

*Bringger Consulting Ltd.*

# Resettlement Action Plan For CSRC Maanshan Project



**CSRC Maanshan Project  
Anhui Province PRC  
June, 2005**

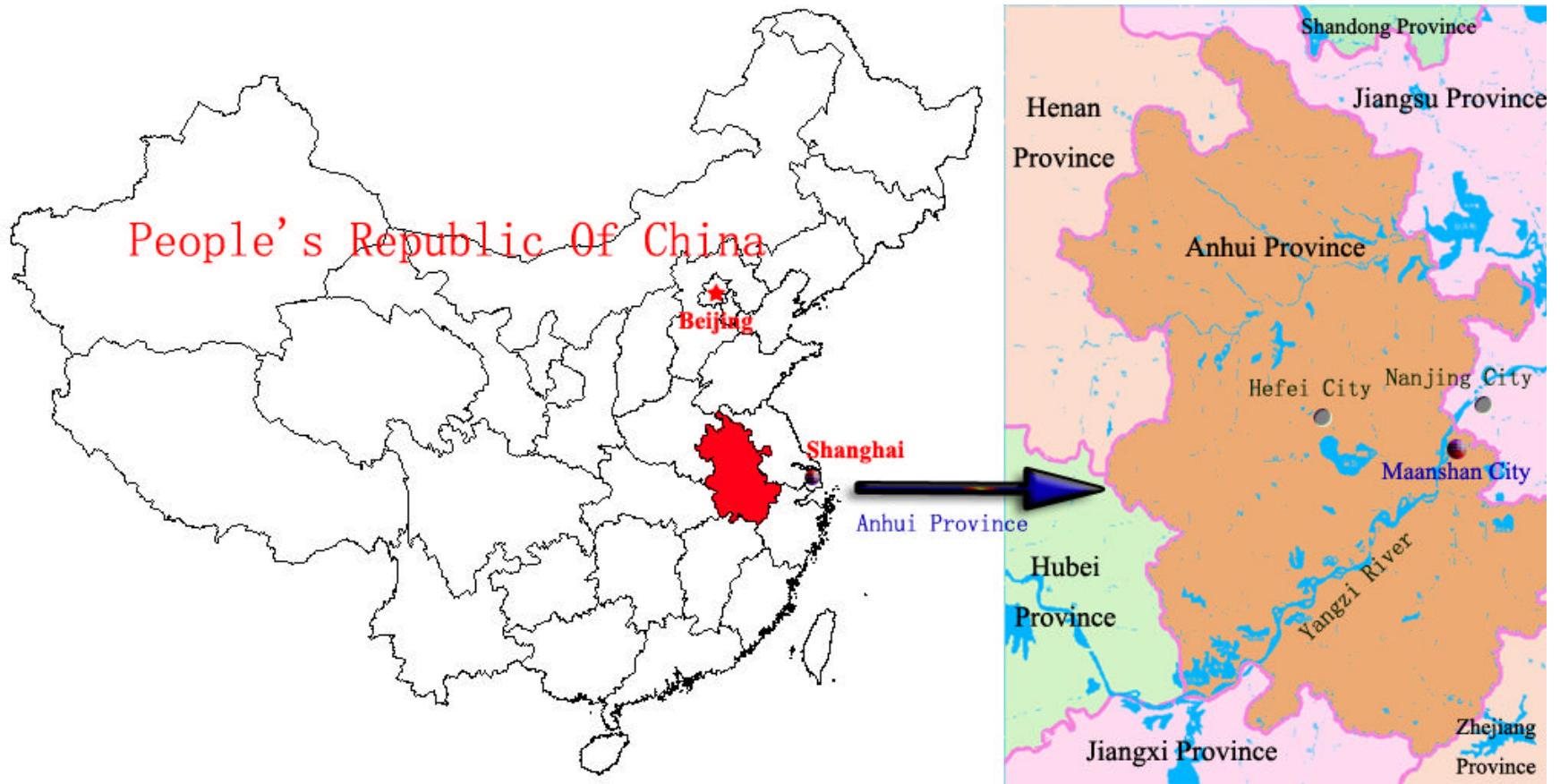
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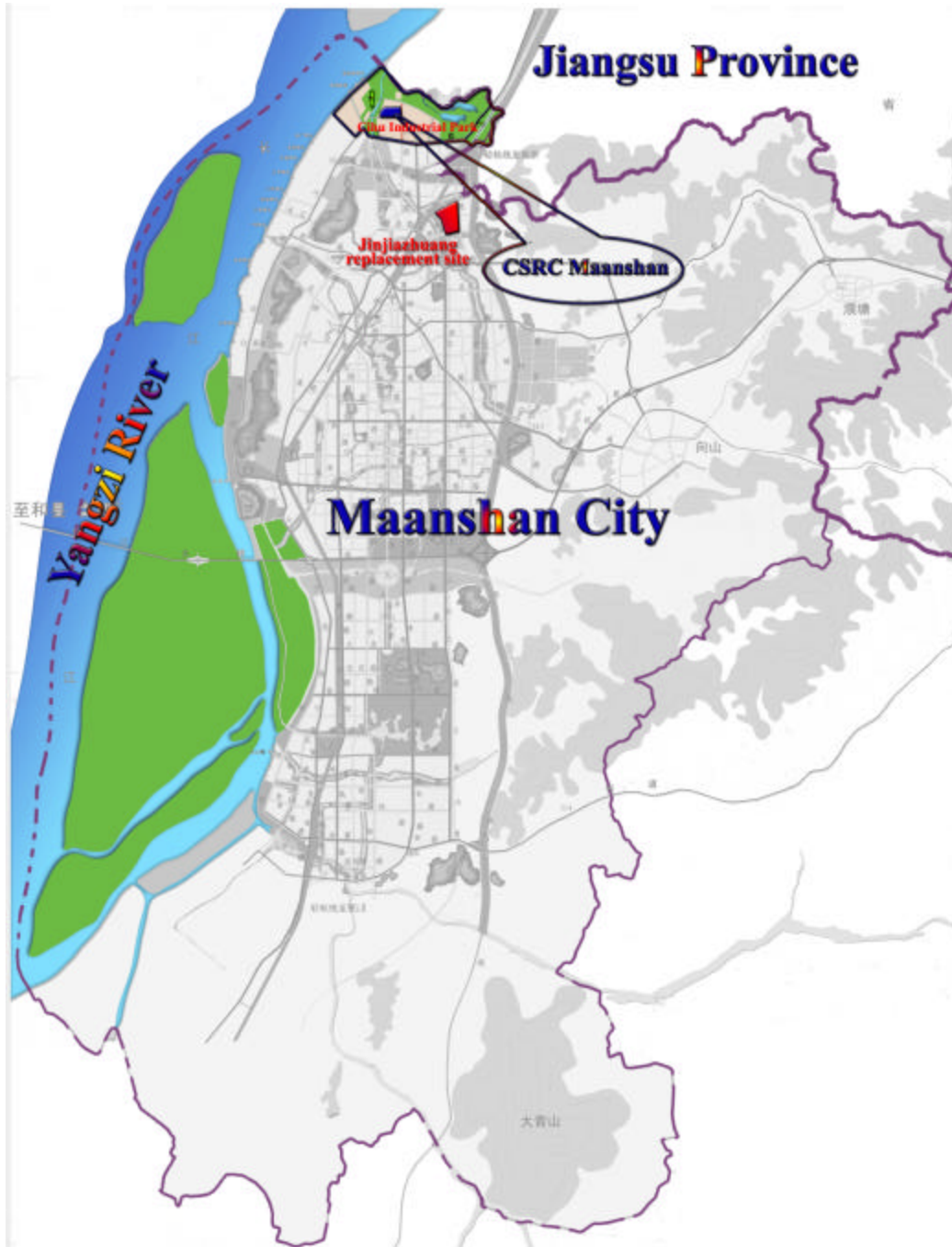
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**Figure A Location of Maanshan**



**Figure B** Location of Cihu Industrial Park in Maanshan



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## **Executive Summary**

### ***Project Description***

China Synthetic Rubber Maanshan (Chemical) Industrial Ltd (herein after referred to as ‘CSRC Maanshan’) was established by China Synthetic Rubber Corporation (CSRC) through the CSRC China Corporation which was formed to own and operate the Maanshan carbon black plant. CSRC China Corporation acquired the assets of the Maanshan Carbon Black plant from the Maanshan Golden Star Group in 2001.

IFC approved financing for the company’s original project in 2001 for a 13.8% shareholding in CSRC China Corporation and financial completion took place in December 2004. The proposed IFC investment is for the project expansion. The proposed project consist of two phases while the second phase of the project will acquire 3.9 hectares of land which will make the total plant footprint area of 17.6 hectares

The proposed project consist of two phases: Phase I is to debottleneck the existing production lines to increase production capacity from 60,000 tpy to 85,000 tpy. There is no additional land acquisition for the phase I. Phase II (hereinafter refered to as “the project”) will further expand production capacity to 125,000 tpy and power co-generation capacity from 9 MW to 21 MW, and build a new warehouse. The project will acquire 3 land plots adjacent to the existing plant with total land acquisition of 3.9 hectares (58.9 Mu<sup>1</sup>).

### ***Resettlement Action Plan***

This Resettlement Action Plan (“RAP”) has been prepared as part of a CSRC Maanshan commitment to ensure that resettlement is undertaken in a socially responsible manner and in accordance with IFC’s Safeguard Policy on Involuntary Resettlement (OD4.30). The project is a category “B” project under IFC’s Environmental and Social Review Procedure. The Resettlement Action Plan presents information on project resettlement impacts, compensation entitlements, mitigation measures and livelihood restoration.

### ***Project Land Acquisition and Need for Involuntary Resettlement***

The project will acquire 3.9 hectares of land. Cihu Industrial Park administration offices and Land Acquisition and Resettlement Headquarters of the Park will be jointly responsible for the implementation of project land acquisition, physical relocation and resettlement.

Twenty-two households will be affected; twelve of them by permanent loss of residential houses, seven by permanent loss of cultivated land (or fishpond), while another three households will be affected by permanent loss of both residential houses and agricultural land.

### ***Project Impacts and Mitigation Measures***

Key resettlement impacts and mitigation measures of the project on villagers is summarized below:

- ◆ Loss of village houses, house plots and related attachments

Proposed mitigation measures with two options: 1) cash compensation; 2) option to purchase housing at construction cost (about ½ the market price) at the replacement site.

In addition, depreciation rate will apply at a rate of 2% per year of use up to 50%. The depreciation rate is widely used in practice in china though it is not compliance with IFC’s

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<sup>1</sup> 1 Ha=15 Mu

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policy on replacement value.

Combination of cash compensation with cash allowance and option for purchasing replacement housing at construction cost will provide relocators with sufficient funds for housing replacement.

- ◆ Requirement for 15 households to physically resettle

A replacement site was identified and agreed upon by villagers in the industrial Park, which will be used to accommodate all relocators from Cihu country in which the Park is located. The replacement site is closer to the down town center of Maanshan City. The replacement site is currently under construction and will provide accommodation for over 2,000 households at the end of 2005.

- ◆ Loss of cultivated land and land attachments

Proposed mitigation measures: cash compensation for the loss of means of production.

Compensation rate: based on Article No. 47 of the Land Administration Law of the People's Republic of China, compensation from requisition of cultivated land shall be six to ten times the average annual output value of the requisition land for three years preceding such requisition and statistic record of average annual output value, the detailed compensation rate in the Park for fishpond and dry cultivated land is six times and eight times more.

- ◆ Loss or impairment of livelihood from agriculture

Proposed Mitigation Measures: 1) a lump sum cash compensation for loss of means of production + 2) other mitigation measures

A lump sum of 12,000 Yuan per head will be disbursed to those households with permanent loss of their cultivated land based on proposed mitigation measures stated in the Method of land acquisition and compensation in Maanshan city. The lump sum fee as resettlement allowance supposed to be used for finding other income sources.

Other Mitigation Measures include: Job seeking allowance, pension, job center, and minimum living standards safeguards.

Mitigation measures for the project are defined and summarized in **Chapter 5**.

### ***Policy and legislative Framework***

- ◆ The CSRC Maanshan project resettlement is being planned in accordance with IFC's OD4.30 on Involuntary Resettlement, as well as the PRC National Law of Land Administration (effective 1 January 1999);
- ◆ Methods of land acquisition and compensation in Maanshan City were published in 2002.
- ◆ At the time of preparation of this Resettlement Action Plan, a number of meetings were held with resettlement officers from the Park and the Cihu Township during which the IFC resettlement requirements were presented and discussed.

### ***Resettlement Implementing Arrangements***

- ◆ Under the current Chinese administration structure, Cihu Industrial Park administration offices and Land Acquisition and Resettlement Headquarters of Park are responsible for implementing project resettlement, and Cihu Township is responsible for livelihood restoration.

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- ◆ CSRC Maanshan should conduct the following work to ensure that resettlement is conducted in accordance with IFC standards, including: (i) CSRC Maanshan to appoint a manager as community liaison officer to ensure there is sound communication between the Park and the CSRC Maanshan on resettlement issues; (ii) CSRC Maanshan has entrusted a social impact assessment team to document a Resettlement Action Plan (RAP), and (iii) there is a desire for the CSRC Maanshan to work closely with the village council to identify direct and indirect employment opportunities arising from the CSRC Maanshan construction and operations.

#### *Attitudes toward the Project*

During the public consultation for the preparation of this report, all respondent villagers strongly expressed their hope for earlier relocation due to the current cumulated pollution within the Park, which fit well with the Cihu Industrial Park overall relocation target. An earlier relocation opportunity is widely regarded as positive impacts of a project despite some concerns over daily living cost.

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## 1. Introduction

### 1.1 Background

CSRC Maanshan (chemical) Industrial Ltd (hereinafter referred to as “the CSRC Maanshan”) was established by China Synthetic Rubber Corporation (CSRC) through the CSRC China Corporation which was formed to own and operate the Maanshan carbon black plant. CSRC China Corporation acquired the assets of the Maanshan Carbon Black plant from the Maanshan Golden Star Group in 2001. CSRC is the fourth largest supplier of carbon black in the world and listed in 1986 with its shares freely traded on the Taiwan, China Stock Exchange.

IFC approved financing for the company’s original project in 2001 for a 13.8% shareholding in CSRC China Corporation and financial completion took place in December 2004. The proposed IFC investment is for the project expansion. The proposed project development consist of two phases, Phase II will acquire land totalling 3.9 hectares making the total plant footprint area of 17.6 hectares.

To qualify for IFC’s financing, the sponsor is required to comply with all applicable IFC Policies and guidelines. The IFC’s policy governing resettlement is Operational Directive 4.30 *Involuntary Resettlement*. Therefore the Resettlement Action Plan (RAP) was prepared to ensure that the resettlement to be undertaken is in accordance with the IFC’s safeguard policy on resettlement.

### 1.2 Brief Introduction of Proposed Project Expansion

CSRC Maanshan is located in Cihu Industrial Park, Maanshan city, Anhui Province, Peoples Republic of China. Its current production capacity of 60,000 tpy provides supply to tire manufactures mainly in the domestic market. The proposed project development consists of two phases:

- (i) Phase I is to debottleneck the existing production lines to increase production capacity from 60,000 tpy to 85,000 tpy. There is no additional land acquisition for phase I.
- (ii) Phase II (hereinafter referred to as “the project”) will further expand production capacity to 125,000 tpy and power co-generation capacity from 9 MW to 21 MW, and build a new warehouse. The project will acquire 3 land plots adjacent to the existing plant with total land acquisition of 3.9 hectare (58.9 Mu).

### 1.3 Preparation of the Resettlement Action Plan

As part of a CSRC Maanshan commitment to ensuring that resettlement is undertaken in a socially responsible manner and in accordance with IFC’s Safeguard Policy on Involuntary Resettlement (OD4.30), this Resettlement Action Plan was prepared to present information on project resettlement impacts, compensation entitlements, mitigation measures and livelihood restoration.

The Resettlement Action Plan was prepared in April and May of 2005. Specific tasks undertaken in preparing the Resettlement Action Plan included: (i) discussions with affected villagers; (ii) gathering of background socio-economic data from local government, village council and villagers (iii) discussions and meetings with project stakeholders including officers responsible for resettlement, valuation and compensation, head of township, village council members and affected villagers; (iv) focused interviews with village heads and affected villagers selected to represent the range of socio-economic conditions; (v) undertaking a social-economic survey; (vi) detailed discussions and review of records of executing agencies to define activities, programs, responsibilities, costs and budgets for

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resettlement and income restoration; and (vii) reviewing the need for resettlement program strengthening measures.

#### **1.4 Scope of the Resettlement Action Plan**

The Resettlement Action Plan describes the following:

- (i) CSRC Maanshan (Expansion phase II, thereafter referred to as “the project”);
- (ii) socio-economic profile of the project affected population;
- (iii) project impacts and mitigation measures;
- (iv) livelihood restoration;
- (v) arrangements for social monitoring.

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## 2. Resettlement Objectives

The overall goal of the project resettlement is as follows:

*To relocate and provide opportunities for the project affected people of Gang Kou to fully restore or improve their living standards and income earning capacity.*

The resettlement goal will be achieved through adherence to the following principles:

- (i) To prepare a project resettlement plan to address impacts and mitigation measures in accordance with the laws and regulation of the PRC and in compliance with IFC /World Bank policies and guidelines governing involuntary resettlement;
- (ii) To fairly compensate project affected people in accordance with the compensation norms set out in the Maanshan city;
- (iii) To assist project affected people to minimize hardships throughout resettlement process;
- (iv) To provide assistance to project affected people towards development of opportunities for employment replacement or self employment;
- (v) To pay special attention to disadvantaged groups including the poor, sick, and elderly;
- (vi) To conduct full and thorough community consultations throughout the resettlement process, and,
- (vii) To monitor the effective implementation of the project Resettlement Action Plan.

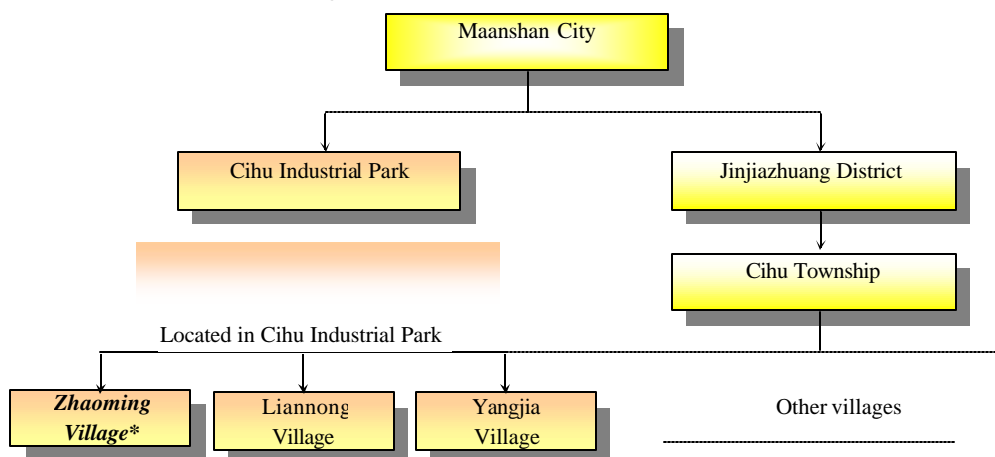
### 3. Project Description

#### 3.1 General

The CSRC Maanshan is Located in the Cihu Industrial Park, Maanshan city, Anhui Province, PRC. The local government administrative structure governing the project-affected village is illustrated below. Maanshan is prefecture<sup>2</sup> level city, and the project affected village is Zhaoming village<sup>3</sup>.

Cihu Industrial Park is located in the west north of Maanshan City with Yangtze River on the west, provincial border with Jiangsu Province on the north, and 205 National Road on the east. (See Figure B) There are three villages (housing nearly 2,800 rural households) and 1,600 urban households in the park.

Figure 3-1 Local Administrative Structure



\*Affected village

The land within the Industrial Park was originally all agricultural land until the 1980s when the area was planned for chemical industrial area by the Maanshan city government and the villagers started to loss their land to the development of chemical plants and heavy industrial plants. Later in 2002, a 12.63 square kilometer of this area was designated officially as Cihu Industrial Park with later adjustment to 9 square kilometer in 2004. The Cihu Industrial Park Administrative Committee is an authorized governmental organization responsible for promoting investments and managing the Park.

#### 3.2 Cihu Industrial Park

Industrial Parks or Special Zones have become an important vehicle for faster economic development since China implemented its opening policy in the 1980s. They were designated for industrial development with general government agency departments to be responsible for

<sup>2</sup> There are five different levels of government administration tiers: state, province, prefecture, county and township.

<sup>3</sup> Administrative village consists of groups of hamlets (village production teams, sometimes referred to as “natural villages”), and range in size from around 120 households to more than 1000 households. In practice, an elected village committee administers the village. The ownership of a village collective land belongs to the administrative village, while the right of use will be allotted to individuals through natural village that hold fixed portion of collective land. Once every fifteen years, land is re-alloc ated to take into account changes in village production team population through births, death and in or out immigration. Each registered village resident in the same village production team has an equal land holding.

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attracting investment; planning and developing the Park's own infrastructure, transportation system, and public utilities; and setting its preferential policy on taxes and enterprises start-up. It usually covers a large area of agricultural land owned by village collectives<sup>4</sup> which eventually will be transferred to state-owned land through land acquisition and compensation processes to meet demand for land for projects developments<sup>5</sup>. But the land acquisition could be implemented only after the approval of the project land application and carried out under the name of a specific project.

There are five Industrial Parks established in Maanshan City, Cihu Industrial Park, founded in 2002 and is at city level with an original planned area of 12.63 square kilometers and was later adjusted to 9 square kilometers in year 2004. Up to April 2005, seventy-six percent (76%) of the planned land had been industrialized while the remaining 24% (2.2 square kilometers) has yet to be developed.

Cihu industrial Park followed its positioning of attracting investment from chemical to heavy industry and had succeeded in establishing many domestic enterprises like BBKA Biochemical Co., Ltd, Gold Star Sulfuric Acid Factory and projects current under construction like Anhui Conch Cement grinding plant. So far there are 69 enterprises established plants in the Park provided a total employment of some 10,000.

Based on the information provided by the Park Administrative Committee, there are three administrative villages in the Park with a total rural population of 2,800 households and over 9,000 villagers. The three villages are Zhaoming, Liannong and Yanjia with households of 850, 1,000 and 950 respectively. In addition, there are some additional 1,600 non-rural residents. Mainly employees in those enterprises resided in the plants accommodations. Cihu Industrial Park aims to complete industrializing its designated land within the Park before 2007 and therefore determined to relocate all residents in the Park in accordance with future project development.

### **3.3 Project affected village**

Zhaoming Village, directly affected by the project is located within Cihu Industrial Park and consists of 11 production teams. It has a total population of 1,965 made up of 850 households. The work force number is around 1,300. According to information provided by the Zhaoming Village Head, average annual per capita income in the village is about 3,800 Yuan, below the rural level of Cihu Township but higher than Anhui Year 2004 average<sup>6</sup> by 52%.

The Zhaoming village, which embraced the project, is also surrounded by many enterprises in the Park, with the majority of its workforce engaged in long-term or casual non-agricultural activities. Along with the development of the Park, it had been continuously affected by land acquisition which resulted in the decrease of income from agricultural activities and became more reliant on non-agricultural incomes for their food. Based on the information provided by the village head, there is over 600 (46%) village workforce engaged in non-skilled work and relies heavily on wage-based income which attributes to over 80 percent of income together with income from self employment.

Despite the economic development as one of the disadvantages of being surrounded by an

<sup>4</sup> In China, there are two types of ownership of land One is state owned land (mostly in urban areas), and the other which is collectively owned, is known as village collective land (with farmland mostly in China's rural area).

<sup>5</sup> No land acquisition occurred until public infrastructural facilities or a specific project required approval from a government agency (usually at state or provincial level). Land acquisition and resettlement process therefore was considered on a case by case in the same Park. Generally speaking improvement would be made along with the overall development of the Park based on a combination of past experience, general goal of the local implementing government agency and financial situation and the like.

<sup>6</sup> Annual per capita income for rural dwellers in Anhui was 2,499 Yuan in 2004. Information published by Anhui Statistic Bureau

industrialized area, especially chemical industrial enterprises, villagers have long been suffering from cumulated air pollution, noise and dusts and all desire for earlier relocation with some concerns over the cost of living after resettlement.

### 3.4 project affected village production team

Zhaoming Village consists of 11 production teams (in some cases, called as “natural villages”), named by Arabic numerals. A 3.9 hectares of land acquired for the Project consists of partial residential land as well as some small pieces of fishponds and cultivated land<sup>7</sup>. Zhaoming Village Council will not reassign the remaining land collectively owned to village households, hence the 22 households directly affected by the Project will lose land or housing permanently as a result of land acquisition for the Project.

Cihu Industrial Park aims to complete industrializing its designated land within the Park before year 2007. (By April 2005, seventy-six percent of collective agricultural land within the Park had been developed into industrial land.) Based on this target, Industrial Park Management Committee attempted to relocate more households than required for project development. Findings from a public consultation revealed that households in the Industrial park expressed their expectation for earlier relocation due to heavily cumulated industrial pollution in the Park.

Figure3-2 Directly affected house and fishpond



◆ No.8 village production team

Based on the information provided by No. 8 village production team head, there are 79 households (113 people) which possess 127 Mu (8.5 hectares) of cultivated land in the village; mainly dry land with small portions of fishponds. There will be two households directly affected by land acquisition.

As mentioned in Section 3.2, land acquisition could only be implemented with an approved project land application and carried out under the name of a specific project. Therefore the Park decided to relocate the remaining 77 households (102 individuals) in this team with the two directly affected households at the same time and under the same arrangement.

◆ No. 9 Village production team

The second village production team directly affected by land acquisition is No. 9 village production team with a total of 95 households. The 305 villagers lost the majority of their cultivated land to a steel work project development in 1992 when an old land law was enforced requiring employment resettlement of the rural workforce. Many villagers were

<sup>7</sup> Cultivated land is collectively owned by the village but is assigned by the village on a per capita basis to households to enable them to grow crops

therefore offered permanent jobs in the steel plant.

There are only small pieces of fishponds left and a fragmented cultivated land. Vegetable growing was mainly for self consumption. The project would require relocating 5 households.

◆ No. 10 village production team

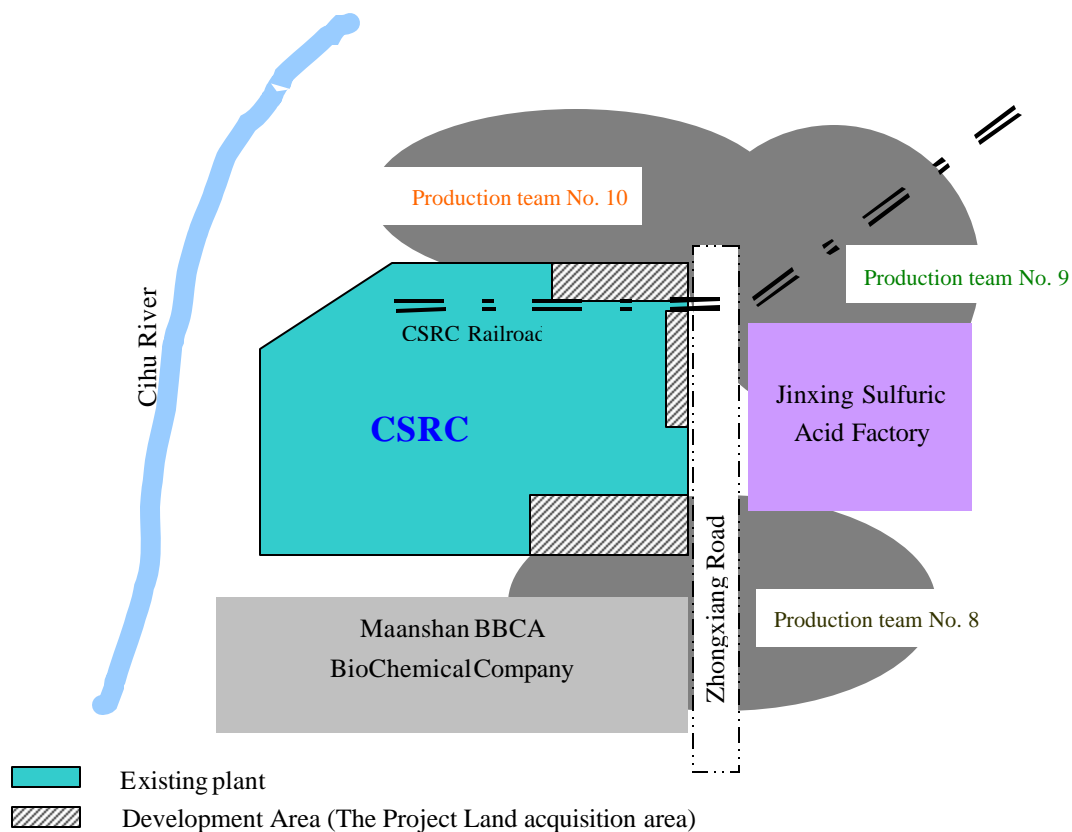
The third project affected village production team is No. 10 with a total number of 89 households, 205 villagers possess 200 Mu (13.3 hectares) of cultivated land among which 1/3 is irrigated land and 2/3 is dry land. The project directly affected 15 households.

This village team has more relevant cultivated land remaining per capita than average. With a majority of the workforce engaged in industrial activities, only senior aged villagers are engaged in land related agricultural activities. Agricultural produce is mainly for self consumption while a small portion is sold in the market. Villagers reported difficulties in selling their produce due to damages to the quality caused by cumulated pollution in the Park.

Up to now, there has been no project notification released publicly to officially announce the numbers of household to be relocated.

During public consultations for the preparation of this report, all respondent villagers strongly expressed their hope for earlier relocation, which fit with the Park's overall relocation target; therefore the Park might consider relocating the remaining adjacent village production teams as well. If so, the compensation standard and resettlement measures are applicable too.

Figure 3-3 CSRC Maanshan project site and adjoining village production teams



## 4. Findings from Socio-Economic Survey

### 4.1 Household survey

Socio-economic survey of adjoining communities was conducted from April 6-10, 2005. The questionnaire was designed and tailored to rural areas with an Industrial designated area and initially was directed to all 22 identified project directly affected households. It was later found that there are 5 project directly affected households who are no longer residing in the village for a long time. It was not possible to trace them within the timeframe and therefore the questionnaire survey only covered 17 directly affected households.

Socio-economic baseline survey, is one of the critical components in the preparation of a Resettlement Action Plan, which entails in-depth interviews covering households social and economic status on main income resources, land area, family structure, residential housing structure, medical and health status and their attitude towards the development of the project in general. One-on-one household interviews and focus group discussions were held. Please refer to **Appendix B** for the results of the baseline survey.

Table 4 1 Breakdown of Surveyed Households

Village	Village production team	Affected No. of HH	No. of HH surveyed	%
Zhaoming Village	No. #8	2	2	100%
	No. #9	5	5	100%
	No. #10	15	10	67%
<b>Total</b>		<b>22</b>	<b>17</b>	<b>77%</b>

### 4.2 Characteristics of Respondents

Surveys were directed at the 'household head'. Eighty-two percent of the respondents (n=14) were 'household heads' and the other three were spouses. Fifty-nine percent of respondents (n= 10) were male, forty-one percent were female (n=7). Eighty-three percent of respondents were aged over 40. Local dialect and Mandarin are the prevalent languages spoken by respondents. Respondents' educational background is summarized in the following table. Eight respondents (46%) were noted as illiterates.

Table 4-2 Educational Background of Respondents

Respondents highest grade	N	%
Illiterate	8	47%
Primary school	4	24%
Middle school	4	24%
High school, College/technical school	-	-
University graduate	1	6%
<b>Total</b>	<b>17</b>	<b>100%</b>

N=17

It was revealed during group discussions that the younger generation with educational background are already working offsite in non-agricultural sectors and reside elsewhere, while the senior aged with less educational background were the main force living and working in the village. Education was never regarded as something important to their way of living as life-time farmers. But they were all concern to find new jobs after land acquisition.

### 4.3 Household Characteristics

The most common household type was “a couple with children” (29 percent, n=5) or “extended family” (29 percent, n=5) where three or more generations live under one roof.

Table 4-3 Household Type

Household type	N	%
A couple with children	5	29%
Extended family (i.e. One family with three generations)	5	29%
A single person living alone	3	18%
A couple without children or children moved out	2	12%
A single person living alone	1	6%
Grandparent and grandchild	1	6%
Two or more families sharing living quarters	-	-

N=17

In China, children would move out when they get married, parents or/and grandparents usually live with their youngest son or his family. That explained the form of extended family.

Table 4-4 Household Size

Household size (no. of members)	N	%
1~2	3	18%
3~4	6	35%
5~6	5	29%
>7	3	18%
<b>Total</b>	<b>17</b>	<b>100%</b>
<i>Mean family size</i>	<b>4.4</b>	
<i>Mean workforce in a household</i>	<b>2.3</b>	

N=17

Mean family size was 4.4 comprising of 2.3 workforce members and 2.1 non-workforce. Non-workforce mean: 1) people outside the age working group of the workforce, 2) disabled with no ability to work or 3) university students and 4) service in the army.

### 4.4 Existing Housing

Houses are predominantly one or two storey, “Concrete and brick”, and “Wood and brick” are the most commonly reported housing structures.

Table 4-5 House structural type

House Structure	Total		No. 8#		No. 9#		No. 10#	
	N	%	N	%	N	%	N	%
Frame structured	-	-	-	-	-	-	-	-
Concrete and brick	18	55%	2	67%	5	50%	11	55%
Wood and brick	15	45%	1	33%	5	50%	9	45%
Temporary structure	-	-	-	-	-	-	-	-
<b>Total</b>	<b>33</b>	<b>100%</b>	<b>3</b>	<b>100%</b>	<b>10</b>	<b>100%</b>	<b>20</b>	<b>100%</b>

N=17

As one of the key findings from the baseline survey that the 17 respondents directly affected

households possess 33 houses in total at an average of 1.9 houses per household.

Table 4-5 Housing status

No. of house owned by household	N	%
1	6	35%
2	6	35%
3	5	29%
<b>Total</b>	<b>17</b>	<b>100%</b>

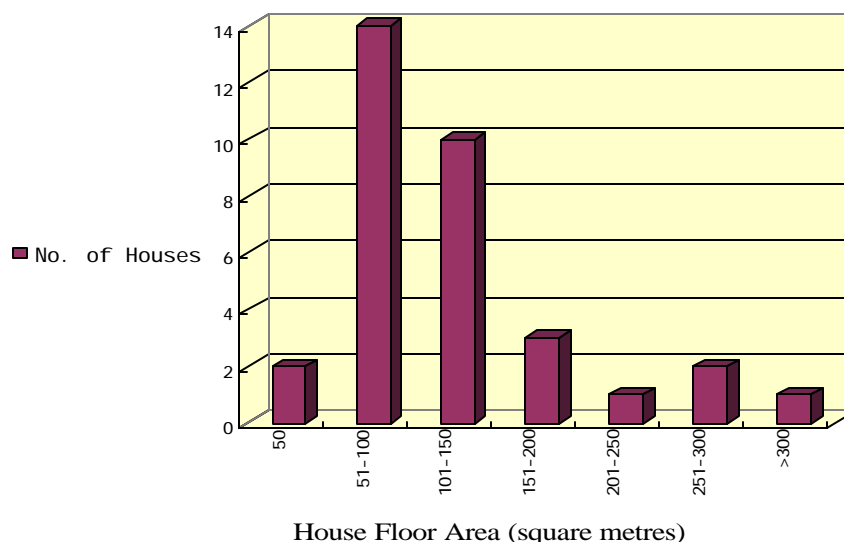
N=17

An average floor area is 130m<sup>2</sup> per household or 57.5m<sup>2</sup> per capita, about two times of the average by Maanshan rural standard<sup>8</sup>.

Under the national Law of Land Administration (1999). There is one dwelling for one rural household. But during interview result, there were sixty-four percentage (n=11) households who owned more than one dwelling. It was later explained during the semi-structured open discussions that villagers have had their underage children registered for a separate household to be eligible for replacement houses at a purchase cost much lower than the current market price. It therefore explained the reason why the number of dwellings exceeded the number of households.

Based on discussions with Park land acquisition headquarter, village household with more than one house structure would not be adversely affected and will be all eligible for compensation with no difference with others.

Figure 4-1 Ranges of House Sizes



#### 4.5 Land Allotted to Households

Seventy-six percent (n=13) of the 17 respondent households have agricultural land or fishpond allotted to them with average land holding area of 2.6 Mu. Villagers also reported that the crops and vegetables they grew in the field was mainly for self-consumption as it is difficult to sell in the market due to industrial pollution which damaged the quality of those products.

<sup>8</sup>In 2003, the average rural residential area per capita is 28.5 m<sup>2</sup> in comparison with urban average of 20.65m<sup>2</sup>

Table 4-6 Household allotted land

Land	N	Area	
		( Mu)	%
Vegetable land	9	11.8	27%
Irrigated land	5	6.4	14%
Dry land	4	8.5	19%
Fish pond	9	17.5	40%
Without land	4	-	-
<b>Total</b>	<b>17</b>	<b>44.2</b>	<b>100%</b>
<b>Mean area of household allotted land</b>		<b>2.6</b>	

N=17

#### 4.6 Services and Infrastructure

All of the interviewed households use reticulated water in the village. All villages in Cihu industrial Park have been provided with reticulated water since 2000.

The most common fuel for domestic use is Liquefied Petroleum Gas (82 percent, n=14), and only one household uses firewood or straw. For communications, eighty-two percentage households (n=14) have telephones and eighty-eight percentage households (n=15) have mobile phone. These indicated the living standard and urbanization of Zhaoming village.

The use of transportation mode reflected villagers' habit of traveling. The most commonly used modes of transportation are summarized in the table below. Fifty-three percent of respondent households reported using a bicycle as the most common type of transportation and is used for traveling to nearby industrial enterprises in which they work.

Table 4-7 Most commonly used mode of transportation

Transportation	N	%
Bicycle	9	53%
Motorcycle	3	18%
Public bus	2	12%
Walking	3	18%
<b>Total</b>	<b>17</b>	<b>100%</b>

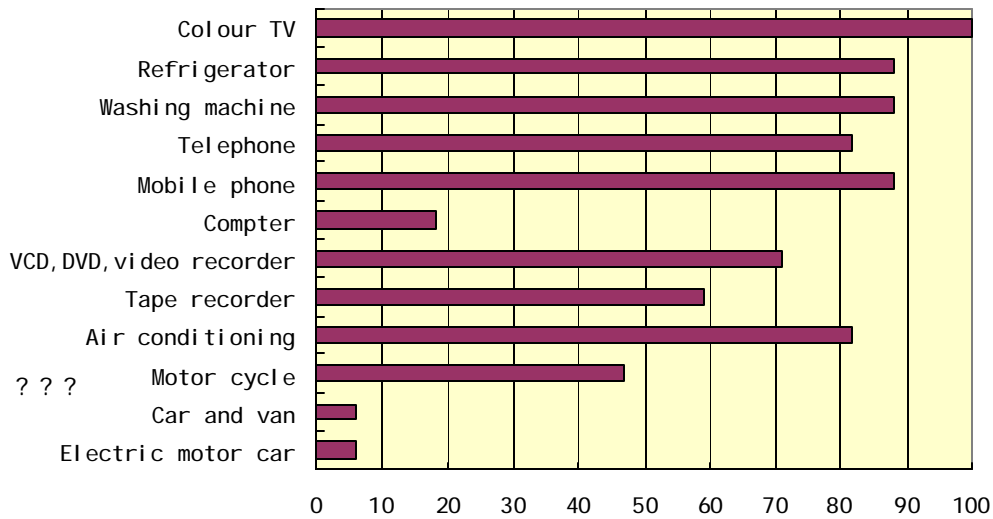
N=17

#### 4.7 Household Ownership of Consumer Goods

A cross-section of the consumer goods owned by respondent households is summarised in the table below. The economy level of the project affected villagers is way above the national average. In addition to a high ownership of colour TV, refrigerator, and washing machine, it also exhibited much higher ownership of luxury home appliance, such as air condition (82 percent, n=14) are indicative of their relative affluence even compared to average Anhui rural villages<sup>9</sup>.

<sup>9</sup> In 2003, the average air conditioner ownership was 0.8% in Anhui province?

Figure 4-2 Household consumer goods (%)



N=17, Multiple choice

#### 4.8 Health and medical care

It was reported that Cihu Industrial Park had experienced no outbreak of epidemic or infectious diseases over the past twelve months, although 53% (n=9) of respondent households had experienced illness of a family member, most (78%, n=7) proving to be 'common diseases', such as cold or fever.

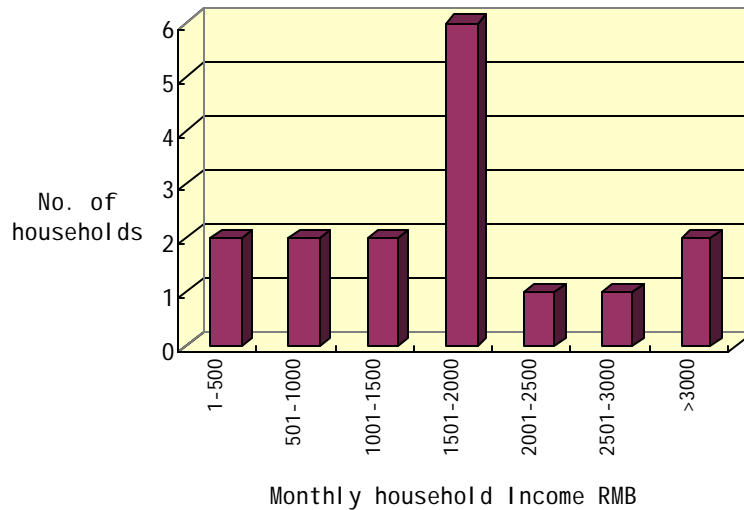
There is a village medical clinic, but based on the findings from those surveyed villagers and from open discussions many people indicated they choose to go to Maanshan city hospitals for better treatment and enjoying the advantage of being close with easy access. The village clinic is used as a local pharmacy for off-the counter pills.

#### 4.9 Household Income Levels

The range of household incomes revealed by the survey is summarized as follows. Household incomes are based on estimates made by the respondents. The average annual income per capita is 4,784 Yuan (US\$ 576). This is twenty-three percentage higher compared with the officially reported income of 3900 Yuan. The higher figure in the socio-economic survey revealed the villagers maybe have other sources of income.

Thirty-eight percentage (n=6) of interviewed households have income ranging from 1500~2000Yuan per month per household.

Figure 4-3 Monthly household income (Yuan/month/household)



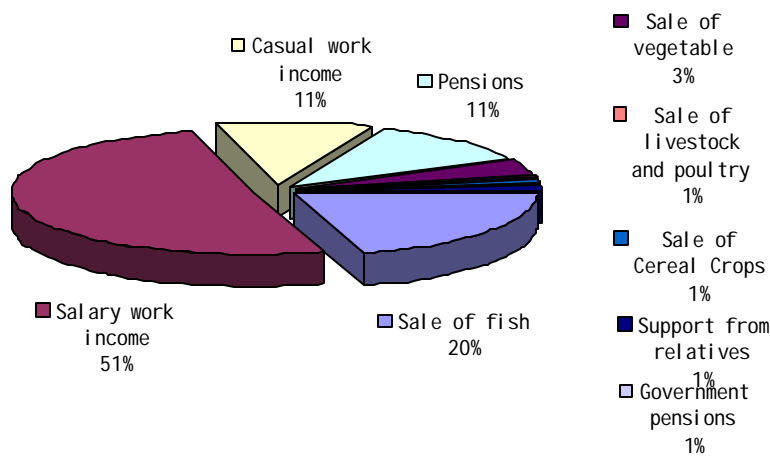
N=16, Eliminated 1 extremely figure

#### 4.10 Sources of Income

As part of the socio-economic survey, households were asked to identify primary sources of household income (Qu. 26) and, separately, to indicate the quanta of aggregated household income from all sources.

It was illustrated that twenty-six percent of income comes from agricultural activity (such as cultivation and fishpond) as indicated in the figure below. And seventy-three percent of income from industrial related income as salary work, casual work and pension. These indicated that the households are at the development stage of transitioning from rural income to urban income. Their agricultural activity was a kind of subsidy income as well as for food.

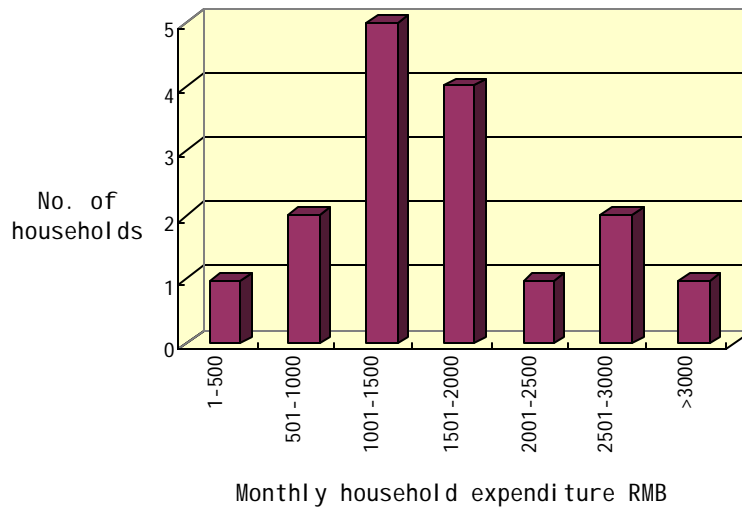
Figure 4-4 Sources of household income



N=16, Eliminated 1 extremely figure

Monthly average household expenditures are 1640 Yuan. The largest household expenditures are for food (35%), medical care (12%) and buy family facility (13%).

Figure 4-5 Monthly household expenditure (Yuan/month)



N=16, Eliminated 1 extremely figure

#### 4.11 Understanding about the project

Prior to the preparation of this RAP, Cihu industrial Park committee had published project notification in one of the directly affected village team (No. 8 production team) in Zhaomin Village, the released information covers: 1) Project approval authority and document; No. 2) land acquisition area and purpose of land acquisition; 3) clarify compensation rates; 4) mitigation measures for physical relocation; 5) place and period for losses registration, and 6) the responsible party for land acquisition

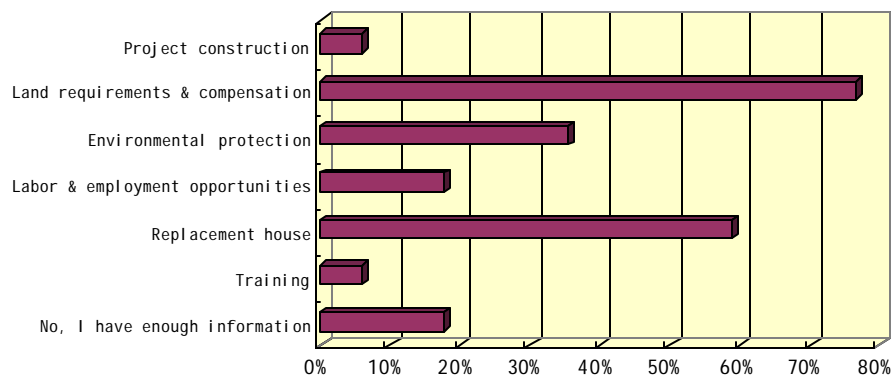
While one of the three directly affected village teams have a pretty good understanding of the direct impact they will receive in terms of land, area and time, the rest of the two village teams is expecting to obtain information directed at them in earlier May.

The document governing the land acquisition and compensation came into force in 2002, but when consulted about their understanding of the document, the majority of the respondents claimed that they did not understand issues related to the land acquisition. It was later explained of their desire to receive detailed explanation of the outcomes at household levels as a result of land acquisition.

In a wider range of public consultation in the industrial area, it was reported by many villagers that they have general understanding of the government's mitigation measures and expressed their support for the project if all the proposed measures were taken into account in a timely manner and special concerns towards the timely payment for loss of residential housing and agricultural land.

Questions were directed for additional information that affected people would like to receive, 13 respondents out of a total of 17 expressed their interest in receiving more detailed information related to land acquisition and compensation with additional 10 respondents showing their interest in learning more about replacement housing.

Figure 4-6 Want to know about the project



#### 4.12 Attitudes toward the CSRC Maanshan Project

During the public consultation for the preparation of this report, all respondent villagers strongly expressed their hope for earlier relocation due to the current cumulated pollution within the Park, which fit well with the Cihu Industrial Park overall relocation target, therefore the Industrial Park might consider relocating the remaining adjacent village production teams as well.

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## 5. Project Impacts and Mitigation Measures

In the process of preparing this Resettlement Action Plan, information from a number of sources, including the results of public consultation, have been used. Sources of information used include:

- (i) A preliminary land acquisition summary prepared by Cihu industrial Park and CSRC Maanshan;
- (ii) Schedule of the project affected population and affected households prepared by Cihu industrial Park and CSRC Maanshan;
- (iii) *Methods of land acquisition and compensation in Maanshan City* published in 2002
- (iv) other information disclosed by villagers, local government agencies and project company during discussions held in April 2005; and,
- (v) Findings of the April 2005 socio-economic survey.

The total land acquisition for the project development is 3.9 hectares. This has affected a total number of 22 households (95 people) who will be affected by permanent loss of residential housing and cultivated land. Three village production teams in Zhaomin village will be directly affected. They are No.8, No.9 and No.10 production teams.

### 5.1 Key resettlement impacts

Key resettlement impacts on villagers could be summarized as follows:

- ◆ loss of land
- ◆ loss of land attachment
- ◆ physical relocation
- ◆ Loss of livelihood from land-related incomes
- ◆ Others

### 5.2 Project affected people

A summary of people affected by loss of land, loss or impairment of livelihood, and resettlement is the project affected people as shown below. Together, these three categories of people form the “project affected people”.

Households affected by economic displacement: households affected by permanent loss of cultivated land, fishponds or other means of production but physically displacement of residential housing; (7 households)

Households affected by physical displacement: households affected by permanent loss of residential housing and housing plots, but with no economic displacement; (12 households)

Households affected by economic and physical displacement: households affected by permanent loss of means of production and residential housing; (3 households)

The following section summarizes project impacts and proposed mitigation measures to ensure sufficient measures to improve living standard for those project affected people or at least to maintain their living standards prior to displacement.

### 5.3 Summary of impacts and planned mitigation measures

#### 5.3.1 Loss of Land

**Project Direct Impacts:** an area of 3.9-hectares (58.9 Mu) of land consisting of 82% (3.2 hectares) of residential land as well as 18% of fishponds and cultivated land are estimated to be acquired for project development. Detailed information would become available after the physical measurement of the assets. Based on the information provided by the village head of Zhaoming village, there will be 6 households affected by permanent loss of fishponds and one household affected by permanent loss of dry land. Meanwhile three of them will be affected by permanent loss of residential housing as well.

**Proposed mitigation measures:** cash compensation for the loss of means of production

**Eligible:** households affected by permanent loss of cultivated land (7 households economically to be displaced+3 households economically and physically to be displaced=10 households)

**Compensation rate:** based on Article No. 47 of the *Land Administration Law of the People's Republic of China*, compensation from 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 and statistic record of average annual output value. The detailed compensation rate in the Park for fishpond and dry cultivated land is:

Dry land: 8 times of 800 Yuan/Mu = 6,400 Yuan/Mu (US\$11,608 per hectare)

Fishponds: 6 times of 700 Yuan/Mu = 4,200 Yuan/Mu (US\$7,618 per hectare)

Please refer to the table below for other types of compensation rates adopted in the Park

Table5-1 Schedule of Rates for Land Compensation

Type of Land	Compensation Rate	CompensationRate	
		RMB/Mu	USD/Hectare
Vegetable land over five years	8 Times average annual output value for previous 3 years	18,400	33,374
Vegetable land before five years	8 Times	15,200	27,570
Irrigated	8 Times	8,800	15,961
<b>Dry</b>	<b>8 Times</b>	<b>6,400</b>	<b>11,608</b>
Other	8 Times	10,400	18,863
High quality fish pond	6 Times	10,200	18,501
Fish fry pond	6 Times	12,000	21,765
<b>Fish pond</b>	<b>6 Times</b>	<b>4,200</b>	<b>7,618</b>
Lotus root pond	6 Times	6,000	10,883
Fruit tree land	7 Times	8,400	15,236
Tree land	6 Times	4,200	7,618
Cultivated land before three years	4 Times	3,200	5,804
Land for construction	4 Times	3,200	5,804
Others	3 Times	2,400	4,353

#### Compensation disbursement and terms of payment

Representatives from the Park, Jingjiazhuang district land bureau, Cihu land office, village council and directly affected villagers will participate in the physical measurement of land to

be acquired. An detailed inventory record will be established with signature of all the representatives to be used for compensation payment, which entails affected households with affected land area, compensation standard and total compensation amount at household level.

◆ Disbursement channel

The compensation fund will be disbursed from Jingjiazhuang district land office to village council who then further disburses to each affected village household.

◆ Timing of disbursement

In accordance with the requirements set in the method of land acquisition and compensation in Maanshan City, the village council should deliver the land within 30 day of receipt of full compensation for the land acquisition. This is in compliance with IFC's policy of full compensation prior to actual displacement.

Based on past experience, the reasons causing outstanding payment during the implementation could be summarized as: 1) there is no sufficient compensation fund from the government and therefore outstanding payment caused by shortfall of fund; 2) Disbursement schedule set too close prioro to physical relocation.

The situation in the Park has been assessed a low risk for outstanding payment. This is quite a developed Park with sufficient funds generated from existing enterprises and should not have financial difficulties in disbursing although special attention should be given by the company to prudently encourage the government for timely disbursement in the overall planning of the physical relocation process.

The company should keep sound communications with the affected village council in order to keep compensation disbursement schedule to the eligible households without delay.

### 5.3.2 Loss of land attachment

**Project Direct Impacts:** 0.7 hectare (18%) of total project land acquisition is comprised of fishponds and cultivated land. Households affected by land acquisition will also lose their crops or other land attachments.

**Proposed mitigation measures:** cash compensation

**Eligible:** Those households affected by permanent loss of cultivated land or fishpond (10 households)

**Compensation rates:** depends on the actual use of the land, the compensation rate set in the *Method of land acquisition and compensation in Maanshan City*, compensation for land attachment is based on seasonal output value which is summarized in the table below:

Table 5-2 Schedule of Rates for Green Crops

Type	CompensationRate	
	RMB/Mu	USD/Hectare
Vegetable	1,000	1,814
Water grown vegetable	800	1,451
Rice paddy	600	1,088
Wheat, barley, sweet potato	500	907
Horsebean, mung bean, soybean, sesame, peanut	600	1,088
Rape	500	907

Sugarcane, cotton, watermelon, strawberry, etc.	1,000	1,814
High quality fish pond fish	800	1,451
Fish fry	1,200	2,177
Fish pond fish	600	1,088
Fruit tree, tea garden	1,200	2,177
Bamboo garden	800	1,451

### Compensation disbursement and time of payment

Physical measurement of land crops and assets will be carried out together with physical measurement of acquired land. Representatives from three government agencies and directly affected villagers and village councils will participate in the process. Agreed results and signatures will be used as the base for disbursing compensation for crops and assets (excluding residential housing) following the compensation standard stated in the table above.

#### ◆ Compensation Disbursement Channel

Based on the agreed and signed inventory record, cash compensation will be disbursed directly from Cihu land acquisition headquarter to directly affected village households.

#### ◆ Time of payment

Based on the public consultation and feedback from the Park, compensation for assets will be paid to affected villagers prior to the physical displacement, villagers expressed no hard experience in the past in terms of compensation for crops and land attachments (excluding residential houses).

### 5.3.3 Physical relocation

**Project Impacts:** Based on current estimation there will be 20 residential houses to be demolished, affecting 15 households. Three of these households will be affected by permanent loss of cultivated land. Information revealed in the baseline survey indicated that those houses to be demolished are one to two storey 'brick and concrete' and 'brick and wood' structured detached houses, with an average floor area of 125 square meters per house. The average residential area per capita is 57.5 square meter, twice as much as the average in Maanshai city rural population. The Park will conduct a physical measurement of the residential housing separately from physical measurement of other ground assets in order to determine compensation amounts for each household.

**Proposed Mitigation Measures with two options:** 1) cash compensation; 2) option to purchase apartment at construction cost at the resettlement site.

**Eligible:** those households to be physically relocated (12 households to be physically displaced + 3 households to be physically and economically displaced = 15 households)

**i) Cash Compensation:** cash compensation for houses and house attachments + cash allowance

Cash compensation rate is set by method of land acquisition and compensation in Maanshan City. This was based on the house structure, quality and years of use. compensation rate for different housing structures is summarized in the below:

Table 5-3 Schedule of Rates for Housing Compensation

House Type	Grade 1 (RMB/m <sup>2</sup> )	Grade 2 (RMB/m <sup>2</sup> )	Grade 3 (RMB/m <sup>2</sup> )
Frame structured	330-350	-	-

Concrete and brick	290-310	260-280	230-250
Wood and brick	180-200	110-130	-
Temporary structure	80	60	40

The most common structure in the affected area are rated at 130 Yuan to 310 Yuan per square meter (US\$16~38 per square meter). In addition, depreciation rate will apply at a rate of 2% per year of use up to 50%. Findings from the baseline survey revealed that the average years of house use is about 18 years and therefore the average depreciation rate will be 36%. The depreciation rate is widely used in practice in china though it is not compliant with IFC's policy on replacement value. It was also noted in the compensation document that there is a cash allowance on top of the depreciated value.

Discussions with the Park was therefore directed towards the nature and amount of the cash allowance. It was explained that a 20,000 Yuan per head as a cash allowance to be disbursed on top of each household was to assist them in purchasing residential apartments. This amount is based on the Maanshan city urban area average floor per capita of 20 square meters multiplied by a 1,000 Yuan as average construction cost. Households with only one child will receive an additional 10,000 Yuan. A comparison was therefore exercised to assess whether the cash allowance could lift up the depreciation value to a replacement value (please refer to the following section).

In additional to the housing structure, compensation will also be paid for housing attachments, including walls, swage pipe, well, etc, which is summarized in a table below:

Table 5-4 Schedule of Rates for House Attachment Compensation

Type	Compensation Standard (RMB)
Brick Walls	15 RMB per m <sup>2</sup>
Stone walls	10 RMB per m <sup>2</sup>
Mud walls	5 RMB per m <sup>2</sup>
Sewage	8 RMB per m
Kitchen stove	90 RMB per Kitchen stove
Well	300 RMB per well
Concrete floor out of the house	15 RMB per m <sup>2</sup>

At this point, households are provided with two options: 1) either to and find alternative accommodation on their own, or reside in their other houses. As identified in the baseline survey and public consultation, a household has an average of 2 house structures. 2) The other option was to purchasing housing at construction cost. The cash compensation would be used as down payment to replace displaced housing. .

#### ii) Option of purchasing replacement housing at construction cost

A household will be entitled to purchase 20 square meters per household member at construction cost of 1,350 Yuan per square meter (construction cost of 1,000 Yuan per meter plus cost of public facilities at additional 350 Yuan per square meter). The sizes of those apartment units were designed based on the result from a baseline survey conducted by the CiHu Industrial Park at the end of 2004. There are 12 sizes to be chosen from ranging from 44 square meters to 135 square meters.

A replacement site was identified and agreed by villagers in the industrial Park, which will be used to accommodate all relocators from Cihu country in which the Park is located. The replacement site is closer to the down town center of Maanshan City. The replacement site is currently under construction and will provide accommodation for over 2,000 households at the end of 2005.

Figure5-1 The replacement site is currently under construction



Taking into account the real estate development in China in recent years, the market price for equivalent types of apartment building in the same area would cost some 2,500 Yuan per square meter, even much higher than the construction cost of 1,350 Yuan per square meter. During the socio-economic survey, all respondents reported that the option to replace new housing was going to be their better choice.

#### Compensation disbursement and time of payment

Households directly affected by permanent loss of residential housing will participate in the process of physical measurement of houses and will sign the inventory result on housing structure, size and quality. The measurement result therefore will be used for compensation disbursement.

##### ◆ Compensation Disbursement Channel

A bank account in the name of each to-be-relocated household will be opened and compensation money will be credited into their account directly from the Park land acquisition headquarters soon after the completion of physical measurement and consent of the households. Relocators will start to earn bank interest prior to their physical relocation.

#### An assumption assessment on replacement cost

An assumption based on a typical household in the directly affected areas, a nuclear household with their concrete and brick structured 18 years old house, using compensation money to purchase an apartment at a construction cost.

<i>Typical household: a nuclear household, a couple with two children; owned a 150 square meters, brick and concrete structured house which was built 18 years ago</i>		
Compensation and allowance		Purchasing a replacement apartment
Cash Compensation for an old house	Cash allowance	
<b>29,760 Yuan</b> =(150? *310 Yuan/? *(1-18*2%))	<b>80,000 Yuan</b> =( 20? *4 person*1,000 Yuan/ ? )	<ul style="list-style-type: none"> <li>■ Cost of purchasing a 80 square meter apartment: <b>108,000 Yuan</b> =1,350 Yuan/? *80 ?</li> </ul>
<i>Total Cash compensation for a old house: 109,760 RMB</i> <i>Expenditure to buy relocation house: 108,000 RMB</i> <i>surplus: +1,760 RMB</i>		

The result from the assumption exercises indicated that the combination of cash compensation with cash allowance and option for purchasing replacement housing with construction cost

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will provide relocators with sufficient funds for replacement housing.

### 5.3.4 Loss of Livelihood from land related agricultural activities

**Project Impacts:** as noted in the previous section industrial activities generated most of rural incomes in the affected village of Zhaoming. Based on information provided by the head of the village, land related agricultural activities attributed to 20 percent of total the household income. It was also further confirmed from the baseline social-economic survey that the 17 directly affected households who reported income from agricultural activities accounted for 26 percent of their total income as a result of higher income from fishpond than normal dry land.

Villagers will lose incomes from land related agricultural activities as well as their food subsidies as a result of land acquisition.

**Eligible:** households with permanent loss of cultivated land (10 households altogether)

#### Characteristic of project directly affected workforce

There will be 22 households directly affected by land acquisition with a total population of 95, excluding those 5 households who resided somewhere else a long time ago. There are 17 households with 75 individual; 39 (52%) form the age group workforce. The current occupation of those workforce could be summarized as table below:

Table 5-5 Current job of affected work force

Type of job	Work force	%
Industrial area (salary work or temporary work)	27	70%
Agriculture area (cultivate and fish from pond)	4	10%
Self employed	2	5%
Stay at home	6	15%
Total No. of workforce	39	100%

N=17

Seventy percent of the workforce in these respondent households are no longer engaged in agricultural activities. Wage-based income from nearby enterprises became a predominant income source.

It was reported during the baseline survey that there were 4 workforce engaged in agricultural activities. In a later discussion it was revealed that income from those 4 workforce was supplemental income for the total household. The 17 directly affected households reported that income from industrial activities attributed to 73% of household income (51% from wage-based income, 11% from casual work and 11% from pension)<sup>10</sup>.

There were no vulnerable people identified during the process of social-economic survey and public consultation process.

**Proposed Mitigation Measures:** 1) a Lump Sum cash compensation for loss of means of production + 2) other mitigation measures

- ◆ **1) A Lump Sum cash compensation for loss of means of production:** a Lump Sum of 12,000 Yuan per head will be disbursed to those households who permanently lose their cultivated land based on proposed mitigation measures stated in the Method of land acquisition and compensation in Maanshan city. The Lump Sum fee as resettlement allowance is supposed to be used for finding other income sources.

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<sup>10</sup> One extreme figure was excluded in the data processing

◆ 2) Other Mitigation Measures

**Job seeking allowance:** a 3,000 Yuan per head as a job seeking allowance will be disbursed to the villages workforce. Men aged between 16-55 and women aged between 16-50 are regarded as village workforce. The one time Lump Sum fee will assist the workforce in seeking other employment. All those 39 identified workforce will receive the fee regardless of their current occupation.

**Pension:** villagers will be entitled to a rural monthly pension of 120 Yuan per person when men reach age 60 and women reach age 55 after the completion of land acquisition. In addition, villagers could lift up the pension fund by attributing a one-time payment of 6000 Yuan or 9000 Yuan to receive a top up pension fund of 60 Yuan or 95 Yuan.

**Job center:** a job center was established by Cihu county labor office who is responsible for delivering skill training and employment training. In February 2005, a record of surplus labor in Cihu County was established after a census survey. The center will also work to promote employment opportunities.

**Minimum Living Standard Safeguard:** After the completion of land acquisition villagers will be safeguarded at a minimum monthly urban living standard of 220 Yuan per person, higher than current rural standard of 90 Yuan per person per month. This lift up will assist villagers to overcome increase of expenditure in urban life style. The safeguard will make a balance payment to households whose average income less than the minimum living standard of 220 Yuan per person per month. It is a safety net measure to protect vulnerable groups. There is no vulnerable person identified among the project directly affected villagers.

5.3.5 Other impact and mitigation measures

- ◆ Those who are subjected to physical relocation with cultivated land remaining within the Park.

As noted in the previous sections, there will be 12 households to be physically relocated into the Jingjiazhuang replacement site which is 6 km away from their allotted cultivated land in the Park. A mitigation measure was developed to disburse a cash payment of a 600 Yuan per Mu per year (an equivalent amount of annual net income from paddy land) to each household who could accept the payment and carry on working in their land at their own cost for transportation.

- ◆ Relocation allowance

There is a relocation allowance as one of the mitigation measures to minimize hardship during the physical relocation and financial assist in moving home appliances. The amount of allowance ranges from 300 to 500 Yuan and is based on number of household members. It is summarized in the table below:

Table 6-5 Relocation Allowances

Household Size (No. of persons)	Relocation allowance (RMB per Household)
1-3 persons	300
4-5 persons	400
More than 8 persons	500

- ◆ A transaction allowance

The old houses will be demolished before the establishment of replacement houses. Displaced people will be required to find temporary accommodation. A 100 Yuan per person per month's relocation allowance will be disbursed to assist displaced people. A first payment of

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relocation allowance will be made on an 18 month non-refundable basis. It is assessed that the transaction fee is sufficient to cover rental fees. Based on findings from public consultation, relocators would reside in their other houses or choose to live with relatives and save the transaction fee for other use.

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## **6. Livelihood restoration strategy and implementation parties**

### **6.1 Cihu County Government**

Cihu County Government as being the administrative agency responsible for overall development in its administrative boundary will play a critical role in restoring livelihood of those villagers who will permanently lose cultivated land as their means of production. The Cihu County Labor office will be responsible for implementing and monitoring the livelihood restoration within Cihu County, which covers those people directly affected by the project development.

The measures taken up to date are summarized below:

- ◆ Assist villagers in village production group who permanently lost cultivated land transfer from rural status to urban status;
- ◆ Established a work station in each village, assigned a representative responsible for releasing job market information and collecting feedbacks;
- ◆ Conducted a census and established villagers profiles
- ◆ Carried out various skills and employment trainings, which includes:
  - ◇ general training for starting up small business and introducing favorable policies to encourage self employment;
  - ◇ launch a “sunshine program” to assist village surplus workforce improve competence in finding employment opportunities;
  - ◇ worked closely with enterprises for free flow of employment information, tailoring training course for best match; the goal for 2005 is to train up 1000 villagers and to ensure that at least 40% of these villagers once completed training would find employment;
  - ◇ Actively directing rural people in the transition period from the rural way of living to urban by raising awareness of demand on skills, education, etc;
- ◆ Established pension scheme based on the proposed mitigation measures stated in the Method of land acquisition and compensation in Maanshan City (please refer to Section 5.4 for details);
- ◆ Improve and promote rural medical system to ensure villagers would have sufficient support for medical treatment and cost sharing.

### **6.2 The Cihu Industrial Park**

Being an authorized Maanshan city government agency responsible for promoting the Park, the committee of the Park, the committee will be responsible for supervising land acquisition and resettlement process, and will promote establishing village collective enterprises to take advantage of any downstream opportunities from enterprises development. Their function is summarized below:

- ◆ Facilitating affected villages to establish collective owned enterprises, assisting villages to win service contracts from industrial enterprises; and
- ◆ Supervising the performance of livelihood restoration and implementation and urge corrective measures from time to time.

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### **6.3 Village council and village production team**

Zhaoming village and especially the three production teams which will be directly affected by land acquisition will use every effort to implement livelihood restoration and ensure villagers are better off as a result of the relocation; their responsibility in the overall livelihood restoration process is summarized below:

- ◆ Establish village collective enterprise to create other sources of income for villagers, they have done some preliminary planning and put their ideas together and came up with specific tasks as their first step as follows:
  - ◇ to establish a village collective service firm for the earth move and fencing works of the Maanshan project; the total contract would be worth 1 million RMB;
  - ◇ To establish a village transportation firm for packing and transporting products from the project site. It is expected to employed 40 villagers with a total annual turnover of 1.8 million RMB;
- ◆ To facilitate Cihu County Labor office in completing registration of village surplus workforce, organizing training programs and training opportunities information disclosure;
- ◆ To establish a direct contact with the project in finding other downstream opportunities.

### **6.4 CSRC Maanshan Ltd.**

As an international company operating locally in the Industrial Park, CSRC Maanshan had demonstrated its commitment in sharing benefits with local communities as follows:

- ◆ Set up priority policy for directly affected villagers for employment opportunities, especially for those non-skilled employment opportunities; the CSRC Maanshan employed 16 villagers from Zhaoming village working in plantation, plant security and other non or semi skilled positions. The company plan to employ more villagers after the completion of plant expansion;
- ◆ Establishment of direct communication protocol in assisting village firms to engage in the process of the construction and operational phases;
- ◆ To supervise village collective firms and to prevent its subcontracting to others without benefiting those directly affected people;
- ◆ Work with the labor office in funding or implementing training programs to improve competence of villagers in the job market.

## 7. Cost and Budget

### 7.1 Cost and Budget

The Cihu Industrial Park land acquisition and resettlement headquarters, which is responsible for cost and budget, decided to have an overall budget covering the 22 households directly affected by the project and another 77 households outside of the project. (Actual cost of the resettlement is subject to changes during implementing stage)

The overall cost and budget is summarized in the table below:

Table 7-1 overall costs and budgets of 99HH

	Budget Item	Amount (Million RMB)
Land Related Compensation	Compensation for loss of collective land	50.4
	Compensation for in-ground crops	
	Compensation for land attachments (not house related)	
	Resettlement allowance	41
House Related Compensation	Compensation for houses and attachments	93.5
	Disburse money to replacement site	205
	Compensation for collective asset	37.8
	Compensation for enterprises	NA
Other Costs	Administration fee of Anhui Province	157.5
	Administration fee of Cihu industrial park	46.8
	Operational expenses	20
<b>Total</b>		<b>652</b>

*Source of data: The Cihu Industrial Park 2005*

### 7.2 Sources of Funds

In China, the government agency is the only authorized party responsible for land acquisition and compensation as well as funding the cost for the land acquisition process. The local government is responsible for establishing sufficient funds to cover all cost associated with land acquisition and compensation.

The enterprises in another hand will negotiate with the local government over the cost of land usership and make the payment accordingly. In the case of this project, the fee for the land usership will only attribute a portion of the compensation fund and the local government will balance the shortfall. Based on the discussions with the local government who claimed enjoying returns from previous project investments did not express any hardships over the financial arrangement.

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## **8. Public Consultation and Disclosure Plan**

The public consultation and disclosure plan please refer to the **PCDP report**.

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## **9. Monitoring and evaluation**

### **9.1 General**

The aim of resettlement monitoring is to ensure:

- (i) timely and effective completion of physical resettlement;
- (ii) disbursement of compensation in accordance with agreements;
- (iii) successful training and re-employment of project affected workers;
- (iv) successful replacement of income source;
- (v) pre-project living standards and income levels are sustainable restored;
- (vi) that grievances expressed by project affected people are followed up and, where necessary, corrective action is undertaken; and,
- (vii) cases of hardships are identified and, where necessary, additional support is provided.

For the CSRC Maanshan project, primary responsibility for monitoring will rest with the implementing agency Cihu Industrial Park. The Park, Township and village council will undertake continuous monitoring of project-affected people from preparation stages through physical resettlement and livelihood restoration. Any required corrective actions will be undertaken by the village council, Township, Park or CSRC Maanshan itself.

### **9.2 Monitoring Framework**

The monitoring framework for the CSRC Maanshan project involves two tiers:

- ◆ Monitoring by the implementing agency –Cihu township and Cihu industrial park.
- ◆ Monitoring through CSRC Maanshan External Affairs Manager.

### **9.3 Monitoring by Township and Park**

Township and Park monitoring activities are described below:

- ◆ Performance against Resettlement Action Plan (RAP);
- ◆ Restoration of Living Standards ;
- ◆ Restoration of Income and Livelihood;
- ◆ Levels of PAP satisfaction;
- ◆ Consultation and Grievances .

### **9.4 Monitoring by CSRC Maanshan External Affairs Manager Office**

The role of CSRC Maanshan external affairs manager office is to facilitate the flow of information between the resettlement implementing agency (Township and Park) and CSRC Maanshan. Part of this role will include monitoring progress of resettlement and compliance with IFC standards. Monitoring responsibilities will include:

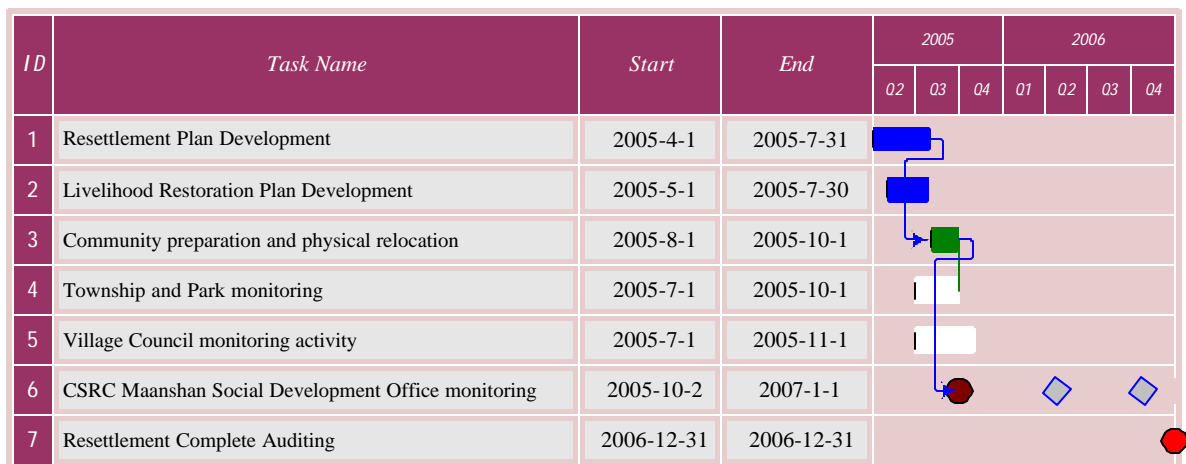
- (i) liaison with Township and Park to review and report progress against the Resettlement Action Plan;
- (ii) verification that resettlement is occurring in compliance with the Resettlement Action

- Plan;
- (iii) verification that agreed measures to restore or enhance living standards are being implemented;
  - (iv) identification of any problems, issues, or cases of hardship resulting from the resettlement process;
  - (v) through informal village head and household interviews, assess project affected peoples' satisfaction with resettlement outcomes;
  - (vi) collate records of grievances, follow-up with appropriate corrective actions have been undertaken and ensure that outcomes are satisfactory; and,
  - (vii) prepare brief semi-year progress and compliance reports for the responsible Director and IFC.

### 9.5 Monitoring Program

Timing for monitoring activities is summarised in Figure 9-1.

Figure 9-1 Monitoring Program



CSRC Maanshan will carry out semi-yearly internal monitoring until it was illustrated that the livelihood of those project affected people had been fully resorted.

**Practical completion** of resettlement shall be achieved at such time as the Internal Monitor indicates that full livelihood restoration has been completed or at 12 months following the completion of physical resettlement – whichever occurs sooner. At this time the IFC's Environment and Social Development Department shall appoint an auditor to independently confirm whether or not sustainable livelihood restoration has been achieved, or to identify any corrective actions that need to be undertaken. CSRC Maanshan, Cihu Township and Cihu industrial park shall then have three months to complete agreed corrective actions.

### 9.6 Report

Monitoring reports that will result from monitoring activities are summarised in the following table:

Summary of CSRC Maanshan Project Resettlement Monitoring Reports

Report	Frequency	Prepared By	For	Comment
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Type				
Internal Monitoring Report	Semi-yearly	CSRC Maanshan External Affairs Manager	CSRC Maanshan, IFC	5-10 page report summarising progress against the RAP, outline of any issues and agreed related actions, schedule of grievances, summary of village head and villager consultations

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## 10. Conclusion

The abbreviated Resettlement Action Plan was developed prior to any physical and economic displacement as a result of the project development. Project impact identification was carried out in the early stages of project development. The RAP was prepared based on the findings from social-economic survey and the current comprehensive livelihood restoration measures and social security system developed in the Chu Industrial Park over years of experience in land acquisition and resettlement.

The total project affected population is relatively small, in total 12 households will be affected by physical relocation, 7 households by economic displacement while 3 households will be affected both physically and economically. The Industrial Park is located close to developed urban area from where many rural people had diversified their incomes long before. It was discovered during the social-economic survey that income from agricultural activities attributed less than 26% of the total household income among those 22 directly affected households. It was also discovered from stakeholder consultations which largely involved those directly affected people that the physical relocation is regarded as positive impact of the project as it delivers an opportunity to move away from heavily populated industrial areas, given the situation that the replacement site is planned to accommodate villages from the same area and closer to urban cities and provide better access to infrastructure, health and educational services.

The abbreviated Resettlement Action Plan was developed in accordance with OD4.30 on Involuntary Resettlement to improve the affected people's former living standards and income earning capacity. It entails predicted impacts, findings from socio-economic survey and stakeholder consultations, proposed mitigation measures, implementing agencies, budget and monitoring.

Appendix

Appendix A CSRS Maanshan and adjacent villages

