

# Resettlement for Urban Projects in the PRC

**Madhumita Gupta**

Senior Social Development Specialist

East Asia Urban and Social Sectors Division

Asian Development Bank

The logo of the Asian Development Bank (ADB), consisting of the letters 'ADB' in white serif font on a dark blue square background.

ADB

# ADB Development Goals

- Project leads to enhanced living standards, especially for the poor and other vulnerable groups
- Ensure project compliance with ADB safeguard policies

 **No one is worse off, while others benefit**

# ADB Safeguard Policies

- Involuntary Resettlement
- Indigenous Peoples
- Environmental Assessment
- Revised operational policies and procedures
- Safeguard Policy Statement

 **Compliance is mandatory!**

**ADB**

# Involuntary Resettlement Process

Displacement (house and land)

Relocation...

Resettlement...

Rehabilitation...

Income Restoration...



ADB

# Key Policy Objectives - SPS

- Avoid/minimize involuntary resettlement
- To enhance or at least restore livelihoods of displaced persons
- Improve living standards of displaced poor and vulnerable

# Scope and Triggers - SPS

- Physical displacement
- Economic displacement

As a result of

- Involuntary land acquisition
- Involuntary restrictions on land use or access to parks and protected areas

# Key Policy Principles - SPS

- Early screening, consultation, compensation, income restoration, and support provision to vulnerable groups
- Compensation for non-land assets to non-titled
- Preparation of RPs, disclosure, budget provision, and implementation
- APs are paid compensation before physical displacement
- Close supervision, monitoring, and impact evaluation

# IR policy 1995 and SPS 2009

## Key Differences

- Policy principles distilled from procedures
- More clarity on Borrowers and ADB's responsibilities
- Emphasis on improved living standards of displaced poor and vulnerable groups
- Includes adverse impacts assessment triggered by environmental protection and prepare mitigation plans
- Application of Country Safeguard Systems on a limited scale

# PRC regulations and ADB IR Policy

## Key Differences

### ADB requires

- Resettlement plans at preparatory phase
- Consultation and participation with APs throughout the project cycle
- Special support for VGs
- Recognizes non-titled households and has provisions to compensate them for loss of non-land assets;

### PRC

- Not compulsory except for medium and large scale dams, hydro-projects
- Participation is low and mostly through notifications
- No specific provisions for VGs
- Does not recognize non-titled households.

# Types of Urban Projects

- New area development
- Solid waste management, WWTPs, drainage
- WTP, distribution network
- Heating and distribution system
- Dams and Water Supply
- Geohazard Prevention
- River channel Rehabilitation
- Urban Roads

# New Area Development

## ISSUES

- ADB finance used for arterial roads and other infrastructure along the roads
- Farmers become landless and suffer adverse impacts twice, one for ADB infrastructure and the other for new area development.
- Loss of housing
- Loss of livelihood

## CHALLENGES

- Develop resettlement planning for the entire area
- Close consultation with APs on compensation rates and whether they want to be paid twice or onetime.
- Securing permanent jobs for APs and strategies to re-establish livelihoods of landless farmers in agreement with govt
- Appropriate housing facilities

# SWM, WWTP, WTP, Heating and Distribution Networks

## ISSUES

- ADB finance used only for WTP, WWTP, SWM, heat exchange stations.
- Distribution networks financed by government
- Land already acquired in anticipation of ADB project
- Loss of farmland, housing and livelihood
- Loss of employment by workers in coal fired boiler units

## CHALLENGES

- Resettlement planning for ADB financed component and associated facilities financed by the govt
- Due diligence for land already acquired
- Provide compensation, housing and livelihood restoration strategies in consultation with APs
- Secure employment opportunities for APs in agreement with govt
- Develop re-deployment or retrenchment plan for workers in coal fired boiler units

# Dams and Water Supply

## ISSUES

- Submergence of villages
- PRC regulation for medium and large scale dams and hydropower applicable for submerged areas
- Restrictions on farming and livestock raising
- Downstream impacts
- Associated facilities like conveyance tunnels, access roads, WTPs, water distribution network
- Adverse impact on households due to environment protection of water sources /buffer zone
- Loss of housing
- Loss of livelihood

## CHALLENGES

- Detailed survey and Resettlement planning for the submerged area, associated facilities, and downstream impacts.
- Prepare necessary documentation for domestic approval of resettlement for submerged areas and associated facilities
- Assess future adverse impacts due to environmental protection measures / buffer zones and prepare necessary mitigation measures
- Close consultation with APs about compensation rates, income restoration strategies, relocation options, training on new farming technologies etc.
- Ensure post-resettlement support
- Establish Grievance Redress Mechanism
- Appropriate housing facilities

# Geohazard Prevention

## ISSUES

- Relocation of large number of households / community, schools, enterprises to safer areas
- Choices of housing vary for households with different income levels
- Identification of new resettlement sites and safe zones
- Provision of replacement housing
- Loss of livelihood

## CHALLENGES

- Detailed survey and Resettlement planning for households and enterprises to be relocated
- Close consultation with APs about location of resettlement sites and compensation rates for lost assets, enabling them to afford better quality replacement housing
- Design housing layout plan based on APs choices and needs
- Fast track implementation to prevent another geo-hazard disaster and loss of lives
- Restore livelihoods





# River Channel Rehabilitation and Urban Roads

## ISSUES

- Linear displacement, loss of land, house demolition, and livelihood.
- Loss of structures by illegal / unregistered households or loss of illegal extensions by registered households
- Ongoing domestically funded urban renewal program along river channels
- Confusion among APs whether they are getting displaced under ADB project or domestic funded project
- Occasional delay in approval of land acquisition application.
- Big increase in land acquisition costs due to project implementation delay

## CHALLENGES

- Resettlement planning to cover registered and un-registered households
- Closely follow up domestic approvals of land acquisition
- Establish a cut-off-date and publicize through media and notifications to prevent further construction in the area and avoid confusion among APs
- Provision of specific entitlements for registered and unregistered / illegal households in consultation with APs.
- Provision of affordable replacement housing and rental accommodation based on APs choices
- Relocation and rehabilitation of enterprises, shops, and livelihood restoration strategies
- Establishment of grievance redress mechanism
- Allocation of additional funds by EA/IA if land prices have increased



# Guangxi Nanning Urban Environmental Upgrading Project

A Case Study

The logo for the Asian Development Bank (ADB), consisting of the letters 'ADB' in white serif font on a dark blue square background.

# Project Description

## Subproject

- Kelijiang River Comprehensive Environmental Upgrading Subproject
- Xinxujiang River Comprehensive Environmental Upgrading Subproject
- Qingxiushan Mountain Ecological Projection Subproject

## Components

- River course treatment; sewage system; sewage pumping station; and ecological restoration and landscaping
- Flood and water-logging control; river course treatment for Xinxujiang river; sewage interception; flush water engineering; and environmental and ecological restoration.
- Covers a total area of 19.4 km<sup>2</sup> Afforestation, infrastructure construction, and provision of supporting facilities

# Land Acquisition and Resettlement Progress

## Kelijiang River Comprehensive Environmental Upgrading Subproject

### Progress

- Land acquisition of 2158 mu and compensation payments completed by December 2008
- 16739.78 m<sup>2</sup> of houses demolished until June 2009. House Demolition completed in Silian and Xinxu Village.
- 7792.32m<sup>2</sup> of house demolition remaining for Chenxi village and agricultural occupational college. Estimated completion is end of 2009
- Pending house demolition has not affected the progress of construction work

# Land Acquisition and Resettlement Progress

Xinxujiang River Comprehensive Environmental Upgrading  
Subproject

## Progress

- Land acquisition of 2035.4 mu (95.6%) of collective land and compensation payments completed by June 2009
- 40 mu of land remains to be acquired from group No. 11 and 12 of Shangyao Village
- House Demolition yet to start
- Slow progress in house demolition has affected the progress of construction

# Land Acquisition and Resettlement Progress

Qingxiushan Mountain Ecological Projection Subproject

## Progress

- Land acquisition of 1198.9 mu and compensation payments completed by May 2009
- 3 households affected by house demolition in Fengling village have been compensated
- All households in Fengling village will be relocated to Fengling new village
- Timely progress of subproject activities

# Compensation Package

## Land Losers

- Land compensation fee paid to rural collective for use production rehabilitation
- Resettlement subsidies and crop compensation to APs
- Provision of commercial land 40 m<sup>2</sup> per capita or
- Self employment funds per person which increased from CNY25,000 to CNY50,000
- Skills training and job information

# Compensation Package

## House Demolition

- Cash compensation at full replacement costs or property exchange or re-construction on house sites
- Transitional and removal subsidies
- Payment for loss of workdays/time lost
- Reward for advance moving
- Removal charges of facilities (TV, Cable, Telephone)
- Preferential policy for vulnerable households on exchange of property rights

# Compensation Package

## Temporary Structures for Floating Population

- Cash compensation for assets lost
- Transitional and moving allowances
- Assistance to apply for economic houses
- Arrange for low rental housing
- Arrangement of rental spaces for commercial use

# Commercial Land Development

- Lease out land to developers for gas stations, agricultural market, commercial building, restaurants, steel market, warehouses
- Lease contract is for 20 years with a fixed annual rent, with an increase of 5% every 5 years
- After expiry of the 20 year-lease contract, the land and assets belong to villagers
- The annual rent earned is distributed to villagers
- The use of compensation capital is verified and approved by the financial group
- All decisions with regard to utilization of compensation capital and distribution of rental income are taken by elected village representatives with one representative for every 20 – 30 persons

## Commercial Land Development – Fengling Horticulture Farm

- 965.7 mu of rural collective land acquired and RMB 65.7 million paid as compensation
- 36 households and 128 persons lose entire farmland
- 3 households and 11 persons lose rural house
- 4 households and 9 persons lose temporary simple structure
- Land compensation is managed by the village group for commercial land development and Fengling Village
- Compensation for crops paid to affected households

# Commercial Land Development – Fengling Horticulture Farm

- Resettlement allowance of CNY90,000 per capita paid to affected households
- Affected households have a monthly expense of CNY1,300–1,500. Based on a family size of 4, the resettlement allowance of 360,000 is sufficient for the next 20 years.
- The 30 mu of land was leased to Zhongjian Company to construct a 5-star hotel and interior decoration is ongoing
- The lease term is for 20 years with an annual rental of CNY6 million and will be distributed to 1,152 people. An average CNY4,000 per capita per annum can be earned. The rental would increase by 5% every 5 years
- Based on agreement with the village, 40% of the first rental income was reserved for further commercial development and 60% was distributed to villagers

## Commercial Land Development – Fengling Horticulture Farm

- When the hotel starts its business, villagers will get preference for employment and can earn CNY2,000 per month
- Another 40 mu of commercial land is allocated to Fengling farm which is still not developed. Expected income levels of villagers will increase more.
- Per capita incomes increased from CNY3,679 in December 2007 to CNY5,392 by June 2009





## Commercial Land Development – Shangyao Village

- 420 mu out of 540 mu of rural collective land acquired and CNY58.1 million paid as compensation until June 2009
- In total 445 households and 1157 will lose farmland
- 82 households and 253 persons will lose rural house
- Resettlement housing under construction in Xixiangtang District

# Commercial Land Development – Shangyao Village

- Land compensation is managed by the village group for commercial land development
- Compensation for crops paid to affected households
- Resettlement allowance of per capita CNY30,000 – 60,000 paid to affected households
- The 180 mu of commercial land was allocated to the village, 54 mu has been leased out so far
- 3 Village groups reserved CNY100,000 to 500,000 as development fund

# Commercial Land Development – Shangyao Village

- A 9-story commercial building, with an investment of over CNY19.5 million leased fully to a private business (Jimin Tianxia Limited Co.) started operation end of August 2009. The leasing term is 20 years and the annual rental is CNY2.08 million
- 10 mu of commercial land is leased out as agricultural market, with annual rental of CNY400,000
- CNY6 million is invested for two buildings leased out to a business (Nanning Guoyu Appliance Company) as a restaurant (Lao Guizhou Zouxu Fish Restaurant already in operation) and a tea house (its interior decoration is underway and expected to operate September 2009). The annual rental from the two buildings is CNY1.5 million, and the annual rental will increase 5% after every 5 years.



# Commercial Land Development – Shangyao Village

- The leasing of the above commercial buildings brings CNY3.98 million to Shangyao village per year. According to the villagers' committee, 40% of the rentals from above commercial properties are reserved by the collective village as development fund, and 60% will be evenly distributed the permanent villagers as their living subsidies and pension. Each villager receives CNY1,200 per month.
- Another 126 mu still remaining to leased out-expected income levels would increase more.
- Per capita incomes increased from CNY2,344 in 2008 to CNY3,240 by June 2009.

# Lessons Learned

- During implementation compensation rates increased and through a process of negotiation APs received more compensation capital
- APs/villagers were made partners in development through allocation of commercial land while self employment fund and income restoration measures have been successful.
- Information dissemination through face to face meetings with APs, newspaper release, and on-line sources ensured transparency of project implementation process

# Lessons Learned

- Due to transparency of information sharing, queries from APs and grievances were easy to handle
- In case of land acquisition issues have not been resolved in an earlier project in the same village, difficulty in getting agreement with people for the new project. Negotiations needed to reach agreement.
- To ensure timely negotiations with APs on relocation choices and city plan adjustment, secure early approval of authorized government department to avoid project delays.