A. PREFACE

1. The proposed Guangzhou City Center Transport Project (GCCTP) includes a series of related sub-projects aimed at improving the traffic management of a rapidly growing city of about 6.5 million people. The development of the Inner Ring Road sub-project in the congested city center will involve land acquisition and the resettlement of people, businesses, enterprises and public facilities. The project has developed a resettlement policy which will guide the preparation of annual resettlement action plans. The policy will be the guiding principle for all phases of the project whether Bank financed or otherwise.

2. The proposed project has been divided into several phases. The construction of the Dong Shan Kuo interchange segment, began in December 1996 using municipal financing. The proposed implementation date for the segments using municipal and World Bank financing will be in mid 1998.

B. PROJECT IMPACT

3. The proposed Inner Ring Road (IRR) will be about 26.7 km in length. The recommended alignment starts from Liu’ershan Road, along Huangsha Avenue, Nan’an Road, eastwards through Huanshi’xi Road and Huanshi’zhong Road, along Henfu Road to Yongfu Road, turns southwards to Meidong Road, Zhongshanyi Road, and then proceeds southwest to Dongshankou. There, it divides into two parts and reaches the eastern part of the planned Baogangbei Road (T13) in Haizhu district respectively through Jiangwan Bridge and Haiyin Bridge. It then continues to Industry Avenue through Nantian Road north to Renmin Bridge and then closes the loop at Liu’ershan Road.

4. The road is proposed to be completed in several phases. Detailed census have been conducted for the initial, first and second phases in January, 1996 and preliminary surveys undertaken for the third and fourth phase in February 1997. The estimated amount of total land acquisition (floor area demolition) for the IRR will be about 435,724 m². The estimated scope of resettlement will involve the following:
• residential units occupying 292,245 m² of floor space (this includes 9,123 m² of temporary structures);

• others (including shops, industrial enterprises, institutions and public facilities) occupying 147,898 m² of floor space (this includes 46,486 m² of structures with temporary permits);

• the estimated number of project affected persons (PAPs) totals 32,089.

5. The phases of the project are divided in the following manner:

<table>
<thead>
<tr>
<th>Phase</th>
<th>Resettlement (date)</th>
<th>Road Construction (start date)</th>
<th>Land/Floor Space Acquisition (m²)</th>
<th>Number of People Affected</th>
<th>Length of Inner Ring Road (m)</th>
<th>Source of Project Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial</td>
<td>05/96-07/97</td>
<td>10/96</td>
<td>49,610</td>
<td>4,669</td>
<td>2,100</td>
<td>Municipal</td>
</tr>
<tr>
<td>I</td>
<td>10/97-03/98</td>
<td>12/97</td>
<td>66,037</td>
<td>4,025</td>
<td>3,800</td>
<td>Municipal</td>
</tr>
<tr>
<td>II</td>
<td>01-06/98</td>
<td>06/98</td>
<td>95,213</td>
<td>6,138</td>
<td>5,200</td>
<td>WB Municipal</td>
</tr>
<tr>
<td>III</td>
<td>10/98-04/99</td>
<td>04/99</td>
<td>128,670</td>
<td>9,912</td>
<td>10,584</td>
<td>WB Municipal</td>
</tr>
<tr>
<td>IV</td>
<td>09/99-01/00</td>
<td>01/00</td>
<td>100,613</td>
<td>7,345</td>
<td>5,205</td>
<td>WB Municipal</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>440,143</td>
<td>32,089</td>
<td>26,689</td>
<td></td>
</tr>
</tbody>
</table>

C. POLICY FRAMEWORK FOR RESETTLEMENT

6. The Project Office of the GCCTP has been set up by Guangzhou City Government under the leadership of the vice mayor and the Urban Construction Commission of Guangzhou City. The Guangzhou Road Expansion and Engineering Office (GREEO) under the Commission has been tasked with the responsibility of preparing and implementing the resettlement policy and action plans for the project. GREEO has prepared the Resettlement Action Plan (RAP) which includes the policy framework and implementation plans. Detailed implementation plans have been prepared for Phases I and II of the IRR and updated plans for for Phase III and IV will be submitted to the Bank for approval in June 1998 and June 1999 respectively.

7. The Resettlement Policy has been developed with careful thought given to an urban setting. Its overall framework is based on the following underlying principles:

(a) PAPs will benefit from the relocation and move into better housing.

(b) PAPs and businesses will receive rehabilitation assistance to help them adjust to their new environment.

(c) Resettlement of PAPs and businesses should be based on sound urban planning and development strategies.
Objectives and Principles of Resettlement

8. The main objectives of the resettlement are to ensure that the project affected people will get fair compensation for all the loss of their assets and share the benefits of the project through satisfactory resettlement and proper rehabilitation, and that their income, production and business capacity, and standard of living level will be improved, or at least restored to their former levels. The main principles on which the RAP will be implemented are as follows:

(a) Resettlement will be minimized as much as possible. The design of the alignment of the Inner Ring Road will be modified appropriately to avoid the densely populated districts, multi-storied and high-rise buildings, and to reduce the affected range of land acquisition and demolition.

For example, the selection of Nantian Road instead of T13 Road reduced the number of PAPs by half for that particular stretch of the proposed Ring Road; 3,026 PAPs were reduced to 1,543 affected persons.

(b) Compensation for structures will be provided at replacement cost and without depreciation. All payment and/or compensation contracts will be made prior to land and housing acquisition. The specific compensation standards set in the RAP for each phase will be adjusted according to the current price index of the respective phase.

(c) The new residence will have generally larger living spaces than the present space and will be provided with kitchen, bathroom and balcony and the basic facilities of water supply, electricity, and garbage removal. The buildings will be constructed with reinforced concrete structure. All the necessary facilities--schools, hospitals or clinics, markets/supermarkets, and other retail and service stores, convenient transportation--will be planned for the resettlement sites.

(d) The affected shops, enterprises and institutions will maintain the original scale and function of their buildings after resettlement. The former business environment will be rehabilitated as far as possible. The loss due to temporary closing and disruption of business will be compensated. Workers would be provided allowances equivalent to their wages for the period of closure of their enterprises.

(e) While acquiring collective land all the loss will be compensated as stated. The compensation payment will be paid to the respective production teams for developing collective economic activities and cannot be diverted for any other purpose.

(f) The creation of new employment opportunities will be facilitated at the new sites so that PAPs who choose to change or seek new jobs can have
the opportunity to do so. The responsibility of the resettlement will be transferred in time from resettlement organizations to the neighborhood committees at the new locations.

(g) The vulnerable groups (households of elderly living alone, widows, single-parent, disabled and the chronically ill, and the poor) will be given special favorable policies such as lower housing management fee, lower floors and at closer locations.

(h) As much as possible, PAPs will be moved by groups (e.g., by unit, building and street) to the same location so as to keep the original grouping complete and intact in order to facilitate social adjustment.

(i) Transportation assistance and moving expenses will be provided. Discussions will be held with housing developers and the municipal public transport departments to request additional bus routes and vehicles from resettlement sites to the city center.

(j) The resettlement, rehabilitation and compensation activities will be closely monitored and supervised. PAPs will be consulted and encouraged to participate in all the process of the resettlement. Prior to negotiation and signing of the contracts for moving, PAPs will be invited to visit the resettlement sites and select from several options.

(k) Special procedures and mechanism will be established to respond to the grievances of the affected persons. Information pamphlets will be distributed and a hot line will be set up.

Legal Framework

9. The Policy and RAP have been prepared in accordance with the laws, regulations and guidelines for land acquisition and resettlement of the People’s Republic Of China, Guangdong Province, and Guangzhou Municipality. They have also incorporated guidelines from the World Bank’s Operational Directive 4.30 on Involuntary Resettlement.

The relevant national, provincial and municipal laws and regulations are the following:

- Land Management Law of People’s Republic of China
- Implementation Measures of Guangdong Provincial Land Management
- Compensation Standards of Agricultural Land Acquisition in Guangzhou
- Regulations of Urban Housing Resettlement Management
- Guangzhou City Ordinances of Urban Housing Resettlement Management
- Implementation Details of Urban Housing Resettlement Management and Compensation
- Regulations of Urban Housing Resettlement Management and Compensations
- Regulations of Overseas Chinese-Owned Urban Housing Demolition Affected in Land Acquisition for State Project in Guangdong Province
- Temporary Measures of Land Acquisition for Traffic Infrastructure Construction in Guangdong Province

Compensation and Rehabilitation

10. Compensation and resettlement packages will be based on the following categories of project impacts identified through the census survey:

   (a) Residential households
   (b) Shops and businesses
   (c) Institutions/organizations
   (d) Public and cultural facilities
   (e) Industrial enterprises and factories
   (f) Public utilities and infrastructure
   (g) Rural production teams and farmers

11. Each category has various sub-categories which are briefly discussed in the paragraphs below. Detailed information and compensation amounts are provided in the Policy and RAP.

   a) Residential Households

   i. Owners and renters will be entitled to housing resettlement, rehabilitation and other appropriate compensations, such as temporary relocation fee if temporary relocation takes place, transportation fee, and compensation for house facilities. Compensation for flower gardens, courtyard and other attachments will be given to owners. Renters will maintain their original housing standards. For housing whose owners are overseas Chinese, the project will be responsible for resettling the renters. For housing with domestic owners, the owners will be responsible for resettling the renters and they cannot cancel the lease with their renters. Renters will be assisted to find suitable market-rent housing if they do not wish to keep their lease with the owners, but they will not be entitled to low-rent housing any more; moving and transportation fees will be provided.
ii. **Persons without residence registration certificates** of Guangzhou will be considered as affected persons. Those who are living with residents holding residence registration certificates will move with them. Those who are living in housing arranged by their working units will be resettled in the resettlement housing compensated to their working units. Those who are living in temporary housing or structures constructed without building permits arranged through their working units will be resettled by the units themselves and supervised by the project to ensure proper resettlement. Those who rent housing at market rent will be compensated. Owners of these places will be compensated and the affected renters can choose whether to keep their lease with the owners or not. If renters can not find suitable housing by themselves, GCCTPO and GREEO will be responsible for helping them to find housing of similar quality and rent.

iii. **All PAPs** will get assistance to register their children in the schools located at their new locations or school transfer fees. GREEO will send trucks and staffs to help PAPs who are unwilling to accept the relocation fee and move by themselves. PAPs will be given two days holiday by their working units for the move and receive two days’ wages.

iv. **PAPs from vulnerable groups** will receive additional entitlements such as closer resettlement sites and larger living space. The households with the old above 65 years old, sick or disabled will be relocated in the houses with less than 5 floors. PAPs from poor households will be given priority of living on the first floor and will be permitted to open stores to earn their own living.

b) **Shops and Businesses**

i. **In affected shops with legal titles** owners and renters are entitled to appropriate resettlement compensation in cash or kind, rehabilitation and other relevant compensations, such as compensation for loss of business due to closing, for loss of profits due to moving and moving expenses. For business that have to close, compensation will be provided for wages of staff, payments of retired staff, welfare funds, and after-tax profits. Owners will be compensated for loss of rent during the period of resettlement. Renters will be given several options: find their own locations; select from several resettlement sites; for those to be resettled in new commercial buildings, use shops provided on a temporary basis while waiting for the construction of new commercial buildings, or if possible continue in the affected area until the demolition date approaches and move to a new building. Shops will be given at least two months of preparation time before moving. One of the principles used in the relocation of shops will be to maximize their business potential based on consumer distribution and demand.
ii. *Temporary structures and shops* with contract period remaining will receive compensation and rehabilitation assistance. Shops with fixed duration contracts which include a provision for dismantling the structures on completion of the contract will not be compensated beyond the expiration of their existing contracts. The project will provide compensation to any shops being forced to close before expiration of their contract. Renters will be compensated in kind and be given priority to rent shops in other markets in the city at a 10% discount in rent. Another option will be to rent shops in temporary structures built on residual land along the IRR. In addition, they will receive compensation for loss of business due to relocation and moving expenses.

iii. *For shops built without legal permits* users will receive similar compensation as temporary structures and shops (see above).

c) **Institutions/Organizations**

The impact on institutions will be such that no institution will be totally relocated. It will either be partially affected or a whole unit within the larger institution will be moved.

i. *For independent units within the institutions*, the same respective standards as above will apply if the affected units are residences, businesses, public facilities or infrastructure.

ii. *For partially affected institutions*, compensation with no depreciation will be paid according to the impact and based on similar principles as above, e.g., for affected real estate and/or loss of business due to closing.

d) **Public and Cultural Facilities**

This category includes kindergartens, commune hospitals, traditional medical practices, and units such as post offices, grain shops, coal shops and neighborhood committee offices. Special measures will be taken to minimize the demolition and, if impossible, the influence of the demolition of public and cultural facilities as the impact extends to people using these facilities. If deemed necessary by the PAPs in their new locations, similar public and cultural facilities for the new communities will be set up. The business aspect of these facilities will be compensated according to the principles set for business above.

e) **Factories and Enterprises**

This category includes factories and enterprises which will be entirely relocated. Their original assets, such as land, housing, road, communications, power supply, etc., will be compensated at replacement cost or restored to their original scales. The original organizational structure will be restored to ensure employment of the
staff. The project will provide relocation fees. They will also receive compensation for loss of use of equipment and their reinstallation costs and fees. Loss of production due to relocation will be also be compensated.

The project will resettle the factories and enterprises to the new industry zones according to the overall arrangement plan of Guangzhou City. The project will ensure transportation, power supply, gas supply and sewage, which are necessary for production, and that the production cost of the enterprises will not increase due to relocation.

f) **Public Utilities and Infrastructure**

All public utilities and infrastructure will be restored to their original service scale. Communication, power supply, water supply, gas pipelines will be adjusted and restored to non PAPs in the area before demolition of designated structures. Drainage facilities will be kept or reconstructed in the process of road construction by the project. Work on public utilities will be undertaken by the relevant utility companies under the coordination of GREEO. The cost for public utilities will be included in the overall resettlement costs. Trees and greening will be compensated to units/owners at replacement cost. Road and transport facilities will also be restored by the project.

g) **Rural Production Teams and Farmers**

Land acquisition of farm land will be required not for the road construction but for the development of housing for resettlement. The amount of land acquired will be in several small parcels totaling about 165.8 mu. Acquisition of farm land will not cause the physical relocation of farm families but will affect the loss of some agricultural land and crops. All property loss of the affected rural production teams and farmers will be compensated by the project as indicated below. Also jobs will be created for the workers in affected rural enterprises. The local government and village administration will be responsible for coordinating and implementing the resettlement in the rural areas; the project will closely monitor the activities.

i) **Land and assets**

- The compensation for agricultural land, standing crops, water supply facilities and other agricultural assets will follow the provincial and national regulations as stipulated in the Policy document in Section 5.

- Housing and other structures of the rural production teams in the villages will be compensated according to the regulations mentioned above. The village administration will be responsible for coordinating and implementing the resettlement of owners with rural residence registration.
Normally, the local government will reallocate land nearby for new housing construction.

- For owners with urban residence registration certificates, the resettlement policies of the project will apply (refer to paragraph 11a on residential households above).

- Enterprises belonging to individual farmers and rural production teams in the villages will be resettled and compensated according to the stipulations stated for the project (see paragraph 11e on factories and enterprises above).

ii) **Job creation**

- The project will strive to maintain the original ratio of labor of the affected rural production teams over land, to ensure that the living standard of the farmers is not adversely affected.

- The project will create jobs for the labor who become superfluous due to land acquisition. Jobs will be created for men with ages ranging from 16 to 55 and women from 16 to 45.

- The project will pay old age pension to men older than 55 and women older than 45. For Phase I and II the pension equivalent to the labor resettlement subsidy of 30,000 yuan per person will be given to the farmers through township governments.

- The project will pay for training of the superfluous farmers to enable them to do non-agricultural work.

iii) **Superfluous labor.** According to stipulations of Guangzhou municipal policies, the project will reserve 8% of the acquired land for the rural production teams to develop non-agricultural production which will absorb the superfluous labor. For Phase I and II the project will pay labor resettlement subsidy of 30,000 yuan per worker to the rural production teams which can absorb the superfluous labor. Farmers who have skills can find jobs themselves if they choose to (such as working for cooperative ventures, joint ventures and foreign-funded enterprises); they will also receive a one-time subsidy of 30,000 yuan per person.

**Consultation and Participation**

12. The affected people will be consulted and encouraged to participate in all the process of the resettlement. Affected people living along the proposed route were informed about the project at an early stage. They have or will participate in census surveys and standard of living surveys to be undertaken by the Census Unit and the Independent Monitor Office from Guangzhou Academy of Social Sciences. Prior to
negotiation and signing of the contracts for moving, people will be invited to visit the resettlement sites and select from several options. In summary, the affected people will or would have participated in the following activities:

- information dissemination at the beginning of the project through public meetings, newspaper and TV
- census surveys
- standard of living surveys before and after the move and at the end of the project
- public meetings before the move
- visits to resettlement sites before signing of contracts
- distribution of resettlement information brochures
- grievance offices set up and operational two weeks before contract signing
- telephone hot line established
- mailbox set up for inquiries and complaints
- public meetings after the move
- standard of living surveys one year after the move

**Grievance Procedures**

13. No major grievance issues are expected to arise due to widespread activities of participation and consultation during the entire project period. However, to more adequately protect the legal rights of the PAPs, a grievance mechanism will be set up so that they will have avenues for redressing their grievances related to any aspect of the resettlement. The mechanism is designed to be easy, accessible, transparent, fair and effective. The purpose is to solve grievances effectively at the project level without resorting to complicated formal channels, so that the progress of the project will be more effectively ascertained.

14. A Grievance Acceptance Group will be set up under the Independent Monitoring Office (IMO). It will be composed of 5 members from the participating agencies and the director of the IMO will head the group. The detailed procedures for redress of grievances and the appeal process have been developed and will be widely publicized during the participation and consultation meetings and included in the resettlement information brochure to be distributed to all affected persons before the move.
Monitoring and Evaluation

15. In order to ensure that the implementation of resettlement and rehabilitation will be carried out in accordance with the provisions of the RAP, internal as well as independent monitoring will be carried out. The internal monitoring will be undertaken by the GCCTPO, following a set of indicators, to ensure that all the responsible units follow the schedule and comply with the provisions of the RAP. The purpose of this monitoring mechanism is to maintain the satisfactory functioning of the resettlement organization during the implementation process. The internal monitoring reports will be submitted to the World Bank every 6 months during the resettlement implementation.

16. An independent monitoring group from the Guangzhou Academy of Social Sciences will monitor and assist the responsible resettlement organizations in achieving the objectives of the RAP as well as to ensure that the PAPs take an active part in the process of their own rehabilitation. The IMO will undertake the independent monitoring of the resettlement component to observe: a) the functioning of the resettlement network including the GCCTPO; and b) the adjustment of the PAPs to their new locations. The IMO will be responsible for conducting the evaluation of the implementation process and the measurement of the standards of living of the PAPs. Monitoring reports will be submitted to the GCCTPO every 2 months and to the World Bank every 6 months by the IMO during resettlement implementation.

Institutional Arrangements

17. The Guangzhou City Center Transport Project Office (GCCTPO) is in charge of the overall project while the Guangzhou Road Engineering Expansion Office (GREEO) is responsible for resettlement. Together, they have produced the policy framework and the resettlement plans. GREEO has been involved in resettlement activities for road construction for the past 18 years and has gained much experience over the years. For this project, it has adapted its resettlement framework to fit Bank requirements. GREEO plans to use the policy framework produced under the project for all future resettlement activities in the city of Guangzhou.

18. The main agencies involved in the various stages of resettlement activities include:

- Guangzhou City Center Transport Project Office (coordination and internal monitoring)
- Guangzhou Urban and Rural Construction Commission (resettlement funding)
- Guangzhou Road Engineering Expansion Office (Resettlement Action Plan preparation and implementation)
- Guangzhou City Planning Bureau (issuance of planning license for land use)
Land Acquisition and Resettlement

- Guangzhou City Land and Housing Administrative Bureau (issuance of license for land use)
- Guangzhou City Labor Bureau (issuance of license for job creation)
- Guangzhou Academy of Social Sciences (independent monitoring)
- Research Center of Marketing, Economic and Population Development, Zhongshan University (census survey)
- Utility companies (work on public utilities under the coordination of GREEO)

**Costs and Financing**

19. The cost for the RAP implementation will be part of the overall budget of the GCCTP. It will be counterpart funding from the project and will come from the Guangzhou Urban and Rural Construction Commission under the Municipal Government. The total estimated cost for the four phases of GCCTP resettlement is about 3 billion yuan (see table below).

<table>
<thead>
<tr>
<th></th>
<th>Phase I</th>
<th>Phase II</th>
<th>Phase III</th>
<th>Phase IV</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Housing in resettlement sites</td>
<td>234,512,307</td>
<td>343,071,277</td>
<td>646,579,540</td>
<td>571,708,160</td>
<td>1,795,871,284</td>
</tr>
<tr>
<td>2) Compensation for industrial enterprises and temporary structures</td>
<td>8,650,580</td>
<td>8,572,760</td>
<td>0</td>
<td>0</td>
<td>17,223,340</td>
</tr>
<tr>
<td>3) Utility Relocation</td>
<td>34,435,705</td>
<td>172,998,096</td>
<td>132,808,899</td>
<td>90,346,393</td>
<td>430,589,093</td>
</tr>
<tr>
<td>4) Compensation (e.g., for business disruption, wages, moving, etc.)</td>
<td>57,635,155</td>
<td>77,016,770</td>
<td>125,738,614</td>
<td>47,081,668</td>
<td>307,472,207</td>
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<tr>
<td>Sub-total</td>
<td>335,233,747</td>
<td>601,658,903</td>
<td>905,127,053</td>
<td>709,136,221</td>
<td>2,551,155,924</td>
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<tr>
<td>5) Inflation (5.8-5.5%)</td>
<td>0</td>
<td>14,998,082</td>
<td>52,546,493</td>
<td>41,264,637</td>
<td>108,809,212</td>
</tr>
<tr>
<td>Sub-total</td>
<td>335,233,747</td>
<td>616,656,985</td>
<td>957,673,546</td>
<td>750,400,858</td>
<td>2,659,965,136</td>
</tr>
<tr>
<td>6) Contingency (5-10%)</td>
<td>16,761,687</td>
<td>30,832,849</td>
<td>95,767,355</td>
<td>75,040,086</td>
<td>218,401,977</td>
</tr>
<tr>
<td>Sub-total</td>
<td>351,995,434</td>
<td>647,489,834</td>
<td>1,053,440,901</td>
<td>825,440,944</td>
<td>2,878,367,113</td>
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<tr>
<td>7) Administrative fees 3%</td>
<td>10,559,863</td>
<td>19,424,695</td>
<td>31,603,227</td>
<td>24,763,228</td>
<td>86,351,013</td>
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<tr>
<td>TOTAL YUAN</td>
<td>362,555,297</td>
<td>666,914,529</td>
<td>1,085,044,128</td>
<td>850,204,172</td>
<td>2,964,718,126</td>
</tr>
</tbody>
</table>

20. The respective agencies involved in resettlement would receive an administrative fee based on municipal regulations. The cost estimate would be adjusted annually based on actual inflation rate for the past year. Physical contingencies of 5 to 10 percent of the
cost estimates have also been budgeted for. The Guangzhou Urban and Rural Construction Commission would be responsible for the provision of adequate funds to undertake the RAP implementation and for financing cost overruns, if any.