CURRENCY EQUIVALENTS
(as of 30 April 2018)

Currency unit = yuan (CNY)
CNY1.00  = $0.158
$1.00  = CNY6.34

NOTE

In this report, "$" refers to United States dollars.

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Endorsement Letter

We are submitting the due diligence report (DDR) on land acquisition and resettlement (LAR) for Hengshan Subproject of the Hunan Xiangjiang River Watershed Existing Solid Waste Comprehensive Treatment Project. We confirm that LAR related to the Subproject was completed as reported in the DDR, and there are no outstanding issues left. Therefore, no actions related to LAR are necessary to be taken during implementation of the Subproject.

Hengshan Government, Hunan Province
(Official seal)

City Head (or Deputy City Head): ______________________ (signature)

2018.5.11 (date)
承诺函

我们提交关于湘湖湘江流域存量垃圾综合治理项目——衡山子项目的征地和安置及调查报告。如尽职调查报告所报告的内容，我们确认与这个子项目相关的征地和安置工作已经全部完成，并且没有任何遗留问题。因此，在这个子项目实施过程中，没有必要对征地和安置做任何工作。

湖南省衡山县人民政府

（公章）

县长（或主管副县长）

（签字）

2018.5.1

（日期）
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1. **Project Background**

1. Hunan Xiangjiang River Watershed Existing Solid Waste Comprehensive Treatment Project (Project) is to improve environment of the Hunan Xiangjiang river watershed by closing existing municipal solid waste landfills (MSW), upgrading existing sanitary landfills, establishing urban-rural integrated MSW management systems, and strengthening MSW management capacity of the project counties.

2. The Project consists of six outputs: (i) On-site closures of existing solid waste landfills in nine counties (or districts/county-level cities); (ii) Mining of two existing municipal solid waste (MSW) landfills in two counties; (iii) Urban-rural integrated MSW management systems established in eight counties; (iv) Existing sanitary landfills upgrading in four counties; (v) Kitchen waste treatment in 2 districts; and (vi) Capacity development and institutional strengthening of all 11 project counties. The project outputs (i), (ii), (iii), (iv) and (v) will involve land acquisition or occupation, but no residential house demolition, while Output (vi) will not involve any land acquisition and resettlement.

3. Hengshan County Existing Solid Waste Comprehensive Treatment (the Subproject) is one of 10 subprojects of Hunan Xiangjiang River Watershed Existing Solid Waste Comprehensive Treatment Project (Project). The Subproject involved the closure of existing solid waste landfill only. This due diligence report (DDR) is about the land used for the Subproject.

4. The subproject of the existing Hengshan Solid Waste Landfill will involve a total of 17.21 mu state-owned land in Group 4 of Jinxi Community (former Huanxi Village) in Kaixun Town of Hengshan County. It was leased from Group 4 of Jinxi Community from 1998 to January 2017. In February 2017, Hengshan County Urban-Rural Construction and Investment Co. Ltd. and Group 4 of Jinxi Community signed land acquisition agreement and the land was converted to state owned land.

5. Land acquisition (LA) of the Subproject followed relevant laws and regulations of the People’s Republic of China (PRC). The LA process was transparent and open, and the compensation and resettlement of affected villagers’ group was completed totally. After LA, there were no outstanding issues left.

2. **Preparation of Due Diligence Report**

6. The DDR was jointly prepared by Hengshan Project Management Office (PM) and a resettlement plan preparation institute (RP-PI). An investigation team from the RP-PI visited relevant government departments of Hengshan in November 2017 ~ January 2018 to collect relevant data about the LAR, compensation and resettlement agreements, and also interviewed some village groups and people affected by the LAR.

7. According to the field survey, it is understood that the land was owned by Group 4 of Jinxi Community (former Huanxi Village) in Kaixun Town of Hengshan County. The landfill was constructed and operated from 1999. From 1998 to January 2017, the land occupied by the landfill was leased by Group 4 of Jinxi Community to Hengshan County Urban-Rural Construction and Investment Co. Ltd for the landfill construction and operation. Before the LA, the land was mountainous and waste land without any cultivated land and structures. It was not allocated to villagers. In February 2017, Hengshan County Urban-Rural Construction and

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1 The 11 project counties include five counties of Hengyang, Hengshan, Lanshan, Dong’an and Guiyang, two urban districts of Lengshuitan and Lingling, and four county-level cities of Changning, Lengshuijiang, Zixing and Leiyang in Hunan Province of the PRC.
Investment Co. Ltd. and Group 4 of Jinxi Community signed land acquisition agreement and the land was converted to state owned land.

3. Impact Scope

8. The land area of Hengshan Solid Waste Landfill is a total of 17.21 mu. Prior to the LA, the land was owned of Group 4 of Jinxi Community (former Huanxi Village) in Kaixun Town of Hengshan County.

9. The land was a mountainous and waste land, and was not allocated to villagers. Before the LA, the land was leased by Group 4 of Jinxi Community to Hengshan County Urban-Rural Construction and Investment Co. Ltd from 1998 to January 2017 as the landfill. Therefore, no any persons were affected by the LA in February 2017. Hengshan County Urban- Rural Construction and Investment Co. Ltd paid the rental to Group 4 of Jinxi Community every year till January 2017 according to their land lease agreement.

4. Range of Land Use

10. The land used for Hengshan Solid Waste Landfill is located in the northeast of Xiangxing Mountain, and in Group 4 of Jinxi Community (former Huanxi Village) in Kaixun Town of Hengshan County. It was owned by Group 4 of Jinxi Community (former Huanxi Village) in Kaixun Town of Hengshan County before the LA in February 2017. The location of the land is shown in Figure 1, and current situation of the landfill is presented in Figure 2.

Figure 1 Sketch for Location of Hengshan Landfill
5. Socio-Economic Information

11. No persons are affected by LA of the subproject directly. The land used for the landfill was owned by the village collective, and the land was not contracted to any households.

6. Information Disclosure and Participation

12. The county-level department of land and resources is responsible for land acquisition. Before the government approval for the LA and mobilization of actual LA, the land bureau conducted public participation and consultation with affected village group and villager representatives on the landfill construction, land area to be acquired and compensation standards.

Table 2 Disclosure of Conditions of Land acquired for the Project

<table>
<thead>
<tr>
<th>Town</th>
<th>Village</th>
<th>Land Use Forms</th>
<th>Time of Disclosure</th>
<th>Location of Disclosure</th>
<th>Mode of Disclosure</th>
<th>Main Contents of Disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kaiyun</td>
<td>Jinx Community (former Huanxi Village)</td>
<td>Lease</td>
<td>1998</td>
<td>Village Committee</td>
<td>Meeting of villager representatives, and notification</td>
<td>Approval and area of land occupation, compensation rates</td>
</tr>
<tr>
<td></td>
<td>Jinx Community (former Huanxi Village)</td>
<td>Acquisition</td>
<td>2017</td>
<td>Village Committee</td>
<td>Meeting of villager representatives, and notification</td>
<td>Approval and area of land acquisition, compensation standards</td>
</tr>
</tbody>
</table>

Source of data: interview with personnel from the department of land and resources and project-affected villages

7. Impact of Land Acquisition and Government Approval

13. The land used for Hengshan Solid Waste Landfill was leased by Group 4 of Jinxix Community to Hengshan County Urban-Rural Construction and Investment Co. Ltd from 1998 to January 2017. There was a land lease agreement signed by both parties above. However, both Group 4 of Jinxix Community and Hengshan County Urban-Rural
Construction and Investment Co. Ltd didn’t find the agreement to the RP-PI during the field survey. However, both parties confirmed that Hengshan County Urban- Rural Construction and Investment Co. Ltd paid the rental to Group 4 of Jinxı Community according to the agreement.

14. In February 2017, Hengshan County Urban and Rural Construction Investment Co., Ltd. signed a LA agreement with Group 4 of Jinxı Community (former Huanxi Village) of Kaixun Towns after approved by the People's Government of Hengshan County, and acquired the 17.21 mu of the landfill land for the Subproject. In this way, the land was converted to state-owned lands, as presented in Annex to the DDR. Currently, the procedure of the certificate for the use of state-owned land is being performed.

15. According to the field survey, the LA was fully followed relevant laws and regulations of the PRC. The LA process was transparent and open, and the compensation to the project-affected villagers’ group was paid completely. After the LA, there are no outstanding issues left.

8. Compensation for Land Acquisition and Resettlement

16. In February 10, 2017, Hengshan County Urban and Rural Construction Investment Co., Ltd. signed the LA agreement with Group 4 of Jinxı Community (former Huanxi Village) in Kaixun Towns of Hengshan County. The LA scope and compensation standard were determined by both parties according to the compensation standards of the Notice on Adjustment of Land Compensation Standards in Hunan Province (XZF [2012] No.46) and Methods of Requisition of Collectively-owned Lands and Compensation for House Demolition and Resettlement in Hengyang City (HZBF [2015] No.73) from the People’s Government of Hunan Province. And the LA was completed at the end of February 2017.

17. The land compensation is CNY51,800/mu, and total compensation is CNY943,108.

18. Compensation for the land acquisition was paid to the rural collective economic organization and the use will be determined through discussion of all the members in the village group. According to the investigation, it is known that such compensation is mainly applied to repair and maintenance of public facilities such as maintenance of access to villages and repair of public drinking water facility and to improvement of work measures such as building of storage pool and well. All these measures of using the compensation play a significant role in improving living standard of local villagers.

9. Grievance Redress Mechanism

19. Owing to local governments’ information disclosure and project-affected villages’ public participation, the land acquisition and resettlement had been conducted smoothly. To effectively find and address issues, a grievance redress mechanism had been established for the Project.

20. In case the affected villages are unsatisfied with the LAR, they may submit an oral or a written protest to the subdistrict or the government; if they are unsatisfied with the handling decision given by the subdistrict and the government, they may lodge a complaint to Hengshan Land and Resources Administration Bureau or Land Acquisition Center of Hengshan Land and Resources Administration Bureau for an administrative arbitration. In addition, the affected villages can also directly initiate an administrative litigation to the People’s Court against any aspect of resettlement.

21. During this due diligence, the team interviewed cadres from the project-affected villages, and knew that villagers in the project-affected villages had very clear about the compensation
policies, and grievance redress mechanism. There were no outstanding issues occurred in the LAR and compensation.

10. Conclusions and Suggestions

(1) Before and during the LAR, local relevant departments in different levels arranged for information disclosure and public participation several times in different forms; affected villages’ opinions had been fully respected and put into practice during the LA implementation. The compensation was paid in accordance with the signed agreement, without causing any impact on the livelihood of project-affected villagers. In general, all compensation had been paid based on full public participation, and there is no outstanding issues.

(2) During the land acquisition, the grievance redress mechanism had been established. Up to now, there are no collective petitions, and the affected village supported the Project and are basically satisfied with the LAR.

(3) The land acquisition works for the land involved in the Subproject had been completed. According to the field survey, the affected village is basically satisfied with the compensation for the LAR, and there are no outstanding issues about the LAR.
Annex: Land Acquisition Agreement of Hengshan Solid Waste Landfill

Land Acquisition Agreement of Hengshan Solid Waste Landfill

Party A (Land User): Hengshan County Urban and Rural Construction Investment Co., Ltd.
Party B (Land Owner): Group 4 of Jinxi Community (former Huanxi Village) of Kaixun Town of Hengshan County

Land Area: 17.21mu

Compensation: CNY51,800/mu, total is CNY943,108

Issued by: The people’s government of Hengshan County

Date: February 2017