

**Asia Development Bank Financed
Shandong Pollution Control Project in Hai River Catchment Basin**

Linyi Solid Waste Management Component

Resettlement Plan

Planning Commission of Linyi County, Shandong Province

August 2005

THIS IS NOT AN ADB BOARD APPROVED DOCUMENT

(With the government letterhead paper)

Endorsement Letter of the Resettlement Plan

Linyi Environmental Sanitation Management Division (LESMD) has prepared the resettlement plan for the Asian Development Bank (ADB) financed municipal solid waste management (SWM) sub-project in Linyi County. This resettlement plan (RP) fully complies with requirements of the relevant laws, regulations and policies of the People's Republic of China and Shandong Province as well as complies with ADB policy on involuntary resettlement.

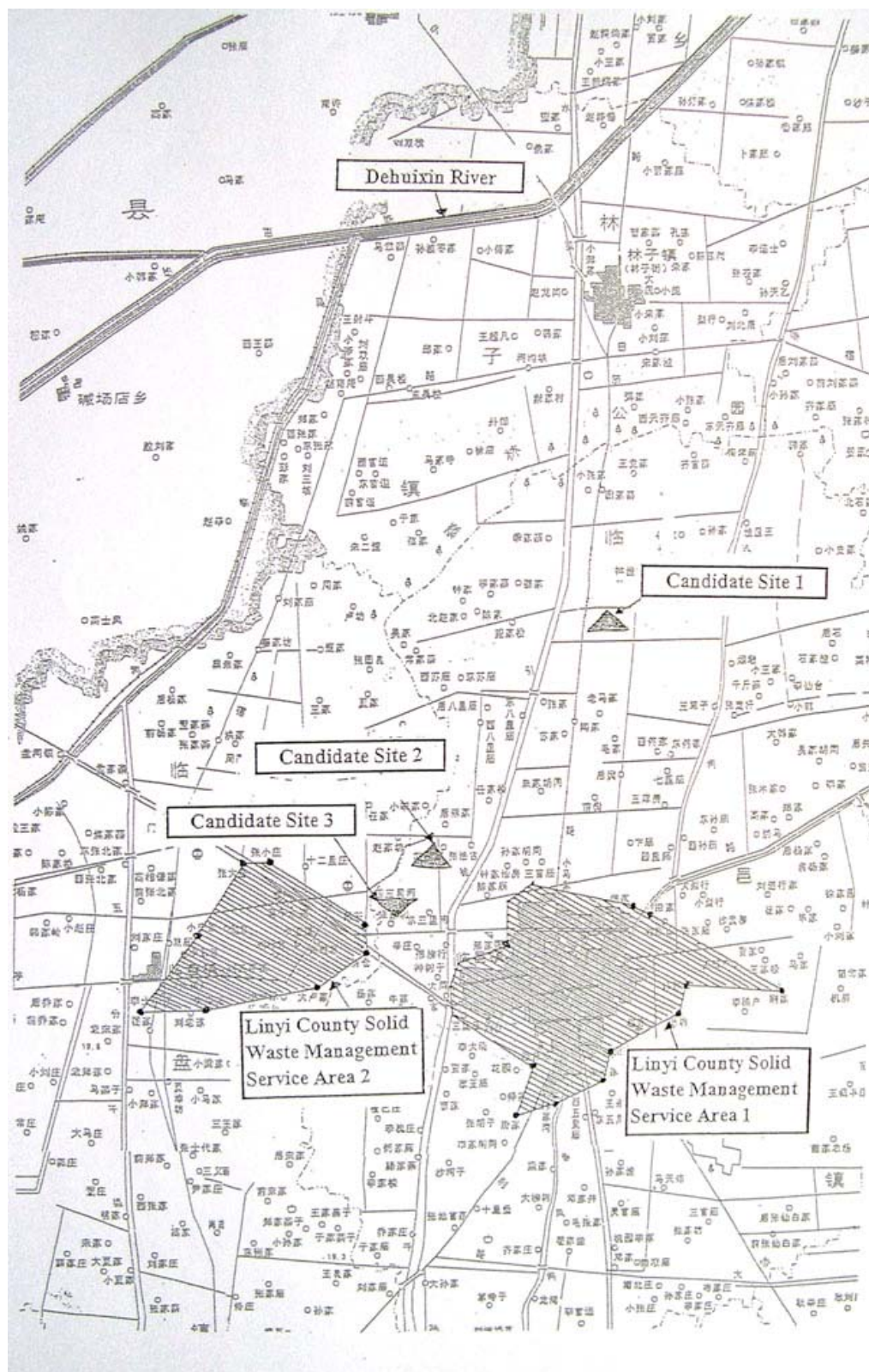
Linyi County Government hereby confirms the content of this resettlement plan and will guarantee the land acquisition, compensation, economic rehabilitation being implemented and full budget being provided according to the provisions of this resettlement plan. This RP is based on the feasibility study report and the RP social-economic surveys. If the land acquisition scope in the detailed drawings is different from what have been described in the feasibility study report and that will cause the substantial resettlement impacts, this RP should be future modified and approved by ADB before its implementation.

----- (signature)

Magistrate, Linyi County Government

June 2005 (date)

Map Showing Project Site of Linyi SWTP Sub-project



Executive Summary

Linyi solid waste treatment plant sub-project will build a solid waste treatment plant with a solid waste treatment capacity of 200 tons per day lasting for 20 years. The technology to be adopted for the solid waste treatment is the current mature landfill techniques. Linyi County Government is the project implementation agency (IA), and the Linyi Project Office (LPO) will be the responsible institution for the sub-project (Project component) implementation.

The land selected for the proposed solid waste treatment plant (SWTP) is site of the original No. 2 Brick and Tile Factory (the Factory), belonging to the state, with a total land of 306 mu (20.4 ha) to be permanently acquired for the sub-project, and there is no temporary land occupation. The project will involve demolition of 2,000 square meters of production and office building of the Factory. As the roadbed leading to the plant is wide enough, it only needs to improve the road surface; there is no need to acquire extra land. The directly affected persons by land acquisition are 46 staff who currently belong to the No. 2 Brick and Tile Factory. At present time, the Factory is leased to an individual contractor who has 13 regular workers and 33 casual laborers. According to the state environmental policies, the Factory must close after the end of the contract time of 2005. There will be no reconstruction.

In order to avoid or minimize land acquisition impacts, there was close consultation with the local officials and village committees (VCs) during the Feasibility Study (FS) stage, and alternative sites had been compared and the optimized site has been recommended.

The RP is based on the Land Administration Law of PRC (1998) and related matching policies, and related policies in Shandong Province. Meanwhile, the RP was prepared to comply with *ADB's Policy on Involuntary Resettlement* and relevant social policies. Based on policies and the consultations with local governments and APs, the resettlement principles established for the sub-Project are: (i) That compensation and entitlements provided to APs are adequate to at least maintain their "without project" standard of living, with prospect of improvement; (ii) All APs, titled or non-titled, are taken into account for compensation and resettlement assistance; (iii) Land redistribution will ensure per capita minimum holding in post-resettlement period to maintain livelihood standards; (iv) Where land acquisition per capita is not sufficient to maintain livelihood, compensation in cash or kind for replacement land for other income-generating activities will be provided for APs; (v) All APs will be adequately informed on eligibility, compensation rates and standards, livelihood and income restoration plans, project timing, and will be involved in RP implementation.; (vi) No land acquisition will take place unless replacement land or sufficient compensation for resettlement are given to APs. (vii) The EA and independent/third party will monitor compensation and resettlement operations; (viii)

Vulnerable groups should receive special assistance or treatment to ensure they are better off, so the APs listed in the RP will have the opportunity to benefit from the project; (ix) Resettlement plan should be combined with the overall City/County/District planning; and (x) Resettlement budget should adequately cover the full aspects.

The people affected have been notified about the key elements of the RP. On various occasions during meetings, interviews, focus group discussions, public consultation workshops, and community consultation meetings, local representatives have participated in the planning and concerns have been integrated into the RP. The Chinese version of resettlement plan was distributed to the governmental institutions of Linyi County in April 2005, while the Chinese RP as well as resettlement information brochure (RIB) were also distributed to APs, and feedback comments by Linyi Project Office were collected. The RP will be approved by Shandong Provincial Project Management Office (SPPMO) and ADB, and will be posted on ADB website. The Linyi Project Office will be responsible for the supervision of RP implementation, further consultation and grievance redress. The grievance redress procedures have been clearly described in this RP.

As the land to be acquired belongs to the state-owned construction land, the compensation standard for Linyi Industry Company is 40,000 Yuan per mu, which is at the comprehensive purchase price on 'planned urban area' of Linyi County. Due to no temporary land to be occupied, there is no temporary land compensation. The RP stipulates the compensation standard for the Factory contractor's demolition of 2,000 square meters production and office building, for removing production houses and production equipment, for the objects attached to the ground such as trees and enclosure walls. Linyi Industrial Company and Linyi Project Office are responsible for the resettlement of the Factory staff by recommending them to other brick and tile factories/enterprises in Linyi County. Linyi Project Office is responsible for training the informal garbage collectors and giving priority to them in either allocating them to work in solid waste treatment plant or allocating them to work as laborers during the plant construction, so that they will benefit from the project.

Land clearance is planned to commence in February 2006, and will be completed in May 2006. In order to achieve the successful implementation of RP, besides the internal monitoring and supervision, an independent external monitor will conduct external monitoring every six months. The cost estimate for land transfer and resettlement is CNY 15.36 million (2005 current price), including a contingency of 10%. The RP budget accounts for 33.3% of total sub-project budget.

ABBREVIATIONS AND ACRONYMS

AAOV	Average Annual Output Value
ADB	Asian Development Bank
AP	Project Affected Person
DMS	Detailed Measurement Survey
EA	Project Executing Agency
FS	Feasibility Study
IA	Project Implementation Agency
LRB	Land and Resources Bureau
mu	Chinese land area unit of measure: 1 mu = 0.0667 ha, or 1 ha =15 mu
MLR	Ministry of Land and Resources
PPTA	Project Preparatory Technical Assistance
RMB	Renminbi—another word for the PRC Currency, the Yuan
RP	Resettlement Plan
SPG	Shandong Provincial Government
SPPMO	Shandong Provincial Project Management Office
TOR	Terms of References
SWTP	Solid Waste Treatment Plant
Yuan	PRC's currency
LPO	Linyi Project Office

Key terms used in this report

Affected Persons includes an people, households, firms or private institutions who, on account of changes that result from the project will have their (i) standard of their living adversely affected; (ii) right, title, or interest in any house, land (including residential, commercial, agricultural, forest, and/or grazing land), water resource, or any other moveable or fixed assets acquired, possessed, restricted, or otherwise adversely affected, in full or in part, permanently or temporary; and/or (iii) business, occupation, place of work or residence, or habitat adversely affected, with or without displacement.

Replacement Cost means the method of valuing assets to replace the loss at market value, or its nearest equivalent, plus any transaction costs such as administrative charges, taxes, registration, and titling costs. Where national law does not meet this standard the replacement cost will be supplemented as necessary. Replacement cost is based on market value before the project or dispossession, whichever is higher. In the absence of functioning markets, a compensation structure is required that enables affected people to restore their livelihoods to levels at least equivalent to those maintained at the time of dispossession, displacement, or restricted access.

Allocation of land use right (*tu di shi yong quan hua bo*) indicates that land use right is delivered to a land user either free of charge or after paying compensation and resettlement subsidies, etc. based on China laws. It usually has no time limitation for using the allocated land.

Land use right granting (*tu di shi yong quan chu rang*) means that government transfers the land using right to a land user in certain years, and in turn the latter will pay the charges for land lease to the government.

Land use right recovery (*tu di shi yong quan shou hui*) means that in a special situation, upon the consideration of public interests, government regains the land use right from a unit or individuals based on China laws.

Basic Farmland (*ji ben nong tian*) generally means those fertile land used for agricultural production. In this Project there is no basic farms land occupied. The follows listed article 34 of the PRC land law:

Article 34 The State fosters the system of protecting the basic farmland. The following cultivated land shall be demarcated as basic farmland protection areas and subject to stringent control according to the general plans for the utilization of land:

1. Cultivated land in the grain, cotton and oil-bearing crops production bases approved

- by the land administrative department of the State Council or the local people's governments at and above the county level;
2. Cultivated land with good water conservancy and water and soil conservation facilities and medium-and low-yielding land where the execution of amelioration plan is in progress or medium-and low-yielding land that is transformable.
 3. Vegetable production bases;
 4. Experimental plots for research and teaching;
 5. Other cultivated land that should be designated as basic farmland protection areas as provided for by the State Council.

Areas of basic farmland demarcated by various provinces, autonomous regions and municipalities should make up over 80% of the cultivated land within their administrative areas.

Basic farmland protection areas shall be demarcated with township (town) as the unit and the protection of which shall be carried out by the land administrative departments of the county level people's governments together with agricultural administrative departments of the same level.

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I. Introduction and Project Background

1.1 Introduction

1. The resettlement plan was prepared based on the following documents, ADB *Involuntary Resettlement*¹, the *Operations* (2003) Manual F2 for Involuntary Resettlement (2003), *Gender Checklist: Resettlement* (March 2003), and relevant social safeguards policies; and the laws, regulations and policies in China and local government. All these have provided a policy framework for this sub-project to mitigate the adverse impacts, and provided the policy base for formulating the income rehabilitation measures for the project affected persons (APs).

2. For both the PRC and the ADB, the over-riding objective of resettlement planning is to ensure that persons unavoidably losing land or property as a result of a development project attain equal or better livelihoods and living standards than if the project had not occurred. All policies, proposals and compensation measures contained in this RP are designed to meet this objective. The project executing agency (EA) –Shandong Provincial Project Management Office (SPPMO) has clearly indicated that Linyi County Government is the sub-project implementation agency (IA), and the Linyi Project Office will be responsible for organization of the project implementation.

3. The preparation of this RP was based on: (i) relevant Project reports: particularly the Project Feasibility Study (FS), and the Resettlement Plan (draft) prepared by Hohai University in 2003-2004; (ii) discussions with the principal authors of the above documents, particularly the major author of RP; (iii) field visits to the proposed project site; and (iv) consultations with various levels of local government, village leaders and APs.

4. The impact data used in this RP is based on the solid waste treatment plant (SWTP) data in Feasibility Study. This data has a high level of reliability. However since preliminary design and detailed design may require minor modifications to the solid waste treatment plant. In order to fully assess project impacts prior to their occurrence, RP impact data and cost estimates will be reviewed and amended following the results of the Detailed Measurement Survey (DMS). The results will be updated, with final budget variation, and the revised RP will be submitted to ADB for approval. The RP has been endorsed by Linyi County Government and will be approved by SPPMO.

1.2 Project background and description

¹ Asian Development Bank, *Involuntary Resettlement*, Manila, November 1995; *Handbook on Involuntary Resettlement: A Guide to Good Practice*. ADB Manila, 1998.

1.2.1 Project background

5. The treatment, development and utilizing of the solid waste must be paid attention to on the urban construction. This public hazard cannot be controlled effectively all the time. In our country, this issue is especially remarkable. Currently, the disposal of the municipal solid waste in Linyi County is piling in the open air of the existing simple landfill. As the waste is not innocuously processed, it has the great tendency to re-pollute the environment. With the increase of urban population and economic development of Linyi County in recent years, the growth of the total amount of the waste is increasing too. Currently, such backward garbage disposal does not fit the city development; bring hidden troubles for the local environment.

6. In order to improve the infrastructure instruction of Linyi rural district, to further accelerate the economic development and to create a nice environment, Linyi Communist Party and Linyi County Government decide to borrow money from ADB to build SWTP.

7. In April 2004, Linyi County Government established Linyi SWTP Project Office. LPO staff members are composed of the leaders of Linyi County Government, Planning Bureau Environment Protection Bureau, Planning Bureau and Land and Resources Bureau (LRB). Linyi Urban Administration Bureau is responsible for implementing the project.

1.2.2 Project description

1.2.2.1 Sub-project components and land acquisition scope

8. This sub-project will build a SWTP with a solid waste treatment capacity of 200 tons per day for 20 years landfill techniques. In detail, the construction of the SWTP mainly includes: landfill area, access road, wastewater-adjusting tanks and wastewater treatment pipes.

9. The matching construction for the project includes the construction of a matching sewage treatment plant to dispose the city life sewage and the sewage liquid penetrating from SWTP; the construction of the matching 1.2 mile of road around the SWTP. A weigh scale will be set at the chief entrance of SWTP.

10. The land to be used for the proposed SWTP is the current location of Linyi No.2 Brick and Tile Factory, covering 306 mu of land used only for brick making, which is state-owned construction land.

1.2.2.2 Environment, social and economic benefits

11. First, the sub-project will benefit environmental protection of Hai River Catchments

Basin. Linyi is located at the southern part of Hai River Catchments Basin. The SWTP construction will mitigate the destruction of city life garbage to local environment, which will be beneficial to the environmental protection of Hai River Catchments Basin.

12. Second, the sub-project will solve Linyi garbage disposal problem. The completion of the sub-project and the adoption of non-toxic garbage disposal can get rid of the repeating pollution of the city garbage. The disposal of garbage will reach 200 ton per day. As the SWTP will last over 20 years, it can meet the demand of non-toxic disposal of garbage in urban district of Linyi County.

13. Third, the sub-project will boost the sustainable social and economic development of Linyi County. This sub-project is one of the key projects on protecting environment in Linyi infrastructure construction projects. It not only solves the problem of non-toxic disposing the city life garbage, but also provides a clean and beautiful environment for the sustainable development of the urban district of the county.

14. After the completion of SWTP construction, there will be employment for 36 persons. This will increase the local residents' income level, and more people will benefit from the construction of the project.

1.2.2.3 Sub-project budget

15. The budget for the sub-project is RMB 46.13 million. The total circulating funds is RMB 0.36 million. The application for ADB loan will be RMB 20 million; the enterprises raise RMB 14.13 million; the local public finance raised 12 million Yuan.

16. The budget for the sub-project resettlement and relocation compensation is RMB 15.36 million, accounting for the third of the total investment (33.3%).

1.2.2.4 Project schedule and resettlement program

17. It is planned that the construction of this project will start in June 2006 and end in June 2007. Before the project commences formally, the preparation of project began in June 2003 to work out the project proposal and report of environmental impact assessment. Beginning from May of 2004, CDM Company provided the technical assistance to guide the working out of the FS report, the resettlement plan report and the report of environmental impact assessment, which are necessary to apply for the ADB-financed project.

18. The preparation of the RP began with May of 2004. From October of 2004 to now, the report of resettlement has been updated and perfected under the guidance of the consultants from CDM Company. It is planned that after the approval of the project by ADB, the tasks such as the change of land use right, compensation payment and resettlement will start formally from July 2005.

II. Impacts of Land Acquisition and Resettlement

2.1 Measures to minimize land acquisition and resettlement

2.1.1 Principles for project design and site selection

19. Under the guidance of the urban master plan, combine the professional planning of environmental sanitation of Linyi County, carry out the national relevant policies and guidelines, observe the technical policy of garbage disposal of our country, pay attention to developing the comprehensive utilization technology of waste and follow the principles below:

- To reduce land occupancy, realize the total goal of the non-toxic, amount reduced and resource use recycling disposal of waste, and obtain the better economic, social and environmental benefits.
- The design of scheme shall observe strictly the relevant laws and regulations and standards established by the state and local governments. Take the measures of environmental protection to minimize pollution of environmental sanitation surrounding the project based on the operation characteristics of treatment site, local climatic conditions, topographical situation, hydro-geological characteristics.
- To find out the outlet of smooth circulation and sustainable development and one economic and feasible outlet for the treatment of solid waste.
- Strictly observe the Law on Environmental Protection and the Law of Prevention and Control of Solid Waste Pollution to protect the environment and control the solid waste pollution of the environment.
- To combine short-term and long-term to provide space for the development in the future.

2.1.2 Measures to minimize adverse impact of the project

20. In accordance with the above-mentioned principles and ADB policy on involuntary resettlement, Linyi Planning Bureau, Linyi Urban District Administration Bureau and the design institute have selected the project site carefully. As farming land acquisition is minimized, the selected site for this sub-project reduces the resettlement impacts.

2.2 Land acquisition and priority

2.2.1 Land acquisition options

21. This sub-project has three options for site selection: (i) Linyi No.2 Brick and Tile Factory located to the north-east of the county town, 5 kilometer away; (ii) the north-west of Xisanlihe Village located to the west of the county town; and (iii) Qianyanjia of Linyi County.

2.2.2 Priority of the options

22. The comparison of those three optional sites:

Table 1 Contrast of three optional sites

No.	Item	Linyi No.2 Brick and Tile Factory	Xisanlihe Village	Qianyanjia
1	Transportation	Near Ling-Nan expressway. Convenient transportation.	Near 104 National Highway. Convenient transportation.	Convenient transportation
2	Distance from the urban district	5 kilometers from the urban district, a little bit longer transportation distance	2 kilometers away from the urban district. Shorter distance	6 kilometers from the urban district. A little longer distance.
3	Direction	Northeast of the urban district, leeward of the major wind direction in summer season. Little impact on the urban district.	West of the urban district, not in the upward direction of the major wind direction in summer season. Little impact on the urban district	Not in the upward direction of the major wind direction in summer season. Little impact on the urban district
4	Environment	Around area is farmland. No village within a radius of one kilometer from the site. No removal.	Group Zhujiatang, Group Houchang are within a radius of one kilometer from the site, close near Linyi Industry Garden, which will demand removing a lot.	Villages are within a radius of kilometer from the site, requiring remove a lot. Serious construction problem due to the underground dense oil pipes of Shengli Oil Field.
5	Developing space	More room around benefits further enlargement.	Limited room for further development.	Limited room for further development.
6	Developing plan	Accord with the general plan of Linyi County development.	The site is located in the planned industry garden, which does not accord with the general plan of Linyi County development.	Not accord with the general plan of Linyi County development.
7	Project investment	No housing affected. A natural earth pit on the cite decreases the earthwork and thus saves investment.	High resettlement fee. Garbage here requires to be treated. Higher investment.	Complex underground pipes demand higher construction fee. The demand for resettle Pas increases the investment.
8	Transportation cost	Moderate transportation distance and moderate transportation cost.	Short transportation distance and low transportation cost.	Long transportation distance and high transportation cost.

23. After comparison of three optional sites and considering the present condition of Linyi and the general plan of Linyi Town development, it was decide that the recommended site for SWTP is the one of Linyi No.2 Brick and Tile Factory. Around this site is farmland. The shape of the site is irregular rectangular. As the land acquired is state-owned, no collective

farmland will be acquired, so land compensation thus is saved. The site is over 2 kilometers away from the neighboring villages, so there is no adverse impact on the villagers. On the whole, this site involves few problems on land acquisition and resettlement, which accords with the State technical requirements, and ADB principles on avoiding involuntary resettlement.

2.3 Project impact

24. This sub-project will need permanent land 306 mu, which are all state-owned construction land used for brick making. Linyi No. 2 Brick and Tile Factory will close according to the state policies. This sub-project will totally demolish 2000 m² of production and office houses (non-residential) of the Factory. Of which, houses of brick-concrete structure is 1200 m². Houses of brick-wood structure are 700 m²; simple houses are 100 m². But there is no relocation of residential houses and there are no land tenure or crops losses of villagers.

2.4 Population affected

25. The total population to be affected is 46 persons, all are workers in Linyi No. 2 Brick and Tile Factory, of whom regular working staff are 13 and casual workers from the rural district are 33.

III. Social Economic Characteristics

3.1 Socioeconomic situation of Linyi County

26. Located on the north west of Shandong, the east of Dezhou City, Linyi County is administratively governed by Dezhou City in Shandong Province. It is near Jinan City in its south and connects Tianjin and Beijing in its north. With 58.5 kilometers long in north and south direction, and 30 kilometers wide in east and west direction, the total area of Linyi County covers 1016 km². It belongs to the warm temperate zone, with half humid and monsoon climate. The annual average rainfall here reaches 611 mm. As there are 0.88 million mu of cultivated land here irrigated by Yellow River, it is the state large-scale commercial grain production base and is the key vegetable production base of Shandong.

27. With a total area of 1016km², Linyi has cultivated land of 7.68090 million mu, governing 7 towns, 3 townships, 1 economic development zone, and 859 administrative villages. The total population of 2003 is 0.5193 million persons, of which non-rural population is 0.1007 million. GDP of Linyi County in 2003 is 60.8 hundred million Yuan. Three industries here develop harmoniously, with 10.2 hundred million Yuan of the first industry, 30.6 hundred million Yuan of the second industry and 20 hundred million Yuan of the tertiary industry. Staff members employed is 23546 persons; an average annual income per member is 8175 Yuan. The local citizen annual average disposable income reaches 4600 Yuan. The farmers' annual average net income reaches 3031 Yuan. More details see the following.

Table 2 Social and economic statistic figures of Linyi in 2000—2003

year	GDP (hundred million)				Average GDP per capita	Urban citizen average net income per capita	The lowest monthly salary of the urban citizen's	Unemployed workers' social security	Urban citizen's dispensable income
	Total	The first industry	The second industry	The tertiary industry					
2000	32.15	9	13.76	9.39	6301	5100	264	130	4070
2001	37.31	8.62	16.53	12.16	7281	5600	264	130	4280
2002	40.3	8.79	20.19	14.07	8332	5900	286	130	4510
2003	60.8	10.2	30.6	20	10345	6300	310	130	4600

Data resource: Linyi Statistic Bureau

3.2 Brief introduction of Linyi No. 2 Brick and Tile Factory

28. SWTP requires 306 mu of permanent land acquisition. The affected area is Linyi No.2 Brick and Tile Factory that is currently under operation. The land there originally belongs to the Factory and later it is contracted to a self-employed businessman. So land there is state-owned, its ownership rights belong to the Linyi Industry Company.

29. The self-employed businessman now manages the Factory, and the deadline of the contract is the end of 2005. Hence, the implementation of SWTP in 2006 will not affect this contract. APs are 46 workers of the Factory including 13 regular workers (6 female) and 33 casual workers.

3.3 Situations of Affected People

3.3.1 Gender Analysis and Age Structure

30. Of the total 46 persons, and 6 female, accounted for 13%, and 40 male. In light of type of work, operators account for 89%, among of whom are 2 maintenance men and 3 administrators. Of the total Factory workers, 25 persons are over the age of 50 years old, accounted for 54%; 15 persons at the ages ranging from 35-50 years old, accounted for 33%. There are 6 persons under the age of 35 years old, accounted for 13%, as shown in Table 3.

Table 3 Age structure and Gender of the Factory Workers

	Operator			Maintenance man			Administrator			
Age	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal	Total
Below 35	6		6							6
35-45	6		6							6
45-50	5		5	2		2	2		2	9
50-55	14	5	19					1	1	20
Over55	5		5							5
Total	36	5	41	2		2	2	1	3	46
%			89%			4%			7%	100

3.3.2 Education background and Income situation

31. Of all the Factory workers, there are 20 with below junior middle school educational level, accounting for 43%; 14 graduated from middle school and received the professional training, accounting for 30%; and the left 12 with senior middle school education, as shown in Table 4.

Table 4 Education background of APs

Education	Below Junior middle school level	Professional training	Senior Middle school	Total
No. of people	20	14	12	46
Percentage	43%	30%	26%	100%

32. There is no direct relationship between the workers' salary and their educational levels. The salary depends on the type of work and age. Operator's monthly income is 600-1200 Yuan, while the maintenance man has 1500 Yuan/ month.

3.3.3 Property Affected

33. The proposed SWTP will permanently use the Factory's production land, office building land and a big abandoned pit/pond left after earth digging to make bricks and tiles over time. Of all the total 306 mu land to be acquired, 2/3 of which is the pit area and the rest 1/3 of which is currently used for exploitive brick manufacturing, on which the kiln, and factory buildings are located.. The factory was built in the 1970's, so its many-year production exhausts the neighboring clay. Therefore the local government plans to close the Factory, ending the production of the refractory fireclay block. SWTP will not need land acquisition, for the roadbed used to transport the bricks of the Factory is wide enough for the access to SWTP. What needs to be done is to improve the road surface. There is no additional land acquisition.

34. Demolition and relocation of this sub-project mainly involves the Factory equipment removal, and the demolition of the office houses, storehouses which covers 2000 m². (See Table 5 and the picture). Furthermore, it also involves demolishing 1000 meters of bounding wall and removing 200 trees. Except that the bungalows belong to the contractor, all other property belongs to Linyi Industry Company.

Table 5 Houses affected

House type	Brick-concrete	Brick-limb	Simply built house	Subtotal
area (m ²)	1200	700	100	2000

Brick-limb- constructed houses



3.4 Factory workers attitude to project

35. In May 2005, Linyi Project Office and Linyi Industry Company held a consultation conference. The Factory workers were asked 'whether are willing to receive training and work in SWTP' by filling a questionnaire in anonymity. The results are shown in Table 6. After handing in the questionnaire, the workers openly aired their attitude. For the Factory administrators and regular staff, working in SWTP is not attractive. Of all the workers, 7 are very willing to work in SWTP; a half is just willing; but for those young and skilled workers, they are willing to be allocated to other brick and tile factories.

Table 6 Factory workers attitude to working in SWTP

Attitude	Very willing	Willing	Unwilling
Number of person	7	23	16
Percentage	13%	50%	35%
Reasons or suggestions	Near home, stable income.	Income of SWTP is lower than that of the Factory. Better to be allocated to other brick and tile factories.	Too dirty. Not suitable for me. Willing to work as migrant workers.

3.5 Casual workers in the Factory

36. None of the directly affected workers belong to the vulnerable group. But with the implementation of the sub-project, the Factory casual workers from the local rural area may face difficulties to find new employment. For the casual workers, this sub-project will adopt measures to ensure all workers are reemployed or have income support (see Section 6.2)..

IV Participation, Consultation and Grievance Redress

4.1 General

37. In accordance with the ADB resettlement policies and relevant China laws and regulations, public participation and consultations have been conducted for the purpose of benefiting the project implementation, and the comments and suggestions from APs have been collected and incorporated into the RP. Before adopting ADB Loan Project, in light of the general planning of Linyi County and optimized project designed by the designing institutions, IA selects the site of Linyi No.2 Brick and Tile Factory as SWTP site with 306 mu of permanent land acquisition.

38. Linyi Planning Bureau, Linyi Urban Administration Bureau have conducted since June 2004 a series of investigations and consultations with respect to the responsible person of Linyi Industry Company, the Factory contractor, and the Factory employees in order to let all APs be aware of the land compensation standard and scope. These activities were conducted based on ADB policies and relevant Chinese laws and regulations under the technical support of Shandong Project Office, CDM Company and the related land acquisition and resettlement agencies.

4.2 Participation during project preparation

39. During project preparation stage, based on the project design principles, an important factor is to minimize the resettlement land acquisition. And during the preparation stage, Shandong Engineering Consultation Academy, the resettlement team of Hohai University and PPTA consultant had conducted in-depth consultation on project land acquisition and resettlement. For details on number of persons and issues discussed, refer to Table 7.

Table 7 Record of stakeholder participation and consultation

Unit	Date	Participants	No. of people	Purpose	Feedback/major issues or concerns
Shandong Engineering Consultation Academy	June, 2004	local government officials	20	FS preparation and field survey	·Held a meeting with the local government and some departments (about 10 people) to introduce the technical standard and purpose. ·Site selection try to avoid or acquire less farmland
Hohai University	May-June, 2004	Govt. officials, the Factory employees	30	PPTA RP socio-economic survey	·Support project and assistant in surveys · workers expressed their attitude for supporting the project, ·To collect the socioeconomic data from the affected area.
Local govt. and RP consultants	Jan. – Mar. 2005	County officials, affected enterprises	5	Preparation for income rehabilitation	· IA, The planning commission, LRB, other related institutions and consultants proposed compensation options. ·Discuss scope of impacts, compensation standards and resettlement measures.
Distribution of RP (draft)	Apr. –May 10, 2005	IA, relevant institutions	5	Distribution of draft RP for comments	·affirm that the RP is in line with national policies on land acquisition in full aspects. ·the compensation standards have been examined and confirmed
Distribution of RP (draft)	Apr. –May 10, 2005	All APs	20	Information disclosure and seeking feedback	·agree compensation standards in the RP (draft) ·hope the project will be completed earlier so that APs can find a proper job after training or work in the SWTP as temporary workers
LPO	May, 2005	Officials of IA and relevant institutions	20	Consultation on RP	·Linyi Industry Company recommends a part of the Factory workers to work in Linyi No.1 Brick and Tile Factory and Mengsi Brick and Tile Factory. ·consultation on land acquisition, including access roads. ·ADB (social and resettlement specialists) suggested that IA to conduct some training for the garbage collectors if necessary and let them participate in the SWTP unskilled labor activities for some cash income. LPO has adopted this suggestion.
ADB resettlement Specialist, PPTA Consultant	28 July 2005	IA officials	3	Training on resettlement planning and implementation, Endorsement of RP	·SPPMO official (Mr. Zhang Yuzhao) introduced the importance of project resettlement following Chinese regulations and policies; ·ADB resettlement specialist (Mr. Zhu Wenlong) gave a lecture on RP preparation at different project processing stages and experiences on project RP implementation; ·Further discussion on the rehabilitation plan of APs such as safeguard measures of re-employment and income restoration to be provided for APs; ·County deputy magistrates/ Deputy mayor endorsed the RP.
Total			103		

4.3 Participation plan

40. Although several public consultations have been conducted, the project EA and local government have recognized that that it is necessary to have a series of consultation

meetings after PPTA and during the RP implementation so as to minimize the adverse impacts caused by land acquisition. The major activities to be conducted are as follows:

- To further consult with the APs on the project and its compensation and resettlement plan.
- To conduct detailed measurement survey (DMS) with APs on the land and assets affected including temporary land occupation, and reach an agreement
- To establish and implement a grievance redress and information disclosure mechanism.

41. Table 8 includes a consultation plan with time frame and activities to be carried out.

Table 8 Consultation plan

Purpose	Task	Time	Implementation institutions	Participants	Remark
1. Establish grievance redress and information disclosure mechanism	Posters, leaflet, etc.	Sep. 2005	IA, county/City/District resettlement staff, local officials, SWTP	All APs	(i) inform APs about the grievance redress procedures; (ii) establish grievance redress system, and (iii) propaganda campaign in APs
2. Conduct DMS, distribute updated RP based on DMS results	Face to face consultation with APs	Jan.-Feb. 2005	IA, local government officials, resettlement staff, and SWTP construction contractor(s)	All APs	(i) Inventory of land acquisition and assets to be lost; (ii) create a fixed name list of APs; (iii) provide basic data for compensation contract with respect to affected farmers.

4.4 Grievance and appeal

42. If APs are not satisfied with the resettlement plan implementation, or they are treated in an unfair way, they can seek to resolve their problems through a set of grievance and appeal procedures. Generally, APs appeals are derived from their dissatisfaction with the resettlement conducted by resettlement agencies, thus the consultation with the public is very important for the successful project implementation. Accordingly the consultation should be strengthened so that a series of policy and appeal procedures documented in the resettlement plan will be fully understood by APs. The APs can raise an appeal on any aspect of the resettlement, including compensation standards.

4.4.1 Treating an appeal

43. The APs can raise an appeal to the local government and the project office in many ways, such as petition letter, telephone, etc. The government departments relative to the project are respectively the Land Administration Bureau, Project Office and Linyi Urban Administration Bureau

4.4.2 Grievance redress procedures

44. A revised version of the Regulation on the Petition Letters and Visiting (*xin fang tiao li*) issued by P.R.C State Council has been in effective since May 1, 2005. For a quick response to an appeal raised by APs, besides the appeal channels given in Chapter 2 of the regulations, the following grievance redress procedures have been formulated. These procedures will be known by APs through public meetings or other information diffusion media so as to ensure that they can fully understand their entitlements and the grievance appeal mechanism.

Any unit or person can express their grievances in oral or written form to the LRB of the local county/district government, or Linyi Urban Administration Bureau. In case the appeal raised is not in written form, these two institutions should document the appeal and resolve the problems in 2 weeks.

- If APs are not satisfied with the results, they can go on their appeal to the Project Office of Linyi County. It should be dealt with in 2 weeks.
- If not satisfied to the decision from the County Project Office, APs can make an appeal to the LRB (land inspection and arbitration authority) of Linyi County, which should make a decision in 3 weeks.
- If not satisfied to this decision, the APs may appeal to the local people's court according to the Administration Accusing Law. They can appeal about any aspects related to the resettlement, including compensation standards.

V Legal and Policy Framework

5.1 Brief introduction

45. The People's Republic of China has established and carried out the rules, regulations, and laws about the resettlement and compensations for the infrastructure projects. It is expected for the project to follow the related China laws, national and provincial regulations and local policies, and also to include comments and suggestions from APs, and meet the requirement of ADB policy on involuntary resettlement.

46. The following ADB policies, China Laws and regulations will be implemented during the Project land acquisition and resettlement:

- 1) *Policy on Involuntary Resettlement*, ADB, November, 1995,
- 2) *Resettlement Handbook—A Guide to Good Practice*, ADB, 1998,
- 3) *Gender Checklist: Resettlement*, ADB, February, 2003,
- 4) *Resettlement Operations Manual (OM Section F2)*, ADB, October 29, 2003,
- 5) *The Land Administration Law of P.R.C.* (Issued in 1998 and in effective as of January 1, 1999)
- 6) *The Urban Real Estate Administration Law of P.R.C* (July 5, 1994)
- 7) *The Regulations on Petition Letters*, P.R.C State Council (in effective as of May 1, 2005)
- 8) *Guidelines on Information Disclosure for Land Acquisition*, P.R.C Ministry of Land and Resources (MLR) (October 22, 2001)
- 9) *The Implementation Regulations on the P.R.C Land Administration Law* (in effective as of January 1, 1999)
- 10) *Provisional Regulations of the P.R. C Concerning the Assignment and Transfer of Right to the Use of the State-owned Land in the Urban Areas* (promulgated on May 19, 1990 and effective as of the date of promulgation);
- 11) Catalogue of Allocated Land of the Ministry of Land and Resources P.R.C., on Oct. 18, 2001;
- 12) *Administration Measures of Pre-examination of Land to be used for Construction Projects*. P.R.C. MLR (adopted on July 28, 2001 and revised on Oct. 29, 2004) ;
- 13) *Circular on Printing and Issuing of the Suggestions Concerning Improvement of Examination and Approval Works of Conversion of Use of Farmland and Requisition of Land*, P.R.C MLR (Nov. 2, 2004);
- 14) *The Implementation Regulations of Shandong Province on the P.R.C Land Administration Law* (August 22, 1999)
- 15) *The Approval on Adjusting the Annual Output Value of the Land Acquisition and the Compensation Standards for the Attachments* (LJFF[1999]No.314, Executed on

December 21, 1999)

- 16) *Circular on Printing and Issuing of Prohibiting Using Solid Refractory Fireclay block*(FGHZ [2004]No.249, Executed on February 23, 2004)
- 17) *Circular of Shandong People's Government Office on Prohibiting Using Solid Refractory Fireclay Block in Shandong City Construction Prohibiting Using Solid Refractory Fireclay block*(LZBF[2002]No.5, January 19, 2002)

5.2 ADB Policies

47. ADB Involuntary Resettlement (1995) and Resettlement Operations Manual (OM Section F2) have already specified the 3 important points about the involuntary resettlement: (i) compensation to replace lost assets, livelihood, and income; (ii) assistance for relocation, including provision of relocation sites with appropriate facilities and services and (iii) assistance for rehabilitation to achieve at least the same level of well-being with the project as without it. Some or all of these elements may be present in a project involving involuntary resettlement. For any ADB operation requiring involuntary resettlement, resettlement planning is an integral part of project design, to be dealt with from the earliest stages of the project cycle, taking into account the following basic principles:

- (1) **Involuntary resettlement should be avoided whenever feasible.**
- (2) **Where population displacement is unavoidable, it should be minimized by providing viable livelihood options.**
- (3) **Replacing what is loss.** If individuals or a community must lose all or part of their land, means of livelihood, or social support systems, so that a project might proceed, they will be compensated and assisted through replacement of land, housing, infrastructure, resources, income sources, and services, in cash or kind, so that their economic and social circumstances will be at least restored to the preproject level. All compensation is based on the principle of replacement cost.
- (4) **Each involuntary resettlement is conceived and executed as part of a development project or program.** ADB and executing agencies or project sponsors, during project preparation, assess opportunities for affected people to share project benefits. The affected people need to be provided with sufficient resources and opportunities to reestablish their livelihood and homes as soon as possible, with time-bound action in coordination with the civil works.
- (5) **The affected people are to be fully informed and closely consulted.** Affected people are to be consulted on compensation and/or resettlement options, including relocation sites, and socioeconomic rehabilitation. Pertinent resettlement information is to be disclosed to the affected people at key points, and specific opportunities provided for them to participate in choosing planning and implementation options.

Grievance redress mechanisms for affected people are to be established. Where adversely affected people are particularly vulnerable groups, resettlement planning decisions will be preceded by a social preparation phase to enhance their participation in negotiation, planning, and implementation.

- (6) **Social and cultural Institutions.** Institutions of the affected people, and, where relevant, of their hosts, are to be protected and supported. Affected people are to be assisted to integrate economically and socially into host communities so that adverse impacts on the host communities are minimized and socially harmony is promoted.
- (7) **No formal title.** Indigenous groups, ethnic minorities, pastoralists, migrants/floating population, people who claim for such land without formal legal rights, and others, who may have usufruct or customary rights to affected land or other resources, often have no formal legal title to their lands. The absence of a formal legal title to land is not a bar to ADB policy entitlements.
- (8) **Identification.** Affected people are to be identified and recorded as early as possible in order to establish their eligibility through a population record or census that serves as an eligibility cutoff date, preferably at the project identification stage, to prevent a subsequent influx of encroachers or others who wish to take advantage of such benefits.
- (9) **The poorest.** Particular attention must be paid to the needs of the poorest affected people, and vulnerable groups that may be at high risk of impoverishment. This may include those without legal title to land or other assets, households headed by females, the elderly or disabled and other vulnerable groups, particularly indigenous peoples. Appropriate assistance must be provided to help them improve their socio-economic status.
- (10) **The full resettlement costs are to be included in the presentation of project costs and benefits.** This includes costs of compensation, relocation and rehabilitation. Social preparation and livelihood programs as well as the incremental benefits over the without-project situation (which are included in the presentation of project costs and benefits). The budget also includes costs for planning, management, supervision, monitoring and evaluation, land taxes, land fees, and physical and price contingencies.

5.3 China Laws and Regulations

48. This project can be implemented based on the P.R.C Land Administration Law (be in effective as of January 1, 1999) and the P.R.C. Urban Real Estate Administration Law (July 5, 1994) as well as the other rules and regulations related to them as listed in Section 5.1. For an easy reading, the relevant clauses of the laws, regulation and policies have been summarized in Table 9.

Table 9 Excerpt of relevant laws and regulations

Content	Description of Clauses	Index
1 Basic land system	The state applies, in accordance with law, a system of compensated use of State-owned land, with the exception of land the right to the use of which is allocated by the State within the provisions of law.	Article 2, Land Administration Law
2 Procedures for processing the land use for construction projects	<p>If a construction project needs land, which is the state-owned construction land under the urban Master Plan for a local city/county town, it will go through the following procedures: 1) During feasibility examination, the land administration department will examine the proceedings related to the land for the construction project, and write out a preliminary examination report, which is the necessary document for the FS report approval. 2) The construction unit, with relevant approved documents, will apply for the land used for the project from the land and resources bureaux (LRB) at city or county government. LRB will conduct an examination on the document and prepare a land provision plan, then submit to city or county government for approval. If higher level government approval is needed, it should apply. 3) After a land provision plan is approved, the construction unit can get a permission letter for using the land from local city or country government.For the allocation of state-owned land, the LRB of local government will issue a decision letter to the land user for allocation of state-owned land. 4) The land user will have the land registered according to the law.</p> <p>If the construction project will use the state-owned or unused land which have already been covered by the local master land use plan, then the following procedures will apply: To be approved by the local county (or county level city) government if in an area of 2 hectares or less, to be approved by the city government if in an area of 2-8 hectares, to be approved by the provincial government if in an area of more than 8 hectares.</p>	<p>Article 22 of Implementation Regulations to the Land Administration Law</p> <p>Article 24 of Implementation Regulation of Shandong Province (SP) on Land Law</p>
3 Allocation of land use right	The allocation of land use right means that with the approval from county or above level government based on the law, the land is transferred to a land user after the user paid the compensation, resettlement cost, etc., or transferred to a land user free of charge. If a land use right belongs to allocation, there is no limit in term of duration except it has been prescribed in the law and regulations.	Article 22 of Administration Law of Urban Real Estate
4 Legal base for land use right allocation of this project	<p>If it is necessary that land should be used for the urban infrastructure facilities or public interest purpose, the land use right can be approved for allocation by county or above level government in accordance with the law.</p> <p>Allocation of land use right cannot be allowed unless the land is in conformity with this category of construction projects, with the application of construction unit and approved by the county or above level government.....(III) Land to be used for urban infrastructure facilities ... 5. Environmental and sanitation facilities: including rainwater treatment facilities, wastewater treatment plant, rubbish/ (manure) treatment facilities, and other environment and sanitation facilities.</p>	<p>Article 23 of Administration Law of Urban Real Estate;</p> <p>Category of Land to be Allocated</p>
5 Regaining the land use right of state-owned	<p>If for the public interests, the local land administration department can report it to the original government or the government with an approval right and then, take back the land using-right.</p> <p>If compensation is needed for taking back the land use right of state-owned land, appropriate compensation should be paid for the original land user. If the original land user needs relocation, the construction unit should be responsible for it. Compensation for taking back state-owned land should be implemented based on agreement.</p> <p>Before the approval of the construction project, the pre-examination should be completed, otherwise it is not allowed to approve the agricultural land transfer, land acquisition and land use permission.</p>	<p>Article 58 of the Land Law</p> <p>Article 30, Shandong Implementation regulation of Land Law</p>
6 Temporary land use	If needing a state-owned or collective land for the construction project, it is possible to go through a series of procedure according to Article 57 of Land Law and to compensate for the land. In case of the temporary land in the planned area, it is essential to pay it at the price of the local land using-right.	Articles 38 & 39 of Implementation Regulation of SP on Land Law

5.4 Project compensation and resettlement policies

49. The policies about the compensation and resettlement for the APs are formulated based on the policies and requirements of ADB and the P.R.C rules, regulations and laws. The priority target of the resettlement program is to ensure that APs income and living standard after resettlement will be rehabilitated as quickly as possible and at least maintained at the level of “without project” status, and the adverse socioeconomic and environmental impacts caused to APs will be minimized. The preparation of RP and its implementation are focused on this target. Any poor, ethnic minorities and vulnerable groups need special concern. In addition, the Project site selection during FS stage had considered the needs of avoiding involuntary resettlement.

50. The resettlement principles adopted in the project reflect the legal and policy requirements of PRC and ADB. The principles are summarized in [Table 10](#). The adopted principles with regard to compensation, resettlement and income restoration are flexible enough, allowing for considerable variability from village to village. The key is to ensure that all APs receive adequate compensation and assistance to restore and improve their incomes, living conditions and general livelihood in post-resettlement period.

Table 10 Project resettlement principles—Summary

No.	Principles
1	That compensation and entitlements provided to APs are adequate to at least maintain their “without project” standard of living.
2	All APs, titled or non-titled, are taken into account for compensation and resettlement assistance.
3	Land redistribution will ensure per capita minimum holding in post-resettlement period to maintain livelihood standards.
4	Where land acquisition per capita is not sufficient to maintain livelihood, compensation in cash or kind for replacement land for other income-generating activities will be provided for.
5	All APs will be adequately informed on eligibility, compensation rates and standards, livelihood and income restoration plans, project timing, and will be involved in RP implementation.
6	No land acquisition will take place unless replacement land or sufficient compensation is given to APs.
7	The EA and independent/third party will monitor compensation and resettlement operations.
8	Vulnerable groups should receive special assistance or treatment to ensure they are better off. APs documented in the RP should have the opportunities to benefit from the Project.
9	Resettlement plan should be combined with the overall county/County/district or township planning.
10	RP budget should be adequate and cover full aspects.

5.5 Compensation criteria

5.5.1 Permanent Land Acquisition Compensation Criteria

51. The land acquired belongs to the allocation of state-owned land use right. Compensation for Linyi Industry Company, the user of the land should be compensated in accordance with land price for the complex district of Linyi County. The compensation rate is 40,000 Yuan per mu.

5.5.1 Building Demolition

52. The houses affected by the sub-project belong to the Factory contractor. Based on the compensation criteria of Linyi County and after negotiation with the contractor, the compensation is shown in Table 11. In light of rules of Linyi County on house demolition and allocation and in light of the project background, the lump-sum compensation for the Factory equipment removal is 10 Yuan/m². The contractor has to demolish the houses after receiving the compensation. The salvaged construction materials gained from the demolition belongs to the contractor.

Table 11 Compensation for house demolition and allocation

House type	Unit	Area (m ²)	Compensation (Yuan/ m ²)
Brick-concrete structured	m ²	1200	500
Brick-wood structured	m ²	700	300
Simply built	m ²	100	100
Total	m ²	2000	410

5.5.3 Compensation for the Attachment to the Land

53. Compensation for each tree is 50 Yuan, for bounding wall is 20 Yuan per meter, and for each transformer is 12,000 Yuan.

5.5.4 Compensation for Ending the Contract

54. The Factory affected belongs to Linyi Industry Company, and now a contractor manages it. The contract stipulates that if one part ends the contract within the contract period, the party needs to pay a certain compensation for breach of contract. The amount is decided by the negotiation of the two parties. The contract period signed is 3 years (2003-2005) and the contract will end in December of 2005. As the sub-project starts construction in 2006, there is no compensation required for ending the contract.

5.5.5 Assistance for Factory Workers

55. There is no requirement to compensate the staff workers of the Factory since they will remain the responsibility of the Linyi Industry Company. For the 33 casual workers, they will receive extra salaries of two months at Y800 per month after the Factory is shut-down for the purpose of letting them to find a new job within two months. Linyi Industry Company has made arrangements with other brick factories and enterprises to employ them. The Project will give priority to these workers for construction jobs. Also, local government will (i) provide training to enhance their employment skills, and (ii) assist workers to find new employment after the Factory closure, and thus help them to gain benefits.

5.6 Entitlement Matrix

56. In light of the above resettlement and compensation policies, the entitlement matrix for this sub-project is shown in Table 12.

Table 12 Entitlement Matrix

Type of objects affected	Effect degree	Persons entitle to receive compensation	Compensation policies and criteria
Permanent land acquired	Acquire the state-owned land of 306 mu (affecting one factory and 46 persons)	Linyi No.2 Brick and Tile Factory have land compensation.	40,000 Yuan per mu
Building demolished	Demolishing factory houses and buildings of 2000 m ² ,	The Factory contractor	For brick-limb –structured house, 300yuan/m ² ; for simply built house 100yuan/m ² ; for brick-concrete–structured house 500yuan/m ² . The contractor may apply the previous building materials. Compensation for removal is totally 20,000 Yuan (10yuan/ m ²).
Attachment to the ground	1000m of bounding wall, one transformer, 200 trees; compensation for transporting factory equipment and production materials	The owner: Linyi No.2 Brick and Tile Factory	20 yuan/meter for 1000m of bounding wall; 12,000 Yuan for one transformer; 50 Yuan per tree.
Employment and training for Factory workers	The re-employment of the 13 staff and 33 casual workers in the Factory.	The Factory workers	Linyi Industry Company will re-employ the 13 staff in other enterprises; no loss of salary. Two months wages for 33 casual workers, plus training and assistance to find new jobs. Also, casual workers would receive priority for f non-technical job for SWTP construction.

VI Compensation, Resettlement and Rehabilitation

57. The land acquisition and house demolition due to this sub-subject only involves one economic entity---Linyi No.2 Brick and Tile Factory. The local government decided to close the Factory due to the state policies and SWTP construction. The closure of the Factory requires allocating 13 regular workers and 33 casual laborers affected. These workers will be redeployed to other enterprises or assisted to find new jobs. There is no need for reconstruction of the Factory or its buildings after land acquisition and building demolition.

6.1 Compensation Distribution

58. In light of compensation qualifications, the sub-project compensation involves two units. LPO will pay Linyi Industry Company directly the compensation for land acquisition, the compensation for attachments on the ground (except the houses) and the compensation for equipment removal. As trees of the land acquired are around the Factory, there is no need to fell them. The trees belong to the sub-project construction unit after compensation. The compensation for buildings belongs to the Factory contractor. LPO pays the compensation for the contractor directly.

6.2 Plan for Rehabilitation of Factory Workers

59. The resettlement of Factory workers includes two parts. First, is the 13 regular staff including those 3 administrators. They will remain the responsibility of the Linyi Industry Company. The others are casual workers who are farmers from the neighborhood. As casual laborers sign their contracts annually; their employment is seasonal and flexible; moreover, other brick and tile factories will enroll workers.

60. As the Linyi Industry Company will receive the land compensation, which includes resettlement subsidies, to reemploy the 13 staff workers who are working in the brickfield; they will be the due responsibility of this company. The current income (rental) from the brickfield lease is Yuan130,000 per year, and the land compensation in total is Yuan12.24 million, which is equal to 94 years' rentals from brickfield leasing at current price. The Company has prepared a reasonable resettlement plan: (1) the permanent staff workers will be re-employed in other enterprises affiliated to it, and any old workers will be supported through buying social insurances for them; and (2) for the casual workers, each will receive a cash compensation of salaries for two-months, at Yuan 800 per month after the closure of the brickfield so they can receive training and find new jobs. Also, some casual workers can work in the SWTP, if desired. The resettlement for the workers will be as an assurance when LPMO sign compensation contract with the industrial company, and will be monitored by the Project and supervised by Linyi County Government. (See annex 2 on the resettlement strategy

provided by the company).

6.3 Assistance to informal garbage collectors

61. The incomes of the informal garbage collectors will decrease due to the closure of the current garbage plant. By training to improve their technical skills, LPO hopes they will benefit from the sub-project. RP has listed 200,000 Yuan of training fee in the budget. They will receive due training to work as unskilled laborers in construction so that they will improve their income.

6.4 Environment control

62. In case of an environment problem occurs during land acquisition and resettlement, the local land acquisition and resettlement authority will be responsible for it. There is an environment control authority in the local government, any environment problems during land acquisition and the authority will deal with resettlement. The Environment Impact Assessment Report for the project describes clearly the environment problems, resettlement measures and management mechanism of the project.

VII Institutional Arrangement

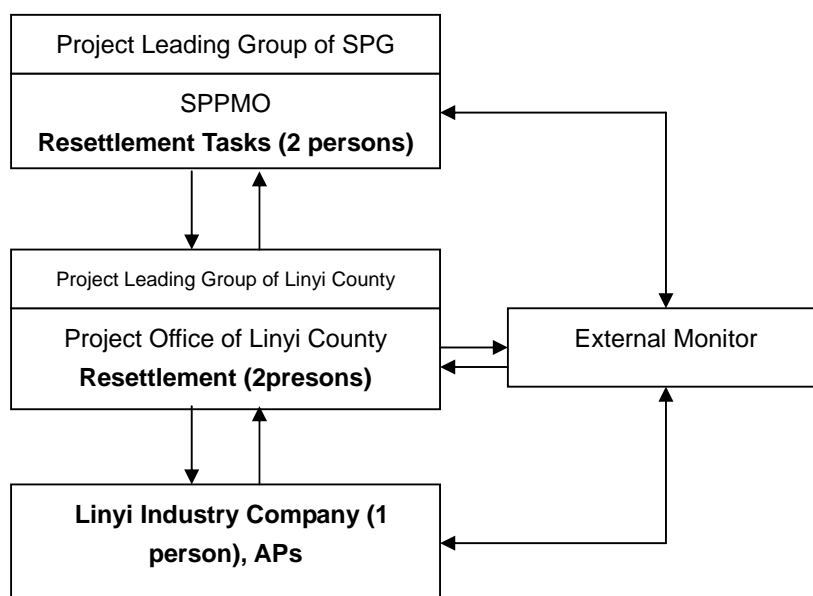
7.1 Organizational set-up

63. In order to implement the ADB financed Project, the major organizations established for the resettlement activity management, implementation and monitoring, are as follows:

- Shandong Provincial Project Management Office (SPPMO) of ADB financed Project;
- Project Office of Linyi County (hereafter called as Project Office);
- The APs

64. SPPMO will appoint two persons responsible for the land acquisition and resettlement. The Project Office in Linyi County will designate at least two staff especially responsible for the land acquisition, compensation and resettlement tasks. For the details, refer to Chart 1.

Chart 1 Organizational set-up for the Project Component



65. The Linyi County Government has set up Project Leading Group for the Project preparation and implementation coordination, headed by a Deputy Secretary of Linyi County Party Committee. Project Leading Group also includes the leaders of Linyi Development and Planning Bureau, Linyi Fiscal Bureau, Linyi Land Administration Bureau and Linyi Urban Administration Bureau. Under which there is a standing office (i.e., Project Office located in the Linyi Planning Bureau), responsible for project preparation, organization/coordination and management tasks.

66. During the project preparation and implementation, the Project Office will designate at least two staff members to be wholly responsible for land acquisition, resettlement and economic rehabilitation tasks. Meanwhile, it will appoint one official from Linyi Industrial Company as a part-time staff to assist in the above-mentioned tasks

7.2 Accountability

7.2.1 SPPMO

67. As a higher-level coordination organization, SPPMO is responsible for the project preparation, resettlement and implementation and the inspection and evaluation after the project.

7.2.2 Project Office of Linyi County

68. As the direct project construction management institution, its responsibilities on land acquisition and resettlement are as followings:

- Participate in the formulation and review of RP;
- Organize public consultations, publicize the land acquisition and resettlement policies,
- Apply for the preliminary examination from LRB for the project land acquisition;
- Apply for the farmland transfer and permission for construction land;
- Implement the resettlement plan according to the project construction schedule;
- Organize and implement the internal monitoring; select an external monitor and coordinate and provided necessary assistance for the external monitoring;
- Review monitoring reports;
- Prepare progress reports and submit them in time; and
- Coordinate and resolve any issues and problems during construction.

Linyi County Industry Company

- Participate in the formulation of employee resettlement;
- Responsible for reporting authorities the Pas complaints and suggestions
- Responsible for demolishing the building within the site of SWTP
- Negotiate with sections related to employment and the Factory contractor to provide employment chances for the Factory employees after the Factory closure.

7.2.3 External monitor

69. The Project Office will entrust an experienced independent monitoring agency to conduct monitoring for land acquisition and resettlement. Its responsibilities are (also see Annex 1, TOR for external monitoring and evaluation) as follows:

- To conduct full-aspect monitoring for resettlement tasks, and submit a report to ADB through SPPMO every six months, and
- To provide technical assistance to project IA during the preparation stage in the aspects of land acquisition and resettlement.

7.3 Staffing and training plan

7.3.1 Staffing

70. The personnel of the resettlement organizations will come from the government or permanent staff of an enterprise, with strong commitment and relevant experiences. For the details, refer to [Table 13](#).

Table 13 Staffing of the resettlement organizations

Organizations	No. of Staff	Qualification and no. of persons
SPPMO	2	Government officials, experienced
Linyi Project Office	2	Government officials, with strong commitment and relevant experience
Linyi Industry Company	1	Director or persons responsible for employment supervisor

7.3.2 Training plan

71. Involved in the ADB project at the first time, IA is new to the ADB requirements for resettlement implementation. In order to achieve a successful implementation of RP, it is necessary to conduct training on the aspects of RP preparation and implementation before the land acquisition of the project. The training will be organized by SPPMO, combining with a flexible way such as study tour to other ADB projects area in China. The time for the training has been planned to commence after the approval of RP, around the time between July and September, 2005.

7.4 Capacity building of resettlement organization

72. Besides the well-chosen staff for the resettlement organization, and training provided for them, the following measures should be adopted for strengthening the institutional capacity:

- Adequate supply in fund and equipment. Telephone, fax, and computer are necessary in the Project Office.
- To establish various kinds of working rules, reporting and internal monitoring systems. In case any problem is found, it should be solved immediately.

- To strengthen monitoring and evaluation. The independent monitoring and evaluation agency should point out the problems existed in time and provide problem-solving suggestions to relevant organizations.

VIII. Implementation Schedule

8.1 Implementation principle

73. The time schedule for land acquisition and resettlement should be consistent with the project construction schedule. Based on the time schedule for the project documented in the FS, a corresponding RP implementation schedule has been formulated, which reflects the consistency with civil works.

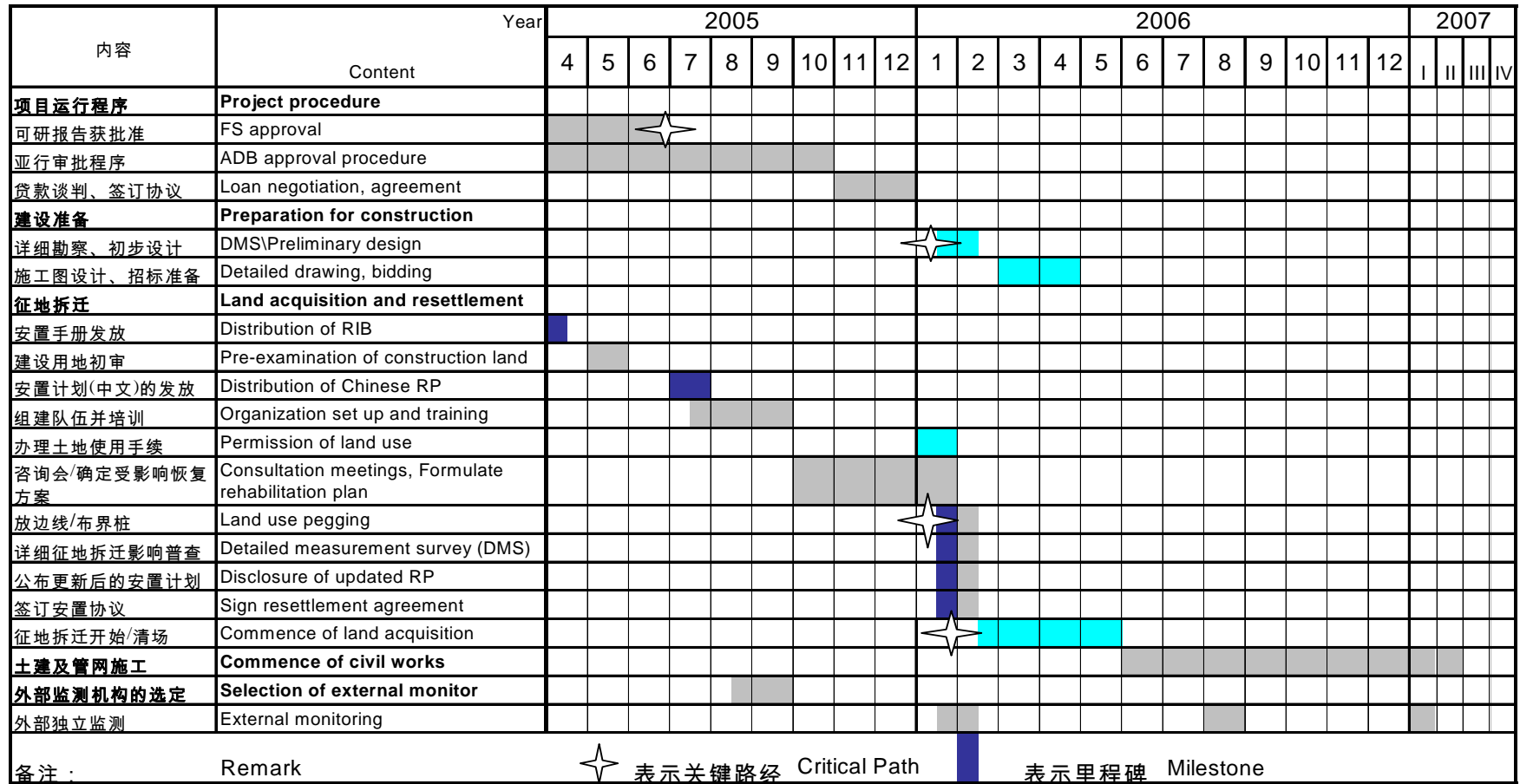
8.2 Implementation schedule

74. The project civil works will commence in June 2006, and the SWTP will be put into operation in June 2008. The implementation of RP and economic rehabilitation will be mainly focused in the first year. Detailed RP implementation schedule refers to Table 14 and Chart 2.

Table 14 Time schedule for RP planning and implementation

	Activity	Responsible Institution	Time	Status
1	Distribute RIB for all APs, and get feedback	SPPMO, IA	April 15, 2005	Completed
2	Preliminary examination for construction land	Project Unit, LRB	May	Completed
3	Establishment of resettlement organization	Project Office	April /July	Completed
4	Staff training for RP implementation	SPPMO, Project Office	July-Sep.	Ongoing
5	ADB approve RP, (MRM)	ADB	October	
6	Process land use permission	Project Office, Construction Unit	September	
7	Consultations on details of RP preparation	Project Office, construction unit	April-Sep.	Ongoing
8	Decide rehabilitation plan of affected units	Project Office, construction unit	July.-Dec.	
9	Finalization of compensation agreement with affected units	Project Office, construction unit	Oct.	
10	Start land acquisition	Project Office	Feb.2006-May 2006	
11	DMS survey, and assets inventory, update of RP, and distribute updated RP to APs	Project Office	Jan. 2006	
12	Based on DMS results, submit to ADB about the changes including budget change	Project Office	Jan. 2006	

Chart 2 Time schedule of RP activities



IX. Monitoring, Evaluation and Reporting Systems

9.1 Supervision during implementation

75. In order to sure a smooth implementation of RP and achieve the RP objectives, regular monitoring and evaluation will be carried out for the Project land acquisition and resettlement in accordance with ADB involuntary resettlement policies and principles. RP monitoring and evaluation includes internal monitoring and independent external monitoring.

9.2 Contents to be monitored

9.2.1 Internal monitoring and supervision

76. SPPO, the Project Office, the Land Administration will participate in the internal monitoring, and Linyi Urban Administration Bureau will write out an internal monitoring plan so that all the responsible units would follow the resettlement principles and schedule. The purpose of the internal monitoring is to keep the resettlement organization function well.

77. Main contents of internal monitoring are:

- (1) Pay land compensation
- (2) Compensate for the temporary land acquisition
- (3) Compensate for house demolished and the resettlement
- (4) Time schedule of above activities;
- (5) Implementation of ADB policies documented in the RP;
- (6) Participation and consultation conducted in RP implementation;
- (7) Staffing, training, working schedule of resettlement organizations and their working efficiency.

9.2.2 External Monitoring & Evaluation

78. In accordance with ADB requirement, an independent organization is needed to conduct monitoring and evaluation for the RP implementation, which should have successful experience and good reputation, and could well understand the ADB resettlement policies. SPPMO is responsible for selecting an external monitoring agency and sign a contract with it

(for details, refer to the TOR for external monitor). Experienced candidates include Hohai University and Shandong University.

79. The following activities will be conducted by the external monitoring agency:

(1) Baseline survey

80. The independent monitoring and evaluation organization will conduct a baseline survey in the project affected unit (village), and collect the baseline data on production and living standard of the APs. The survey for APs' production and living standard can be carried out once a year in order to trace the changes of APs' living standards. Methodologically, typical sample panel data will be collected (random sample selection at the first time), interview and field observation, etc., in such ways necessary data are collected, and based on which evaluation can be done through analysis.

(2) Regular monitoring and evaluation

81. During RP implementation, the external monitor will conduct monitoring every six months in the ways as field observation, tracing surveys of affected households, and informal interview, and the main points to be monitored are show as follows:

- Training,
- Production situation and living standards of APs,
- Time schedule of RP implementation, and

(3) Public consultation

82. The independent monitor can take part in the public consultation meetings during RP preparation and implementation so that it could make a fair evaluation about the effect of APs' participation.

(4) Complaints and appeals

83. The independent monitoring agency can visit the affected units (village) regularly, and visit the organization dealing with grievances, listen to them and understand the grievances redress situation. Persons with grievance should be visited, and focusing on the specific problems some improving measures and recommendations should be proposed to guarantee an effective implementation of the RP.

9.3 Timing for external monitoring and evaluation

84. For a schedule of external monitoring and evaluation in details refer to Table 15.

Table 15 Schedule for external monitoring and evaluation

time	Tasks	Remark
Sep.2005	External monitor recruited, working plan prepared	
Jan.-Feb. 2006	Baseline survey, 1 st monitoring, submit monitoring report No.1	
July 2006	2 nd monitoring, submit report No.2	Half year
Jan. 2007	3rd monitoring, submit report No.3	Half year
Jan. 2008	1st evaluation, submit report No.4	Yearly
Jan. 2009	2nd evaluation, submit report No.5	Completion of project

9.4 Reporting system

85. The project construction unit will submit the internal monitoring and evaluation report to the project EA once every 3 months, while the external monitor will submit the external monitoring and evaluation report every 6 months during the resettlement and once a year in 2 years after the resettlement.

X. Resettlement Budget and Funding

86. The project RP budget has been prepared based on both ADB and Shandong policies. It mainly consists three parts: basic costs, fees and taxes, and contingency (see Table 16 for details). Total budget for the RP is RMB 15.36 million, which accounts for 33.3% of total project investment.

10.1 Basic costs

87. The basic costs cover the compensations for permanent land acquisition, building demolition and removal and attachments on land. The total land compensation accounts for RMB 12.24 million, (40,000 yuan/mu), which accounts for near 80% of the entire resettlement budget.

10.2 Other fees

88. Based on the No. 28 document and related policies in Shandong Province, all the expenses related to land acquisition should be listed in the Project budget in full amount. In this RP, the budget covers fees for training the Factory workers, management expenses for RP implementation, fees for land evaluation and external monitoring costs.

10.3 Contingency cost

89. The contingency cost is equivalent to 10% of the basic costs, total RMB 1.33 million.

10.4 Fund disbursement

90. The fund disbursement procedure is relatively simple. LPO directly pays the compensation for the owners affected that is Linyi Industry Company and the Factory contractor. The compensation will be paid prior to land transfer and building demolition, or within three month after the sign of compensation agreement between LPO and with the owners affected, whichever is earlier.

10.5 Funding of RP budget

91. The fund of RP budget mainly comes from the Financial Bureau of Linyi County.

Table 16 Budget for land acquisition and resettlement

Item	Unit	Amount	compensation (Yuan)	Cost (10000Yuan)	Remark
A. Basic costs				1330.2	
I. Land Compensation				1224	
1. Permanent land acquisition	mu	306		1224	
2. Temporary land use	mu	0		0	
II. Compensation for private house				84	
(1) Brick-concrete	m ²	1200	500	60	
(2) Brick-wood	m ²	700	300	21	
(3) Simply -built	m ²	100	100	1	
(4) Removal compensation	m ³	2000	10	2	
III. Attachment				22.2	
1. Private house				3	
(1) Bounding wall	m ²	1000	20	2	
(2) Trees		200	50	1	
2. Attachments on ground				19.2	
(2) 400kv transformer		1	12000	1.2	
B. Other fees				73.12	
1. Worker training				20	
2. Management for RP implementation			2% basic cost	26.56	
3. Supervision, monitoring and evaluation			2% basic cost	26.56	including training resettlement workers, external and internal monitoring
Basic costs & other fees				1403.32	
C. Preparation			10% basic cost	133.02	
D. Total RAP budget				1536.34	

ANNEX 1. TOR and Budget for Project External Monitor

A. Introduction

According to the requirements stipulated in the “Regulations on Construction Supervision” promulgated by the Ministry of Construction of the People’s Republic of China (PRC) in 1995, all construction projects shall be properly supervised. It is also a requirement of the Asian Development Bank (ADB) that loan projects that result in land acquisition and resettlement be properly monitored and evaluated. Based on these requirement, and in order to ensure the smooth implementation of the Resettlement Plan (RP), RP monitoring both “internal” and “external”, will be carried out during and after the implementation of the Project.

An independent monitoring agency (Monitor) will be engaged through competitive tenders for the external monitoring and evaluation. The Consultant will be a PRC consulting entity that has experience in ADB or World Bank projects dealing with resettlement issues. Among others, monitoring and evaluation will include:

- Monitoring the progress and effectiveness of RP implementation;
- Evaluation of income restoration and post-resettlement conditions of the APs in affected communities.

B. Objectives and Requirements of Monitoring and Evaluation

The objectives of monitoring and evaluation are to assess if the land acquisition and resettlement is implemented in accordance with the RP and if the goals and principles of the RP are achieved. Specifically, monitoring and evaluation will focus on the following aspects of the APs’ situation and the resettlement process.

- Economic situation after resettlement;
- Timely disbursement of funds;
- Environmental conditions;
- Condition and quality of land rehabilitated due to temporary occupation;
- Rehabilitation of the vulnerable groups;
- Measures taken by the village committees to restore affected livelihoods; and,
- Living conditions and economic status of APs following resettlement in comparison to the non-affected household in the Project areas.

Monitoring and evaluation will include the establishment of socio-economic baselines of the APs prior to land acquisition or physical relocation, and the regular monitoring of their relocation or adjustment during Project implementation, and evaluation of their situation for a period of one or two years afterwards. Qualitative and quantitative methods will be used to evaluate the standard of living of the APs. Investigation will include interviews with IAs, local officials, village leaders, and survey of 15-20% project affected households. Focus group

discussions can be conducted to address issues related to women, poor, other vulnerable groups and unemployed workers.

C. Monitoring Indicators

The following indicators will be monitored and evaluated in accordance with principles, entitlements and rehabilitation strategies/plans set out in the RP:

- Disbursement of entitlements to APs and enterprises/businesses: compensation, housing, cultivated farmland, and employment as specified in the RP.
- Economic rehabilitation: re-allocation of cultivated land, land restoration of temporary land occupation, job opportunities available to APs, number of APs employed or unemployed.
- Demolition of structures/buildings: the compensation for demolished structure/buildings should be equivalent to the replacement cost; whether the affected persons have received the compensation on time, their entitlements regarding moving allowance and transportation allowance.
- Restoration of basic infrastructure and special facilities: all necessary infrastructure and special facilities should be restored at the resettlement sites at least up to a standard equal to the standard at the original location; the compensation for all infrastructure and special facilities should be sufficient to reinstate at least at the original status.
- Satisfaction of APs: satisfaction of APs with various aspects of the resettlement program; the operation of the mechanisms for grievance redress will be reviewed and the speed and results of grievance redressal measures will be monitored.
- Living standard: Throughout the implementation process, the trends in living standards will be observed and the potential problems in the way of restoration of standards of living will be identified and reported. The Consultant will carry out a comprehensive socio-economic survey after the completion of resettlement implementation to document the living standards and the conditions of the APs after resettlement. The survey will be conducted annually for two years, or until most affected households have fully restored their living standards and income generation.
- Reemployment of affected staff and workers, and compensation of lost wages.
- Social adaptability: impacts on children, the elderly and other vulnerable groups, public participation, APs' attitudes and reaction to post resettlement situation, number of complaints and appeal procedures and resolution, implementation of preferential policies, income restoration measures, and improvements in women's status.

D. Special Considerations

Special attention/provisions specified in the RP will be paid to women, the poor, serious affected households and other vulnerable groups during monitoring; these include:

- The status and function of women: Closely monitor any change in women's status, function and situations. The monitoring and evaluating agency will also provide recommendations and assistance to the EA in respect of women's issues.
- Pay attention to seriously affected households and other vulnerable groups: Closely monitor living conditions of the serious land loss households, the old, the weak/ill, and other vulnerable groups after resettlement, to ensure that no hardship is experienced.
- Monitoring and evaluating will provide information on utilization and adequacy of resettlement funds. The Audit Institutions in Shandong Province will audit resettlement accounts and funds. The details of this audit will be made available to the internal monitoring report.

E. Contents and Distribution of Independent Monitoring Reports

A monitoring report will include, among others:

- Conclusion of investigation and evaluation;
- Major existing and potential problems;
- Recommended mitigation or prevention measures which will be incorporated into a revised plan if necessary;
- Evaluation of previous follow-up actions.

The Monitor will provide the EA, IAs and Project Offices of at county and provincial levels and Shandong Project Leading Group, with monitoring reports every six months from the start of the implementation of land acquisition and resettlement, and annual evaluation reports until the Project is completed, or until all resettlement issues have been successfully resolved.

All reports will be available in English and Chinese. EA and IAs shall ensure that information on the progress and status on all aspects of land acquisition and resettlement activities will be provided to the external monitor for verifying the progress reports. The Shandong Provincial Project Management Office (SPPMO) will forward copies of the reports in English to the Asian Development Bank. SPPMO will also submit a resettlement completion report to ADB, to be followed by post-resettlement impact evaluation reports by the monitor, which should provide further evidence whether adverse effects of the Project have been mitigated adequately, and at least "without project" income levels have been restored for the APs.

F. Duration and Frequency of Visits

The consulting services will be required during a period of 3.5 years.

During implementation of the RP, external monitoring by the Monitor will be undertaken every six (6) months for an input of one (1) month. The total input of the domestic resettlement consultant will be 8 months.

G. Monitoring Schedule

Time	Tasks	Time for submitting report to ADB
Sep.2005	External monitor recruited, working plan prepared	
Jan. 2006	Baseline survey, 1 st monitoring, submit monitoring report No.1	March 15, 2006
July 2006	2 nd monitoring, submit report No.2	August 30, 2006(half-year)
Jan. 2007	3 rd monitoring, submit report No.3	Feb. 28, 2007 (half year)
Jan. 2008	1 st evaluation, submit report No.4	Feb. 28, 2008 (yearly)
Jan. 2009	2 nd evaluation, submit report No. 5	Feb.28, 2009 (completion of project)

H. Indicative Budget for the Monitor²

Domestic Consultants:

No.	Description	Cost (Yuan)
1	Professional fees (8 person-months@Y12,000)	96,000
2	Survey team (5 times @Y10,000)	50,000
3	Per diem (30 days * 5 times + 10 days) @ Y100	16,000
4	Airfares and other travel (8 trips@Y2,400)	19,200
5	<u>Reporting, materials, translation, communication and other costs (5 reports @ Y10,000)</u>	50,000
	<u>Total</u>	Yuan 231,200
	<u>Converted into \$US (1 \$US=Yuan 8.11)</u>	\$US28,508

² The budget is for the whole resettlement monitoring and evaluation of the Shandong Hai River Environment Control Project rather than any individual sub-project.

ANNEX 2. Resettlement Arrangements

Report of Resettlement and Compensation on Staff and Workers in the No.2 Brick and Tile Factory in Linyi County.

**By the Headquarters of Linyi County Industrial Group Corporation
(The Corporation)**

For further optimizing the economic development environment and realizing the harmonious development between human and the nature in Linyi County, upon the actual needs of the SWTP Project (sub-project) in our county, in combination with the real situation of the enterprises, the arrangements made by our Corporation on compensation and resettlement for staffs and workers after closure of the No.2 Brick and Tile Mill are as follows:

1. The compensation for the nearly retired

There are totally 8 persons who are approaching the retirement age and cannot obtain re-employment. For them, our Corporation will buy endowment insurance and provide food allowance for them. Of which, the total amount for the former is 96,000 Yuan and for the latter is 240,000 Yuan, total is 336,000 Yuan.

2. Resettlement for permanent workers and related costs

For the other 38 people who need re-employment, we have reached agreement with 12 enterprises within the industrial lines (under the umbrella of the Corporation in Linyi County), which include the No.1 Brick and Tile Mill, the Automobile Repairing Garage, and the Equipment Installation Company, etc. The enterprises will provide the employment posts and salary for them and the Corporation is responsible for their endowment insurance and one-time food allowance. Of which, the cost for endowment Insurance is 2.28 million Yuan, and the food allowance is 760,000 Yuan. The total is 3.04 million Yuan.

3. The compensation for temporary workers

For those 33 temporary workers, we will provide two months salary for them according to our agreement. After that they will find a job by themselves. The total cost for this item is 52,800 Yuan.

4. The costs for retired people

With time being, the 38 workers will be retired gradually. It needs about RMB 150 thousand per year after their retirement for their medical treatment cost, the subsidy for spouses of died workers and funeral cost.

The sum of the above resettlement subsidies is RMB 7.44 million, plus RMB 5.00 million for mere land compensation fee,, which is well within the range of project compensation RMB 12.44 million, see the breakdown below:

Item	Cost (RMB)	Remark
1. Compensation for nearly retired	336,000	
2. Resettlement costs for permanent workers	3,040,000	
3. Two month salary for temporary workers	52,800	
4. Costs for retired people (assume 25 years left after their retirement for each person)	3,750,000	
5. Miscellaneous	260,000	
SUM ABOVE	7,438,800	Resettlement Subsidies
Land Compensation fees	5,000,000	Used for production purpose
TOTAL	12,438,000	Project Compensation

Therefore, for supporting and serving for the overall county economic development, the Corporation's Communist Party Committee (China CCPC branch in the Corporation) decided that the specific fund (resettlement subsidies included in compensation due to land loss) will be used for its due purpose only. We will seriously deal with the resettlement tasks for the affected persons due to the project, and make our due contribution to the smooth implementation of the Project.

(Official Stamp)

The Headquarters of Linyi County Industrial Group Corporation

27 July 2005