

Social Audit Report

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September 2014

PRC: Wastewater Treatment and Reuse Project

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PRC: Wastewater Treatment and Reuse Project

Social Audit Report for Changping Water Reclamation Plant (Phase II)

**Beijing Enterprises Water Group Limited
September 22, 2014**

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Abbreviations

AAOV	Average Annual Output Value
ADB	Asian Development Bank
AHs	Affected Households
APs	Affected Persons
BEW	Beijing Enterprises Water Group Limited
CSR	Corporate Social Responsibility
E&S	Environmental and Social
FGD	Focus Group Discussion
FSR	Feasibility Study Report
HD	House Demolition
LA	Land Acquisition
LAR	Land Acquisition and Resettlement
LRB	Land Resource Bureau
M&E	Monitoring and Evaluation
QEHS	Quality, environment, health and safety
WRP	Water Reclamation Plant
PRC	People's Republic of China

1 Introduction

1. **Project Description.** The project is designed as the least-cost solution to facilitate reuse of treated wastewater by upgrading multiple wastewater treatment plants to meet grade 1A standard. The treated wastewater can then be reused for industry cooling and urban environment purposes. The project involves the acquisition, upgrade and/or expansion, and operation of wastewater treatment plants with technology options for meeting reuse water quality for up to 1.8 million tons per day during 2014–2016. In municipalities that do not yet have appropriate associated infrastructure for wastewater reuse, BEW will first upgrade wastewater treatment facilities to meet the water quality standards for reuse before any actual sales of the treated wastewater. This social audit reports covers the Changping Water Reclamation Plant (Phase II).

2. **Objectives and Scope of the Report.** The ADB'S assistance to BEW falls under the category of 'Corporate Finance' in Safeguards Requirements 4 (Special Requirements for Different Finance Modalities, section H) of the 2009 ADB Safeguards Policy Statement (SPS).¹ As required by the SPS, a Social Safeguards Compliance Audit was undertaken by external consultant (Mr. Zhou Jian) for the Changping Water Reclamation Plant's past and present performance with regard to managing social dimensions of the subproject, particularly on land acquisition and involuntary resettlement, indigenous peoples/ethnic minority issues, labor and working conditions, stakeholder engagement, among other related issues.

3. The purpose of the Social Safeguards Compliance Audit is to determine the nature and extent of all social areas of concern at selected facilities and to determine whether the actions taken to address impacts are in accordance with BEWG's ESMS requirements and ADB SPS principles and requirements. The audit identifies the areas of concern and suggests appropriate mitigation measures to be included in the Corrective Action Plan. The audit was performed in accordance with the SPS 2009, as well as applicable local environmental, social, and occupational health and safety regulatory requirements in the PRC.

4. **Methodology.** In the course of conducting the social safeguards audit for the subproject, the following was undertaken: (i) a desk review of the BEW's existing environmental and social management system, (ii) a review of relevant national laws, regulations and guidelines related to social impact assessment, land acquisition, ethnic minorities and consultation and participation, which are presented in Table 1 (iii) interviews with the BEW's Management and key technical staff, representatives of Changping District Land Resource Bureau, local people from the village collective from whom lands were acquired, and the summary of the interviews are presented in Table 2, and (iv) site inspection of the plant from August 24 to 27, 2014. The documentary review and interviews were carried out during the course of the site visit with an aim to assess the labor and working conditions, land acquisition and involuntary resettlement, indigenous peoples, and gender and development. The desk review also included a review of project documents and literature including certificates of land usage, land acquisition and compensation receipts with villages, and resettlement planning and consultation documents. BEW's ESMS staff joined the field work with the external audit consultant for better understanding and implementation of the ESMS.

Table 1- Relevant National Laws, Regulations and Guidelines

¹ The Safeguards Policy Statement is available from <http://www.adb.org/Documents/Policies/Safeguards/default.asp>

Type	Laws, Regulations and Guidelines
Involuntary Resettlement	<ul style="list-style-type: none"> ● Land Administration Law of the People's Republic of China (effective from January 1, 1999); ● Law of the People's Republic of China on Administration of the urban Real Estate (1994); and ● Regulations on the Protection of Basic Cultivated land (No.257 Decree of the State Council of The People's Republic of China on December 27, 1998); ● The Implementation Rules for The Land Administration Law of People's Republic of China (Decree No.256 of the State Council, effective from January 1, 1999);
Indigenous Peoples	<ul style="list-style-type: none"> ● Ethnic Minority Autonomous Religion Law of PRC(effective from October 1, 1984, amended on February 28, 2001) ● Notice of State Council on the Establishment of Ethnic Minority Villages (1983); ● Regulation on the Work of Administrative Urban Ethnic Minority (effective from September 15, 1993)
Social assessment	<ul style="list-style-type: none"> ● Notice of Application Reports of Projects issued by NDRC (FGTZ [2007] NO.1668), which requires the analysis of land acquisition and resettlement, and social impact assessment for corporate investment activities; and ● Guideline for Social Assessment of Municipal Infrastructure Projects issued by Ministry of Urban and Rural Development (effective from 1 December 2011), which is the technical basis for the social assessment for the Feasibility Study Report.
Other social issues	<ul style="list-style-type: none"> ● Labor Law of the People's Republic of China (effective from January 1, 1995) ● Law of the People's Republic of China on the Protection of Rights and Interests of Women (effective from October 1, 1992)

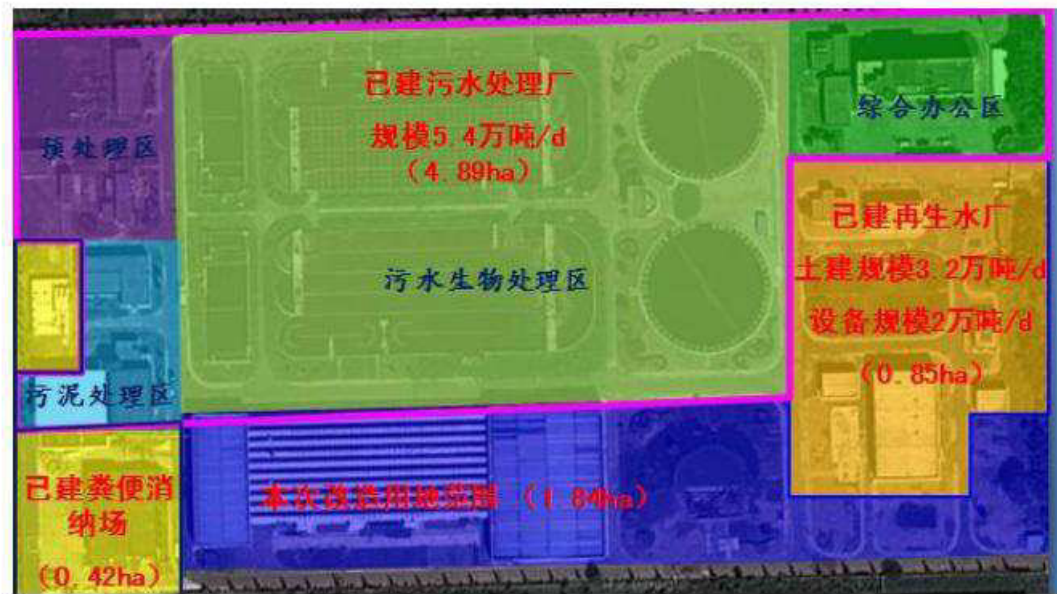
Table 2-Summary of the Interviews with the People/official

No	Name	Title /Department	Topics discussed	Remain issues/follow actions
1	Huang Zhipeng	President office/BEW	ESMS implementation	ADB's social safeguard training to staff will be organized in December 2014
2	Ma Jian	Deputy director/ Changping plant	labor and working conditions, gender, CSR	No remaining issues
			History of the land	No remaining issues
3	Mr.Li	Changping District Land Resource Bureau	<ul style="list-style-type: none"> ● History of land acquisition in 2002; ● Consultation activities conducted in 2002 during land acquisition; 	No remaining issues
4	Mr.Lin	Jingwentun Village committee	<ul style="list-style-type: none"> ● Grievance redress; ● Income restoration of the affected farmers. 	
5	Mr.Zhang	Jingwentun Village committee		

2 Involuntary Resettlement

5. **Subproject Description.** At present, the Changping plant has a 54,000 m³/d wastewater treatment design capacity which commenced operation since September 2003 and 20,000 m³/d water reclamation capacity which commenced operation since May 2010. The phase II of the plant (the Project) will increase the wastewater treatment capacity by 30,000 m³/d based on the Build-Operate-Transfer (BOT) mode by BEW with Changping District Water Affairs Bureau. The Project is located on the reserved land in the plant.

Figure 1- Layout of the Plant



6. Figure 1 is the layout of the plant. The total area of the plant is 8ha (80,020 m²). The area in blue at bottom of the figure is the vacant reserved area for the project, which is 1.84 ha as presented in Figure 2.

Figure 2- Reserved Land for the Project



7. The new drainage pipeline network will be constructed by local government, together with the construction of the new roads in the service area. There are existing roads, water supply and electricity for the plant which can be used by the Project, no additional land needs to be acquired.

8. **Location.** The plant is located in the south of Jingwentun (景文屯村) Village and in the north of Zhanggezhuang (张各庄村) Village, Nanshao (南邵镇) Township of Changping District. Changping District (44°20'-44°51'N, 115°50'17"~116°29'49"E) lies in the northwest of Beijing City, covering an area of 1,352 km². In 2013, the GDP of the district achieved CNY 55 billion by a growth rate of 10%. The fiscal revenue attained a growth of 15% at CNY 6 Billion. Farmers' average net income was amounted to RMB 16,750 and the disposable income of urban residents was RMB 32,500.

Figure 3-Location of Changping District



9. **Scope of Land Acquisition and Resettlement Impacts.** Totally, 8.256 hectare (82,560 m²) collective land was acquired permanently for the construction of the plant (80,020 m²) and the access road (2,540 m²) in 2002 from the Jingwentun (景文屯村) Village.


10. Changping District LRB approved the construction land on March 28, 2002, as presented in Figure 4. According to this document, 82,560 m² land was acquired for the plant in 2002.

Figure 4- Approval Document for Construction Land

建设用地批准书

根据《中华人民共和国土地管理法》第二十三条、三十四条和《中华人民共和国土地管理法实施条例》第十八条规定，本项建设用地经审核，准予使用。

特发此书

填发机关  2002年3月28日

用地单位		昌平区市政管理委员会	
建设项目名称		污水处理	
用地批准文号		京政发[2002]第45号	
用地单位主管机关			
建设性质		土地用途	
批准用地面积	82560 (m ²) (hm ²)	建、构筑物占地面积	(m ²)
四至	东至 西至 南至 北至		
本批准书有效期	自2002年3月—2003年3月		
备注			

Approval Document for Construction Land

According to the article No 23, 24 of the Land Administration Law of the People's Republic of China and the article No 18 of the Implementation Rules for the Land Administration Law of People's Republic of China, the construction land for this project is approved.

Land unit: Changping District Municipal Administration Committee

Name of the project: Changping WWTP

No of the document: Jiangzhengdizi [2002] 45

Approved area: 82,560 m²

Changping District LRB
March 28, 2002

11. In PRC, the year of 1999 is a key timeline as the *Land Administration Law of the People's Republic of China* and the *Implementation Rules for the Land Administration Law of People's Republic of China* (Decree No.256 of the State Council) is effective from January 1, 1999. Total compensation for the land includes the land compensation, resettlement subsidy and compensation for the standing crops. Land compensation is 10 times of the annual average output value (AAOV), while the resettlement subsidy is 6 times of the AAOV. Based on the national policy, the compensation rate was 48,450 yuan/mu. For the total 123.84 mu (82,560 m²) land, 6 million yuan was paid for the land, and 1.2 million yuan was paid as the compensation for the standing crops. Figure 5 is the receipt of the compensation, which was endorsed by

Figure 5-Receipt of the Compensation

12. Changping District Government has issued the Certificate of State-owned Land Using Right for the plant (80,020 m²) as all domestic procedures have been completed and there is no remaining issue. In 2009, the state-owned land using right was transferred from Changping District Municipal Administration Committee to Changping District Water Affairs Bureau by Changping District Government, so the certificate was re-issued on January 16, 2009, as presented in figure 6.

Figure 6-Certificate of State-owned Land Using

北京市昌平区水务局

京昌平 2004 基变 001 号
国用 () 第 号

土地使用权人	北京市昌平区水务局		
座落	昌平区南部镇景文屯村南		
地号		图号	
地类(用途)	市政基础设施	取得价格	
使用权类型	国有划拨	终止日期	
使用权面积	80019.96 M^2	其中	独用面积 80019.96 M^2 分摊面积 0.00 M^2

根据《中华人民共和国宪法》、《中华人民共和国土地管理法》和《中华人民共和国城市房地产管理法》等法律法规,为保护土地使用权人的合法权益,对土地使用权人申请登记的本证所列土地权利,经审查核实,准予登记,颁发此证。

昌平区 人民政府 (章)

界址点成果表

序号	点号	坐标		边长
		x (m)	y (m)	
1	1	325492.566	491964.978	374.00
2	2	325490.852	492357.934	311.70
3	3	325449.741	492371.386	302.50
4	4	325439.115	491989.954	314.83
5	5	325550.594	491964.978	

测量: 李海 审核: 董磊 签字: (盖章) 2008年12月17日

13. Compensation for the standing crops were allocated to the APs, and the land compensation and the resettlement subsidy were paid to the village. Same area and quality of land were provided to the APs from the reserved land of the village. So at that year of 2002, land acquisition of the plant didn't affect the AP's living condition. Due to the very fast urbanization of Beijing City and Changping District in the past 10 years, the rural farmers have been transferred to urban citizens as most of their land has been acquired for different projects. Because of the big amount of job opportunities in Beijing City and Changping District, non-agricultural income nearly accounts for 100% of the family's income now. Also, as they are currently registered as urban non-agricultural households, they are able to enjoy the better urban social insurance. Compared with the past, living condition of people in the affected village became much better.

14. **Institutional Arrangement.** Land acquisition was implemented by the government agencies of Changping District Government, including Jingwentun Village Committee, Changping District LRB, Nanshao Township Government, and Changping District Municipal Administration Committee.

- Changping District Municipal Administration Committee was in charge of coordination work among government agencies.
- Land Resource Bureau was responsible for handling, checking and approving land acquisition procedures, and managing and supervising the implementation activities. All land acquisition procedures has been fully documented.

- Village Committee was in charge of impact survey, distribution of payment of compensation fees, solving relevant grievance as the first channel, holding villagers meeting.

15. **Information Disclosure, Consultation and Participation.** Although related documents of consultation can't be collected during the site visit. According to the interviews of the village leaders, during the implementation of land acquisition and resettlement, great attention was paid to the public participation, and consultation has been taken with the village committee, government organizations and the villagers. Public participation had made good achievements, and the needs of the villagers were incorporated into the implementation. In 2002, at that time, the non-agricultural activities were not very developed, so during consultation with the farmers, they preferred to get replacement land. Based on the results of the consultation meetings, same area and quality of land were provided to the APs and the compensation was spent to improve the village road and school.

16. **Appeals and Grievance Redress.** Since the Land Administration Law is effective on January 1, 1999, complete appeal and grievance system had been established to deal with the problems induced by land acquisition and compensation in China, so the APs could find relevant department for their appeal and grievance. Steps of appeal and grievance are shown as the following.

- If any AP was aggrieved by any aspect of the resettlement, he/she could state his/her grievance and appeal to the village committee in oral or in written form. If an oral appeal was made, the village committee would record it on paper and process it. The village committee would make a decision on or resolve it in two weeks.
- The aggrieved AP could state the grievance and appeal to the township government in oral or in written form. The township government would decide on or resolve it in two weeks.
- If the aggrieved AP was not satisfied with the decision of the township government, he/she could appeal to the LRB, which would reach a decision within two weeks.

17. According to Administration Procedure Law of the People's Republic of China, the APs could appeal to administration departments who had administration rights for arbitration. If the APs were still dissatisfied at the decision of the arbitration, they could appeal to a people's court according to the civil procedural law after receiving the decision of the arbitration. Based on the site visits and consultations carried out as part of the audit, there are no outstanding grievances or issues.

3 Indigenous Peoples

18. In 2012, ethnic minority population in Changping District is 66,300, which is 3.99% of the total resident population of 1.83 million. The main ethnic minority group is Man and Hui, and they have the same social status with Hans. They all speak the same language as Han. Ethnic minorities are not concentrated in any particular districts or occupation groups, being very spread out on the whole. They do not face any social discrimination and can benefit the same from the project. None of the ethnic minorities is affected by plant construction and operation or in the villages near the plant.

4 Other Social Issues

4.1 Employment and Labor

19. BEW complies with ADB's Social Protection requirements and core labor standards and the China Labor Law (1994) strictly with particular attention paid to the well-beings of all staff in PRC. BEW provides social benefits to staff members that include pension insurance, medical insurance, maternity insurance, unemployment insurance, work injury insurance and a social housing fund. BEW has guidelines of procedures and standards requirement clearly documented. The employee manual is distributed to each staff. Every new staff will be given a job training and orientation via immediate supervisor. Further training would also be given via group discussion and learning activities. Each plant needs to prepare the annual training plan.

20. When BEW acquires a new plant, BEW retains all plant staff except those who wish to seek employment opportunities elsewhere. BEW encourages the civil works contractors to hire workers from the local community. The current QEHS includes procedures of recruitment and requirements of occupational health.

21. For the contractors, they must be able to provide proper skill set in order to have their operation and service license. BEW will also closely monitor their performance and deliveries. The manager at the site will help and cooperate with inspectors from government bodies to conduct all survey, inspections and monitoring. BEW will regularly report to the labor inspection team of the Labor and Social Security Bureau and provide any necessary data and information as required.

22. The Federation of Trade Union organizes meeting each year to discuss the wage, benefits, management regulations and other affairs related to the staff, and will provide recommendation to the management of BEW.

23. According to the FSR of the Project, 24 workers will be recruited. It's estimated that half of the workers will be local and 30% of the job opportunities will be provided to women.

4.2 Protection of Women's Rights and Interests

24. The Human Resource Department of BEW has appointed staff at the corporate or plant level to be responsible for the women's affairs. BEW upholds gender equality and provides equal employment opportunities for men and women during project design, construction supervision, and plant operation. BEW is sensitive to the special needs and vulnerabilities of women. In headquarter and all plants, priorities are provided to women if the jobs are more appropriate for female staff, such as in the financial, human resource, and laboratory offices. BEW complies strictly with the Law of the People's Republic of China on the Protection of Rights and Interests of Women (1992). All women staff have maternity insurance. Women are organized for tour and have gifts at the women's day, and each year the company will provide some feminine hygiene products to them. Among the total 200 staff in headquarter of BEW, female staff accounts for 30%. Most of them are in the financial and human resource department. Among the senior management staff, there is a female executive director and she is also a member of remuneration committee of the Company. BEW encourages the contractors to provide equal employment opportunities to women.

5 Conclusion

25. The design of the Project has been optimized to minimize the land acquisition and house demolition impacts, as the construction will be on the reserved land. For the reserved land, land acquisition, compensation and fund disbursement have been conducted in accordance with the Land Administration Law of the People's Republic of China (1999) and the applicable regulations of Beijing City, and the affected households were satisfied. The compensation and entitlements provided to the APs and the AHs satisfy the requirement of ADB 2009 SPS S2. All mitigating measures implemented complied with ADB SPS SR2 requirements, and there is no outstanding noncompliance issue.

26. BEW has adopted a nondiscriminatory policy for persons belonging to ethnic minority groups. Moreover, the Project expects to bring non-discriminatory benefits to all residents as it improves the general environmental health and sanitation in the service areas while connecting users to better wastewater treatment service. So the Project does not trigger ADB SPS SR 3 on Indigenous Peoples.

27. BEW strictly follows ADB's Social Protection requirements and core labor standards, the Labor Law of the People's Republic of China(1994), the Law of the People's Republic of China on the Protection of Rights and Interests of Women (1992), and other applicable laws and regulations..

6 Corrective Action Plan

28. There is no outstanding noncompliance issue on resettlement and ethnic minority aspects of the Project. Land acquisition was implemented in 2002 and all domestic procedures have been finished. No corrective action is required.

29. However, during the site visit and discussion with the staff of BEW, there are some recommendations for better implementation of ESMS:

- (i) Related training on social safeguard need to be provided to the staff, although environment training has been provided to them. ESMS was discussed between ADB and the management level at headquarter (especially the investment and financial department), and other staff don't have a good understanding of the ESMS, especially at the subproject company level. There are some new national requirements on social aspect for the wastewater treatment sector. For example, Social Stability Risk Assessment Report is required as National Development and Reform Committee issued the *Interim Measures for Social Stability Risk Assessment of Major Fixed Assets Investment Project* on August 16, 2012. BEW has not been involved to date with new land acquisition and the ESMS staff has no experience to prepare the social safeguard documents. The following topics are recommended for the training:
 - ADB policies and procedures on social safeguards
 - Steps on how to conduct a Land Acquisition and Resettlement Audit
 - Local regulations on social safeguards
 - Latest national social impact assessment guideline
 - Implementation and Monitoring of SMS
 - (ii) Clarify Roles and Responsibilities of Various BEW Departments in relation to the preparation, submission, review, and clearance of subproject safeguard documents, and monitoring and supervision of resettlement plan implementation need to be cleared. For example, different departments select the proposed subproject for ADB financing based on different points of view, but the social issues have not been fully considered. During the initial identification period, the social staff or the external consultant should be included.
30. For the proposed measures based on the audit, BEW will organize the social safeguard and implementation of ESMS training to the relevant staff in December 2014, and the progress on these will be reported as part of the annual E&S monitoring reports.