finalization.

35. **Prepare RP.** Based on detailed impact survey, a RP including compensation rates, budget, livelihood rehabilitation plans, and monitoring arrangements will be prepared by the project owner based on this resettlement policy framework. Same format of Erlongshan HPP's RP has to be followed. The RP should be submitted to ADB for review and approval at least 3 months prior to acquisition of the land.

36. **Disclose the RP policy to the Affected People.** After finalization of the RP with detailed compensation standards and rehabilitation measures, it will be disclosed to the affected people, villages and relevant government offices. The public disclosure of RP could be carried out by holding public meeting, putting up notice in the affected villages, or distributing resettlement information booklet to the affected people. The endorsed RP will be uploaded on ADB's website.

37. **Sign Compensation Contract and Pay Compensation to the Affected People.** The final step of resettlement implementation is to sign compensation contracts and deliver payments to the affected villages and people, which should be completed prior to the transfer of land use rights, displacement of housing or dispossession of assets. A copy of compensation contract has to be given to the affected people from respective agencies for record. Along with cash compensation, the project owner and local governments will provide necessary assistance during the relocation and rehabilitation. The resettlement schedule is shown in Table 2.

Table 2: Resettlement Planning Schedule

No.	Activities	Agency
1.	Establish Resettlement Leading Group and Zhangye City RO and District/County RO.	Zhangye City Government
	◆ Approval of Project Proposal by NDRC	NDRC
2.	Pre-examination and approval of land utilization.	GL&RD ML&R
3.	Disclosure of resettlement information (compensation policy) to all affected villages in newspaper and township offices.	PC, PC
4.	MRM and ADB approval of draft RP and uploading to website.	ADB
	◆ Feasibility study approval	NDRC
5.	Preparation of preliminary design (PD).	DI

No.	Activities	Agency
6.	Prepare land acquisition application report (based on redline).	PC
7.	Submission and approval of land acquisition application (county, municipal, provincial and ML&R).	PC
8.	1 st formal notification of LAR to APs and village consultation.	ZL&RO
	◆ Completion of detailed design	DI
9.	Set-up project resettlement staff in the affected townships and villages; and establish grievance redress system.	Zhangye City Government
10.	Engage external monitor for resettlement; conduct baseline survey for 300 affected households.	PIU(s) Monitor
11.	ZL&RO, ADB and external monitor to conduct training for resettlement personnel.	PC, ZL&RO & ADB
	◆ ML&R approval of land acquisition	ML&R
12.	Conduct detailed measurement survey for compensation based on detailed design, identify all affected households (census inventory).	ZL&RO & DI
13.	Prepare income rehabilitation plans for seriously affected villages.	PC
14.	Approval of compensation rates and 2 nd notification of LAR to APs indicating actual impacts and compensation.	GPG & ZL&RO
15.	Verification meetings with representative of all affected groups and public hearings, if requested.	ZL&RO
16.	Identify households that are eligible for special assistance (vulnerable groups and seriously affected households at risk).	ZL&RO
17.	Payment of compensation of state-owned forest to Forestry Dept.	PC
18.	Signing agreements with affected villages, groups and APs.	ZL&RO
19.	Updating of the RP (including relocation sites), disclosure to local officials and affected villages and submit to ADB for approval.	PC
20.	Revision and finalization of RP based on ADB comments.	PC
21.	ADB approval of RP and upload to website.	ADB
	◆ Approval of Project to commence implementation (after ADB approval of civil works bid evaluation report)	ADB
22.	Payment of compensation funds to ZL&RO.	PC
23.	Payment of housing, assets and land compensation to APs.	ZL&RO
24.	Transfer of land ownership to PC (start date).	ZL&RO
25.	Reconstruction of houses and relocation of families (start date).	APs
26.	Commencement of Civil Works.	PC
27.	Demolition of structures.	PC

◆ Related milestones (tentative)

ADB = Asian Development Bank, APs = affected persons, DI = Design Institute, GL&RD = Gansu Land & Resources Department, GPG = Gansu Provincial Government, ML&R = Ministry of Land & Resources, MRM = management review meeting, NDRC = National Development & Reform Commission, PC = Project Company, PD = Preliminary Design, PIU = project implementation unit, RO = resettlement office, RP = resettlement plan, ZL&RO = Zhangye City Land & Resources Office.

38. Following the requirements of the ADB, during the resettlement implementation, there will be both internal and external resettlement monitoring and evaluation exercises to ensure that all affected persons or villages are compensated adequately and that their incomes, livelihoods and living standards are fully restored or improved after resettlement and rehabilitation.

39. **Internal Monitoring.** The internal resettlement monitoring will be carried out by Project Company and Xishui Township. During the land acquisition stage, Project Company and Xishui Township will maintain records of land acquisition impacts, compensation payments, employment in the Project of affected households and other Xishui Township residents and grievances. Monitoring result will be included in the section of quarterly progress report submitted to ADB.

40. The Sunan County Land and Resources Bureau will conduct regular audits of the compensation activities. Project Company and Sunan County will make records and reports available to ADB supervision teams.

41. **External Monitoring.** Project Company will contract an independent local monitor (e.g., a sociologist) for 8 weeks over 4 years to assess socio-economic progress and to carry out independent monitoring and evaluation of land compensation activities. The method of resettlement monitoring and evaluation will be based on household surveys, community group discussion and rapid appraisal in the field. The independent monitor will assess whether (i) project implementation is in compliance with the policies and entitlements set out in the RP; (ii) the livelihoods of affected people have been fully restored; and (iii) the affected people have directly benefited from the Project. The independent monitor should make recommendations to Project Company about how to improve implementation. The independent monitor will carry out (i) resettlement monitoring and evaluation once every year and prepare an annual monitoring and evaluation report for submission to ADB and (ii) ex-post evaluation 1 year after completion of land acquisition and prepare the report for submission to ADB. Table 3 provides a list of indicators to be monitored.

Table 3: Monitoring and Evaluation Indicators

Type	Indicator	Examples of Variables
PROCESS INDICATOR (before and during implementation)	Staffing	<ul style="list-style-type: none"> PC designates one person for community liaison to address any social issues during construction
	Consultation, Participation, and Grievances	<ul style="list-style-type: none"> Grievances by type and how they were resolved
	Procedures in Operation	<ul style="list-style-type: none"> Coordination between implementing agencies
OUTPUT INDICATOR (results of implementation)	Buildings (none identified yet)	<ul style="list-style-type: none"> Number and type of animal houses and yards demolished Number of meters of stone wall and of wire fence demolished Number, type and size of public facilities demolished
	Compensation	<ul style="list-style-type: none"> Grievances and resolution
	Rehabilitation Measures	<ul style="list-style-type: none"> Number of affected persons employed in project construction Delivery of other entitlements (allowances, support, staff employment) Adequacy of entitlements to restore livelihoods and incomes
IMPACT INDICATOR (post evaluation)	Status of Household Livelihood	<ul style="list-style-type: none"> Employment status of affected household members Changes to agricultural land area and productivity Changes to income levels and sources (stability) Changes to expenditures and savings/debt Number of Xishui men and of women employed in project construction and daily wage rates
	Status of Women	<ul style="list-style-type: none"> Participation in project construction Participation in new commercial enterprises

Type	Indicator	Examples of Variables
	Local services	<ul style="list-style-type: none">• Changes in electricity tariff, cost of domestic water supply, return transport to Huazhai and to Zhangye downtown.• Improvements in quality of services (roads, frequency of electricity interruptions, water, access to medical clinics, access to middle school)

PC = project company.