China
Shanxi Coal Bed Methane/Natural Gas Utilization Project

Resettlement Policy Framework

Shanxi Guoxin Energy Development Group
August, 2013
Resettlement Policy Framework

1. Introduction

This document constitutes the Resettlement Policy Framework for the Shanxi Coal Bed Methane/Natural Gas Utilization Project (Hereinafter called “the project”). As the main borrower of the World Bank loan, Shanxi Guoxin Energy Development Group (hereinafter called “Guoxin Energy”) has agreed to apply World Bank environmental and social safeguard policies in the design and implementation of this project, including OP 4.12, “Involuntary Resettlement.” In November 2012, the project proposed by Guoxin Energy was approved by the World Bank, and entered preparation phase. Following requirement of the World Bank, a resettlement action plan (RAP) has been prepared by Guoxin Energy under the assistance of Shanxi Academy of Social Science, Sociology Research Institute. The RAP was formulated when the construction items, and affected regions and subjects involved by the 6 components had been identified. Considering the preliminary work of each component is not finished, and it is still possible that changes may occur to the affected regions and subjects, and construction items, especially in the regions for the 4 gas pipeline networks, Guoxin Energy prepared the resettlement policy framework (RPF) as required by the World Bank. The resettlement will execute the policies defined in this framework if changes take place in the project. Then, a new RAP will be prepared based on the policy framework.

2. Project Overview

Shanxi locates at the center of China, in the midstream of Yellow River, and on the west of Taihang Mountain. It neighbors with Hebei province in the east, faces Shaanxi and Henan across the Huanghe river. It adjoins Inner Mongolia in the north. It spans an area of 156,000km². In 2012, its population reached 36.108 million, GDP CNY 1211.28 billion, Per capita GDP USD5,327, total revenue CNY265.04 billion.

Being the most important resource in Shanxi, the verified reserve of coal is 270 billion tons, amounting for 30% of the total in China. As its side product, coalbed methane is also abundant in Shanxi. Based on preliminary estimation, the reserve buried under 2,000m exceeds 10,000 billion m³, accounting for 1/3 of the total.

As a province of rich coal resources, Shanxi, with an over high proportion of coal consumption within its energy structure, faces great environment protection, energy saving and emission reduction tasks. The abundant coal bed methane resources it is endowed with, as well as the coal bed methane resources transiting through the realm, provide exceptional advantage for
development of clean energy. In 2010, Shanxi provincial government put forward a strategy to improve the utilization of its richly endowed gas, comprising coal bed methane, coke oven gas, natural gas from coal and transit natural gas as a much cleaner energy in Shanxi. The final target is for coverage of 119 counties and regions in the whole province, greatly improving the use of clean energy in industries and people’s living.

In 2012, Guoxin Energy proposed to build the project with the World Bank loan. On June 8, 2013, Shanxi DRC issued No. 1121 official document, and approved the project.

The proposed Shanxi CBM/Natural Gas Utilization Project consists of 6 components. Two of them are CHP plants in Xiyang and Baode Counties; and the remaining four are gas pipeline networks. The 6 components will be implemented by 3 different companies and all of them are subsidiaries of Guoxin Energy. They include Shanxi Natural Gas Incorporated Corporation, Shanxi CBM (Natural Gas) Pipeline Company, and Qingxu Kaitong Gas. Table 2-1 lists the 6 components, construction scale, and construction companies. The total budget of the project amounts to CNY1.58 billion, with World Bank loan USD 100 million, accounting for 40%. The other 60% uses counterpart fund. The two CHP plants require CNY1.39 billion investment, and the 4 pipeline networks require CNY0.19 billion. All are to be built in 2 years.

<table>
<thead>
<tr>
<th>Component</th>
<th>Construction company</th>
<th>Construction scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Xiyang CHP plant</td>
<td>Shanxi Natural Gas Incorporated Corporation</td>
<td>120MW CBM-fueled heat supply unit</td>
</tr>
<tr>
<td>Baode CHP plant</td>
<td>Changzhi pipeline network</td>
<td>89,727,100 m³ annually</td>
</tr>
<tr>
<td></td>
<td>Xiangyuan pipeline network</td>
<td>629,500,200 m³ annually</td>
</tr>
<tr>
<td>Tunliu pipeline network</td>
<td>Qingxu pipeline network</td>
<td>6,624,700 m³ annually</td>
</tr>
<tr>
<td>Qingxu pipeline network</td>
<td>Qingxu Kaitong Gas</td>
<td>84,836,200 m³ annually</td>
</tr>
</tbody>
</table>

The construction of these 6 gas network components will involve permanent land acquisition and temporary land occupation. The two CHP plants requires 200-plus mu permanently and 500-plus mu temporarily. The 4 networks requires 2,000-plus mu temporarily. About 1200 households will be affected, among which 80 household are affected by permanent land acquisition. No house demolition and relocation is required based on preliminary estimation.

**3. Target, Definitions and Main Principles of Resettlement**

In the project assisted by the World Bank, the borrower will make every effort
to mitigate adverse social impact, including adverse impact caused by land acquisition. The objectives and guiding principle in *World Bank Operational Policy on Involuntary Resettlement (OP4.12)* are applicable to land acquisition and resettlement of the project.

Every reasonable effort will be made to avoid or minimize the need for land acquisition, and to minimize all resettlement-related adverse impacts. If land acquisition and associated adverse impacts cannot be avoided, the principle objective of the RPF is to ensure that all persons subjected to adverse impacts ("displaced persons" as defined below) are compensated at replacement cost (as defined below) for lost land and other assets and otherwise provided with any rehabilitation measures or other forms of assistance necessary to provide them with sufficient opportunity to improve, or at least restore, their incomes and living standards.

"Displaced persons" refers to all of the people who, on account of the activities listed above, would have their (1) standard of living adversely affected; or (2) right, title, interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed temporarily or permanently; (3) access to productive assets adversely affected, temporarily or permanently; or (4) business, occupation, work or place of residence or habitat adversely affected; and "displaced person" means any of the displaced persons.

"Replacement cost" is the method of valuation of assets which determines the amount of compensation sufficient to replace lost assets, including any necessary transaction costs. Compensation at replacement cost is defined as follows: For agricultural land, it is the pre-project or pre-displacement, whichever is higher, market value of land of equal productive potential or use located in the vicinity of the affected land, plus the cost of preparing the land to levels similar to those of the affected land, plus the cost of any registration and transfer taxes. For land in urban areas, it is the pre-displacement market value of land of equal size and use, with similar or improved public infrastructure facilities and services and located in the vicinity of the affected land, plus the cost of any registration and transfer taxes. For houses and other structures, it is the market cost of the materials to build a replacement structure with an area and quality similar to or better than those of the affected structure, or to repair a partially affected structure, plus the cost of transporting building materials to the construction site, plus the cost of any labor and contractors’ fees, plus the cost of any registration and transfer taxes. In determining the replacement cost, depreciation of the asset and the value of salvage materials are not taken into account, nor is the value of benefits to be derived from the project deducted from the valuation of an affected asset. Where domestic law does not meet the standard of compensation at full replacement cost, compensation under domestic law is supplemented by additional measures so as to meet the replacement cost standard. Such additional assistance is distinct from resettlement measures to be provided under other clauses.
in OP 4.12, Para. 6.

“Land acquisition” is the process whereby a person involuntarily loses ownership, use of, or access to, land as a result of the project. Land acquisition can lead to a range of associated impacts, including loss of residence or other fixed assets (fences, wells, tombs, or other structures or improvements that are attached to the land).

“Rehabilitation” is the process by which displaced persons are provided sufficient opportunity to restore productivity, incomes and living standards. Compensation for assets often is not sufficient to achieve full rehabilitation.

“Cut-off Date” is the date prior to which the ownership or use establishes eligibility as displaced persons for compensation or other assistance. The cut-off date is established in the RP. It normally coincides with the date of the census of affected persons, or the date of public notification regarding the specific civil works that would cause displacement. Persons coming into the project area after the cut-off date are not eligible for compensation or other assistance.

World Bank’s OP 4.12 establishes several key principles to be followed in resettlement planning and implementation. Of particular relevance for this RPF are the following:

a) Wherever possible, project designs and RPs should be conceived as development opportunities, so that displaced persons may benefit from the services and facilities created for, or by, project activities.

b) All displaced persons are entitled to compensation for lost assets, or to alternative but equivalent forms of assistance in lieu of compensation; lack of legal rights to the assets lost will not bar displaced persons from entitlement to such compensation or alternative forms of assistance.

c) Compensation rates as established in a RP refer to amounts to be paid in full to the individual or collective owner of the lost asset, without depreciation or deduction for taxes, fees or any other purpose.

d) When cultivated land is acquired, effort should be made to provide land-for-land replacement.

e) Replacement house plots, sites for relocating businesses, or replacement agricultural land should be of equivalent use value to the land that was lost.

f) The resettlement transition period should be minimized. Compensation for assets should be paid prior to the time of impact, so that new houses can be constructed, fixed assets can be removed or replaced, and other necessary mitigation measures can be undertaken prior to actual displacement.
g) Displaced persons are to receive support (direct assistance or allowances) to meet moving expenses or for temporary subsistence until they can resume productive activities.

h) Displaced persons should be consulted during the process of RP preparation, so that their preferences regarding possible resettlement arrangements are solicited and considered; RPs are publicly disclosed in a manner accessible to displaced persons.

i) The previous level of community services and access to resources will be maintained or improved after resettlement.

j) Responsibility must be clearly established for meeting all costs associated with land acquisition and resettlement, and for ensuring that sufficient funds are available as they become needed.

k) Clear institutional arrangements must be established to ensure effective and timely implementation of all resettlement and rehabilitation measures.

l) Adequate arrangements for effective monitoring will be made on implementation of all resettlement measures.

m) Methods by which displaced persons can pursue grievances will be established, and information about grievance procedures will be provided to displaced persons.

4. Legal and Regulatory Framework

The basic objective of RPF is to ensure the resettlement plan and its execution complies with World Bank Operational Policy (OP4.12). Any land acquisition, temporary occupation or resettle activity will follow the laws and regulations of the state and Shanxi. Table 3-1 shows the legal and regulatory framework.

<table>
<thead>
<tr>
<th>Level</th>
<th>Legal and regulatory document</th>
<th>Effective time</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Enforcement Regulations on Land Administration Law (Decree from the State Council No. 256)</td>
<td>December 27, 1998</td>
</tr>
<tr>
<td></td>
<td>Enforcement Regulations on Forest Law of People’s Republic of China</td>
<td>June 17, 2005</td>
</tr>
<tr>
<td></td>
<td>Land Restoration Regulations</td>
<td>March 5, 2011</td>
</tr>
<tr>
<td></td>
<td>Rules for Transferring Use Right of State-Owned Land through Tendering, Auction or Opening Bidding (Decree from Ministry of Land and Resources No. 11)</td>
<td>July 1, 2002</td>
</tr>
<tr>
<td></td>
<td>State Council’s Decision of Deepening Reform and Strengthening Land Management (No. 28, Issued by SC in 2004)</td>
<td>October 21, 2004</td>
</tr>
<tr>
<td></td>
<td>Circular of the Ministry of Land and Resources Concerning the Issuance of the Guiding Opinions on Improving the System of Compensation for Requisition of Land (Circular No. 238, issued by</td>
<td>November 3, 2004</td>
</tr>
</tbody>
</table>
### Legal and regulatory document

<table>
<thead>
<tr>
<th>Level</th>
<th>Legal and regulatory document</th>
<th>Effective time</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Disclosure Methods for Land Acquisition (Decree from MLR, No. 10)</td>
<td>January 1, 2002</td>
</tr>
<tr>
<td>Shanxi</td>
<td>Regulations of Shanxi Province on Implementing the “the Land Administration Law”</td>
<td>September 26, 1999</td>
</tr>
<tr>
<td></td>
<td>Measures of Shanxi Province on Distributing the Compensations for the Acquisition and Occupation of Land Collectively Owned by Rural Farmers (No. 182, issued by SXG in 2005)</td>
<td>December 1, 2005</td>
</tr>
<tr>
<td></td>
<td>Interim Regulations of Shanxi Province on Charging Compensations for Forest Land Acquiring and Occupying and for Vegetation Restoration</td>
<td>January 1, 2009</td>
</tr>
<tr>
<td></td>
<td>Shanxi Forest Vegetation Restoration Act (No. 155, issued in 2002)</td>
<td>December 27, 2002</td>
</tr>
<tr>
<td></td>
<td>Business Procedures on Involuntary Resettlement (BP4.12)</td>
<td>January 1, 2002</td>
</tr>
</tbody>
</table>

These laws and regulations form the legal basis for providing compensation and rehabilitation to those affected by land acquisition and resettlement activities. The followings are key provisions of related laws and regulations:

### (1) Key Provisions of Land Administration Law

**Article 42** The land use institution or individual shall be responsible for restoration if damages are made to the land due to diggings, collapse, or occupation. If the institution or individual is not qualified to perform the restoration or the restoration does not comply with requirements, restoration cost shall be paid, and the paid amount shall be used for the restoration only. The restored land shall be used for agricultural purpose with priorities.

**Article 47** Land requisitioned shall be compensated for on the basis of its original purpose of use. Compensation for requisitioned cultivated land shall include compensation for land, resettlement subsidies and attachments and young crops on the requisitioned land. Compensation for requisition of cultivated land shall be six to ten times the average annual output value of the requisitioned land for three years preceding such requisition.
Resettlement subsidies for requisition of cultivated land shall be
calculated according to the agricultural population needing to be resettled. The agricultural population needing to be resettled shall be calculated by dividing the amount of requisitioned cultivated land by the average amount of the original cultivated land per person of the unit the land of which is requisitioned.

The highest resettlement subsidies to be divided among members of the agricultural population needing resettlement shall not exceed fifteen times its average annual output value for the three years preceding such requisition.

Standards of land compensation and resettlement subsidies for requisition of other types of land shall be prescribed by provinces, autonomous regions and municipalities directly under the Central Government with reference to the standards of compensation and resettlement subsidies for requisition of cultivated land.

Standards for compensation for attachments and young crops on the requisitioned land shall be prescribed by provinces, autonomous regions and municipalities directly under the Central Government.

For requisition of vegetable plots in city suburbs, the land users shall pay towards a development and construction fund for new vegetable plots in accordance with the relevant regulations of the State.

If land compensation and resettlement subsidies paid in accordance with the provisions of the second paragraph of this Article are still insufficient to help the peasants needing resettlement to maintain their original living standards, the resettlement subsidies may be increased upon approval by people’s governments of provinces, autonomous regions and municipalities directly under the Central Government. However, the total land compensation and resettlement subsidies shall not exceed 30 times the average annual output value of the requisitioned land for the three years preceding such requisition.

(2) Key Provisions in the Rules for Transferring Use Right of State-Owned Land through Tendering, Auction or Opening Bidding

**Article 4** The land for business operations such as commerce, tourism, entertainment and commercial residence buildings shall be transferred through tendering, auction or opening bidding. For a piece of land not in
the category as defined above but with two or more intended buyers, the land shall also be transferred through tendering, auction or opening bidding.

(3) **Key Provisions in the State Council’s Decision of Deepening Reform and Strengthening Land Management**

**Article 12** Improving compensation the measures for land expropriation: The local people’s government at or above county level will take effective measures to ensure the living standard of the farmers not to be lowered due to land expropriation, to ensure the full and timely payment of the compensations for the expropriated land, the resettlement subsidy and the ground attachment and/or crops. In case the amount of the compensation for land requisition and resettlement in accordance with the prevailing laws and regulations is not sufficient for maintaining the original living standard of farmers due to land expropriation and the social security of the farmers of land requisition, the government at province, autonomous region or direct municipality will approve the increase in resettlement subsidy. In case the total sum of land compensation and resettlement subsidy has reached to the upper limit but still not sufficient for the farmers to maintain the original living standard, the local government will provide the further subsidy using the revenue from the transfer of state-owned land. The government at province, autonomous region or direct municipality will make and promulgate unified standard for the annual land output values or the comprehensive land price in predefined area to ensure the same price for equivalent land. For national key projects, the compensation for land requisition shall be fully included into the project budget.

**Article 13** Properly arranging farmers’ resettlement: The local government at or above county level will make specific measures to ensure the long-term means of economic resources for the farmers of land requisition. For the project, with stable revenue the farmers may obtain the equity with the land with legitimate approval for such construction. In case the land is for urban expansion according to city planning, the farmers of land expropriation shall be included into the urban/town employment system by local government. In places beyond urban area, the local people government shall reserve the necessary farmland or job positions for the farmers whose collectively-owned land is expropriated. Relocation settlement will be arranged for farmers without basic production and living conditions. The department of labor and social security along with the relevant administrative departments will provide directives on employment training and social security system for the farmers of land requisition.
(4) Key Provisions in the Guiding Opinions on Improving the Compensation System for Requisition of Land (Circular No. 238)

1. The Formulation of the Unified Standards of Annual Output Value. The departments of land and resources at the provincial level shall, in conjunction with other departments concerned, work out the unified minimum standards for annual output value, which shall be announced and executed after the examination and approval by the people’s governments at the provincial level. Factors such as types and quality of arable land requisitioned, peasants’ input, prices of primary products and the categories of farmland shall take into account when deciding the value of average annual output.

2. The Determination of the Unified Multiple of Annual Output Value. The unified multiple of the value of average annual output for calculating land compensation and resettlement subsidies shall comply with the principle of non-decrease of the standards of living of the peasants whose arable land has been requisitioned and shall be decided within the limits prescribed by laws and regulations; compensation for requisitioned land calculated with reference to the prescribed multiple of the value of average annual output shall increase the multiple upon approval of the people’s governments at the provincial level if it is unable to maintain the original living standards of the peasants whose land has been requisitioned and still insufficient to pay social security expenses for peasants who have lost land due to requisition; the total land compensation and resettlement subsidies shall be 30 times the value of the average annual output of arable land, or shall be subsidized by a proportion of proceeds from the sale of State-owned land use rights under the overall planning of a local people’s government if they are still insufficient to maintain the original living standards of the peasants whose land has been requisitioned. Compensation for arable land that is authorized to be requisitioned shall be implemented in compliance with the maximum compensation standards announced by the local people’s government.

3. The Formulation of the Comprehensive Prices of Farmland in Resettlement Areas. In the areas where conditions permit, provincial-level departments of land and resources may make comprehensive land prices in counties (or cities) within provincial boundaries together with the administrative departments concerned, which shall go into effect upon approval and promulgation by the people’s governments at the provincial level and shall be applied to compensation for land requisitioned. In calculating the comprehensive prices of
farmland, the categories and rates of arable land, its production value, location, per capita quantity as well as demand and supply or the local economic development levels and the minimum standards of living should be given full consideration.

4. The Allocation of Compensation for Land. In accordance with the principle of distributing land compensation funds mainly among peasants whose land has been requisitioned, land compensation funds shall be appropriately allocated within rural collective economic organizations. The people's governments at the provincial level shall guide detailed ways of allocation. In the areas where land is expropriated and rural collective economic organizations are dissolved, all compensation for land shall be applied for the restoration of agricultural production and livelihood of the peasants whose land has been requisitioned.

(5) Key Provisions in the Land Restoration Regulations

Article 3 The land destroyed through construction activities shall be restored to the original status by the construction institution or individual (hereinafter called “the liable party”), following the principle: The one who has made the destruction shall be the one who makes the restoration.

Article 11 The restoration scheme should be formulated in accordance with restoration standards and regulations by the Ministry of Land and Resources.

Article 18 If the liable party will not restore the land, or the restoration remains unqualified though rectified after restoration acceptance inspection, the liable party shall pay restoration cost with which the Land and Resources Bureau find other institution to do the job.

Article 19 Besides the restoration cost, the liable party shall also compensate the loss to the institute or individuals whose land in use or land collectively owned by village is destructed by the liable party during construction activities. The loss compensation shall be agreed upon by the two parties through negotiations. If not, the damaged party can appeal to the Land and Resources Bureau for arbitration or to the civil court for lawsuit.

(6) Key Provisions in the Regulations of Shanxi Province on Implementing the Land Administration Law

Article 21 The institution or individuals who have the restoration obligation, but are unqualified for the job or the land restored does not
comply with requirements, the institution or individuals shall pay the restoration cost at a standard CNY 10-20 per m² to the Land and Resources Bureau at or above county level. The paid cost will be used only for land restoration, and the land restored will used for agricultural purpose with priority.

**Article 22** Any institution or individual who has caused damage to the land, he shall compensate the damaged party for loss of land and ground attachments besides the land restoration cost. The compensation for land loss refer to the standard in this regulation, and the compensation for ground attachments may be negotiated between two parties.

(7) **Key Provisions in the Measures of Shanxi Province on Distributing the Compensations for Acquisition and Occupation of Land Collectively Owned by Rural Farmers**

**Article 11** The land compensation shall be mainly disbursed to households who have lost their land holds. Any village collectivity institution shall not seize the compensation fee of expropriated household under any name. Illegal defining of households in the name of old resident households, new households, and households with only daughters is not allowed.
When all land is expropriated, and the village collectivity institution is cancelled, 80% of the compensation fee shall go to the expropriated households, and the other 20% shall be divided evenly among the members who are entitled to contracting right over the land when the compensation scheme has been defined.
For households who lose all their land holds, the compensation disbursed to them shall not be lower than 80% of the total compensation fee. The other 20% leaves as collectively owned by the village.

**Article 13** For land which has clear ownership, when being partly or fully acquired, the compensation fee should be paid to the farmers at the proportion of no less than 80% and the remaining 20% will be left as collectively owned.
For land without clearly defined ownership, when being partly or fully acquired, no less than 80% of the compensation and resettlement subsidy will be divided equally among all members of the ownership. The rest part will remain collectively owned.

**Article 17** Compensation fee left as collectively owned is collectivity asset which should be incorporated in the management of public accumulative fund and public beneficiary fund for production, increasing accumulation, public welfare, social welfare and so on. The fund will not be used to pay non-production expenses such as remuneration to
officials, reception costs or debt payment. To use the collectively owned fund, the scheme must be agreed by at least two-thirds of all members or representatives members. The account will be publicized timely for public supervision.

5. Preparation, Review and Approval of RAP

For this Project, overall responsibility for preparation and implementation of any necessary RAPs rests with the borrower. It will work with other local government agencies or jurisdictional units with direct responsibility for acquiring land or implementing resettlement measures. To ensure an effective RAP being formulated and executed, the borrower will perform coordination through the county-level resettlement offices of each component. Combining with region development, natural resources, social and economic development and environment protection, the RAP shall be feasible and effective in restoring residents’ living standard and keeping it sustainable.

Once it is determined that land acquisition or any associated impacts is essential to complete any project activities, and once sitting criteria establish the land area to be acquired, resettlement planning should begin, and resettlement documents need to be prepared and submitted to the World Bank, such as the RAP, summary of RAP and report of due diligence review. Only when these documents are approved by the bank, the PMO and the project implementation entities can start land acquisition, house demolition and displacement actions.

The RAP shall reasonably estimate the transit period based on the time possibly required for livelihood and living standard rehabilitation, and ensures help is available to displaced persons during the transitional period. The borrower will carry out, or cause to be carried out, a census survey to identify and enumerate all displaced persons, and a socioeconomic survey to determine the range and scope of adverse impacts in the affected area, and to identify persons qualified for help and prevent unqualified persons. The census survey must cover 100% of the persons to be displaced; the socioeconomic survey may be undertaken on a sample basis. The surveys, which may be undertaken separately or simultaneously, determine whether a full RP or an “abbreviated” RP (as defined in OP 4.12, Annex A) is necessary. When the number of persons affected exceeds 200, a full RP is necessary. Where impacts on all displaced persons are relatively minor, or fewer than 200 people are affected, an abbreviated RP may be prepared. Impacts are considered “minor” if the affected people are not physically displaced and less than 10% of their productive assets are lost.

If a RP is necessary, it will be prepared in accordance with the policy principles and planning and implementation arrangements set forth in this RPF. The RP
is based on accurate baseline census and socioeconomic survey information, and establishes appropriate mitigation measures (e.g., compensation for assets, transitional assistance, and economic rehabilitation assistance) as appropriate for all categories of adverse impacts. Depending on the categories of impacts, the RP specifically addresses the following:

a) description of the activity causing land acquisition;
b) range and scope of potential adverse impacts;
c) socioeconomic survey and baseline census survey information;
d) review of relevant laws and regulations relating to land acquisition and resettlement;
e) specific compensation rates (or alternative measures) for all categories of affected assets;
f) other measures, if any, necessary to provide opportunities for economic rehabilitation of displaced persons;
g) eligibility criteria for compensation and all other forms of assistance;
h) relocation arrangements, if necessary, including transitional support;
i) site selection and site preparation, if necessary;
j) restoration or replacement of community infrastructure and services;
k) organizational arrangements for implementation;
l) consultation and disclosure arrangements;
m) resettlement implementation schedule;
n) costs and budget;
o) monitoring arrangements;
p) grievance procedures;
q) summary entitlements matrix

If an abbreviated RP is to be prepared, it also must be based on principles and planning and implementation arrangements established in this RPF. An abbreviated RP normally includes the following contents:

a) a census survey of displaced persons and valuation of assets;
b) description of compensation and other resettlement assistance to be provided;
c) eligibility criteria;
d) consultation and disclosure arrangements;
e) organizational arrangements for implementation
f) timetable and budget;
g) monitoring arrangements;
h) grievance procedures

Any RPs prepared in accordance with this RPF must be reviewed and approved by the Bank prior to awarding of contracts for the civil works causing the displacement.
6. Entitlement Policy

Though it is determined that this project does not involve house demolition or displacement, entitlements defined in this RPF are applicable to such circumstances once changes take place in this project.

All displaced persons are eligible for compensation and/or other forms of assistance, as relevant to the nature of impacts affecting them. In general, people eligible for compensation would include those affected in the following ways:

- **Land to be permanently acquired for the project:** This includes a) owners with formal legal title, b) individuals who do not belong to the affected village but cultivate the village’s land under lease. Displaced persons in category a) are entitled to compensation at replacement cost, and displaced persons in category b) are entitled to compensation for loss of crop and structures.

- **Loss of houses, other structures and fixed assets, including trees and standing crops:** Owners of houses and other assets (regardless of whether they hold land title or building permits for structures erected prior to the cut-off date).

- **Losses associated with temporary impacts:** This includes temporary loss of land, and transitional costs associated with moving, or disturbance to businesses during construction.

The objectives of resettlement are to assist displaced persons in their efforts to replace lost properties, to improve, or at least restore, livelihoods and living standards. To this end, it is necessary to identify displaced persons, and ensure all displaced persons are eligible to get assistance defined in the RP. Specifically, displaced persons will be entitled to the following types of compensation and rehabilitation measures:

<table>
<thead>
<tr>
<th>Category of impact</th>
<th>Category of persons</th>
<th>Category of compensation</th>
<th>Resettlement policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land to be permanently acquired for the project</td>
<td>Owners with formal legal title in the affected village</td>
<td>• Land compensation, resettlement subsidy;</td>
<td>Land reassignment in the village or cash compensation, skill training, employment access and support</td>
</tr>
<tr>
<td></td>
<td>Individuals who do not belong to the affected village but cultivate the village’s land under lease</td>
<td>• Compensation for crops on the farmland;</td>
<td>Assist in finding other renting land</td>
</tr>
<tr>
<td>House demolition and rebuilding</td>
<td>Owner of house built on village-owned land</td>
<td>• New residential land;</td>
<td>New residential land block whose size and accessibility are both acceptable</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Cash compensation for the affected house at replacement value;</td>
<td></td>
</tr>
</tbody>
</table>

Table 5-1 Entitlement policies for all categories of affected persons
### Category of impact | Category of persons | Category of compensation | Resettlement policy
---|---|---|---
| | Owner of house built on state-owned land | • Resettlement subsidy; • Temporary transitional resettlement cost; | Replacement house (equivalent in size, location and quality and acceptable to the displaced person) or fund enough to buy such a house.
| | Tenant | • Compensation for the loss caused by lease termination | Assist in finding other renting house.
| Loss of non-house structures | Involuntarily displaced industry or commerce business owner and staff | • New operation site or cash compensation at replacement value; • Cash compensation for loss of operational structure; • Transitional support for loss of income (including staff wage); • Resettlement subsidy; | New business site equivalent in size, location and operation conditions.
| Loss of ground attachments, and other assets | Owner of attachments and other assets | • Cash compensation at replacement value | |
| Loss of infrastructure | Owner or the responsible institution of the affected infrastructure | • Restore the affected infrastructure to the original status or provide fund for the restoration; | Infrastructure should be restored timely to mitigate adverse impact.
| Direct loss of all categories | Vulnerable group, such as persons in poverty, senior persons, disabled persons, | • Extra support to ensure their income and living standard restored or improved; | |

### 1). Displaced persons losing agricultural land:

a) The preferred mechanism for compensation of lost agricultural land will be through provision of replacement land of equal productive capacity and satisfactory to the displaced person. If satisfactory replacement land cannot be identified, compensation at replacement cost may be provided. If the displaced person does not prefer replacement land, or the optional land will cause adverse impact on sustainable development of park or protected area, or it is impossible to get enough land at reasonable price, a resettlement scheme comprising mainly employment or self-employment shall be provided besides cash compensation for the loss of land and other properties. For lack of sufficient land, description of the scenario should be included in the document submitted to the World Bank as required. In case of land acquisition in this project, the compensation
standard will not be lower than the unified annual output value regulated by the Shanxi government. For compensation standards of different regions, refer to Table 5-2.

Table 5-2 Summary of annual land output values and land acquisition compensation standards in related counties

<table>
<thead>
<tr>
<th>County</th>
<th>Area No.</th>
<th>Area name</th>
<th>Unified annual land output value (yuan/mu)</th>
<th>Compensation coefficient (multiplication)</th>
<th>Compensation cost (yuan/mu)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Sum</td>
<td>Land compensation multiple</td>
<td>Displacement multiple</td>
</tr>
<tr>
<td>Xiyang</td>
<td>I</td>
<td>Mountain area of earth and stones in northwest</td>
<td>716</td>
<td>23</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>II</td>
<td>Hilly area in the middle</td>
<td>979</td>
<td>22</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>III</td>
<td>Planning area in the county</td>
<td>1438</td>
<td>28</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>IV</td>
<td>Hilly area in the east</td>
<td>831</td>
<td>23</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unified annual output value</td>
<td>856</td>
<td>22.8</td>
<td>/</td>
</tr>
<tr>
<td>Changzhi</td>
<td>I</td>
<td>Hilly area in northwest</td>
<td>1104</td>
<td>21</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>II</td>
<td>Plain area in mid-north</td>
<td>1426</td>
<td>21</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>III</td>
<td>Hilly area in the east</td>
<td>759</td>
<td>26</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>IV</td>
<td>Urban planned area</td>
<td>1265</td>
<td>28</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>V</td>
<td>Mountain area in the south</td>
<td>736</td>
<td>26</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>VI</td>
<td>Hilly area in southeast</td>
<td>736</td>
<td>26</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unified annual output value</td>
<td>943</td>
<td>24</td>
<td>/</td>
</tr>
<tr>
<td>Xiangyuan</td>
<td>I</td>
<td>Hilly area in mid-north</td>
<td>1063</td>
<td>23</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>II</td>
<td>Mining area along the road</td>
<td>1193</td>
<td>25</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>III</td>
<td>Hilly area in southwest</td>
<td>1090</td>
<td>23</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>IV</td>
<td>Urban mining development area</td>
<td>1518</td>
<td>26</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unified annual output value</td>
<td>1110</td>
<td>23.5</td>
<td>/</td>
</tr>
<tr>
<td>Tunliu</td>
<td>I</td>
<td>Mountain area</td>
<td>1127</td>
<td>22</td>
<td>8</td>
</tr>
</tbody>
</table>
b) Displaced persons will be compensated for the loss of standing crops at market price, for economic trees at net present value, and for other fixed assets (ancillary structures, wells, fences, irrigation improvements) at replacement cost.

c) Compensation will be paid for temporary use of land, at a rate tied to duration of use. The land or other assets will be restored to prior use conditions at no cost to the owner or user; otherwise the restoration security paid by the construction company will be used for the purpose. The restoration security is paid at a rate of CNY18/m² for farmland, and CNY7.5/m² for unused land. The compensation for land use is agreed between the construction company and the affected village at the following rate: CNY1000-1500/mu for dry land, CNY3000/mu for vegetable land, CNY1000/mu for gardening land, CNY200-1000/mu for unused land, CNY1000-1500/mu for country dirt road.

2). Displaced persons losing residential land and structures

a) Loss of residential land and structures will be compensated either in-kind (through replacement of house site and garden area of equivalent size, satisfactory to the displaced person), or in cash compensation at replacement cost. For the house built on the
village-owned land, a house site of equivalent conditions, and a sum of cash at replacement value will be provided. Alternatively, the displaced person can choose a new house and the house difference in cash. For the house built on state-owned land, the displaced person may choose a qualified real estate company for house evaluation before determining the compensation amount and resettlement means. In the meanwhile, a new house and house difference in cash should also be provided as an option to the displaced person. In addition, resettlement assistance is always available.

b) If after partial land acquisition the remaining residential land is not sufficient to rebuild or restore a house of other structures of equivalent size or value, then at the request of the displaced person the entire residential land and structure will be acquired at replacement cost.

c) Compensation will be paid at replacement cost for fixed assets.

d) Tenants, who have leased a house for residential purposes will be provided with compensation for loss of lease termination and will be assisted in identifying alternative accommodation.

3). Displaced persons losing business

a) Compensation for loss of business will involve, as relevant: (i) provision of alternative business site of equal size and accessibility to customers, satisfactory to the displaced business operator; (ii) cash compensation for lost business structures; (iii) transitional support for loss of income (including employee wages) during the transition period; and (iv) resettlement subsidy.

4). Vulnerable group

Affected vulnerable group, including senior residents, disabled persons, households with a woman as head of the family, should be distinguished during the census survey. The terms for affected persons are all applicable to this group. In addition, they will have extra subsidies to ensure their income and livelihood restored or improved.

5). Ethnic minorities

The resettlement of minority persons is particularly complicated, as resettlement activities may cause adverse impact on their identity and cultural continuity. Therefore, the borrower needs to seek alternative design schemes to avoid displacement of such group. If it
is inevitable, resettlement strategy for such group must be established. The strategy must be formulated through negotiations, and shall comply with the cultural features of the group.

6). **Infrastructure and access to services**

Infrastructure (such as water sources, roads, sewage systems or electrical supply) and community services (such as schools, clinics or community centers) will be restored or replaced at no cost to the communities affected. If new resettlement sites are established, infrastructure and services consistent with local standards will be provided at no cost to the relocated persons. The community to be established for relocated residents should keep the existing social and cultural system. Residents should have the option whether move to an existing community.

7. **Implementation Arrangements**

The resettlement plan shall include detailed implementation schedules. Necessary resettlement actions such as compensations and other rehabilitation measures (in cash or other forms) should be completed one month before the land acquisition. If the total amount cannot be disbursed, or necessary assistance measures cannot be provided, transitional subsidy should be delivered. In addition, the implementation of land acquisition and resettlement must abide by the following legal procedures:

**1 (1) General Procedures for Acquiring Collectively-Owned Farmland**

In accordance with Article 23 of *Land Administration Law*, the land for construction projects must be within the urban construction range defined in the overall land-use planning. If an energy, transportation, irrigation, mining or military facility project truly needs to use the land out of the range, and the land involves farmland, the land acquisition shall follow the procedures below:

a. The land administration department shall review the land use when the feasibility research report of the project is in the verification and discussion phase, and it shall provide a land use pre-qualify report. The feasibility research report must be submitted along with it for approval.

b. The project company applies for land use to the land administration department at municipality or county level with prepared project construction documents. The land administration department reviews the document and draws up farmland conversion scheme, farmland
supplement scheme, land acquisition scheme, and land supply scheme (if state-owned farmland is involved, the land acquisition scheme will be unnecessary). When the municipality or county level government gives its approval, the documents will be submitted to the next superior level of government that has the approval right. Among the documents, the farmland supplement scheme is approved by the government that approves the farmland conversion scheme, and the two schemes can be applied at the same time. The land supply scheme is approved by the government department that approves land acquisition scheme, and the approval for the two schemes can be applied at the same time. When state-owned farmland is involved, the land supply scheme is approved by the government department that approves the farmland conversion scheme, and approval for the two schemes can be applied at the same time.

c. After the farmland conversion scheme, farmland supplement scheme, land acquisition scheme, and land supply scheme are approved, a land use certificate will be issued to the construction institution. If the land has to be paid for use, the land administrative department will sign a contract; if the land is assigned for free, a land assignment certificate will be issued.

d. The land use should apply for land register in accordance with the law. If the land is out of the range of overall planning, and is unused land owned collectively by a village, only the land acquisition scheme and land supply scheme are to be reported for approval.

e. When the land acquisition scheme is approved, the government where the land is located causes the information (on the approval institution, approval document No., purpose of land, scope, area, and compensation standard of the land) to be publicized among the affected villages and towns.

f. The villagers who have the legal formal title over the land should go to the land administrative department specified in the circular for compensation registration with the legal title certificate.

g. The land administration department drafts a compensation and resettlement solution along with other related governing department based on the approved acquisition scheme, and then advertises it among the affected villages and towns to seek the comments from affected village committees and villagers. When the compensation and resettlement solution is approved by the county and municipality government, the land administration department will organize the
implementation. The government above the county level shall settle the controversy over compensation standards. If disagreement persists, the government that has approved the land acquisition shall set in. Dispute over the compensation and resettlement will not affect the implementation of land acquisition scheme.

(2) General Procedures for Temporary Land Acquisition

Defining the land scope: The project implementation office, related town government offices, and leaders of affected village committee will survey on site, identify the location, 4-direction ranges, area and land category, and negotiate and agree upon compensation standards.

Signing compensation agreement for temporary land acquisition: The project implementation office signs a compensation agreement for temporary land acquisition with the affected village committee according to the land reconnaissance demarcation report. The agreement defines the acquisition period and compensation standard. It is co-signed by the leaders of the county government and village committee, and sealed for verification.

Submitting applications to the County Land Resource Bureau: The project implementation office or the construction company will submit applications to the related County Land and Resources Bureau.

To apply for temporary land acquisition, the following documents should be provided:
- Application Form for Temporary Land Acquisition;
- Reconnaissance demarcation map drawn by a qualified survey and measurement company;
- Compensation agreement for temporary land acquisition signed between the applicant and village committee;

If the land applied is within the range of urban planned area or uses irrigation facilities, or the land is forest land, the approval document from the planning department, irrigation department, or the forest administration department is needed. If the land is farmland, the restoration solution complied by a qualified land consolidation planning institution should be provided.

8. Resettlement Budget and Arrangement

The borrower bears all responsibilities concerning land acquisition and resettlement. Any resettlement plan in accordance with this RPF needs to include the budget. All persons under adverse impact of land acquisition are entitled to compensation and proper rehabilitation measures, whether these persons are defined or not in the resettlement planning phase or whether there
is sufficient fund. Therefore, contingency cost is taken into account in the resettlement plan, generally above 10% of total budget. The compensation standard in the resettlement plan provides a base for calculating the compensation of affected persons. Full amount at replacement value will be paid to the affected group or individuals, and any discount of any reason is not allowed. The resettlement plan will describe the disbursement procedures from the borrower to affected persons. As a guiding principle, the fund should be able to directly flow to affected persons, minimizing the middle steps which potentially will cause coordination and arbitration.

9. Information Disclosure and Public Participation

Importance will be attached to public participation throughout the resettlement planning and execution phase. On the occasions of negotiations, social surveys, and impact census, the resettlement policies have been advertised and introduced to the affected persons, and opinions of different persons have been sought. Through extensive public participation activities, the local government, affected villages and residents have fully understood the potential impact of the project, resettlement policies, and rehabilitation plans.

Participation of the affected and negotiation with them is the start point of resettlement activities. Such activities ensure smooth implementation of project and achievement of resettlement objectives. The resettlement plan will describe the measures to be taken. Information will be provided timely to the affected persons, their community, and communities accepting them. All affected are encouraged to participate in resettlement planning, implementation and resettlement monitoring. In the community or locations for displaced person, necessary infrastructure and services are restored or replaced. A grievance mechanism will be established. To take opinions of affected residents fully into account, consulting should be made before the planning and determination of mitigation measures.

The following measures will be taken to encourage public participation:

a. Publicizing the Resettlement Information
Following the laws and regulations in China, and World Bank policies, efforts had been made by the project sponsor to disclose the contents of this RPF. On September 2 2013, the RAP had been disclosed on the web site of Guoxin Energy, and RAP documents had been placed in the offices of PMO and offices of concerned town governments to be reviewed by concerned people. The disclosure details had also been published on local newspaper to inform the public in the project areas and allow them to review and comment. After approval, the RAP will also be disclosed by the World Bank.

b. Calling for meetings
Prior to the implementation of the land compensation and resettlement, the
events will arranged to explain the relevant policies, regulations, and the standards for compensation, etc., to provide villagers with access to information and make proper arrangement as soon as possible.

c. Convening public hearings

d. Holding villager representative meetings

Draft and final resettlement plan should be publicized via the PMO to affected persons, handed out at convenient places, usually at public library, activity room of village committee, government public information website. The language should be easy to understand. The draft should be advertised one month before submitted to the World Bank, and the final version should be publicized after the approval.

9. Grievance Procedure

To restore and improve livelihood of affected residents is the main objective of resettlement. Identified along with affected persons, the resettlement and rehabilitation measures mostly will not cause complaints. However, it is inevitable to encounter more or less problems in actual process. To ensure smooth proceeding of resettlement, to solve problems timely, and to provide grievance channels, the following grievance procedures are defined:

Stage 1: Any person aggrieved by any aspect of land acquisition and resettlement can lodge an oral or written grievance to the Village Committee. or resettlement office of local PMO. The oral grievance shall be dealt with by the village authority or local PMO in two weeks and the written records shall be kept.

Stage 2: In case the aggrieved person is not satisfied with the decision of the village authorities at Stage 1, s/he can present the case to the township government, who shall make the responsive decision in two weeks.

Stage 3: In case the aggrieved person is still dissatisfied with the decision in Stage 2, s/he may present the case to the Bureau of Land Recourses of the County for administrative arbitration, which shall be made in ten days.

Stage 4: In case aggrieved person is still dissatisfied with the arbitration made by the corresponding administrative department, s/he may file the lawsuit to civil court in accordance with the Civil Procedure Act.

The procedures for filing compliant and grievance will be included into the Booklet of Information on Land Compensation to keep the villagers informed about their rights of appeals and petitions. The related office shall investigate the grievance source on site, seek the opinion of affected persons, and
process the issue objectively and fairly in accordance with state laws and the resettlement plan.

10. Monitoring and Evaluation

Monitoring and Evaluation basis:
- State laws and administrative regulations on resettlement;
- Operational and business policies of World Bank;
- Legal documents directly related with the project, such as the resettlement plan recognized by both the World Bank and the project owner;

Monitoring and evaluation principles:
- Investigate and assess the implementation of resettlement plan;
- Perform data collection and analysis to ensure accuracy of assessment result;
- Evaluate the resettlement plan in a scientific and objective way;
- Report to the project owner and the World Bank for their knowledge of project progress and decision-making;

Internal monitoring generally involves the following items:
- Institution arrangement: establishment of resettlement offices, job assignment, staffing, and capability enhancing;
- Resettlement policies and compensation standards: formulation and execution of resettlement policies, and actual execution of compensation standards; It should be specifically stated whether the compensation standards in the resettlement plan have been executed. The reasons for changes should be described.
- Progress of land acquisition and resettlement activities;
- Resettlement budget and execution;
- Production and livelihood rehabilitation: villager resettlement (including land adjustment, new land development, employment in enterprises, self-employment, and social endowment insurance), number of resettled persons, resettlement of operation business, resettlement of vulnerable groups (ethnic minorities, woman households, family with senior people only, family with disabled person), land restoration, and resettlement effect;
- House relocation for rural residents: relocation arrangement, house site arrangement; house rebuilding, house infrastructure (water and power supply, road accessibility, and ground leveling), compensation payment, infrastructure (water, power, road, and community centers), moving out subsidy;
- House resettlement for urban residents: location, relocation arrangement, new house building, selection and allocation of houses, infrastructure, moving out subsidy, re-establishment and allocation of
community centers, business site establishment and allocation;

- Resettlement of enterprises, shops, and infrastructure (irrigation facilities, power facilities, mail offices, telecommunication facilities, transportation facilities, and pipelines);

- Grievance handling, public participation, information disclosure, and external monitoring;

- Addressing of problems recorded in World Bank mission memo;

- Existing problems and resolving measures;

External monitoring and evaluation will be conducted by an eligible and independent institution, providing the following information:

- Resettlement institution arrangement, job division between divisions, staffing, capability enhancing activities, trainings, resettlement executions compared with the plan, assessing the plan’s adequacy;

- Resettlement policies, analysis of changes in resettlement policies compared with the planning, assessment of adequacy of the resettlement plan, verification of resettlement loss (especially loss from permanent land acquisition and house demolition) through sampling, actual execution of compensation standards compared with the planning, analysis of changes in compensation standards and assessing their adequacy;

- Resettlement execution progress;

- Compensation budget;

- Production and employment restoration: income rehabilitation survey through sampling and typical person tracking;

- House relocation: analysis and assessment through sampling;

- Business rehabilitation: getting knowledge of business resettlement and rehabilitation through document reading, sampling and tracking of typical enterprises, comparing with the planning and assessing the adequacy;

- Town and special facility rehabilitation: getting knowledge town rehabilitation through document reading, onsite researching, comparing with the planning and assessing the adequacy;

- Income and living standard rehabilitation: understand the income source, amount, stability, expense structure and quantity of typical displaced persons before and after the resettlement though sampling and tracking, assessing objective achievement, comparing the residential conditions, transportation, infrastructure, community environment, entertainment, economic activities of typical households before and after the resettlement to analyze income and living standard rehabilitation;

- Grievance procedures: monitoring the grievance channel and procedures, getting acknowledge of complaint and grievance coping through document reading and onsite survey;
• Public participation and information disclosure: monitoring public participation and negotiation actions during resettlement implementation; monitoring the result through document reading and onsite surveys; compiling, issuance and feedback of resettlement information booklet, information advertising activities and effect;
• Address issues put forward in the World Bank mission memo and in the last resettlement monitoring and assessment report;
• Conclusion and comments: summarizing the resettlement implementation and drawing a conclusion; tracking existing problems until they are addressed;
• During the resettlement, generally the external monitoring agency performs onsite survey and assessment twice every year. After the resettlement, the onsite survey and assessment can be reduced to once a year. The times can be increased or reduced as required, but approval from the World Bank is necessary. The external monitoring and assessment job continues until the resettlement objectives are achieved. The monitoring report shall be submitted to the PMO and the World Bank.