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Regional: Targeted Capacity Building for Mainstreaming Indigenous Peoples’ Concerns in Development

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State Ethnic Affairs Commission of the People's Republic of China

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Applying Safeguards for Ethnic Minorities in Transport Projects in the People's Republic of China

A Learning Process from Yunnan Province

Prepared under ADB Regional Capacity Development Technical Assistance Program, “Targeted Capacity Building for Mainstreaming Indigenous Peoples Concerns in Development”

Final Report

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<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
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<tr>
<td>AIDS</td>
<td>Acquire Immunodeficiency Syndrome</td>
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<td>BOA</td>
<td>boundaries of analysis</td>
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<td>BP</td>
<td>Bank Policies</td>
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<td>CERA</td>
<td>Committee for Ethnic and Religious Affairs</td>
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<td>CPPCC</td>
<td>Chinese People’s Political Consultative Conference</td>
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<td>CSP</td>
<td>Country Program Strategy</td>
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<td>DLRP</td>
<td>Dali-Lijiang Railway Project</td>
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<td>DMCs</td>
<td>Development Member Countries</td>
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<td>EA</td>
<td>Executing Agency</td>
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<td>Greater Mekong Subregion</td>
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<td>HIV</td>
<td>Human Immunodeficiency Virus</td>
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<td>IA</td>
<td>Implementing Agency</td>
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<td>Ministry of Communications</td>
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<td>Ministry of Railways</td>
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<td>National Development and Reform Commission</td>
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<td>National Expressway Network Plan</td>
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<td>NPC</td>
<td>National People’s Congress</td>
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<td>OM</td>
<td>Operations Manual</td>
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<td>PEC</td>
<td>Project Expressway Company</td>
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<td>PRC</td>
<td>People’s Republic of China</td>
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<td>SEAC</td>
<td>State Ethnic Affairs Commission</td>
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<td>SPS</td>
<td>Safeguard Policy Statement</td>
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<td>WKEC</td>
<td>Wuding-Kunming Expressway Company</td>
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<td>WYRC</td>
<td>Western Yunnan Railway Company</td>
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<td>YEAC</td>
<td>Yunnan Ethnic Affairs Commission</td>
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<td>YMEC</td>
<td>Yunnan YuanMo Expressway Corporation</td>
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<td>YPDCT</td>
<td>Yunnan Provincial Department of Communication &amp; Transportation</td>
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INTRODUCTION

In many developing countries – and notably in the People’s Republic of China (PRC) – large-scale infrastructure projects are now being undertaken. Roads and railways are usually at the forefront of these new developments. Under PRC’s Eleventh Five Year Plan, for example, a priority for developing the service sector has been the improvement of transport and infrastructure, seen as important for integrating the domestic economy and balancing regional development.

ADB has given similar priority to infrastructure improvement, including transport projects. Its long term strategic framework for the 2008-2020 period lists infrastructure as one of its core areas of specialization. Throughout Asia, transport is now the fastest growing area of ADB operations. And in PRC itself, its Country Partnership Strategy for the 2008-2010 period asserted that ADB would help meet the country’s goals for expanding capacity in transport through operations in railways and roads.

While improved transport and communications should bring long term benefits to all members of society, it can also entail short term costs. Big infrastructure projects inevitably involve some displacement of the inhabitants of the project areas where the construction will take place. Through its social safeguards policies, ADB has taken careful steps to ensure that its infrastructure and other projects should bring benefits to the local communities affected by them; and, in so far as possible, should do them no harm. The main objectives of these safeguard policies are to: (i) avoid adverse impacts of projects on the environment and affected peoples, where possible; (ii) minimize, mitigate and/or compensate for adverse project impacts on the environment and affected peoples when avoidance is not possible; and (iii) help borrowers/clients to strengthen their safeguard systems and develop the capacity to manage environmental and social risks.

As part of its overall operational policies, ADB has adopted three separate policies on social and environmental safeguards, respectively in 1995 on involuntary resettlement, in 1998 on indigenous peoples, and in 2002 on the environment. In July 2009, these were integrated in one combined Safeguard Policy Statement (SPS), which came into force in early 2010. This applies to all projects financed or administered by ADB in its Developing Member countries (DMCs).

This document aims to provide practical guidance to PRC as a borrowing country, as to ways to fulfill these safeguard requirements in specific projects. It has a specific focus on safeguards for ethnic minorities in transport projects in Yunnan Province. It has been prepared as part of a regional technical assistance project on Targeted Capacity Building for Mainstreaming Indigenous Peoples Concerns in Development, covering PRC among other countries. The overall aims of this project are to improve the capacity of government and development partners to “mainstream” the concerns of indigenous peoples and ethnic minorities in development projects, integrating social safeguards for these vulnerable groups in projects and activities proposed for ADB assistance. Complementing a more general manual on the subject, targeted at a wide range of development partners, the document aims to focus on activities in a specific sector, where the persons involved in the design or implementation of a project may encounter particular challenges.
While PRC has a long established system of laws and policies to safeguard the needs of its ethnic minorities in development, these have not so far been translated into specific instructions or regulations for the agencies or companies implementing transport or other projects in areas inhabited by significant numbers of ethnic minorities. A common understanding in PRC has been that the main responsibility for the ethnic minorities rests with the commissions or bureaus which have a specific mandate for their development, welfare and protection. These are, in particular: the State Ethnic Affairs Commission (SEAC) at national level; the provincial ethnic affairs commissions, the example being the Yunnan Ethnic Affairs Commission (YEAC) in Yunnan province; and at lower level the prefecture, municipal and county ethnic affairs bureaus. At the same time there have been examples in Yunnan province where the executing and implementing agencies (EAs and IAs) of transport projects, working in close cooperation with SEAC/YEAC, have taken important initiatives on the social dimensions. Attention to the social as well as economic dimensions of development is a relatively new phenomenon in PRC, and there has been limited experience with social assessment in the context of individual projects. Thus important lessons can be learned from the experience of transport sector projects in Yunnan, articulating the respective roles of the EAs and IAs, local government, and the agencies like SEAC and YEAC with specific responsibility for ethnic minorities.

Yunnan is the Chinese province with the highest degree of ethnic diversity. It contains a large number of different ethnic groups, including 25 of the 55 shaoshu minzu ethnic minority groups. Among them, 7 are classified as “smaller ethnic minorities (renkou jiaoshao minzu)”. The overall ethnic minority population is approximately 14 million persons, accounting for one third of the province’s entire population. It also has eight ethnic minority autonomous prefectures and 29 autonomous counties. Moreover, much of the ADB lending in recent years has been for the support of road, railway and other infrastructure projects, several of which have had a significant impact on ethnic minority areas.

The structure is as follows. A first section contains background and briefing information. This covers ADB’s strategic approach to transport sector projects and programs, and the reasons for its emphasis on social safeguards; an overview of ethnic minorities in PRC and particularly Yunnan province; a review of PRC law and policies towards ethnic minorities, and their implementing mechanisms; and a short review of transport and infrastructure projects and their social dimensions in PRC and Yunnan province. A second section reviews the application of safeguards for ethnic minorities in ADB-financed transport and infrastructure projects in Yunnan over the past decade, This sets the stage for discussion of ways to apply safeguards to transport sector projects in a way that is consistent with ADB requirements.
APPLYING SOCIAL AND ETHNIC MINORITY SAFEGUARDS IN TRANSPORT SECTOR PROJECTS: POLICY AND STRATEGIC ISSUES

There has been growing concern worldwide with the social dimensions of transport sector projects. Well designed and managed, particularly with the participation of the communities in the vicinity of the roads, railways and other infrastructure to be built, they should be a central pillar of inclusive development. But there is also a downside. With insufficient social awareness or community participation, they can have all kinds of negative impact. Roads and railways can disrupt traditional cultures and lifestyles. Villagers may be moved from their homes, without adequate compensation. Projects can be gender blind. An influx of construction of workers can spread infectious diseases, including HIV/AIDS.

Consequently, international agencies have given careful attention to the application of social and environmental safeguards in the transport projects that they finance and support. Examples are ADB and World Bank, both of which have issued detailed guidance on the subject for the use of their own staff, consultants and borrowers or clients. While similar issues are covered in both guidance notes, the summary below draws mainly on that of ADB.

Transport projects cover mainly infrastructure and services, as well as policy and institutional frameworks. Infrastructure includes construction or rehabilitation of roads, waterways, railways, airports and ports. Transport services include those provided by bus, air travel, boat, taxi, truck and non-motorized transport. Transport policy and institutional frameworks form the basis for regulating, financing and managing the sector. Each project type may have different social impacts and intended users.

For such a wide range of transport interventions, the social issues are manifold. A key initial concept, however, is that of stakeholder engagement. Engaging stakeholders in the process of planning, implementing, managing and maintaining transport projects helps ensure that transport investments reflect needs, prevent or mitigate negative impacts, and enhance prospects for sustainability.

One purpose of stakeholder engagement is to manage social risks. Negotiation strategies that build trust and confidence in positive outcomes for all stakeholders are most likely to be effective. Monitoring and reporting mechanisms that involve stakeholders are likely to be well received. Moreover, consultation, participation and grievance resolution mechanisms are important for building such trust. Working with well informed partners such as community-based organizations can bring new skills and expertise.

Planning and management of rights of way for transport infrastructure is an important issue. Transport projects involving construction of roads and railways require a route alignment. Depending on the type of project, local social and economic networks may be disrupted by such an alignment, especially for highway, expressway and rail projects. Planners need to understand patterns of local social and economic interaction to determine the most suitable responses.

A further key issue is the relationship between transport and poverty reduction. Measures to enhance the poverty-reducing effects of transport projects include: supporting transport sector investments targeted at the poor; taking steps to ensure that the poor can benefit from them; implementing safeguards to protect them; and reducing the risk that wealthier members of society will capture the benefits. The latter can involve a range of measures, such as:

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geographic targeting, complementary services, and choice of transport service; transport subsidies to overcome constraints to transport access for the poor; favouring of local labor and materials for construction and maintenance; promoting a supportive policy framework; and adoption of inclusive transport planning.

There are many ways to overcome constraints to transport access, both physical and financial, for the poor. When poor people are located in physically remote or border areas, transport projects may benefit them through choice of areas or quality of road networks. In the case of rail projects, road networks can be extended around railway stations.

As many of the poor including ethnic minorities live in rural areas, often remote and far removed from essential services, rural roads are an essential component of any project targeted at their material needs. Such rural access roads may be more difficult to plan and finance than expressways and toll roads that generate revenue, and other transport forms such as railways. As different agencies may be responsible for expressways, railways and local roads, this can create problems in planning and coordination. Integrated systems may be developed, as in the case of a special study to develop such an integrated system for expressways and rural roads in PRC.

Transport sector investments can also be coordinated with social sector investments, enabling the poor and vulnerable groups such as ethnic minorities to take advantage of better access to services and achieve better outcomes, for example in health and education. Subsidies may also be used to ensure equitable access to basic transport services for poor and disadvantaged groups, including ethnic minorities. Such transport subsidies need careful targeting and simple economic tests. Social analysis can help identify needy groups, the subsidy they require, and its likely impact on them and on transport service operators.

Policies and programs can also extend employment opportunities for disadvantaged groups including ethnic minorities, in the construction and operation of transport projects. Labor intensive construction methods, especially for the smaller scale facilities, create opportunities for local and unskilled workers, who can be given preferential access to these jobs. Small local businesses may also benefit from contracts to supply construction materials.

Transport projects are not gender neutral, but rather may impact men and women differently because of their different transport needs. For example, women often have the primary responsibility for transporting goods to and from the market and for collecting supplies. Moreover, public transport generally caters to the formal workforce, leaving women with no or inadequate links for their tasks, which may require access to health care, education, informal workplaces, subsistence agricultural sites, and markets. Gender-sensitive measures for transport projects include efforts to ensure that women benefit from road construction and maintenance work. Directly targeting women for transport construction work may also help reduce the risk that they or their children will be exploited by human traffickers. Several other measures can counter the risk of human trafficking in transport projects, for example: raising public awareness about potential trafficking around construction camps; introducing codes of good behaviour for construction contractors; providing opportunities for vulnerable groups such as ethnic minorities during construction; and using social mobilization programs to raise awareness about human trafficking.

It is particularly the transport projects which extend into hitherto remote areas that may expose indigenous peoples and ethnic minorities to new hazards. But they are also the groups who may have the most need of better transport facilities, in order to overcome marginalization and participate on an equal footing with other members of society. At the same time, this is likely to lead to more integration into the mainstream culture.
ETHNIC MINORITIES AND THEIR CULTURE IN YUNNAN PROVINCE: IMPLICATIONS FOR TRANSPORT PROJECTS

Yunnan Province of PRC – located in the south west of the country, and bordering several countries of the Greater Mekong Subregion (GMS) – is unique for its ethnic diversity. The ethnic minority population is over 14 million, approximately one third of the total population of the province. Moreover, Yunnan has 26 ethnic groups with a population of over 5,000, fifteen of which are found only in Yunnan. Various religions are practised, including Buddhism, Christianity, Islam and Taoism, and several religions more specific to the region and its ethnic minorities (examples are Benzhu, and Dongba, among others). There is an extensive diversity of languages, several of the ethnic minority groups possessing and using their own script. Architectural features, such as traditional indigenous housing, are also distinct from those of the mainstream Han population.

In this context, almost any transport and infrastructure project outside the major cities is likely to have some impact on ethnic minorities. This has been the case of ADB-financed expressway and road network projects in central, southern and western Yunnan; and of a railway project in north western Yunnan, connecting the historical towns of Dali and Lijiang with their substantial ethnic minority populations. Larger groups have included the Bai, Dai, Naxi and Yi. Several smaller groups have also fallen within the coverage area of different projects.

The largest group in the province is the Yi, widely distributed throughout Yunnan, with an estimated population of some 4.7 million. The Bai number some 1.5 million, over 80% of them living in the Dali Bai Autonomous Prefecture. The Dai are over a million, mainly inhabiting compact communities in Xishuangbanna Dai and the Dehong Dai-Jingpo Autonomous Prefectures, as well as cities such as Pu’er and Lincang. The Naxi number some 300,000, and are heavily concentrated in Lijiang City. The many smaller groups are more likely to be located in remote mountainous areas.

Inevitably, some groups tend to be more integrated than others with the ethnic Han Chinese, fluently speaking the Mandarin Chinese language, and also more engaged in commercial activities. The Bai people for example are indigenous to the Dali area, once the center of the ancient Nanzhao Dali Kingdom, with 65% of their numbers living in Dali prefecture. They have their own language, and have also invented their own written characters. While their traditional economic base was agriculture and fishing, they have now made a strong transition to commercial activities, which have been growing rapidly on the basis of tourism. Similarly the Naxi, while they created their own hieroglyphic script over a thousand years ago, have gradually adopted Mandarin Chinese as one of their main languages of communication. Like the Bai, following decades of contact with the mainstream national culture, they have made cultural adjustments to rapid economic development under market oriented conditions. With a farming
tradition, they were once the dominant group in this area, and have a strong sense of preserving their own culture. However, with the tourist development around Dali and Lijiang, the younger generation of Bai and Naxi are being encouraged to appreciate and continue to develop their own culture. Local government officials have also appreciated that continued growth in tourism depends on reinvigorating and maintaining authentic Bai and Naxi cultural traditions.

Generally, Yunnan’s ethnic minorities are famed for their rich cultures, including their languages and script, religion, dress, style of building, festivals, and artisan work including pottery and embroidery. Language can vary even within the same ethnic minority group. The Dai people for example are divided into three types according to their culture, with Dehong Dai and Xishuangbanna Dai being the major two, each using different languages and written characters.

In socioeconomic terms, however, there have been considerable variations between the conditions of the different ethnic minority groups in Yunnan province, as well as sometimes between these ethnic minorities and the Han Chinese. Thus the social assessment conducted in preparing ADB-financed transport projects has tended to make a separate assessment of the conditions of each ethnic minority group within the project area, covering such issues as: overall economic situation and poverty; markets and market access; transport accessibility; non-farm skills and migrant work; landholding; and health and education. For similar reasons, PRC Government at both national and provincial levels has implemented policies and programs targeted at the smaller ethnic minority groups.

The social assessment, conducted in the context of preparing transport and other projects, distinguishes between cultural and socio economic characteristics. With regard to culture and tradition, the minorities share many common characteristics. They all have their festivals, songs and dances, special foods, and much else that can distinguish them from the mainstream Han population or each other. But there are also mixed villages, either with the Han, or with other ethnic minorities. Yet almost all recent assessments have detected a marked revival of ethnic minority culture and identity, much of this helped by a multitude of government programs. There are a range of institutes to support this cultural revival, such as the Yunnan Nationalities University and the Yunnan Nationalities Museum in Kunming City, or institutes to promote song, dance and arts in the smaller provincial cities. Local governments also see the economic
importance of strengthening ethnic minority culture, notably as part of efforts to promote tourism in the historical areas of the province.

In the socio economic area, differences are detected not only between the ethnic minorities and the Han, but also between the various ethnic minority groups. Reflecting government policies to have above average ethnic minority representation in political structures and administration, at one level there are highly educated ethnic minority people with senior positions in provincial and county government, as well as in business. The nearer they are to towns and main roads, the more likely they are to be involved in off-farm, and business activities, and also in migrant labour. At this level therefore, in so far as incomes and economic indicators are concerned, there may be little difference between the situation of ethnic minorities and that of the majority Han population.

At the other end of the spectrum are the ethnic minorities in remote natural villages, with lower than average levels of education, roads in poor condition, and limited access to markets. On the other hand, as noted in some social assessment, they may be successful agriculturalists because of the fertile nature of most land in Yunnan, even in the more mountainous areas. While these are often the smaller ethnic minority groups, who have historically moved to the remoter areas, it is not always the case. The Yi are the numerically largest ethnic minority group in Yunnan, and many of them live with a high incidence of poverty in remote villages.

There is no indication, after many consultations, that ethnic minorities in Yunnan have been opposed to road and railway projects. Though there is inevitably displacement along the alignments, they have generally welcomed the projects, though possibly not having the tools of information to fully comprehend their potential impact. Thus the main question has tended to be not so much how the adverse impact of the projects could be mitigated, as how they can receive culturally appropriate benefits.
POLICY AND INSTITUTIONAL FRAMEWORK FOR ETHNIC MINORITIES IN PRC: RELEVANT ASPECTS FOR TRANSPORT SECTOR PROJECTS

Any effort to apply safeguards for ethnic minorities for transport projects in PRC must be grounded on the national policy framework, with a firm understanding of the role and responsibilities of different agencies.

The Broader Context: Towards Inclusive Development

Overall development policies in PRC have evolved in recent years, towards recognition of the importance of inclusive development as the central pillar. Until the late 1980s the main emphasis was on economic growth, seen as necessary because of the very low level of the economy. After rapid economic growth for three decades, especially in the eastern provinces and metropolitan cities, the economy has achieved considerable progress. At the same time, with recognition of some negative effects of neglecting environmental protection and social equality in development, it was realized that GDP growth alone was insufficient. The concept of sustainable development has been gaining ground over the past decade.

Moreover, the goal of PRC’s Eleventh Five-Year Plan, 2006-2010, affirmed by the 17th. Party Congress, is to build a xiaokang “harmonious and moderately prosperous” society. To achieve this goal, PRC Government will address its development challenges through a balanced strategy, aiming to build a harmonious society and socialist market economy that is energy-efficient and environmentally friendly. The Government has endorsed the concept of “inclusive growth”, committed to integrating economic development with the improvement of people’s lives.

Policy Framework for Ethnic Minorities

PRC has a comprehensive set of policies to promote the economic, social and cultural development of ethnic minorities, in particular the small minorities considered to be in a disadvantaged situation. These have been in place ever since the founding of the People’s Republic, have been continuously updated since then, and have received particular attention in recent years.

After 1949, PRC Government adopted a policy of ethnic equality, in which all ethnic groups are legally and constitutionally equal. The policy advocates preferential treatment for ethnic minorities, to help them “catch up” with the mainstream population. To implement the policy, the Government first clarified, enumerated and mapped the identity of ethnic groups. The definition of nationalities (minzu) is based on common language, common territory, common economic life and common psychological composition. Under this definition, the Han constitute the majority nationality in PRC. Some minority groups, such as the Hui and Man, have become assimilated to some degree, but are still recognized as minority nationalities.

The non-Han nationalities were officially registered during the 1950s; and autonomous minority regions, prefectures and counties were subsequently established. 55 minority
nationalities or ethnic minorities are now officially recognized. They are concentrated in the three provinces of Guizhou, Qinghai and Yunnan in western PRC; and in the five nationality autonomous regions of Guangxi, Inner Mongolia, Ningxia, Xinjiang and Xizang. The 1954 Constitution specified mechanisms for exercising autonomy in minority areas. Since the early 1980s, governments of autonomous areas have been able to decide on economic policy, including the choice of what to produce.

Updated policies are set out in detail in a 2010 Government white paper, on “China’s Ethnic Policy and Common Prosperity and Development of All Ethnic Groups”. Salient points are summarized below, particularly as relevant to transport sector projects, and also to a border province like Yunnan as part of PRC’s Western development region.

For the overall governance of ethnic minority areas, the principle of ethnic autonomy at different levels is recognized in the 1984 Law on Regional Ethnic Autonomy. By 2008 PRC had a total of 155 ethnic autonomous areas (five autonomous regions, 30 autonomous regions and 120 autonomous counties), with 44 of the country’s 55 ethnic minorities having their own autonomous areas. 1,100 ethnic townships had also been established as a supplement to the system of ethnic regional autonomy. These autonomous areas effectively exercise the right to self-government, formulating their own plans and measures for economic and social development, and arranging their own infrastructure projects by following the guidance of the overall state plan for national development while at the same time taking local conditions into consideration.

Since 2000, when PRC introduced the strategy of large-scale development of its western regions, a top priority has been accelerating the development of ethnic minorities and minority areas. Preferential measures have been adopted to ensure that ethnic minorities receive tangible benefits, such as giving priority to these areas when arranging development resources and processing projects, guiding and encouraging enterprises from economically advanced areas to invest in these places, and increasing financial input and support to them. At present all of the five autonomous regions, 30 autonomous prefectures and 120 autonomous counties nationwide are covered by the Western Development Strategy, or enjoy the same preferential policies as the western regions. Fixed asset investment in minority areas in 2008 was five times larger than in 2000, rising by over 23% on an annual basis. A number of infrastructure projects, including airports and expressways, have been built.

Poverty reduction has been a key element of the policies. Earlier measures focused on the provision of free medical services, granting loans and farming tools, setting up schools, and solving problems of food and clothing, housing and drinking water. Since 1990, a state fund has addressed the needs of people living in poverty-stricken minority areas, and 141 impoverished countries were listed as the first batch to gain this support. In 2005 the comprehensive development of poor minority villages became the focus of national poverty relief efforts. In 2007 the state formulated the Eleventh Five Year Plan for the Development of the Ethnic Minorities, containing eleven key projects. In 2009, new standards were announced for poverty relief work, with coverage expanded to low income rural people in the minority areas. It is estimated that through these efforts the impoverished population in the minority areas shrank from some 40 million in 1985 to 7.7 million in 2008.

In more recent years, the Government has increased its support for the sparsely populated minority areas with poor conditions. In 2005 it formulated the Program to Support the Ethnic Minorities with Small Populations, 2005-2010, through which some 640 villages nationwide have received assistance. Fiscal transfer payments have also been made to minority areas. This began in the 1950s with preferential fiscal policies. From 1980-1988 a quota subsidy system was introduced for the autonomous regions and the three provinces with large ethnic minority populations, including Yunnan. In 2000 transfer payments to minority areas were
initiated, on top of the general transfer payments, accounting for almost one quarter of the nation’s total transfer payments in the year 2008.

In 2005 the Communist Party of China’s Central Committee and the State Council jointly issued the Decision on Further Strengthening the Work on Ethnic Minorities and Promoting Social and Economic Development in the Minority Areas. This stressed that, with a gradual increase of the country’s comprehensive strength, the central government would continuously provide support to the ethnic minorities and ethnic minority areas in their social and economic development. Among other things, it would help minority areas build infrastructure projects that will give an impetus to local social and economic development, and give special treatment to small and medium-sized public enterprises that are closely related to the everyday life of local people. Since 2008 it has issued a series of preferential policies for Tibetan-inhabited areas in places including the border areas of Yunnan, increasing input to strengthen the building of infrastructure and develop competitive industry.

Further extensive measures address the culture of various ethnic minorities. They cover: protecting and developing the spoken and written languages of ethnic minorities; supporting and helping the ethnic minorities to develop education; rescuing and preserving the cultural heritage of ethnic minorities; fostering their cultural and artistic undertakings; and fostering the medical tradition of ethnic minorities. In February 2011, the Standing Committee of the Eleventh National People’s Congress adopted the “Law of the People’s Republic of China on Intangible Cultural Heritage” (hence, the Cultural Heritage Law). The law can be of great significance for the preservation of ethnic minority cultures in transport, infrastructure and other projects. Intangible cultural heritage is defined as “forms of traditional cultures which have been passed down for generations among the Chinese peoples and are regarded as parts of their cultural heritage”, including:

- Traditional oral literature and the language that embodies the literature
- Traditional paintings, calligraphy, music, dance, opera, folk arts and acrobatics
- Traditional ceremonies, festivals, and other folk customs
- Traditional sports and entertainments
- Other intangible cultural heritage.

People’s government at the county level or above should include protection and preservation of intangible cultural heritage in its social and economic development plan, and should include the cost of protection and preservation in its budget.

Guided by the national policy framework, the Yunnan Provincial Government has formulated its own policies and programs towards ethnic minorities. Its provincial ethnic affairs commission observes that Yunnan province has “taken the lead in initiating and carrying out local legislation related to the law on regional ethnic autonomy in China”. These are covered mainly in the 2004 regulations on provincial measures for implementing the regional autonomy law. In 2005 the provincial government adopted a “Specific Decision” to further strengthen the economic and social development of ethnic minority areas. It placed its emphasis on impoverished villages in isolated mountains or ethnic villages along the national borders, including the autonomous areas, bordering areas, and the villages where different ethnic minorities live together. There would be more government subsidies for infrastructure improvement in the autonomous areas. During the period of the Eleventh Five Year Plan the government investment in infrastructure of these areas should be more than the average increase of investment for the province. The transport sector was accorded a high priority, at all levels. By the end of 2010, all ethnic minority autonomous areas should have access to expressways, counties in these prefectures would have grade II or III highway access, all townships would have asphalt roads, and all villages should have rural roads.
Implementing policies: administrative arrangements for ethnic minority affairs in PRC and Yunnan Province

Ethnic affairs are addressed at all levels in the Chinese political and administrative structure. At national level, the key organs are the Ethnic Affairs Committee (EAC) of the National People’s Congress (NPC); the Committee for Ethnic and Religious Affairs (CERA) of the Chinese People’s Political Consultative Conference (CPPCC); and the State Ethnic Affairs Commission (SEAC). EAC has a largely legislative function. CERA has the task of coordinating relationships between various social, groups, including ethnic minorities. SEAC has the more specific responsibility to implement state policy for ethnic minorities and the development of their areas. Each of these agencies, however, has its working branches and offices at provincial, county and town levels. There are also research sectors and institutions related to ethnic affairs.

SEAC has a broad mandate, covered by its nine departments and offices. This ranges from: drafting ethnic laws, regulations and policies on ethnic minority issues and monitoring their implementation; to coordinating and urging the relevant departments to perform their duties related to ethnic work. In 2008, its supervisory role was strengthened when a new Auditing Department was created within SEAC to inspect and monitor the implementation of ethnic minority policies and laws in different administrative sections all over the country. The provincial ethnic affairs commissions correspondingly set up their own Auditing Units. Under the Yunnan Ethnic Affairs Commission (YEAC) for example, the Auditing Unit is responsible not only for auditing and inspection of the different bodies that fall under its direct responsibility (such as the ethnic affairs bureaus at prefecture or county level), but also of the different provincial departments on matters that relate to ethnic affairs.

In Yunnan province, consistent with national policy, YEAC has a similarly broad mandate at the provincial level to that of SEAC at the national level. It has the main responsibility for carrying out guidelines and policies of the CPC Central Committee, the State Council, Yunnan Committee of the CPC and Yunnan Provincial Government. It should direct the work regarding ethnic affairs of prefectures and cities. Its coordination roles include that of coordinating international cooperation in minority areas. And it has multiple other tasks, including research, training of cadres from minority groups, education, language and communications. It is supported in its tasks by several affiliated public institutions, including: the Yunnan Nationalities University; the Yunnan Nationalities Press; the Yunnan Ethnic Museum; and the Yunnan Provincial Polytechnic School for Ethnic Groups.
Implications for transport sector projects

What are the implications for a transport project, which will in some way impact an ethnic minority group or area? The social dimensions of a transport project are not implemented in a vacuum, independently of the multiple plans and programs implemented by the central and provincial governments, in order to secure the uplifting of disadvantaged groups including ethnic minorities. As explained in a brochure of the Yunnan Ethnic Affairs Commission (YEAC)², there

has been intensified support for the development of the seven ethnic groups, each with a population of less than 100,000, and this will be high on Yunnan’s agenda of ethnic affairs.

Thus the ethnic and social aspects of specific projects have to be seen in this wider context of development planning, in which a number of government agencies can have their own plans, budgets and time frames for activities which may in some way be related to the project. This can be in the area of tourism, health, education, poverty reduction, employment and other aspects of economic and social development, in each of which there is a specialised agency or bureau at the provincial and local levels in PRC. The key task is to integrate the targets and scheduled activities of a specific project with those of the broader government planning. To this effect, it is important both to have extensive consultation with such agencies during project identification, design and preparation; and also to involve the most pertinent agencies in a project steering committee, in order to ensure the necessary synergies.

When ethnic minorities may live alongside, or in some communities together with, the mainstream population (the Han in the case of PRC), the next issue is when, whether and why there should be any differentiated treatment for ethnic minority groups. Are they particularly vulnerable? Do they have special needs for protection? Moreover, is there a need to distinguish between the needs and situation of different ethnic minority groups within project areas, given that some may be more disadvantaged or isolated than others?

Such issues have arisen in the context of many development projects in Yunnan, including ADB-financed road and railway projects. Sometimes there has been a strong emphasis on cultural dimensions, emphasizing culturally appropriate benefits, and building into a transport project’s components designed to strengthen the traditional cultures of ethnic minorities. Examples will be given in later sections of the toolkit. In other cases there has been more emphasis on economic and social dimensions, for example building a local feeder road component into an expressway project, in order to ensure that at least part of the activities are targeted specifically at the needs of the more isolated ethnic minorities. This has been important in Western Yunnan, where the Dai ethnic minorities tend to live closer to the main roads, and will be more able to take advantage of road modernization and expressway construction. A special and distinct effort is needed to construct feeder roads in such a way that the smaller ethnic minorities living in remoter areas can derive economic benefits and better market access.

A further challenge is to increase the linkages between the broader government interventions on behalf of ethnic minorities and their development, and the activities of a specific project which can have an impact on ethnic minorities. At least until recently, there has been a limited appreciation in PRC of the need for social impact assessment. In ethnic minority policies, the overall approach has been to promote equality of opportunity and treatment, rather than to consider areas where groups with distinct cultural values may be particularly vulnerable in development processes, and have different needs. A key purpose of social assessment, especially in the case of ethnic minorities, is to determine when they may have special needs in cultural as well as economic areas. It can take a long time to build relevant expertise on social assessment. Furthermore, regulations are likely to be required, setting out the responsibilities of the different agencies. Importantly, the National Development and Reform Commission (NDRC) has new guidelines for the conduct of feasibility studies in this area. It is in this area that ADB experience in applying its social as well as environmental safeguards in individual projects can be of value, building up the national expertise on such social assessment.
TRANSPORT SECTOR PROJECTS AND THEIR SOCIAL DIMENSIONS IN PRC AND YUNNAN PROVINCE

Overall transport strategies

The improvement of transport and infrastructure has been an essential part of PRC development strategy. Rapid economic growth over the past two decades has significantly increased demand for transport services. The Eleventh Five Year Plan, 2006-2010, gave high priority to improving transport capacity and efficiency. The national expressway network was expected to reach more than a billion people by connecting all provincial capitals and large urban centres. Railways are the primary mode of transport for long distance and bulk transport, with PRC railways having the highest freight transport density in the world, and the second highest passenger transport density after Japan. Between 1978 and 2006, railway freight grew by over five per cent annually. This long railway network is still inadequate for the country's population and land area, and capacity has lagged behind demand. The Government has thus adopted an aggressive plan to develop the railways, with priority given to developing railways in unserved areas and regions that lack transport and have remained less developed.

Institutional arrangements for roads and railways

The National Development and Reform Commission (NDRC) has overall responsibility at the national level for formulating the five-year development plans, establishing transport priorities and targets in consultation with the ministries for the different transport sub sectors, and with representatives of transport users. The Ministry of Communications (MOC) has responsibility for national highways (as well as for inland waterways, coastal shipping and major ports). MOC provides guidance to provincial governments, its responsibilities including the planning and coordination of transport investments, and the formulation of transport policies. It also shares financing for the national highway system with provincial governments. The Ministry of Railways (MOR) acts as the nodal agency for railways at the national level. However, the PRC railway system is divided into the three tiers of national, joint venture and local railways. Both the joint venture and local railways serve local needs, and provide the necessary linkages with the national railway network. Local railways comprise regional lines within provincial boundaries, and are constructed under the sponsorship of provincial governments. The joint venture railways have a separate corporate structure, with MOR participation, and some of them operate across provincial boundaries.

Transport projects, social and cultural concerns in Yunnan Province

In Yunnan Province, two main factors combine to give major importance to road and railway communications, as part of PRC's overall communications strategy. First, as a mountainous and landlocked province with a high incidence of rural poverty in western PRC, it is a key target area for the Government’s Western Development Strategy, which aims to reduce economic disparities between the poor western region and the more developed coastal region. The lack of an efficient and effective transport system has been seen as an important constraint for inclusive growth in Yunnan Province. Second, Yunnan’s strategic location in the south western border region of PRC – adjoining several countries of the Greater Mekong Sub region (GMS), and also providing a critical meeting point for east, south and south-east Asia – means that the province is now becoming the hub for a wide range of regional communications initiatives, in particular those seeking to modernise the communications infrastructure between the GMS countries.

Over the past decade, major steps have been taken to expand road network capacity and quality in Yunnan province. Under the State Council’s National Expressway Network Plan
(NENP), approved in 2004, Yunnan has been committed to significant improvement of its expressway network. Moreover, five of these expressway projects have been financed by ADB.

Several of these projects involve road construction or upgrading in previously remote areas, in order both to improve transport access for poor rural inhabitants, and also to enhance the regional communications network. One example is a Central Yunnan Roads Project, approved by ADB in 2008, involving the construction of the Wuding-Kunming Expressway. The project area includes one district and four counties, of which two are nationally designated poverty counties. Approximately a quarter of the rural residents are poor, the highest rural poverty incidence being 37 per cent in Wuding County. And because of the mountainous terrain, most of the rural population is scattered in some 7,000 natural villages that lack basic infrastructure, especially roads. An important aim of the project has thus been to reach out to the poor remote villages through improved rural transport and associated services. At the same time the project will strengthen economic and trade cooperation among the GMS countries. The Wuding-Kunming Expressway is an important section of the national high-priority western development corridor from Chengdu in Sichuan province to Kunming. It will also support three GMS corridors: the north-south economic corridor via Lao PDR to Bangkok; the eastern corridor to Hanoi and Hai Phong in Vietnam; and the northern corridor to Nanning and Fangcheng in Guangxi province.

A second example is the Yunnan Integrated Road Network Development Project, for which a US$ 250 million was approved by the ADB Board of Directors in December 2010, to build a new 135 kilometer expressway completing an east-west corridor transport route in western Yunnan. The project will also finance the rehabilitation and maintenance of over 1,200 kilometers of local and rural roads which are currently in poor condition. One key element will be support for a community-based system to maintain around 650 kilometers of rural roads.

Similarly with railroads Yunnan province, in view of its geographical location, has been an important part of the national drive to upgrade systems and open up new regional communications networks. There are ambitious schemes to build high-speed rail connections with neighbouring GMS countries. There are ambitious schemes to build high-speed rail connections with neighbouring GMS countries. In December 2010, it was announced that work on a high speed rail connection between Kunming and the Lao PDR capital of Vientiane would commence in April 2011. ADB’s main involvement has been a US$ 180 million dollars loan for the Dali-Lijiang Railway Project in north western Yunnan, linking the two traditional towns of Dali and Lijiang with their high concentration of ethnic minorities. The project, a joint venture between the Ministry of Railways and the Yunnan Provincial Government, involved the construction of 167 kilometers of single-track railway (reserved for electrification) between the two cities, as well as expanding the capacity of the existing Guangtong-Dali line to accommodate additional traffic.

All of these projects have affected, in some way, the diverse groups of ethnic minorities in Yunnan Province. On the one hand, road and railway construction inevitably involves some displacement of persons and communities in the project sites. A 2007 evaluation of ADB-financed road and railway projects in PRC between 1997-2005 estimated that an average of 18,000 persons was affected by land acquisition or house demolition under each project. Moreover, as the projects have become larger since 2004, this impact has also increased. On the other hand, ADB policies require that ADB’s development efforts should work to ensure that development initiatives affecting indigenous peoples (ethnic minorities in the PRC context) are effective and sustainable; and that such initiatives should be compatible in substance and structure with the effected peoples’ culture and social and economic institutions, and commensurate with their needs, aspirations and demands.

Ethnic minorities and transport sector projects: issues to consider

There are clear reasons to expect that, in view of their lifestyles and socio-economic needs and aspirations, the ethnic minorities of a province like Yunnan would generally welcome road, railway and other infrastructure projects. Almost all of them are, to a greater or lesser extent, integrated within the market economy and in need of better access to markets for their produce. Improved transport should also lead to better health, education and other services; and to better prospects for seeking work on labour markets.

The Dali Lijiang Railway Project is of particular interest, both because its design saw ethnic minorities as its primary beneficiaries, and because it placed an equally strong emphasis on socioeconomic and cultural benefits for the targeted beneficiaries. Major benefits accruing to the minorities were seen to include higher income from increased cash-crop farming, more cash income sources due to seasonal migration work and tourism opportunities, enhanced communication with urban centers, and better access to markets and social services. Construction access roads would be handed over to the community after the completion of railway construction, thus improving their access to local facilities and services.

An underlying goal of this project, linking the historic towns of Dali and Lijiang with their strong cultural traditions, has been to promote tourism. A challenge has therefore been to ensure that ethnic minorities benefit from this tourism, rather than being displaced by it. Social assessment – conducted in villages in the railway corridor, including those with high percentages of ethnic minorities – found that those which were heavily integrated into the tourist industry were earning double that of the next well-off village type, namely those in the valley which pursued specialized agriculture. In the main towns it has been clear that members of the Bai and Naxi minorities (the majority of the population in the project area) are well positioned to derive economic benefits from tourist growth, marketing their handicrafts, or developing hotels and other facilities in their traditional styles.

Yet tourism has to be handled with great care. When tourist attractions are developed on a commercial basis, many of the benefits can go to outsiders. It can undermine the distinct cultures of ethnic minorities. This is recognized as a social risk, but there are many factors promoting tourist growth, and it can be beyond the control of the railway company responsible for project implementation. The safeguard activities of the Dali Lijiang Railway Project helped create awareness among the local leaders, who are now making serious efforts to promote a tourism that is socially, culturally and also environmentally sustainable.
ADB SAFEGUARDS FOR ETHNIC MINORITIES AND TRANSPORT SECTOR PROJECTS

Strategic vision

ADB’s long term strategic vision for its investment operations is set out in its “Strategy 2020” document which should guide the Bank’s activities over the coming decade. Transport and infrastructure development are a key element of the strategic agenda of “inclusive economic growth”. Support by ADB will include investing in infrastructure to achieve high sustainable economic progress, connect the poor to markets, and increase their access to basic productive assets.

Moreover, in a further strategic document issued in July 2010, the ADB has indicated how its transport operations will be aligned with Strategy 2020. Transport will be a major part of future ADB operations in infrastructure. It is also integral to the five “drivers of change” of Strategy 2020 – private sector development and private sector operations, good governance and capacity development, gender equity, knowledge solutions, and partnerships. Moreover, the share of transport in overall ADB finance has been growing.

Most ADB transport lending has been for roads, and to a lesser extent railways. Road improvements at lower levels of the network have played a key role in improving people’s access to economic opportunities and services. It has supported integrated road network improvements in many developing member countries (DMCs) and financed major rural roads programs. Rural transport will continue to be an important focus for ADB transport operations. As for railways, the importance of PRC in the ADB’s lending portfolio is highlighted. During 2005-2008 ADB projects financed 3,200 kilometers of railway lines in PRC, two thirds of the 2010-2012 railways lending pipeline. There may also be prospects for regional cooperation initiatives to unlock the potential for developing cross-border railways.

Incorporating social and environmental considerations will continue to be an important feature of ADB transport operations. They have changed the way in which it formulates transport operations and conducts associated policy dialogue. An assessment of social and poverty issues, which influence the approach and scope of the project, has led to inclusion of special measures or complementary project components to ensure that the poor or other disadvantaged groups benefit from the project. They have also helped many DMCs reassess the adequacy of their domestic policies and legal provisions for providing social and environmental safeguards, and their monitoring and enforcement arrangements.

Future directions for ADB’s transport strategy are also identified. There will be continued support for rural roads, because they play an important role in inclusive economic growth by making transport accessible and affordable. Where feasible, ADB will support the use of labor-intensive approaches to rural road construction and maintenance. It will continue to support highways development, but will become more selective, focusing on countries that still lack the necessary institutional capacity and access to finance to independently develop and operate their highway networks. It will also increase its work on road safety and social sustainability, working on pro-poor dimensions of transport, and on social, dimensions including gender mainstreaming, participation, HIV/AIDS and human trafficking, and core labor standards.

ADB strategy and the transport sector in PRC and Yunnan province

For more than a decade, roads and railways have accounted for just under half of all ADB loans to PRC, and over two thirds of the total US$ 10 billion of new lending during that period. At the end of the period, roads and railways accounted for 82% of new ADB lending. Support for roads has been larger than for railways.

Consistent with national planning, ADB transport projects have given high priority to poor and disadvantaged areas, as well as western regions. By the time of the 2003 Country and Program Strategy (CSP), for example, ADB had established poverty reduction as its overarching goal. Thus over 80% of the proposed program was to be spent in the poor interior regions, and transport was to contribute over 60% of lending, focusing mainly on the central and western regions. In the roads subsector, one of the main priorities was to construct roads connecting growth centers with hinterland economies. In the railway subsector, one of the priorities was to construct railway lines in less developed and poor areas. From 1999 onwards, ADB earmarked all road and railway projects for the poor central and western provinces.

In this context, an important theme of ADB support for roads and railways in PRC has been the provision of safeguards on ethnic minorities, as well as the environment and involuntary resettlement. An ADB evaluation found that ten projects required ethnic minorities development plans between 1997-2005, seven of these for projects approved in 2004-5. Much of this has taken place in Yunnan province, where between 1999 and 2010 four major transport projects have been implemented or are under preparation in areas where there is a sizeable ethnic minority population. One is the Southern Yunnan Road Development Project, implemented between 1999 and 2005, supporting the construction of a toll expressway between the towns of Yuanjiang and Mohei. A second is the Western Yunnan Roads Development Project, approved in 2003 for implementation between 2004-2009. A third is the Dali-Lijiang Railway Project, approved in 2004 for implementation between 2005-2011, linking the historical towns of Dali and Lijiang in both western Yunnan in an area inhabited largely by Bai, Naxi and Yi and other ethnic minority groups. A fourth is the ongoing Central Yunnan Roads Development Project, approved in 2008 for implementation between 2009-2013, to support construction of the Wuding-Kunming expressway. And a recent approval, in December 2010, was for a Western Yunnan Integrated Roads Network Project. This supports construction of an expressway across hilly terrain in an area near the Myanmar border, where almost half the population are ethnic minorities from several different groups.

A further infrastructure project with an impact on ethnic minorities is the ongoing Kunming Qingshuihai Water Supply Project, an urban infrastructure initiative of Kunming Municipal Government to provide a safe and secure water supply for Kunming city from rural catchment areas.

ADB safeguards and ethnic minorities

The ADB’s Sustainable Transport Initiative operational plan should be considered together with its updated policies to apply social and environmental safeguards in all Bank financed projects and programs. ADB is committed to ensuring the social and environmental sustainability of the projects it supports, affirming that this is a cornerstone of inclusive economic growth and poverty reduction. An important part of its safeguards policies, updated in 2009, concerns indigenous peoples and ethnic minorities. ADB first adopted a Policy on Indigenous Peoples in 1998, stressing that their potential vulnerability must be regarded as significant in the Bank’s development efforts and interventions. The policy defined approaches that recognize the circumstances of indigenous peoples and that identify measures toward satisfying their needs and developmental aspirations. It focuses on the participation of indigenous peoples and ethnic minorities in development and the mitigation of undesired effects of development.
In mid 2009 ADB adopted the Safeguard Policy Statement (SPS), which entered into force in early 2010. This integrates the three existing policies on social and environmental safeguards, namely the 1995 policy on involuntary resettlement, the 1998 policy on indigenous peoples, and the 2002 policy on the environment. The SPS contains a number of substantive requirements, together with implementation and monitoring arrangements. It applies to all projects financed or administered by ADB in its Developing Member countries (DMCs). It also articulates the roles and responsibilities of ADB on the one hand, and borrowers or clients on the other. The implementation of the provisions of the safeguard policies is the responsibility of the borrower or client. These are required to undertake social and environmental assessments, carry out consultations with the affected people and communities, prepare and implement safeguard plans, monitor the implementation of these plans, and prepare and submit monitoring reports. ADB’s role is to explain policy requirements to borrowers and clients, help them meet these requirements during project processing and implementation through capacity-building programs, ensure due diligence and review, and provide monitoring and supervision.

The SPS Appendix 3 outlines in detail the safeguard requirements for indigenous peoples and ethnic minorities. The objective is to design and implement projects in a way that fosters full respect for these peoples’ identity, dignity, human rights, livelihood systems and cultural uniqueness as defined by indigenous peoples themselves so that they (i) receive culturally appropriate social and economic benefits, (ii) do not suffer adverse impacts as a result of projects, and (iii) can participate actively in projects that affect them.

Requirements for applying ADB safeguards for indigenous peoples

ADB, like other development partners including the World Bank, has requirements to assess the likely impact of its projects or programmes on indigenous peoples, and then to incorporate appropriate measures through Ethnic Minority Development Plans (EMDPs). These requirements were first set out in the 1998 Policy on Indigenous Peoples, and more recently in the 2009 Safeguards Policy Statement (particularly Safeguards Requirement 3). Only the broad outlines of these operational procedures are provided below, though readers are encouraged to study the full text of the SPS, available in Chinese, and related operational policies.

At the project identification stage, project screening and categorization are undertaken to determine the significance of potential impacts or risks that the project might present with respect to ethnic minorities, to identify the level of assessment and institutional resources required to address safeguard issues, and to determine the information disclosure and consultation requirements. The project team uses screening checklists to this effect. A proposed project is then assigned to different categories, depending on the significance of the potential impacts on ethnic minorities. It is classified as Category A, if the impacts are likely to be significant: an EMDP, including assessment of social impacts, is required. It is Category B, if considered likely to have limited impacts on indigenous peoples, and an EMDP is also required. A proposed project is Category C if not expected to have impacts on indigenous peoples, and no further action is required.

An initial poverty and social analysis is prepared for every project, prior to management approval of the project concept paper. This helps to flag the social dimensions of a proposed project, as well as develop the terms of reference of project preparation consultants, including those that relate to ethnic minorities.

The SPS\(^6\) outlines the main points of social impact assessment, which should be covered by an EMDP. It should, in summary: review the legal and institutional framework applicable to ethnic minorities in the project context; provide baseline consultation, at each

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\(^6\) Annex to Appendix 3. The earlier 1998 Policy on Indigenous Peoples also identified key elements in an indigenous peoples development plan.
stage of preparation and implementation; assess the potential adverse and positive effects of the project; assess the perceptions of affected ethnic minorities about the project and its impact; and recommend measures to avoid adverse effects (or at least minimize, mitigate and compensate for such effects), and ensure information on the demographic, social, cultural and political characteristics of the affected ethnic minority communities; identify key project stakeholders, and elaborate a culturally appropriate and gender-sensitive process for meaningful that ethnic minorities receive culturally appropriate benefits under the project.
PROJECT EXPERIENCE IN YUNNAN

This section reviews the practical experience in designing, implementing and monitoring safeguards for ethnic minorities in different parts of Yunnan province over the past decade. The context and approach can change, in different projects. Sometimes there has been relatively more focus on cultural aspects, at other times more focus on socioeconomic concerns and on measures to increase market access and raise incomes. Sometimes the ethnic minority development plans have been quite general: at other times they have entered into considerable detail, and provided for specific measures (the EA sometimes collaborating with other agencies, in accordance with their area of expertise). And in some cases, there has been rigorous monitoring of their impact on socioeconomic or cultural dimensions.

1. Southern Yunnan Road Development Project (1999-2005)

This is an early example of ethnic minority safeguard plan for an ADB project in PRC, soon after the adoption of the ADB’s first Policy on Indigenous Peoples in 1998. The project comprised construction of a 147 kilometer toll expressway between the towns of Yuanjiang and Mohei in southern Yunnan; upgrading of feeder roads to poor communities; and supporting institutional development. A component consisting of feeder roads to poor communities was added to the project at the ADB’s initiative, so that it could contribute more directly to poverty reduction.

The project covered an area of high poverty incidence, with Mojiang County designated as a national poverty county and the poorest of the 73 counties in Yunnan. All three counties in the project area were ethnic minority counties, accounting for some 70% of the people. The majority of the ethnic minorities affected were Hani, followed by the Bulang, Dai, Lahu and Yi.

At appraisal stage, an EMDP was prepared by the Yunnan YuanMo Expressway Corporation (YMEC) and submitted to ADB for its approval in 1998. Economic development strategies for the ethnic minorities were integrated within the economic development plans of
the different counties, focusing mainly on poverty alleviation and the construction of roads and other infrastructure. Among other things, it advocated a special support program for marginal minority peoples living in very remote areas. The Land Administration Bureau, assisted by the Ethnic Affairs Bureau of each county, was responsible for coordinating the resolution of problems associated with land acquisition and resettlement for minority peoples; and consideration was given to the creation of a special fund, to be used as a safety net, for minority people affected by the project and experiencing difficulties in the restoration of their livelihoods. Moreover, villagers from minority peoples living in the project area were given priority in benefiting from the job opportunities associated with the construction of the expressway and feeder roads. External monitoring of the plan's implementation was entrusted to an international consultant.

The project completion report contains a brief evaluation of the EMDP. The goals of adequate resettlement and rehabilitation, poverty alleviation and economic development of minority areas were achieved through a range of strategies including: involving local residents in expressway construction, intensified use of farmland, shifting from farmland to the business and service sectors, resettling people in other areas, undertaking long term measures to promote sustainable livelihoods, and drawing up development plans for remote villages. A number of measures were taken to preserve and develop ethnic cultures. It was observed that in recent years, because of the rapidly growing tourist industry in Yunnan, local governments have realized that diversity in ethnic minority cultures is an advantage: thus local governments are increasingly giving attention to conserving these ethnic cultures, because this has resulted in economic returns to villagers. During the course of expressway construction, local ethnic minority cultures and customs were respected. In design of the expressway, the alignment tried to avoid sacred places: if this was unavoidable, the project relocated such sacred places.

Some lessons learned from the EMDP and the projects were as follows. While the majority of project beneficiaries were ethnic minorities, it was difficult to ascertain differences in special measures and project benefits between ethnic minorities and Han. Local communities are well integrated. While some villagers continue to observe different traditions, this relates more to their remote locations and to poverty than to ethnicity. The social integrity of ethnic minorities was safeguarded primarily by means of institutions and relationships that already existed in the project area and are widespread throughout Yunnan province. Thus no special measures were required to address this concern, although ADB policy did help highlight the concern that local people’s rights, community property, customs and sacred places should be fully respected during project construction. This was achieved. And if special measures are required, the EMDP should include a specific action plan and a budget that is endorsed by the project owner and local government: otherwise, agencies may not have the resources to make the required investments.

A special ADB evaluation study has assessed this project from the particular perspective of its impact on rural poverty reduction in an ethnic minority area. It compares the experience of this project with that of an expressway project in Sichuan province where the incidence of ethnic minorities is far less. The villages visited in Yunnan were dominated by mountainous regions with 25 ethnic minority groups. For the poor minority households a major cause of remaining in poverty, together with difficulty in speaking Mandarin Chinese, was the "lack of courage to face exposure to the outside world". This helped explain why – in contrast to the situation in Sichuan, where migration was the primary strategy to escape poverty – in Yunnan migration was less common for several reasons. These included: limited education, with school dropout rates high among the minorities even in elementary schools; language barriers; lack of social connections in cities, because very few people had migrated in the past; and a culture of being reluctant to

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7 Pathways out of Rural Poverty and the Effectiveness of Poverty Targeting, ADB, Special Evaluation Study, May 2006 (See Appendix 3, Case study on People’s Republic of China).
go far from home. Gender was also a factor, given that women in the Yunnan villages attended to are less educated than men and less able to understand Mandarin.

This study also aimed to assess the impact of both expressways and feeder roads on the poverty of ethnic minorities in the project areas. The findings are interesting. Locating an expressway in a poor region may have no direct impact on poverty reduction, for the simple reason that expressways are closed to local traffic except near exits. In Sichuan, the project expressway had little direct impact on poverty reduction in the project areas, where most people rise from poverty by migration and employment outside poor regions. In minority-dominated Yunnan by contrast, many poor rise from poverty by engaging in commercial agriculture. Thus the project expressway had a direct impact on poverty reduction, as it facilitated moving some cash crops such as tobacco to production in poorer areas. However, the upgrading of isolated roads to poor and small villages in remote mountainous regions of Yunnan had a marginal effect on poverty reduction. Poor resource endowment and adverse farming conditions meant that the poor in remote villages had little surplus to sell: and the improved roads, while making walking more convenient, did not mitigate the lack of unemployment. The study also considered the arguments for and against appending to expressway projects additional components, such as upgrading rural roads located in poor regions, or including activities on ethnic minority development.


The project is located in the north western part of Yunnan province, relatively poor but in recent years a centre of tourist development. It is designed to support sustainable growth by constructing a 167 kilometer railway from Dali to Lijiang. It also seeks to facilitate the creation of additional employment and income-generating opportunities for the poor, including the substantial proportion of ethnic minorities, in the project area. It is a joint venture railway between the Ministry of railways and Yunnan Provincial Government. The Western Yunnan Railway Company (WYRC) has been the executing agency, while the provincial Yunnan Ethnic Affairs Commission (YEAC) participates in coordination and monitoring. The alignment goes through an area where over three quarters of the population are ethnic minorities, primarily from the Bai and Naxi groups.

The DLRP is often highlighted as a model project for incorporating ethnic minority concerns. In the design process there were extensive consultations with different ethnic minority groups (Bai, Lisu, Mosuo, Naxi and Zang Tibetans); as well as with local governments, village and religious leaders and local Ethnic Affairs Bureaus. At the design stage, consultants and officials from WYRC and local government held consultations with villages in all villages along the proposed alignment, conducting these in the local Bai and Naxi languages. Consultations covered not only the alignment area of the project, but also what were termed boundaries of analysis (BOA), as adjoining areas on which the project and its activities could be expected to have some impact.

A detailed EMDP was prepared in 2004, jointly by the Ministry of Railways, the WYRC, the Planning Commission of Dali Prefecture, and the Dali-Lijiang Railways Supporting Lead Office of Lijiang City. It has extensive description of the main ethnic minority groups in the project area and the BOA (also including Zang Tibetan and Pumi), of their patterns of migration and their socio economic characteristics. Ongoing development programs for ethnic minorities
are also reviewed. It is estimated that over a million people, 73% of whom are ethnic minorities, will directly benefit in the project area. The new rail network will enable ethnic minority families to obtain improved transport service and better access to social services and employment opportunities, both from construction and from induced economic development. Along the proposed alignment 83% of the population are ethnic minorities, of whom just under 8,000 will be affected by land acquisition and resettlement, for which provisions are included in the resettlement plan.

The project incorporates ethnic minorities' concerns into its design, as they are considered one of the primary beneficiaries. Major benefits accruing to the minorities include higher income from cash-crop farming, more cash income sources due to seasonal migration work and tourism opportunities, enhanced communication with urban centers, and better access to markets and social services. Construction access roads will be handed over to the community after completion of the railway construction, which will improve local transport accessibility. Specific activities are incorporated into the proposed transport interventions to ensure that poor ethnic minorities in the project share proportionately in project benefits. Implementation arrangements and associated costs for the EMDP are incorporated into the project design. Specific measures, such as preservation of cultural heritage, are included in the EMDP to be supported by local governments and ADB.

Specific activities in the EMDP are broken down into the four areas of project benefits, mitigation measures (as the responsibility of WYRC), enhancement measures and cultural preservation measures (responsibility of local government).

An important feature of the DLRP was that ADB provided a technical assistance grant for support to the EMDP. This sought to assist local governments in the project area by providing capacity building and training to local people, to assist in the design and implementation of cultural protection measures. The technical assistance (TA) focused exclusively on cultural protection, rather than on other aspects of socio economic development including tourism, when the consultants found in their initial survey that the railway line (which went largely through tunnels) had less economic impact than impact on local village culture. However, the inflow of large numbers of tourists could potentially endanger local cultural traditions. The TA was carried out by Yunnan Nationalities University, which engaged a number of experts from different academic disciplines. It was implemented in close coordination with YEAC, which chaired the Steering Committee. Local institutes within the project area were also engaged. For example, the Lijiang Institute of Dongba Studies held training classes for village practitioners, to protect the local religion and cultural traditions. In Jianchuan County, folk singing and dancing sessions were held among Bai people.
Box 1: Cultural Sensitivity in the Dali Lijiang Railway Project

An official from the Dali Prefecture Ethnic Affairs Bureau, involved in the project since the outset, explains the culturally sensitive approaches taken in both design and implementation. In design, consultation was conducted in Bai and Naxi languages so that local people, particularly the elderly, could understand the information and express their concerns. For example, some villagers worried that tunnel construction might cut off their water resource, might destroy their fengshui (wind and water), that their temples might have to be relocated, or their ancestral tombs resettled so that their “good luck” would disappear. These issues were explained in local languages by technically qualified persons.

During the implementation stage, all contractors were required to “promote good relations with local people”. An offer of a cigarette, a greeting or other small gesture of help would be greatly conducive to securing agreement and help. On the other hand, if villagers feel not well respected, then things become very difficult. The contractor in Songgui Town gives a good example. When a local householder found that one of his walnut trees was on the alignment and had to be cut down, the contractor used an excavator to relocate the tree. When villagers felt they needed help in improving their road, the contractor tried to help in all possible ways. Whenever ethnic minority people were celebrating traditional holidays or festivals, the contractor always sent representatives with small gifts to participate in the activities. When local people were fully happy and felt respected, good relations made it easier for contractors to discuss and reach agreement to cope with the many issues involved in construction.

Another contractor in Fengyi, Dali Prefecture, strongly believed that everything should strictly follow the rights and obligations set out in the contract. As the terms of all compensation and other reimbursements are clarified in the contract, there was no need to have much contact with local people. One day, an explosion damaged a house and infuriated the local people. They blocked all access to the construction site and brought the work to a halt. It was only when the local government, including the Ethnic Affairs Bureau, came to reconcile the parties that construction could continue. “Damage to the house was not serious. If the contractor had had better communication with the local people and mutual trust had been established, then a simple explanation with a guarantee of repairing the damage would have satisfied the local people. The problem is that local people did not trust a contractor with whom they did not have good relations”, the official explained. After the event, the contractor learned to promote relations with local people in a culturally appropriate way, so that the construction work was implemented smoothly.

A grievance redress mechanism was established at local government offices, with a requirement that any complaint from local people should be recorded in writing and should receive an immediate response. If they were reluctant to make complaints through such a mechanism, the external monitor would hold regular meetings with different social groups to listen to their complaints, report in a timely manner to relevant agencies, and monitor the response. Local people were told they could also make complaints directly to WYRC. There were thus several channels through which they could express their requirements or grievances.

Such good practice in maintaining good relations with local people has not been part of the previous mandate of contractors. They might or might not do so, depending on their understanding of the context and what was deemed necessary. Under ADB safeguards policy, it was a requirement. A senior official from WYRC explained that ADB requirements seemed quite complex, but “if we get used to them, things go more smoothly than expected because the good planning and assessment significantly reduce the problems we may encounter in project implementation”.

3. Central Yunnan Roads Development Project (expected duration, 2009-2013)

The project was approved in September 2008, with ADB contributing a loan of US$ 200 million, and became effective in August 2009. It includes the construction of a 64 kilometer expressway from Wuding County of Chuxiong Yi Autonomous Prefecture to Kunming City. It also includes the upgrading of 190 kilometers of local roads. The total project cost is US$ 745 million. In addition to the ADB contribution, US$ 211.5 million is from domestic bank loans, US$ 98.6 million from the Ministry of Communications, and US$ 234.9 million from Yunnan Provincial Government. The project was identified as a high priority under the GMS Transport Sector Strategy, endorsed by the six GMS countries in 2006. The Yunnan Provincial Communication Department (YPDCT) is the executive agency. The Wuding-Kunming Expressway Company (WKEC) is responsible for the expressway and capacity building components. YPDCT, through the project management office, is implementing the local road improvement and local road safety enhancement components.

The project seeks to benefit directly some 1.93 million people, of whom 61% live in rural areas (a quarter of these living on less than one US dollar per day). 478,000 people within the project area, or almost a quarter of the total, are from diverse ethnic minorities. For the assessments on environment, resettlement and ethnic minorities, consultations were held with representatives of affected counties, townships and villages. The consultation and participation process influenced the project design and alignment, and the formulation of the various safeguards plans including an EMDP. To ensure equal benefit from the project, the poor, ethnic minority groups, and other vulnerable groups such as women, were consulted separately.

The EMDP was prepared by YPDCT in May 2007. It has detailed background information and analysis of the various ethnic groups, their socio economic and cultural characteristics, poverty indicators and income earning strategies. It also reviews government programs targeted directly at minorities in the project area, including: a food security and housing program targeted at 130 natural villages; a relocation program targeted at most of the poor in the project area who are unable to achieve basic living conditions and are willing to be relocated; an integrated minority poverty alleviation program targeted at Dongpo minority township in Wuding and Dasong minority township in Luquan; an integrated village development plan; and the food for work and micro credit for poverty reduction programs, which target all 73 key poverty alleviation counties in Yunnan including Wuding and Luquan minority autonomous counties in the project area.

Several ethnic minority groups are located in the project area, including the Bai, Dai, Hani, Hui, Lisu, Miao and Yi. The Lisu, Miao and Yi are located mainly in the mountainous areas of Wuding and Luquan counties. The Bai are located mainly in Shalang township, a suburban area of Kunming. All ethnic groups share some common characteristics, such as keeping their own festivals while they share the ceremony activity with others. The main differences are determined by access to markets and services, or remoteness from these. Those who live along the main road or township areas are bilingual speakers; they have no difficulty in communicating in Mandarin Chinese or their own language. Only those in remote villages have language barriers. The minority groups in remote areas are less involved in off-farm activities and migrant labour.

Over half of the population in poverty in the project area are ethnic minorities. The Bai have the highest gross income with the exception of the Han, because much of their income is derived from off-farm activities rather than agriculture. The Lisu, Miao and Yi are seen to be more vulnerable than the other ethnic groups. Their geographical remoteness, with difficult access to their communities, is a serious constraint to development. While almost every administrative village has road access in the project area, some 70% of Miao, Yi, or mixed Lisu and Yi mixed villages, have no access from their natural villages to the administrative villages. The same ethnic minority groups in mountainous villages also face language difficulties when
they try to seek migrant labour or off-farm income generation activities. In Miao and some Yi villages, the better off households are those who can speak both Han and their own languages, enabling them to undertake migrant labour and seek off-farm employment. The average years of education for ethnic minority groups are less than that for the Han. In general, the Lisu, Miao and Yi also have lower education levels than the Han, Hani and Bai.

The EMDP detects the same dilemmas of economic development and culture protection as in other projects, balancing the common desire for economic development against the associated pressure on culture and tradition. It also advocates special measures for the prevention of HIV/AIDS, drawing on earlier ADB experience of prevention and control in the Baoalong Highway project. While data and surveys point to a need for HIV prevention measures to be integrated in construction projects, this issue is also being addressed by the health department. The two are complementary. Activities within the project are essential, because a large construction workforce placed a serious burden on the local health bureaus. Further work on this subject is taking place under another ADB regional program of technical assistance (RETA 6321).

The EMDP envisages that minorities will benefit from the project through the four main approaches of: producing more agricultural products for sale; travel for migrant jobs; running small off-farm business; and travel for social and economic services. To enhance benefits for ethnic minorities, measures include the improvement of their local road networks and transport services; and priority in allocating construction work and materials to the local poor, women and minorities. A fixed 40% of unskilled work should be given to minorities, enabling 9,000 of them to benefit from the construction work. In addition, the EMDP outlines a number of complementary measures for poverty reduction, maximizing project benefits to the poor by linking the ongoing government programs and services to the road improvement. This covers the various government programs referred to above. Thus while some of the project benefits are included in its budget, other proposed activities will draw on the funds and budgets of the respective local government agencies.

YPDCT and the project expressway company will be jointly responsible for implementing the EMDP, with YEAC and its county level offices providing support to coordinate, advise and monitor implementation progress. The local government agencies will cover staffing and related costs from their administrative budgets. Detailed terms of reference with a budget are also provided for an external monitor of the EMDP. This should cover a baseline and follow-up surveys, to assess the changes in the social and economic conditions of the ethnic minorities.

4. **Yunnan Integrated Road Network Development Project (ADB approval, December 2010)**

A US$ 250 million loan was approved for this project in December 2010. The objective is to develop an integrated road transport system that supports sustainable growth in Yunnan Province. The main activity is construction of a 135 kilometer expressway across hilly terrain from the cities of Longling to Rulli, completing an east-west corridor transport route in western Yunnan. A further key element is support for a community-based system to maintain around 650 kilometers of rural roads. An EMDP was prepared by the Yunnan Provincial Department of Transportation (YPDOT) in March 2010, which focuses on the expressway component. It contains extensive analysis of the location, cultural attributes and livelihood strategies of different ethnic minority groups in the project area.

The project area, close to the border with Myanmar, is inhabited by several ethnic minority groups who straddle both sides of the border. Dai people, for example, can only be found in Yunnan province of PRC, but are known as the Shan in Myanmar where they number some half a million people. Dai and Shan share a similar language, festivals and cultural traits, living together in some communities or in neighbouring communities along the Chinese and
Myanmar border. The Jingpo people are also unique to Yunnan in PRC, but number approximately 850,000 in Kachin and Shan states of Myanmar, where they are called the Kachin. The De’ang is classified as one of the smaller ethnic minority groups in PRC, living mainly in mountainous areas. Of the 11,500 De’ang in Ruili and Luxi, most inhabit the Santaishan De’ang township in Luxi city (the only De’ang township in PRC). The De’ang are particularly reputed for their long history of tea growing. A fourth group is the Lisu, who live mainly in mountainous areas of Yunnan (though with a population of 300,000 in Myanmar). There is a Lisu township in Yingjiang country of Dehong prefecture, while most of the 4,000 Lisu in Luxi city area are concentrated in six communities in three townships. Other Lisu live in mixed communities with Han, Jingpo and De’ang. Finally some 30,000 A’chang live in three townships of Dehong prefecture, with others in Kachin and Shan states of Myanmar.

The five ethnic minority groups share many cultural, religious and social characteristics. They mainly practice the Theravada religion. They celebrate the same “water splashing festival” in April every year. The Dehong Dai, Jingpo and Lisu have their own written characters and language; the De’ang and A’chang have their own language, but not written characters. They are generally renowned for their embroidery and handicrafts, such as Dai paper cutting and musical instruments, Jingpo carving and weaving, or Lisu flax and bamboo weaving. But there is significant economic differentiation between the ethnic minority communities, particularly between the Dai and the remainder. Dai tend to inhabit the lowland valleys with greater market access. Many Dai villages are located near main roads, and the Dai are generally renowned for their entrepreneurial talents. The majority of Jingpo villages by contrast are far from the main highways, and several kilometers away from markets.

For this reason the EMDP places more emphasis on cultural, social and economic aspects for the other four vulnerable ethnic minority groups, and mainly on cultural aspects in the case of the Dai. It distinguishes between proposed mitigation measures, to minimize any adverse impact on ethnic minorities; and proposed “beneficiary measures” to situate ethnic minorities on the wider road network, enable them to produce and sell more agricultural products, and also to be engaged in more business activities. Mitigation measures, in addition to appropriate compensation in the event of resettlement, include: preferential employment for ethnic minorities in construction contracts; designing the road alignment to avoid or minimize any occupation of any cultural sites, such as relics, holy mountains and trees, and temples; and training construction workers on the cultures, traditions and taboos of ethnic minorities, and setting up regulations on respect for ethnic minority cultures. The road alignment should also be designed, in order to avoid or minimize the occupation of the farm land and water sources, irrigation systems, houses, and social and economic facilities of ethnic minorities. Special care should be taken with regard to ethnic minorities who have little farm land.

The EDMP lists a range of proposed beneficiary measures, in each case indicating which agency should have primary responsibility for their implementation. These cover such issues as priority for ethnic minorities in micro-credit allocation, facilitating tourism, the building of cultural centers, and giving priority to remote communities and villages in the construction of market centers. One interesting proposal is to design the expressway exits with preference to areas

8 Since 1999, PRC has had preferential policies for the numerically smaller ethnic minority groups with a population of less than 100,000. Of the 55 ethnic minority groups, 22 including the De’ang and A’chang in the project area fall within this category.
where ethnic minorities are concentrated, such as the Sanyaishan De’ang township, and to design the link roads effectively.

The loan is complemented by a technical assistance grant, to support community-based rural road maintenance by women ethnic minority groups.

5. **Kunming Qingshuihai Water Supply Project (expected duration, 2008-2013)**

The project is located in Kunming Municipality. Its three components are the development of water resources and water storage capacity; conveyance of water resources for urban water supply; and institutional development and capacity building. The total ethnic minority population in the project affected areas is half a million people, or approximately 13% of the population. The Bai, Hui and Yi are the main groups. In the water source catchment areas, the Yi are predominant. In the area receiving water from Qingshuihai lake, the Hui are the largest ethnic minority group. None of the administrative villages in the areas affected by the project are exclusively ethnic minority villages, but are shared with the Han.

An EMDP was prepared by the Kunming Municipal Government in 2007. Assessment of the nature and distribution of project benefits and adverse impact indicated that neither the positive nor negative impacts were likely to have a differential impact on either the ethnic minority or the Han people. While different ethnic groups had retained their own culture (including their own traditional dress, language and customs) and livelihoods, the livelihood patterns of the Han and the minority people were found to be similar. The Yi and Han families, for example, made the same use of natural resources such as the collection of mushrooms in forest areas. Although they speak their own language in the catchment areas of the project, most minority people also speak the Han language. The education levels of household members of Han and ethnic minority families interviewed in the household survey were similar. Very few minority people would be resettled; and, with one possible exception, no ethnic communities would be split up as a result of the relocation.

In these circumstances, the EMDP places particular emphasis on the importance of ensuring that ethnic minority groups have continued participation in the project development activities (particularly in areas related to resettlement, watershed management, prevention of communicable diseases, and benefiting from temporary employment opportunities). The focus is on the villages in the catchment areas, which require most attention.

A 2010 monitoring report indicates the kind of activities undertaken for EMDP implementation up to that time. They fall into the broad areas of employment, public participation in water tariff setting, health risks, and complementary development activities. Of total unskilled employment opportunities generated by the project, almost a quarter had been filled by ethnic minority people. As regards health risks, including the need to reduce the risk of water-borne diseases, a total of 20,000 posters and drawings in Han and Yi languages had been distributed to construction workers in villages near the construction camps. Complementary development activities for ethnic minorities included training on non-farming employment skills; safe construction practices and protection from construction disturbances; and complementary poverty reduction and water protection measures.

A number of key agencies were involved in EMDP implementation, including: Kunming Water Affairs Bureau; County and Township governments; Poverty Alleviation Offices: the Forestry, Agriculture and Labor Bureaus and All China Women’s Federation (ACWF) at country level. The Kunming University of Science and Technology was engaged as an external monitoring agency.
LESSONS OF EXPERIENCE

Introduction

This final section seeks to learn some lessons from the experience to date in Yunnan province, as a basis for better application of social safeguards for ethnic minorities in projects. While the main emphasis is on transport projects in Yunnan province, it is hoped that the analysis can be of wider value in applying these safeguards to a broader range of projects, both in Yunnan and elsewhere in PRC.

Transport sector projects do pose particular challenges, but also offer opportunities for enhancement measures for ethnic minorities. For example, they will almost invariably involve some displacement, and there is bound to be a level of disturbance in the construction work involved. The extensive use of contractors can bring public health risks, for example the risk of HIV/AIDS. But a well conceived transport project, which gives due attention to the social dimensions, can do much to alleviate poverty, create additional employment during the implementation phase, and also generate better livelihood opportunities in the longer term if ethnic minorities are able to avail themselves of the new or improved transport facilities.

The cultural aspects are complex, because culture is never static. It can be better to talk of “multiculturalism”, rather than only of the protection and preservation of ethnic minority cultures. When physical space is shared, and the mainstream and ethnic minority communities live largely alongside each other, there will always be shared values. The important thing is that a project should not deliberately undermine, or be impervious to, the cultural values and traditions of an ethnic minority group. In recent years, for example, there has been extensive development of traditional villages for the purposes of commercial tourism. This can be led by private entrepreneurs, with the involvement of State agencies responsible for tourism or cultural affairs. It is in this kind of area that care needs to be taken to involve ethnic minority communities and their representatives in the design and implementation of such modernization projects. It is why the ADB safeguards give special attention to the commercial development and knowledge of indigenous peoples and ethnic minorities.

Overall, the past experience with applying ethnic minority safeguards to ADB-financed projects in Yunnan has been perceived as positive. Officials of EAs and IAs have usually welcomed the emphasis on social dimensions in specific projects. For agencies that had little if any previous experience with social assessment, it has brought a new element to their work, and enabled them to link up with other government programs on behalf of ethnic minorities. Furthermore, the findings of the social assessment are that the ethnic minorities have generally welcomed the transport sector projects. It has not been so much a question of “protecting them from the projects”, as of ensuring that they genuinely benefit from enhancement measures that are culturally appropriate.

This being said, the EA/IAs need a full understanding of the risk elements of a project, in the sense of potential harm to ethnic minorities, and how to manage it. By entering into a loan agreement with ADB, they accept direct responsibility for the safeguard requirements. On the basis of the Yunnan experience, this section reflects on ways in which their capacity to do this may be enhanced, in cooperation with other relevant agencies such as local government and the State and Yunnan Ethnic Affairs Commissions.
The policy framework and social assessment

PRC has an elaborate set of laws and regulations, together with implementing mechanisms at different levels, for promoting the economic, social and cultural development of ethnic minorities. These date back to the founding of the People’s Republic. Recent years have seen a further strengthening of these laws and policies, with a particular emphasis on the situation and needs of smaller ethnic minorities.

To a considerable extent, the emphasis of these policies has been on narrowing the gap between the more privileged areas of eastern PRC and the major cities, and the vulnerable groups including ethnic minorities in western regions. Considerable resources have been invested in these efforts, and a number of targeted programs have been implemented to address the poverty situation of ethnic minorities.

It is important meanwhile that development programs should be culturally appropriate to ethnic minorities, should be designed with their participation, and should be fully adapted to their own values and ways of doing things. In this sense the 2011 law on cultural heritage is of great importance. It clearly indicates that people’s government at the county level or above should include protection of intangible cultural heritage in their economic and social development plans.

Furthermore, the recent issuance of guidelines for social assessment by the National Development and Reform Commission (NDRC) is an important measure for the incorporation of safeguards in development projects. This complements the new administrative measures, which strengthen the supervisory role of SEAC and YEAC in monitoring the implementation of ethnic minority law and policies. It suggests that a national system is increasingly in place, in addition to the general laws and policies on ethnic minorities, to apply culturally appropriate safeguards in the context of development projects.

Full implementation of such policies, administrative and supervisory measures takes time. Two decades of experience in PRC saw a progressive strengthening of environmental safeguards. Experience with social assessment at the project level is relatively new. When different agencies are involved in projects – each with their own technical, administrative or monitoring and supervisory roles – regulations are important to clarify the specific roles and responsibilities of each agency, and to articulate the cooperation between different agencies.

In the same way that social assessment is a rather new issue in PRC, the technical agencies in the transport and other sectors may have few officials trained in the social dimensions of development. The important thing is that an EA should understand and accept its responsibility for the safeguards, and should find the appropriate mechanism for applying them. This may involve engaging qualified experts. Alternatively, it may involve entering into an agreement with another agency. The experience of ADB projects in Yunnan has pointed to a number of cases where EAs have engaged other agencies for monitoring purposes, such as the Yunnan Nationalities Museum or the Kunming University of Science and Technology. There can be further scope for strengthening this national capacity in ethnic minority safeguards, ensuring that there is a pool of national experts available to take on the relevant tasks, including training for officials of the EAs and IAs.

Importance of local government in PRC context

For any transport or infrastructure project, there will be one Executing Agency (EA). For a transport project in Yunnan, it is most likely to be the Department of Transport and Communications. There is likely to be one lead Implementing Agency (IA), perhaps an expressway or railway company. They will have the formal responsibility for the preparation and implementation of safeguard requirements. But of its essence, any transport project will be
implemented in a number of different municipalities, and any project activities will need the involvement of local governments.

Local governments in PRC will tend to welcome infrastructure projects, because they create more jobs, and increase income and revenues. When governments at the prefecture and country levels are aware that large or medium construction projects will take place in their territory, the practice is to establish a “leading group” for the project, usually as a temporary institution. It is headed by key government leaders, either by the Party Secretary or Governor or their deputies. Members will include leaders of relevant government offices, such as the general office, development and reform, finance, social security, production safety, water resources management, transportation, tourism and others. The leading group is responsible for coordinating the activities of all government offices and resource allocation, during the implementation of the project.

In PRC, to achieve its objectives, the EA or IA needs the support of local government of the area where the project is to be implemented. It will inform the local government of the nature of the project, and the kind of help that is required. Once the local government has informed the EA of local circumstances and available forms of assistance, negotiations may then take place on the means of cooperation to accomplish the project objectives. Key issues are the budget and where it comes from, and who is to make the final decision on budget allocation.

Cooperation between the EA/IA and local government can also facilitate the use of the existing safeguards system in PRC to promote ADB safeguards for ethnic minorities. Some actions must be taken directly by the EA/IA, others can also be entrusted to the local government. The local government receives a percentage of tax value as local tax revenue, while under existing arrangements projects also pay administrative fees for resettlement. The same arrangements might be extended for the application of other safeguards, such as those on ethnic minorities.

Social assessment: the importance of baseline surveys

The baseline surveys, conducted in the context of preparing EMDPs, have generated much relevant information about the ethnic minority groups in the project areas, and their concerns. This has been complemented by stakeholder consultations, sometimes carefully conducted in each village to be affected by a road or railway alignment. As part of the knowledge base for future projects, however, these surveys could go into more analytical depth. They should also identify indicators for monitoring the subsequent impact of a project, ideally with provisions for community-based monitoring.

The Central Yunnan Roads Development Project provides a good example of how this can be done, and the issues to be addressed, in the terms of reference for the EMDP external monitor:
Central Yunnan Roads Development Project: Key points of Baseline and Follow-up Surveys

The survey methodology will involve secondary data collection, key informant interviews through household surveys, and participatory rapid appraisal techniques, repeated on a yearly basis during and after the implementation of the EMDP associated with the project.

The secondary data will cover statistical data, annual implementation plans and review reports related to the EMDP, and done by the various agencies involved. The team will also interview responsible persons in Yunnan Provincial Communications Department (YPDCT), the Project Expressway Company (PEC), Ethnic Affairs Commission, Poverty Alleviation Office, Labor Bureau, Tourism Bureau, Forestry Bureau, Agriculture Bureau, Health Bureau, All China Women’s Federation, and other related institutions at the prefecture and country level. Local NGOs will also be interviewed to learn their achievements, experience and recommendations.

A household survey will use a questionnaire for poverty and social assessment. The survey will selectively target a certain number of ethnic minority households (including Yi, Lisu, Miao, Bai, Hani and Hui) over the whole monitoring period. The selection of villages and households will also cover the different components of the project (construction of expressway, rural roads and bus stations), enabling analysts to have systematic data to assess the project impacts.

The schedule provides for one baseline survey, four annual evaluation surveys, and a final evaluation survey. The baseline survey will establish socioeconomic conditions of villages before the project, as well as country statistical data against which subsequent changes can be evaluated. Evaluation surveys will quantify and provide interim assessments of the changes, collecting village indicators, but placing most emphasis on qualitative methods.

For sampling, it is proposed to cover ten villages, covering the different ethnic minorities and different project components in the project area. Around 20 households should be sampled in each village, ensuring that both vulnerable households and the smallest minority groups are adequately represented.

In conducting such baseline and follow-up surveys, it is important to limit the number of indicators and key questions for qualitative assessment. Such surveys tend to be of less practical value, when they generate too much random information, or have too broad a focus. Their essential purpose is to provide the baseline data and information, on the basis of which it is possible to assess whether the actions specified in the EMDP were properly implemented and had the desired effect. Some key things one needs to assess, in the context of an expressway project for example, are fairly straightforward. Did the design take into account the concerns and view of the ethnic minorities? How? What was done in consequence? What has been the impact of the expressway on the lives of the ethnic minorities, for better or for worse? And what could henceforth be done, to make this impact more favourable?

Information disclosure

The ADB safeguards require disclosure of information about the likely impact of a project, both positive and negative, to the ethnic minorities. Special attention needs to be given to ways to deliver this information, as it should be adequate, easily understood by the ethnic minorities, and delivered in a timely manner. There needs to be a plan for providing such information, developed early in the project cycle, together with culturally appropriate methods for its effective disclosure, and a sufficient budget for these activities.

Most likely, these activities are best carried out by relevant offices of local government, including the propaganda department of the Party Committee, the Bureau of Ethnic Affairs and the Office for Cultural Affairs, through the existing administration system.
There are many channels for disclosure. Local television is one option. But it is not suitable for ethnic minorities in rural villages, for the simple reason that most of them rarely watch television. More creative options include: moveable posters to be exhibited on local market days or local songs composed in ethnic minority languages. In the rural villages of Yunnan, there is a local market once or twice a week. People from nearby villages will come to this market to sell products and buy daily necessities, as well as visiting friends or just for fun. The market is always crowded, and is an ideal place to publicize the project. Local songs called shan’ge, or “mountain songs” are a favourite form of entertainment for ethnic minorities. Each group has its own shan’ge. In addition to being an information form readily available to them, it also helps preserve the culture of ethnic minorities. Shan’ge competitions could also be organized around the project.

**Scope and coverage of Ethnic Minority Development Plans (EMDPs)**

The essential purpose of an EMDP is to develop an action plan, commensurate with the impacts and degree of risk of a project. Beyond measures for risk management, it can include enhancement measures as a means to offset intangible adverse impacts, as well as a means to ensure social inclusion in a culturally appropriate manner.

Some of the EMDPs have given more emphasis to cultural dimensions, others to economic and social dimensions. In the Dali Lijiang Railway Project, for example, a large degree of emphasis was on cultural preservation. In other projects, particularly those where small ethnic minorities have experienced a high degree of poverty and social exclusion, there have been concerns to ensure that these groups are included in the benefits of the project. There is no fixed formula, as the priority emphasis of the EMDP should be determined by the nature of the project and the social assessment.

The recent experience with EMDPs in Yunnan projects has served to develop synergies between a project, and wide range of initiatives by local government for the development of ethnic minorities, identifying the ways that they can mutually contribute to each other’s efforts. However, it is important that an EMDP should not merely identify a series of ongoing activities for ethnic minority development by different agencies. It is important to assess (a) how the project can contribute and add value to these activities, and (b) how specific activities by these agencies may help the EA realize its safeguard and risk management objectives. Such activities should be clearly indicated, with a timeline and ideally a fixed budget.

It is therefore important not to be too general or too ambitious in determining the objectives of an EMDP within a transport project. It is important that a wide range of local government agencies within the project area are familiar with the project and its objectives. The PRC structure of the “Leading Group” can be used to this effect. But it is important to identify the agencies, whose mandate and planned activities are of most direct relevance to the project. This increases the likelihood that agreement will be reached on the specific activities and their budget.
Sensitization on ethnic minority culture for implementing agencies

While many issues arise in project implementation, a key one is sensitization of the officials of the implementing agencies. Construction companies are used to getting on with their technical work, often impervious to the people and communities in their surroundings. The experience of the Dali Lijiang Railway Project showed why sensitization of the contractors is important. It not only lessens damage, but also leads to more efficiency and better outcomes in the long run.

So far, the EMDPs for transport projects in PRC and elsewhere have given little attention to training and sensitization on ethnic minorities and their culture, for the agencies actually implementing the construction work. Though the budget is often lacking for this kind of activity, there is scope for doing much more if funds can be made available. It is useful and can lead to dividends, but the approach to such sensitization has to be chosen carefully. There is no need for academic lectures and heavy training materials. It is a list of do's and don'ts, and providing some opportunities to bring the contractors together with the ethnic minority villagers. A few explanations of their local festivals, customs, taboos, favourite dishes, or manner of greeting can all promote better community relations.

All of this works best if there can be a team of advisers, perhaps chosen from the different ethnic minorities, advising on the way to interact with villagers during the construction process. An even better option is to engage ethnic minority personnel at the highest possible level within the contracting or implementing agency. Most projects provide for preferential employment of ethnic minorities for unskilled construction work. If team leaders are from ethnic minority groups, then more of their members are likely to sign up for unskilled labor.

The Kunming Qingshuihai Water Supply Project gave a clear preference to local people for construction jobs. Most of the manual jobs were given to local people, for whom this work was a significant source of income during the construction phase of the project.

There are also many people from ethnic minorities with the professional qualifications to do higher level work. Awareness of this, and a sensitive approach to hiring ethnic minority personnel at different levels, is likely to bring considerable benefits.

Participation and meaningful consultation

Consultation must be “meaningful”. This means that a project should be well explained, in language and words that are easily understood by the ethnic minorities and their representatives. There should be no attempt by the EA to impose views, but there should be a free exchange of views without any intimidation or coercion. This should enable the EA to incorporate all relevant views of affected ethnic minority people ad other stakeholders into decision-making, such as project design, mitigation measures, the sharing of development benefits and opportunities, and other issues of implementation.

In planning and preparing a project, the main purpose of such consultations is to enable the ethnic minorities to express their opinions about the project itself, such as whether or not they need the project, what inconvenience it may cause their daily life during construction and what can be done about this, their views as to how they can benefit from the project, and what impact it may have on their cultures. Special attention should be given to the opinions of women and youth.
Meaningful Consultation: Examples from Yunnan Projects

In the Dali Lijiang Railway Project, The EA and IA contacted the Dali Prefecture Ethnic Affairs Commission, and worked out a plan for obtaining the consent of ethnic minorities, together with their representatives. The Ethnic Affairs Commission took the EA/IA to ethnic minority villages, organizing village wide meetings as well as household visits. Consultation was conducted in Bai and Naxi languages so that local people, particularly the elderly, could understand the information and express their concerns. For example, some villagers worried that tunnel construction might cut off their water resource, might destroy their fengshui (wind and water), that their temples might have to be relocated, or their ancestral tombs resettled so that their “good luck” would disappear. These issues were explained in local languages by technically qualified persons.

The consultations also led to modifications in planning the route for the railway. It connects two popular tourist towns if Yunnan, Dali and Lijiang. On the west bank of Erhai lake is located the Dali prefecture capital city of Xiaguan, and the ancient town of Dali itself. This west bank is heavily populated and receives more visitors, while the east bank has fewer and poorer residents, and few tourists. On efficiency grounds, it might have been expected that the chosen route would be the west bank. To the surprise of many, the chosen route was instead the east bank, where the railway fulfills the requirement or promoting more social equality.

Similarly, the Kunming Qingshuihai Water Supply Project originally intended to build a feeder road, from the main highway to a construction site, through a village inhabited by Hui ethnic minority group. When consulted, the villagers were concerned that the road would disturb their quiet life, and did not give consent. The project changed the route of the road, going around the village instead of directly through it.

Grievance redress procedures

Serious grievances from ethnic minorities have apparently not arisen in ADB-financed transport sector projects in Yunnan. Because careful consideration has been given to social aspects in project identification and planning, with ample consultations at the village level, serious problems have not been identified with the need to avoid or mitigate them. It is still important to have grievance procedures which are transparent and easily understandable, which are gender responsive, and which affected communities can use at no cost and without any fear of retribution.

The Dali Lijiang Railway project showed the value of having different grievance channels, both at local government offices and directly to the Western Yunnan Railway Company. Common concerns of ethnic minorities are how to locate a complaints office, how to know who is responsible, and to know whether their grievances are likely to get due attention. The projects supported by ADB have tended to have arrangements where the project management office can receive any complaints and transfer them to the responsible divisions for resolution.

In the Kunming Qingshuihai Water Supply Project, during the construction phase a group of villages came to the EA’s complaints office, claiming that their houses had been damaged by an underground explosion. Although the village was some distance from the construction site, the complaints office inspected the houses. When they saw new cracks on the walls of the houses, and considered this as reliable evidence that the cracks were caused by the explosion, they decided to pay villages the money to repair the houses.
Both the local government and the executing or implementing agency can set up the appropriate channels procedures within their own system, so that affected persons can choose which one to use. The same can also be the case for contractors. The EA/IAs can respond immediately to short term negative impacts, such as noise or pollution, or damage to their land and houses. More complex issues may need attention from local government, using the existing channels of grievance redress, such as the regulations on letters and visits.

**Monitoring an EMDP**

The extent of monitoring activities should, according to the ADB’s safeguards policy, be commensurate with the risks and impact of a project. Dynamic mechanisms should be used, such as inspections and audits, to verify compliance with requirements and progress toward achieving the desired outcomes of the EMDP. ADB requires independent external monitors for all projects with significant impacts on ethnic minorities. Moreover, internal monitoring and supervision are necessary to implement the EMDP action plans.

The recent experience of ADB-financed projects points to an increasing role of the Yunnan Ethnic Affairs Commission (YEAC) to oversee the monitoring of both the EMDPs and the ethnic minority work of national agencies. The role of YEAC has recently been strengthened, since it was given the authority to inspect and monitor the work of different provincial departments in matters related to ethnic affairs. External monitoring is also important in certain cases.

There can be a tendency for international financial institutions to rely heavily on international consultants. These can be useful and add value, bringing comparative perspective and experience to a country like PRC. But it is equally important to strengthen the national capacity. Institutions like the Yunnan Nationalities Museum have conducted high quality monitoring of transport projects, as in the case of the Dali Lijiang Railway Project, drawing on their pool of inter-disciplinary experts. Monitoring of ethnic minority concerns is a specialized task, and monitoring teams should wherever possible include qualified professionals from the different ethnic minority groups. A technical assistance project could have the specific aim of strengthening this national capacity, which could subsequently be involved in monitoring tasks throughout PRC.

**Knowledge management and dissemination**

The point is sometimes made that a country like PRC particularly welcomes the involvement of international agencies for exchange of information and ideas, for contributions to policy development, and shedding new light on ways to address social and environmental concerns. With over a hundred million ethnic minorities within its national borders, PRC has to give serious attention to policies and programs addressing their needs. In Yunnan, the transport projects have generated a wealth of information on diverse ethnic minorities and their concerns, and on ways to hold effective consultations with them. There have also been technical assistance projects, such as one on cultural concerns of ethnic minorities in railway projects, another on HIV prevention in construction projects, or a recent initiative on the role of ethnic minority women in community-based road maintenance. Each EMDP for a transport project could build in a technical assistance component, shedding light on new and creative ways to address minority concerns in development. It is also important to find effective ways to disseminate the substantial knowledge already generated by transport projects, perhaps through the state and provincial ethnic affairs commissions.
Ultimately, the ADB and its partners seek to strengthen country safeguard systems in projects. This improves the quality of implementation of outcomes. It may also reduce transaction costs for EAs and IAs. Country safeguard systems mean the legal and institutional framework, consisting of its national, sub national or sector-specific implementing institutions and relevant laws, regulations, rules and procedures that pertain to the policy areas of environmental and social safeguards, including those on ethnic minorities. Increasing the equivalence between PRC national safeguards and those of the ADB may require regulations on certain subjects, and guidelines issued both at the national level and by each Ministry of agency for projects affecting ethnic minorities. Can the experience of the transport sector projects in Yunnan contribute to this?

There has been ample good practice in the Yunnan transport sector projects, in so far as they involve ethnic minorities. Only some of this has been carefully documented, and made available for wider policy discussions. Though some differences have been detected, PRC policy approaches and those of the ADB have been largely complementary. This concerns both measures to safeguard the cultures and promote the development of ethnic minorities; and articulating the social role of transport projects in less developed regions. Yunnan has a history of piloting new approaches for national replication. When there is such a sizeable proportion of ethnic minorities in the national population of PRC, all of whom are in some way impacted by the transport sector, lessons from the positive and well coordinated experience in Yunnan can make an important contribution in this broader area.
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