

World Bank-financed Project

World Bank-financed Gansu Revitalization and Innovation Project

Social Management Policy Framework (Updated for 2nd Disclosure)

Gansu Financial Holding Group Co., Ltd. (GFHG)
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Abbreviations

AH	-	Affected Household
AP	-	Affected Person
ARAP	-	Abbreviated Resettlement Action Plan
BP	-	Bank Procedure
EMDP	-	Ethnic Minority Development Plan
FGD	-	Focus Group Discussion
GFHG	-	Gansu Financial Holding Group Co., Ltd.
HD	-	House Demolition
IPPF	-	Indigenous Peoples Policy Framework
LA	-	Land Acquisition
M&E	-	Monitoring and evaluation
OP	-	Operational Policy
PMO	-	Project Management Office
PRC	-	People's Republic of China
RAP	-	Resettlement Action Plan
RDD	-	Resettlement Due Diligence
RPF	-	Resettlement Policy Framework
SA	-	Social Assessment
SMP	-	Social Management Plan
SMPF	-	Social Management Policy Framework
TORs	-	Terms of Reference

Units

Currency unit	=	Renminbi (RMB)
1.00 yuan	=	\$0.15
1 hectare	=	15 mu

1. Introduction

1.1. Background of the Component

The Line of Credit Component 1, Increased Access to Financial Services for MSEs (hereinafter, the “Component”) of the World Bank-financed Gansu Revitalization and Innovation Project aims to support private sector development through the provision of financing for new or existing MSEs engaged in the cultural, tourism, and creative industries. The component also seeks to support the creation of a sustainable credit market for MSEs by demonstrating the financial viability of the cultural, tourism, and creative sectors and by supporting the recently established provincial holding company to serve as a wholesale vehicle for meeting the demands of the underbanked segments in Gansu and for spurring financial innovation.

The project aims to create employment and improve livelihoods for lower-income urban and rural residents in Gansu. It comprises three components: (i) providing increased access to financial services for MSEs in the cultural, tourism, and creative industries; (ii) urban-rural regeneration by targeted interventions in infrastructure and public services and support for

The main purposes of this Social Management Policy Framework (SMPF) are as follows: 1) learning the expectations and needs of the groups affected or to be affected by the Component through a systematic survey, thereby helping the owner take a series of approaches and measures in project design and implementation to ensure the extensive and informed participation of these groups, especially the poor, women, minority residents and APs who are most likely to be ignored, win their support, and enhance their opportunities of benefiting from the Component; 2) helping improving the design of the Component, so that individuals and groups most likely to be directly affected by the Component participate in project activities effectively; 3) establishing an SMPF to avoid or mitigate adverse impacts on local entities and individuals, ensure the successful realization of the objectives of the Component and improve its social benefits; and 4) analyzing the Component’s key social impacts (positive impacts and potential risks) on this basis, and proposing an outline for the Social Management Plan to lay a foundation for the implementation of the Component, and its subsequent M&E.

The planned investment in the Component is \$150 million, including a Bank loan of \$50 million and domestic counterpart funds of \$100 million from participating financial institutions (PFIs), including Bank of Gansu. Loans include small-amount loans (\$50,000-500,000) and micro loans (<\$50,000), accounting for around 60% and 40% respectively. Most loans are expected to be around US\$125,000.

1.2. Scope of the Component

IBRD financing will be on-lent to the Gansu Finance Holding Group (GFHG). Established in 2016, GFHG is the wholesale financial intermediary and the provincial project management office (PPMO) for this component. Through a subsidiary agreement, GFHG will extend to PFIs a line of credit to co-finance sub-loans to eligible MSEs in the cultural, tourism, or creative industries in Gansu Province. At this time, Bank of Gansu (BoG) has been qualified and selected as the first PFI after meeting compliance indicators with regulatory requirements reflective of capital adequacy and asset quality and following a call for expressions of interest. An allocation of US\$25 million is committed to BoG, which leveraged US\$50 million from BoG. The remaining IBRD unallocated amount (US\$25 million) will be used to partner with additional PFIs through subsequent expressions of interest using transparent selection criteria. Success with the first PFI in terms of sub-loans co-financing is expected to generate interest among subsequent qualified PFIs, with the expectation that co-financing of MSE sub-loans would reach at a minimum ratio of 1 (IBRD):2 (PFI). GFHG will support interested PFIs through outreach and technical assistance and may contribute its own funds in subsequent rounds of allocations.

This component will only finance a positive list of micro and small enterprises (MSEs) on cultural, tourism and creative industry sectors, that fall under Environment Assessment (EA) Category C or

B. Relevant capacity building and technical assistance, e.g., business start-up advisory service to MSEs, impact evaluation and capacity building to GFHG, will be provided under Component 3 to ensure synergy, success and sustainability. The component will support the following activities:

To ensure financing along the whole value chain, 40 percent of the financing under this component (that is, US\$60 million equivalent) will be targeted toward the micro sector with a single credit limit of US\$50,000. The remaining financing under the component will provide credits to small enterprises, with most credits around US\$120,000. The component will increase the tenor of the average maturity for the MSE sector from the present one year to two years, corresponding to the need for longer-term financing identified in the market demand survey. A minimum of 40 percent of the component will finance interventions in project areas of Tianshui, Dingxi, Zhangye, and Jiuquan, while the remaining 60 percent may be used to finance enterprises in other prefectures of Gansu. The component is expected to create a minimum of 3,300 permanent jobs (40–50 percent for women) in newly established and growing MSEs. In addition, a minimum of 10 percent of the financing is targeted toward women borrowers. Currently, less than 7 percent of small loans in Gansu are to female entrepreneurs. To ensure sustainability, capacity building for GFHG and selected PFIs, as well as business startup advisory services for MSEs, will be provided under component 3.

Gansu Financial Holding Group (GFHG) will be the Project Management Office (PMO) as a wholesaler with full fiduciary and safeguards responsibility of the Component. Bank of Gansu and other PFI will be responsible for implementation.

1.3. Social Impacts Related to Project Activities

The Component will provide small-amount credit support to interested persons in the project area for them to deal with culture and tourism operations, and build culture and tourism into local pillar industries, thereby promoting the economic development of Gansu Province. Therefore, the Component will generate positive social and economic benefits, and will not cause serious social risks.

- 1) The Component will promote the development of the cultural, tourism and creative industries of Gansu Province, and local cultural heritage and innovation.
- 2) The Component will increase the scale and number of small and micro enterprises, and promote industry upgrading and the transfer of surplus rural labor to nonagricultural sectors.
- 3) The Component will provide a financing channel to individual debtors to solve their shortage of working capital, create opportunities for their business startup in the culture and tourism industries, and increase the income of low-income population.
- 4) The Component will establish an exemplary small-amount loan pattern for the culture and tourism industries.

In addition, due to the special nature of the Component, the amount and number of loans granted are limited, so that not all local residents can benefit. Therefore, there may be some potential social impacts on local residents, such as:

- 1) The implementation of the Component may encounter organizational obstacles. The PMO at GFHG is responsible for coordination and supervision, and Gansu Bank for loan granting. Since GFHG and Gansu Bank are at the same level, there may be obstacles in coordination.
- 2) Loan thresholds are too high to realize effective poverty alleviation. Since low-income population has no collateral or guarantor, they may be unable to apply for loans. In this regard, the Component will possibly exclude low-income population.
- 3) Informed participation in risk sharing is inadequate. The past local practice of loan granting is joint guarantee of 5 households for individual debtors, where if any debtor cannot repay its loan timely, the 5 guaranteeing households will repay the loan for it, though they do not benefit.
- 4) Terms of loans are short, while payback periods in the culture and tourism industries are long, posing risks to the bank, and restricting the development of small and micro enterprises.

1.4. Purpose of this SMPF

Since the design of the component follows a framework approach, a Resettlement Policy Framework (RPF)-the policy document directing future LA, HD and resettlement activities, has been

prepared. Additional and Operational Manual (OM) including an Environmental and Social Management Framework (ESMF) has also been prepared.

In addition, since 40% of funds under the Component will be invested mainly in the 8 counties / cities under the 4 prefecture-level cities along the Silk Road, with the remainder invested in other counties / cities in the project area, some minority habitats may be involved, and may fall into the Bank's Policy on Indigenous Peoples. Thus, an Indigenous Peoples Policy Framework (IPPF) will be prepared to direct the preparation of the EMDP.

The Social Management Policy Framework (SMPF, including the RPF and IPPF) is developed to ensure that all measures are taken to avoid or minimize social impacts in all project activities funded by the Bank and domestic counterpart funds. Unavoidable impacts will be identified according to the applicable Bank policies, and PRC laws and regulations, and necessary mitigation measures developed and implemented.

The SMPF establishes the objectives, procedure, organizational framework and implementation arrangements for identifying and managing potential social impacts arising from project activities, and public participation and grievance redress mechanisms, and covers the screening tools of social impacts proposed for all components.

Project activities have been screened preliminarily for social impacts. See Appendix 1.

Since the Component is still at the proposal preparation stage, its social impacts will be further identified and detailed after its scope is defined. See Table 1-2.

Remarks:(1) If 1-6 items of the screening conditions (which are negative indicators for this project) are triggered, the project is considered as a subsequent alternative; (2) Priority will be given to project implementation support and sponsorship if 7-10 of the screening criteria are triggered (being a positive indicator of the project); The more the corresponding number is driven, the greater the degree of support.

Table 1-1 Preliminary Identification of Social Impacts Related to Project Activities

Project	Positive impacts	Potential risks	Remarks
The Component	<p>The Component will promote the development of the culture and tourism industries of Gansu Province, and local cultural inheritance and innovation.</p> <p>The Component will increase the scale and number of small and micro enterprises, and promote industry upgrading and the transfer of surplus rural labor to nonagricultural sectors.</p> <p>The Component will provide a financing channel to individual debtors to solve their shortage of working capital, create opportunities for their business startup in the culture and tourism industries, and increase the income of low-income population.</p> <p>The Component will establish an exemplary small-amount loan pattern for the culture and tourism industries.</p>	<p>The implementation of the Component may encounter organizational obstacles. Loan thresholds are too high to realize effective poverty alleviation. Since low-income population has no collateral or guarantor, they may be unable to apply for loans.</p> <p>Informed participation in risk sharing is inadequate. The past local practice of loan granting is joint guarantee of 5 households for individual debtors, where if any debtor cannot repay its loan timely, the 5 guaranteeing households will repay the loan for it, though they do not benefit.</p> <p>There are operational risks in loan granting, so that disputes may arise between the guarantor and the debtor when the loan is repaid.</p> <p>Some borrowing small and micro enterprises are likely to go bankrupt due to external factors, and unable to repay loans on schedule. For example, farmhouses are usually located remotely, and are affected by traffic and weather conditions greatly; road freezing in winter and flooding in summer will prevent tourists from visiting farmhouses, thereby reducing their income and ability to pay greatly.</p> <p>Many small and micro enterprises, and individuals dealing with culture and tourism operations have a strong demand for small-amount loans, but the amount and number of loans available under the Component may be insufficient.</p> <p>Due to the inadequate coverage of public participation and the insufficiency of publicity, not all target customers in the project area can receive loan information, and some of them may be unable to borrow money, thereby further increasing the wealth gap.</p> <p>Terms of loans are short, while payback periods in the culture and tourism industries are long, posing risks to the bank, and restricting the development of small and micro enterprises.</p>	

Table 1-2 Summary of Social Impact Screening Conditions of the Component

No.	Screening condition	Yes	No	Impact	Bank policy involved if yes
1	Does it involve the permanent acquisition of rural collective land?			mu	OP/BP4.12 Involuntary Resettlement
2	Does it involve the temporary occupation of rural collective land?			mu	OP/BP4.12 Involuntary Resettlement
3	Will the land use be changed?			mu	OP/BP4.12 Involuntary Resettlement
4	Does it involve HD?			m ²	OP/BP4.12 Involuntary Resettlement
5	Do you belong to high-income (annual income over 1 million yuan) population?				
6	Does it involve minority traditional culture, clothing or handicrafts (if yes, please answer the following questions; if no, skip to Q7)?				OP/BP 4.10 Indigenous Peoples
	① Does it cause any objection or doubt among local minority residents?				OP/BP 4.10 Indigenous Peoples
	② Does it respect local minority cultural customs?				OP/BP 4.10 Indigenous Peoples
	③ Will it promote the local minority cultural industry?				OP/BP 4.10 Indigenous Peoples
7	Will it promote local employment?				
8	Will it promote women's employment?				
9	Is any employee with annual income of less than 15,000 yuan employed?				
10	Are local vulnerable groups (women-headed households, single-parent households, the disabled, MLS households, etc.)?				

2. Implementation Procedure of Social Management Policies

Some borrowing small and micro enterprises may involve LA, HD and resettlement when expanding, posing potential social impacts on local residents. The following procedure will be followed in the development and implementation of social impact screening, mitigation and management measures:

- Step 1—identifying physical investment activities involved in the Component, such as potential targets, site selection for investment and construction, and LA and HD for supporting facilities;
- Step 2—identifying potential social impacts in policy making and planning, such as mismatch between the total amount of loans granted under the Component and the demand of debtors, increased management costs, increased wealth gap, and impacts on minority residents, screening potential social safeguards and impacts in accordance with the PRC regulations and the Bank policies, and determining the required social safeguard documents;
- Step 3—preparing terms of reference (TORs) for the SA Report, EMDP, RAP and Resettlement Due Diligence (DDR) Report;
- Step 4—review of the TORs by the Bank according to the social safeguard policies;
- Step 5—preparing social safeguard and SA documents, and conducting discussion and disclosure;
- Step 6—approval of safeguard documents;
- Step 7—implementation, supervision, monitoring and evaluation

2.1. Identification of Potential Social Impacts

The provincial PMO and GFHG will screen social safeguard policies based on the Bank's social safeguard policies to identify the nature and scope of potential social impacts of project activities. The tools (SA, EMDP, RAP, RDD, etc.) selected for the Component depend on the nature and extent of its potential impacts. Since professional skills are needed to assess the expected social impacts, the PMO will appoint qualified social experts and consultants to assist with this task.

The PMO and their social safeguard experts will screen the Component together to identify the applicable PRC laws and Regulations, and Bank safeguard policies, and safeguard tools to be prepared (SA, EMDP, RAP, RDD, etc.). Appendix 1 gives a guide to preliminary screening for identifying the above issues.

The screening results will be used to identify the type of safeguard documents required for each component.

Social safeguard screening

The PMOs will screen all components for social impacts, including: 1) mode of LA, and due diligence on acquired land or ongoing LA and HD activities (usually 3-5 years in advance); 2) necessity of LA (if any), and population affected by involuntary resettlement (permanent and temporary); 2) if the Component is in a minority habitat, and its impacts on ethnic minorities; and 4) impacts on vulnerable groups and social gender. The PMOs will use the screening tools set out in Appendix 1 to determine the severity of such impacts and identify social safeguard documents to be prepared.

In addition, consideration should be given to social gender during project preparation and implementation. Social fairness and gender equality will be promoted through extensive, equal participation, and consultation with local enterprise managers and workers (including affected local female workers). Particular attention should be paid to the participation of ethnic minorities and vulnerable groups (including women). Sensitivity to social issues should be maintained during LA, resettlement, and employment assistance for enterprises (if any). Equal participation and social gender sensitivity will be reflected in project activities, such as capacity building, consultation, compensation, and livelihood restoration.

Social safeguard documents

The social safeguard documents of the Component depend on its impacts:

- SA Report: If any major social impact is expected to arise, such as difficulty of repayment on schedule, increased wealth gap, inadequate debtor or guarantor participation or identification, increased social management costs, and environmental pollution, an SA report should be prepared.
- EMDP: If the Component involves any minority habitat, an EMDP will be prepared.
- RAP: If more than 200 persons are affected by LA and HD, an RAP should be prepared, otherwise an ARAP should be prepared.
- DDR: If LA and HD activities have begun, due diligence will be conducted, and a corresponding report prepared.

2.2. Preparation of TORs

After the social safeguard screening has been completed, the PMO will submit a full safeguard screening table and required social safeguard documents to the Bank for review.

After confirmation by the Bank task force, the PMO will prepare TORs for the RAP, SA Report and RDD Report with the assistance of the social consultants.

If the Component involves LA and HD, OP/BP4.12 will be triggered, and a full RAP or ARAP prepared. If the affected population exceeds 200, a full RAP should be prepared. If the affected population is less than 200 and they are affected slightly (not losing all residence and resulting loss of productive assets less than 10%), an ARAP should be prepared. Once a full RAP is to be prepared, the PMO will develop TORs with the assistance of experienced social experts. A full RAP should be based on accurate social survey results and include measures to mitigate negative impacts from resettlement (e.g., compensation for land, buildings and other assets, assistance during the transition period, assistance in livelihood restoration). In order to ensure that necessary resettlement measures will not replace or restrict the use of resources and assets before project implementation, resettlement activities should be implemented together with the project investment plan. See Chapter 3 for the main tasks of SA, Appendix 3 for the outline of the SA Report; Chapter 5 for the RDD policy framework, and Appendix 4 for the outline of the RDD Report.

If the Component will be implemented in any minority habitat, OP/BP 4.10 will be triggered, an EMDP prepared, and experienced social experts engaged to provide technical assistance. See Appendix 7.

2.3. Bank Review of TORs

The TORs of the RAP, SA Report, DDR Report and EMDP will be reviewed and confirmed by the Bank. The Bank's social safeguard experts will pay a site visit to further identify social risks and confirm or improve the TORs.

2.4. Preparation of Safeguard Documents, Negotiation and Disclosure

Preparation of safeguard documents

Once the screening and documentation requirements are accepted by the Bank and confirmed by the government, the project developer will prepare detailed safeguard documents and develop impact mitigation measures with the assistance of GFHG.

Before the finalization of the safeguard documents, they should be released timely at places that can be reached by primary stakeholders, and in forms and languages that they can understand. Particular attention should be paid to this to ensure that potential APs have sufficient time and obtain drafts before consultation.

For any component requiring the RAP, EMDP, SA Report and RDD Report, consultation will be conducted at least twice at the preparation stage. The scope of social issues will be identified at the beginning of preparation of the safeguard documents, and consultation on preliminary results conducted before the finalization of the safeguard documents.

All the above safeguard documents and the SA Report to be submitted to the Bank should include Chinese and English versions.

Discussion and disclosure

The level of public consultation and the scope of information disclosure should be consistent with the severity of social impacts of the component. The information to be disclosed should at least include the design and impacts of the component, and recommended mitigation measures. At the design and implementation stages, the above information should be updated and reported to stakeholders. Multiple disclosure modes may be used, possibly including poster, brochure, newspaper, Web and community meeting. Before consultation, all safeguard documents should be disclosed at public places accessible for APs and other stakeholders in order to lay a foundation for meaningful consultation. The disclosure and consultation mechanism should be planned and specified in the relevant safeguard documents.

Grievance redress

If any affected individual or organization thinks that it is not properly treated under the Component, a grievance redress mechanism is necessary, including: 1) a recording and reporting system, including written and oral appeals; 2) handled by persons designated by local governments; and 3) restriction on appeal handling time. This mechanism will be specified in the relevant safeguard documents. During implementation, the PMOs will perform regular M&E on the operation of this mechanism.

2.5. Approval of Safeguard Documents

2.6.

The provincial and local PMOs should review and approve the social safeguard documents in accordance with the domestic regulations.

The Bank will review and approve the social safeguard documents. The RAP, SA Report, EMDP and RDD Report should have been reviewed and approved by the Bank's social experts before the Component is approved.

2.7. Implementation, Supervision, Monitoring and Evaluation

Implementation

The project developer is responsible for the implementation of the safeguard measures at the implementation stage.

Supervision

GFHG is responsible for the implementation of the actions related to safeguard approved by the government and the Bank. The Bank's task force will visit the project area regularly during implementation for the purpose of:

- Directing and assisting in the preparation of the safeguard tools;
- Reviewing screening results, reports and safeguard documents; and
- Supervising the implementation of the safeguard tools to ensure that they comply with the Bank's policies.

M&E

The PMO will appoint qualified, experienced consultants to perform M&E to obtain key social information on the components and information on the effectiveness of the mitigation measures. For any component requiring an RAP, the PMO will appoint third party independent consultants accepted by the Bank to perform external M&E on the implementation of the RAP. External M&E

reports will be submitted to the Bank and GFHG.

3. SA Policy Framework

3.1. Purpose of the SA Policy Framework

The main purpose of SA is to identify the potential social impacts and risks of the Component and propose measures and suggestions to avoid or minimize negative impacts and enhance positive impacts.

During project preparation, needs of different stakeholders will be collected in a participatory manner so that the Component can benefit more stakeholders, promote local inclusive development, and ensure that the Component is prepared for, designed and implemented to comply with the local economic and social conditions.

3.2. Tasks of the SA Policy Framework

The SA agency will conduct identify primary stakeholders, analyze the Component's economic, environmental and gender impacts on them, and learn their detailed impacts for the Component based on the baseline survey in order to optimize the design of the Component, ensure that more extensive stakeholders participate in the Component equally, and reflect their suggestions effectively. On this basis, the main tasks of SA are:

- 1) Identifying primary stakeholders, and analyzing their needs for the Component;
- 2) Learning perceptions of potential economic, environmental and social impacts of the Component among primary stakeholders (especially vulnerable groups, women and minority residents), and identifying social risks of the Component;
- 3) Learning the perception of and satisfaction with small-amount loans among the public, and identifying and meeting relevant needs of primary stakeholders;
- 4) Proposing a social management plan to optimize the design of the Component, and promote information disclosure and public participation through extensive informed participation and consultation to avoid risks and fulfill the social objectives of the Component;
- 5) Conducting free, prior and informed participation in minority habitats (if any), and judging if it is necessary to prepare an EMDP according to OP4.10.

In addition, during public participation and consultation, the public should be made aware of the background, objectives and implementation plan of the Component, and involved in the Component by means of information disclosure, experience sharing, etc.

3.3. Preparation and Approval of the SA Report

3.4.

The Component may affect some urban and rural residents, small and micro enterprises, etc. (positively or negatively), especially women, old people, low-income population, the poor and other vulnerable groups, where the expansion of borrowing enterprises may involve LA and/or HD, and the extended implementation of the Component in all districts and counties of the 4 prefecture-level cities may involve minority habitats, such as Hui (Zhangjiachuan County), Yugur (Sunan County), Dongxiang (Yumen City) and Mongolian (Pinghushan Xiang, Ganzhou District). Thus, it is necessary to evaluate the Component's potential impacts on the APs and develop a social management plan and a public participation plan based on public consultation results.

GFHG will determine if the APs will support the Component extensively based on SA, and free, prior and informed consultation. If such support is available, the borrower should prepare a detailed SA report, in which the breadth, depth and type of analysis match the nature and extent of potential impacts of the Component. As necessary, the SA Report will include the following:

1) Stakeholder analysis

Identifying primary stakeholders, mainly including implementing agencies of the Component (Gansu Provincial Finance Department, GFHG and Gansu Bank), borrowing small and micro enterprises and individuals, etc., and analyzing their needs for and attitudes to the Component, their roles and issues in their interactions

2) Poverty analysis and strategy

Introducing the local poor population, analyzing causes of poverty, describing poverty alleviation measures, analyzing the role of the Component in poverty alleviation and needs of the poor, preventing the income gap from enlarging, and ensuring that vulnerable groups benefit from the Component.

3) Women's needs for the Component

Introducing local women, analyzing the Component's impacts on them and their needs, and preparing a gender action plan to protect their rights and interests.

4) Analyzing impacts of the Component on minority residents (if any) and their needs, judging if it is necessary to prepare an EMDP (see Section 4.2 for factors to be included in SA in minority areas).

5) Social impact analysis

Analyzing different impacts of the Component on different stakeholders, including positive impacts and potential risks, thereby identifying, controlling and avoiding social risks effectively.

6) Public consultation and participation

Improving public awareness of the Component through preliminary consultation with primary stakeholders, identifying their needs for information disclosure, and establishing a sound information disclosure mechanism to ensure that different stakeholders participate fully and equally in the planning, design and implementation of the Component

7) Social Management Plan and implementation

Proposing pertinent policy suggestions and an action plan by identifying and analyzing risks of the Component to avoid or reduce existing social risks

8) Grievance redress and M&E

Establishing grievance redress and M&E mechanisms to learn and address impacts of the Component on stakeholders, and implement the Social Management Plan properly

Approval of the SA Report

In order to determine if the Component is eligible for Bank funding, the PMO should submit an SA report that complies with the Bank's social safeguard policies to the Bank for review two months before implementation. The Component will be implemented until such report is approved, and the approved SA Report should be disclosed on local newspapers and government websites.

3.5. Institutional and Legal Framework

SA will be conducted on an objective, fair, just, democratic and scientific basis to minimize social risks and maximize social benefits.

SA will be conducted in accordance with the state, provincial and municipal laws, regulations and policies, and the Bank's social development policies, and through a whole-process, participatory and multi-perspective approach.

3.6. Principles and Framework of Public Participation

The Bank points out in its participation handbook that public participation is "a process through which project stakeholders affect and jointly control their development intervention and decision making, and related resources," to prevent primary stakeholders from being treated simply as assistance receivers, interviewees or laborers. The project implementation process is a process that motivates primary stakeholders to influence and control development actions. The realization of this process requires that more extensive stakeholders be considered in the national economy and related sectors, all stakeholders and their relations be identified and considered at all stages of the

project, and the poor have easier access to resources, especially financial resources. See Table 3-1.

Table 3-1 Principles and Framework of Public Participation

No.	Step	Role of primary stakeholder	Role of government	Role of experts	Effect
1	Issue analysis and theme establishment	Analyzing family, social and resource issues, and causes of such issues	Administrative, political and financial support	Helping primary stakeholders analyze issues, and guiding them to find out causes	Identifying true issues precisely
2	Project scope and framework	Proposing own needs, and comparing causes with own needs to establish a framework for problem solving	Studying if the government can support the proposal of primary stakeholders	Proposing technically feasible opinions to the government and primary stakeholders based on issue analysis	Matching the project scope with practical needs of primary stakeholders
3	Project planning	Establishing a project activity plan based on labor force, division of labor, season, etc.	Reviewing the relationship between primary stakeholders and government appropriations	Developing the plan together with primary stakeholders, and identifying its risks	Making plan activities suited to primary stakeholders' characteristics
4	Project implementation	Establishing an organizational system for implementation, and appointing persons responsible	Providing conditions for implementation	Technical support	Self-responsible beneficiaries
5	M&E	Monitoring activities and evaluating progress by implementers	Participating in M&E	Analyzing M&E results, and reporting to the government and primary stakeholders	Learning activity progress timely
6	Final project evaluation	Evaluating the final benefits of internal and external inputs	Participating in the evaluation process, and reviewing benefits of government inputs	Participating in the evaluation and review of benefits of inputs	Self-evaluation of benefits
Role		Decision implementer	Guarantor	Supporter	Unification of roles

3.7. Implementation Process and Financial Arrangements

Implementation process

The Social Management Action Plan and the Public Participation Action Plan should propose a specific implementation schedule for all required activities, appoint agencies responsible, and fix funding sources. At the implementation stage, GFHG will be responsible for the implementation of the two plans and take appropriate measures to enhance the Component's positive benefits and mitigate its negative impacts.

Financial arrangements

Funds needed for the implementation of the SA Report, Social Management Action Plan and Public Participation Action Plan will be from the budget, government finance and special funds of competent authorities.

4. IPPF

4.1. Purpose of the IPPF

Since the Component was started lately, and loans under the Component will be invested mainly in the 8 counties / cities under the 4 prefecture-level cities along the Silk Road, with the remainder invested in other counties / cities in the project area, some minority habitats may be involved, and may fall into the Bank's Policy on Indigenous Peoples. Thus, an Indigenous Peoples Policy Framework (IPPF) will be prepared.

This IPPF has been prepared in accordance with the applicable PRC laws and regulations, and the Bank's OP4.10 to ensure that affected minority residents receive social and economic benefits suited to their cultural customs, and measures are taken to avoid, minimize or compensate for negative impacts on minority residents.

4.2. Preparation and Approval of the EMDP

1) Identification and screening of ethnic minorities

Basis of identification: An "ethnic minority" means a unique, vulnerable social and cultural group with the following features to varying degrees:

- Self-identification as a member of a unique minority cultural group, and such feature is recognized by others;
- Collectively attached to a geographically unique residential area or ancestral estate in the project area, and to the natural resources of such residential area or estate;
- Having traditional cultural, economic, social or political institutions different from the mainstream society;
- Having a minority language different from the official language of the country or region.

Methods of identification: ① fieldwork—learning local population and ethnic composition, and identifying any minority village or habitat; ② data collection and literature review—collecting statistical yearbooks, reports, annals and other literatures reflecting local population, ethnic groups, culture, customs, etc. to learn production and living differences between ethnic minorities and the Han people

Screening: At the early preparation stage, the PMO will conduct screening to see if there is any ethnic minority in the project area or if any ethnic minority is attached collectively to the project area. In order to conduct screening, the Bank will engage qualified and knowledgeable social experts.

2) SA (factors to be included in SA in minority areas)

The breadth, depth and type of analysis match the nature and extent of potential impacts of the Component. As necessary, the SA Report will include the following:

- Reviewing the legal and institutional framework suited to minority residents on a scale appropriate to the Component;
- Collecting baseline information on the population, social, cultural and political features of affected minority communities, land and estates traditionally owned, used or occupied by them, and natural resources on which they rely;
- Identifying primary stakeholders, and drafting a detailed and culturally appropriate ethnic minority consultation procedure for all stages on the basis of the review results and the baseline information;
- Evaluating the Component's potential positive and negative impacts on the basis of free, prior and informed consultation with affected minority residents, and analyzing their relative vulnerability and potential risks;
- Determining and evaluating measures to avoid or minimize negative impacts on the basis of free, prior and informed consultation with affected minority residents, and ensuring that minority residents benefit from the Component in a culturally suited manner

3) EMDP preparation

If the Bank finds that there is any ethnic minority in the project area or any ethnic minority is

attached collectively to the project area, GFHG will conduct SA to evaluate the Component's potential positive and negative impacts on such ethnic minority and prepare an EMDP through consultation.

The PMO will determine if affected minority communities can provide extensive support to the Component based on SA, and free, prior and informed consultation. If such support is available, the borrower should prepare a detailed EMDP. As necessary, the EMDP will include the following:

- An information summary: reviewing a legal and institutional framework suited to minority residents on a scale appropriate to the Component; collecting baseline information on the population, social, cultural and political features of affected minority communities, land and estates traditionally owned, used or occupied by them, and natural resources on which they rely;
- An SA summary;
- A summary of free, prior and informed consultation: conducting such consultation at the preparation stage in minority communities for extensive community support;
- A framework document that ensures that free, prior and informed consultation is conducted with affected minority communities at the implementation stage;
- An action plan to ensure that minority residents receive culturally appropriate social and economic benefits, including measures to improve the capacity of the IAs if necessary;
- An appropriate action plan to avoid, minimize or compensate for potential negative impacts on minority residents;
- Budget and financing plan of the EMDP;
- An appropriate and understandable grievance redress procedure for minority communities, established by reference to common local judicial recourse and dispute settlement mechanisms;
- An appropriate EMDP implementation M&E and reporting mechanism, including arrangements made for free, prior and informed consultation with affected minority communities

4) EMDP approval

In order to determine if the Component is eligible for Bank funding, the PMO should submit an EMDP that complies with the Bank's social safeguard policies to the Bank for review two months before implementation. The Component will be implemented until the EMDP is approved, and the approved EMDP should be disclosed on local newspapers and government websites.

4.3. Prevailing IPPF

The EMDP should be prepared in accordance with the applicable state and provincial laws and regulations, and the Bank policy on indigenous peoples (OP4.10 and BP4.10). See Appendix 8 for the policy framework.

Both PRC and Bank policies have the same goal in respect of ethnic minorities, namely fully respecting their dignity, power, economy and culture, promoting their equality and development, and paying special attention in their economic, social and cultural development to protect their rights and interests, and improve their social and economic status.

Both PRC and Bank policies lay stress on the public participation of minority communities, and the action plan across all stages, the provision of all relevant information in a culturally appropriate manner, and the collection of comments, attitudes and expectations of minority residents to win their extensive support.

Both PRC and Bank policies emphasize that a series of measures be taken to ensure that affected minority residents receive social and economic benefits suited to their cultural customs, and measures be taken to avoid, minimize or compensate for negative impacts on minority residents.

4.4. Implementation Process

The EMDP should propose a specific implementation schedule for all required activities, appoint agencies responsible, and fix funding sources. At the implementation stage, the PMO will be responsible for the implementation of the EMDP and take appropriate measures to enhance the Component's positive benefits and mitigate its negative impacts.

4.5. Financial Arrangements

Funds needed for the implementation of the EMDP will be from the budget, government finance, special funds of competent authorities and publicly raised funds.

4.6. Public Participation and Information Disclosure

The EMDP must describe the measures taken or to be taken, enable affected minority residents to participate in the proposed project activities, conduct free, prior and informed consultation with affected minority communities, provide all relevant information in a culturally appropriate manner, and determine if affected minority communities can provide extensive support to the Component based on SA, and free, prior and informed consultation.

At the draft and final EMDP preparation stages, the PMO should also disclose the EMDP to the APs and the public at certain places and in certain languages. The draft EMDP should be disclosed at least one month before Bank review, and the final EMDP must be disclosed after the Bank approval.

During public participation and EMDP disclosure, opinions of the APs were collected for this IPPF, which was also disclosed in the project area.

5. RPF

5.1. Purpose of the RPF

Since the Component may involve LA and involuntary resettlement, the borrower has prepared the RPF, and related principles and guidelines in accordance with the Bank's policy OP4.12 to guide resettlement activities.

5.2. Objectives, Principles and Terms

This RPF is based on OP4.12 "Involuntary Resettlement" in the World Bank Operational Manual issued in December 2001, and the overall objectives are:

- Involuntary resettlement should be avoided where feasible, or minimized, exploring all viable alternative project designs;
- Where it is not feasible to avoid resettlement, resettlement activities should be conceived and executed as sustainable development programs, providing sufficient investment resources to enable the persons displaced by the project to share in project benefits;
- Displaced persons should be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.

This RPF defines the principles and objectives of resettlement, and appropriate guidelines, rights, and legal and institutional framework, compensation and restoration patterns, participation characteristics, and appeal procedure for resettlement, and is used to guide compensation, resettlement and restoration matters.

Each RAP should be based on identifiable basic information collected, and include the following aspects:

- Those whose farmland or rural houses together with housing sites is/are wholly or partly affected by the Component (permanently or temporarily);
- Urban houses wholly or partly affected by the Component (permanently or temporarily);
- Commercial facilities (enterprises and stores) wholly or partly affected by the Component (permanently or temporarily);
- Young crops and ground attachments wholly or partly affected by the Component (permanently or temporarily).

The key principles and objectives of this RPF are as follows:

- Acquisition of land and other assets, and related resettlement should be minimized where possible;
- As of the baseline survey date, all APs are entitled to restoration measures to help them improve or at least their living standard, ability to earn income and production level; the lack of legal title to asset losses does not impede their entitlement to resettlement measures;
- The resettlement measures available include: (1) residential houses and other buildings are compensated for at replacement cost free from depreciation or recovery of residual value; (2) cash or other means of compensation, such as land replacement and endowment insurance; (3) equal replacement of housing and housing sites acceptable to APs; and (4) subsidies for relocation and living;
- If APs can accept the replacement of housing, housing sites and farmland, replacements should be as close to their lost land as possible;
- The transition period of resettlement should be minimized, and restoration measures should be made available to APs at the project site before the preset starting date;
- The acquisition plan of land and other assets, and the restoration measures offered shall be negotiated with APs repeatedly to ensure minimum interference; APs will be empowered before the preset starting date;
- The existing community service and resource levels should be maintained or improved;

- Whenever and wherever necessary, financial and material resources for resettlement and restoration must be available; the budget in the RAP should include contingencies;
- The institutional and organizational arrangements should ensure that assets and resettlement are designed, planned, consulted and implemented effectively and timely;
- The implementation of the RAP shall be supervised, monitored and evaluated effectively and timely.

5.3. RAP Preparation and Approval

The preparation and implementation of the RAP (including the payment of all resettlement costs) will be the responsibility of the borrower. The Provincial Departments of Culture and Finance are fully responsible for the Component, and the Component is implemented by GFHG and Gansu Bank.

When the affected population of a component exceeds 200, the provincial and municipal PMOs will prepare an RAP in coordination with the local governments and the owners, and submit it to the Bank through GFHG; in addition, APs should be fully consulted so that they have a chance to participate in the design and implementation of the RAP.

On the basis of the Operational Policy on Involuntary Resettlement (OP4.12), the RAP will cover the following (if relevant), and anything unrelated to the Component should be specified in the RAP:

- General description of the Component;
- Identification of potential impacts of the Component;
- Objectives (the main objectives of the resettlement program);
- Socioeconomic studies: The findings of socioeconomic studies to be conducted in the early stages of project preparation and with the involvement of potentially displaced people;
- Legal framework: The findings of an analysis of the legal framework, covering the scope of the power of eminent domain and the nature of compensation associated with it, the applicable legal and administrative procedures, environmental laws and social welfare legislation, laws and regulations, and any legal steps necessary;
- Institutional framework: covering the identification of agencies responsible for resettlement activities and NGOs that may have a role in project implementation; an assessment of their institutional capacity, and any steps that are proposed to enhance their institutional capacity;
- Eligibility: Definition of APs and criteria for determining their eligibility for compensation and other resettlement assistance;
- Valuation of and compensation for losses;
- Resettlement measures: a description of the packages of compensation and other resettlement measures;
- Resettlement site selection, preparation and rearrangement;
- Offering of housing, infrastructure and social services;
- Environmental protection and management;
- Public participation and consultation, where the APs and the related communities must be included;
- Integration with host populations: measures to mitigate the impact of resettlement on any host communities;
- Grievance procedures: affordable and accessible procedures for third-party settlement of disputes arising from resettlement;
- Organizational responsibilities;
- Implementation schedule;
- Costs and budget;
- M&E.

The RAP should be completed no later than 6 months before the starting date of resettlement and submitted to the Bank for consideration at least 3 months before that. Only after the Bank has

accepted the RAP can compensation, resettlement and restoration activities begin. Such activities should be completed before the commencement of civil engineering.

When the affected population of a component does not exceed 200, the provincial PMO will prepare an abbreviated resettlement action plan (ARAP) in close cooperation with the local governments and the owners and submit it to the Bank through GFHG; in addition, APs should be fully consulted so that they have a chance to participate in the design and implementation of the RAP.

On the basis of the Operational Policy on Involuntary Resettlement (OP4.12), the ARAP covers the following minimum elements:

- a census survey of APs and valuation of assets;
- description of compensation and other resettlement assistance to be provided;
- consultations with displaced people about acceptable alternatives;
- institutional responsibility for implementation and procedures for grievance redress;
- arrangements for monitoring and implementation; and
- a timetable and budget.

The ARAP should be completed no later than 4 months before the starting date of resettlement and submitted to the Bank for consideration at least 3 months before that. Only after the Bank has accepted the ARAP can compensation, resettlement and restoration activities begin. Such activities should be completed before the commencement of civil engineering.

5.4. Institutional and Legal Framework

The legal framework guiding the implementation of the RAP is based on the Bank's policy on involuntary resettlement (OP4.12), the applicable laws, regulations and ordinances of the state, and the project provinces and cities.

The PRC has developed a complete legal framework and policy system on LA, HD, resettlement and compensation, including the Land Administration Law of the PRC (amended on August 28, 2004). Within the state legal and policy framework, local governments have promulgated relevant local regulations and policies to manage and direct local LA, HD, resettlement and compensation work. The provincial and local governments have promulgated local regulations and policies in accordance with the applicable state laws and policies to manage and direct relevant local work.

The key laws, regulations and ordinances of the PRC used to prepare this RPF and ensure its legal validity include: 1) laws and policies on LA (see Appendix 5); 2) laws and policies on social security (see Appendix 5); and 3) laws and policies on HD, including:

- Regulations on House Acquisition on State-owned Land and Compensation (Decree No.590 of the State Council)
- Measures for the Acquisition and Appraisal of Houses on State-owned Land (HC [2011] No.77)

The latest policies will apply in practice.

According to the Notice of the Ministry of Land and Resources on Doing a Better Job in LA Management (MLR [2010] No.238), "All localities shall establish a dynamic adjustment mechanism for compensation rates for land acquisition, adjust compensation rates for land acquisition every 2 or 3 years depending on economic level and local per capita income growth and improve the compensation level for land acquisition gradually."

The purpose of preparing the RAP is to ensure that the APs have sufficient opportunities to

replace their lost assets and improve or at least restore their income level and living standard. To realize this purpose, all APs should be identified, and it should be ensured that all APs think the remedies defined in the RAP are rational. In consideration of the main types of impacts (e.g., LA, demolition of urban and rural residential houses, demolition of non-residential properties (enterprises, stores, etc.)), the following measures are usually taken:

APs losing farmland will be entitled to the following compensation and restoration measures:

- Land reserved for resettlement obtained through LA should be used to develop the collective economy with the consent of villagers, offer collective jobs for collective resettlement, generate operating income, etc.
- Where land reallocation is impossible, land-expropriated farmers must be identified. They will be provided with jobs with a remuneration level at least equivalent to their lost income, or receive a resettlement subsidy at 4-6 times the average annual output value (AAOV) of the acquired land in the 3 years before LA. If the former living standard of the APs still cannot be fully restored like this, resettlement subsidy may be increased to 15 times the AAOV.
- If land compensation fees and resettlement subsidy are still insufficient to restore the living standard of the APs, they will receive subsidies from fees on the use of state-owned land.
- Land compensation fees and resettlement subsidy will be paid to the affected village committees and used to: (1)increase cultivated area if land is available; (2)improve agriculture through irrigation, etc.; and (3)develop nonagricultural income. Like fixed assets, affected young crops, fruit and commercial forests will be compensated for at replacement cost.
- The lost income, young crops and infrastructure, and land restoration costs of the persons affected by temporary land occupation will also be compensated for.
- Eligible APs will be included in endowment insurance for LEFs or the social security system; and
- The APs will have priority in receiving job opportunities and skills training under the Component.

Demolished houses and attachments will be compensated for as follows, and the following restoration measures will be taken:

- Supply of resettlement housing of equal value;
- Compensation at full replacement cost;
- Reconstruction or restoration of all affected facilities and services (e.g., roads, water and power supply, telephone, cable TV, schools);
- The subsidy during the transition period should ensure that all assets are relocated or temporary housing is obtained.

The RAP prepared should include an entitlement matrix for the APs. See Appendix 6 for a sample.

5.5. Implementation Process

The RAP should include an implementation schedule for all activities to be conducted. If necessary, compensation payment, other entitlement restoration measures (in cash or in kind) and resettlement should at least be completed one month before LA. If full compensation is not paid or necessary assistance measures are not available before LA, a transition subsidy should be provided.

5.6. Financial Arrangements

The provincial PMO, GFGH and local PMOs will bear all costs related to LA and resettlement. Any RAP consistent with this RPF must include estimated costs and a budget. Whether identified as APs at the RAP preparation stage or not, and whether sufficient funds are available or not, all those adversely affected by LA and HD are entitled to compensation or any other appropriate relief measure. For the above reason, the budget in the RAP should include contingencies, which are

usually 10% or more of the estimated resettlement budget in order to cover contingent resettlement costs.

The compensation rates specified in the RAP provide a basis for the calculation of compensation fees for resettlement, which should be fully paid to individuals or collectives losing land or other assets and should not be deducted for any reason. The RAP should describe by what means compensation fees are paid by the component owners to the affected villages or villagers. A rationale is that the fund flow should be as direct as possible with minimum intermediate links.

5.7. Public Participation and Information Disclosure

The RAP must describe the measures taken or to be taken, enable the APs to participate in the proposed project activities, and develop their participation awareness in livelihood and production restoration activities. Public participation should be implemented ahead of project design, and must run through the whole process of RAP implementation and external M&E.

At the draft and final RAP preparation stages, the PMO should also disclose the RAP to the APs and the public at certain places and in certain languages. The draft RAP should be disclosed at least one month before Bank review, and the final RAP must be disclosed after the Bank approval.

During public participation and RAP disclosure, opinions of the APs were collected for this RPF, which was also disclosed in the project area.

6. Resettlement Due Diligence

6.1. Due Diligence on Completed or Ongoing Resettlement Activities

During the implementation of the Component, social safeguard documents should be prepared as required by the Bank for completed or ongoing LA and HD activities.

6.1.1. Resettlement Policies

In order to protect the lawful rights and interests of the APs, and implement the Component successfully, resettlement for the Component will be implemented in strict conformity with the applicable PRC laws and regulations. See Table 6-1.

Table 6-1 RPF

Level	Policy	Effective date
State	Land Administration Law of the PRC	2004-8-28
	Regulations on House Acquisition on State-owned Land and Compensation (Decree No.590 of the State Council)	2011-1-21
	Guidelines for the Appraisal of Demolished Urban Houses	2004-1-1
	Measures for the Acquisition and Appraisal of Houses on State-owned Land (JF [2011] No.77)	2011-6-3
	Regulations on the Implementation of the Land Administration Law of the PRC (2014 Amendment)	2014-7-29
	Decision of the State Council on Deepening the Reform and Rigidly Enforcing Land Administration (SC [2004] No.28)	2004-10-21
	Guidelines on Improving Compensation and Resettlement Systems for Land Acquisition (MLR [2004] No.238)	2004-11-3
	Notice of the State Council on Intensifying Land Control (SC [2006] No.31)	2006-8-31
	Notice of the Ministry of Land and Resources on Formulating Uniform Annual Output Value Rates and Location-based Integrated Land Prices (MLR [2005] No.114)	2005-7-23
	Notice of the General Office of the State Council on Forwarding the Guidelines of the Ministry of Labor and Social Security on Doing a Good Job in the Employment Training and Social Security of Land-expropriated Farmers (SCO [2006] No.29)	2006-4-10
	Measures on Public Announcement of Land Acquisition (Decree No.10 of the Ministry of Land and Resources)	2002-1-1
	Urgent Notice of the General Office of the Ministry of Land and Resources on Conducting Land Acquisition and House Demolition Management Properly (GTZDF [2011] No.72)	2011-12-19
Gansu Province	Some Provisions of Gansu Province on the Implementation of the Regulations on the Expropriation of Houses on State-owned Land and Compensation Therefor (Decree No.86 of the Gansu Provincial Government)	2011-11-13
	Opinions of the Gansu Provincial Government on the Opinions of the General Office of the State Council on Improving the Ecological Protection Compensation Mechanism (GPGO [2017] No.127)	2017-7-28
	Notice of the Gansu Provincial Government on Issuing Location-based Land Compensation Rates and Uniform AAOV Rates of Gansu Province (GPGO [2017] No.17)	2017-2-19
	Measures of Gansu Province for the Implementation of Farmland Occupation Tax (Decree No.51 of the Gansu Provincial Government)	2008-12-3
Dingxi City	Guidelines of Dingxi City on Cash Compensation for Shanty Area Reconstruction (GJB [2015] No.279)	2011-8-5
Zhangye City	Interim Measures of Zhangye City for House Acquisition on State-owned Land and Compensation (Decree No.11 of the Zhangye Municipal Government)	2013-1-4

6.1.2. Availability and Application of Resettlement Funds

Fund availability

Compensation fees for villages, households and entities affected by LA and/or HD will be made available fully by the owner.

Evaluation of fund disbursement and use

In order that compensation fees are paid to the APs timely and fully according to the applicable policies and rates, a sound fund disbursement procedure has been established, as shown in Figure 6-1.

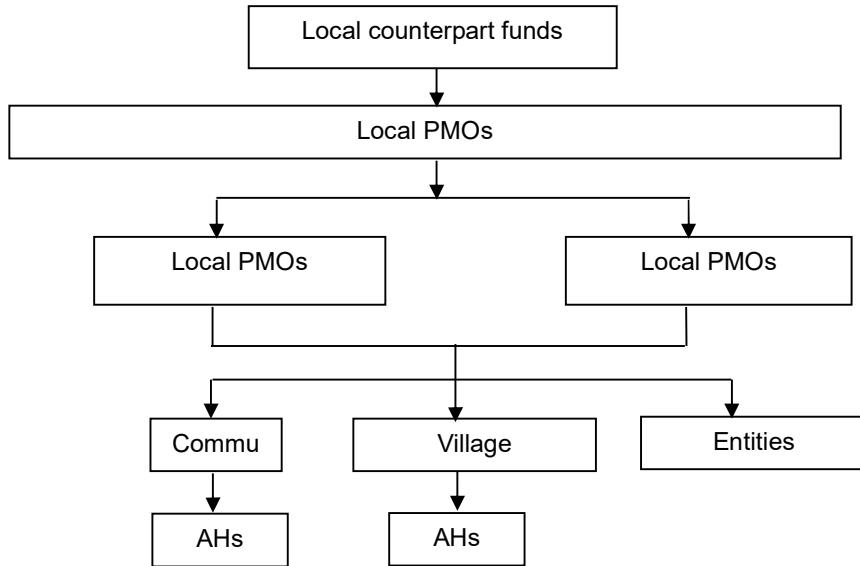


Figure 6-1 Flowchart of LA and HD Compensation Fees

6.1.3. Resettlement and Restoration

Those affected by LA will be entitled to cash compensation, endowment insurance for land-expropriated farmers, free training, etc.; those affected by the demolition of residential houses entitled to cash compensation at full replacement cost and property swap; entities affected by the demolition of non-residential properties entitled to cash compensation based on appraisal.

For the resettlement impacts of the Component, livelihood restoration measures based on state and local policies will be taken to ensure that the living standard of the APs is not reduced.

6.2. Information Disclosure and Grievance Redress

According to the state, provincial and municipal laws, regulations and policies on resettlement and compensation, great importance should be attached to public participation and consultation at the policy making and implementation stages to collect comments extensively, and disclose resettlement information to all stakeholders.

Before LA and HD, the local PMOs should further confirm LA and HD impacts with the AHs. For example, the Tongwei County Land and Resources Bureau issued an announcement on LA and HD compensation rates and resettlement modes to the affected villages, disclosing the location and size of the land to be acquired, affected villages and groups, preliminary compensation rates, resettlement modes, etc., and stating that anyone may file an objection within 5 working days.

The local county governments should disclose LA programs on the location, size and type of

the land to be acquired, agricultural population eligible for resettlement, etc.

6.3. Framework for Resettlement Due Diligence

Subsequent implementation may involve completed or ongoing LA, so RDD should be conducted under the SMPF. See Appendix 4 for the outline of the RDD Report.

Purpose of RDD

Reviewing the LA and resettlement work of the Component to: 1) evaluate if such work complies with the Land Administration Law of the PRC, applicable provincial and municipal regulations and policies, and the Bank's policy on involuntary resettlement, and propose any remedy if necessary; 2) analyze and evaluate the working process, progress, management and effect of LA, HD and resettlement, and the APs' current living standard; and 3) analyze and evaluate the effect of resettlement and the satisfaction with resettlement, and propose suggestions accordingly.

Methods of RDD

RDD will be conducted using the following methods:

- 1) Deskwork: collecting, referring to and verifying relevant documents and materials
- 2) Fieldwork: mainly including sampling survey, FGD, field interview, etc.

Key points of RDD

- Approval process of construction land
- LA and HD policies, and their implementation
- LA progress, fund disbursement, compensation rates, etc.
- HD progress, fund disbursement, compensation rates, house reconstruction, etc.
- Income restoration, house reconstruction and satisfaction with resettlement
- Compensation for and resettlement of affected entities
- Vulnerable groups
- Operating efficiency of the organizational structure for resettlement implementation
- public participation and consultation
- Grievance redress

7. Organizational Structure

7.1. Organizational Framework

See Figure 7-1:

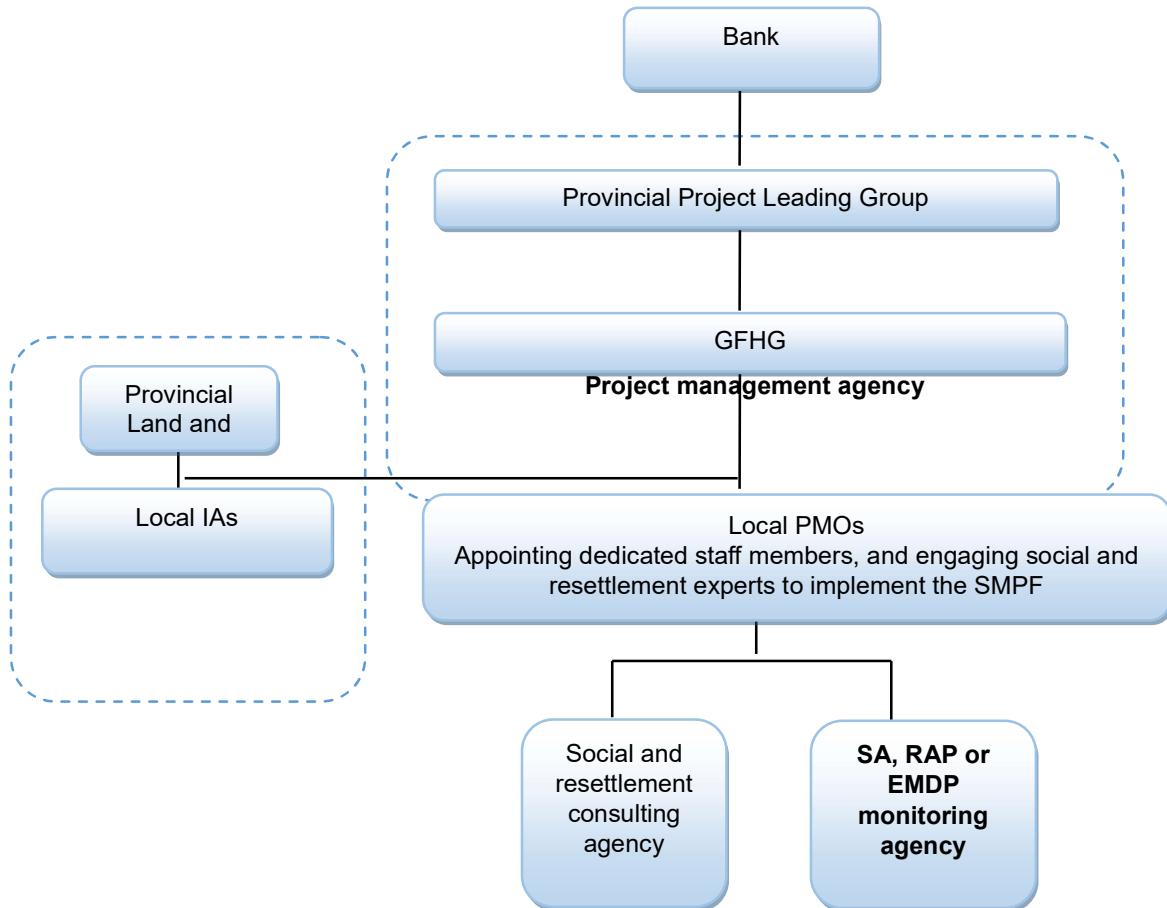


Figure 7-1 Organizational framework of social and resettlement management

Bank: supervising the implementation of the framework of social and resettlement management, confirming the screening of the social safeguard documents, and approving the social safeguard documents.

Provincial Project Leading Group and GFHG: supervising the implementation of the social safeguard documents and reporting to the Bank regularly.

Local project leading groups and PMOs: screening the Component's social risks preliminarily according to the SMPF with the assistance of the consultants, reviewing the Social Management Plan submitted by the owner, and reporting the implementation of the Social Management Plan, RAP or EMDP (if any) to the Provincial Project Leading Group and GFHG.

Provincial land and resources department, and municipal / county land and resources bureaus: The provincial land and resources department approves LA and HD documents, and supervises LA and HD implementation, and the municipal / county land and resources bureaus prepare LA and HD documents, and implement LA and HD.

Local PMOs: implementing the Component, and preparing the Social Management Plan and the RAP, assisting in the auditing and supervision of the Component, and reporting progress to the project management agency.

SA and RAP consulting agencies: preparing the Social Management Action Plan, RAP and EMDP as entrusted by the project management agency.

SA and RAP monitoring agencies: conducting M&E on the Social Management Action Plan, RAP and EMDP as entrusted by the project management agency.

7.2. Institutional Capacity Building

The project management agency (GFHG) will be responsible for the management of the Component and assign staff to manage the Component's social and resettlement risks, and ensure that the Component is implemented according to the Social Management Plan or RAP. In addition, the project management agency may appoint qualified social consultants to carry out activities under this SMPF, namely evaluating and managing social risks in the evaluation and implementation of the Component.

The project management agency will engage consultants and/or a qualified consulting agency to offer social and resettlement safeguard training to the agencies concerned, and prepare and implement the Social Management Plan, RAP and EMDP with the assistance of the consultants. Such training includes: 1) applicable PRC laws, regulations and policies, and Bank policies; 2) potential social risks arising from the preparation and implementation of the Component, and preventive measures; 3) RAP and EMDP preparation; and 4) M&E of social safeguard documents.

8. Grievance Redress and M&E

A grievance redress mechanism, and a social and resettlement M&E mechanism will be established, including internal supervision and external monitoring.

8.1. Grievance Redress Mechanism

During the preparation and implementation of the Finance Component, local residents and debtors are direct stakeholders and also direct participants. Since some unforeseeable issues may occur, a transparent and effective grievance redress mechanism should be established to ensure that residents participate actively and extensively. See Figure 8-1.

Local residents and debtors may file grievances and appeals with village committees, township governments, PMOs or competent authorities, which have dedicated staff or departments for handling and feedback.

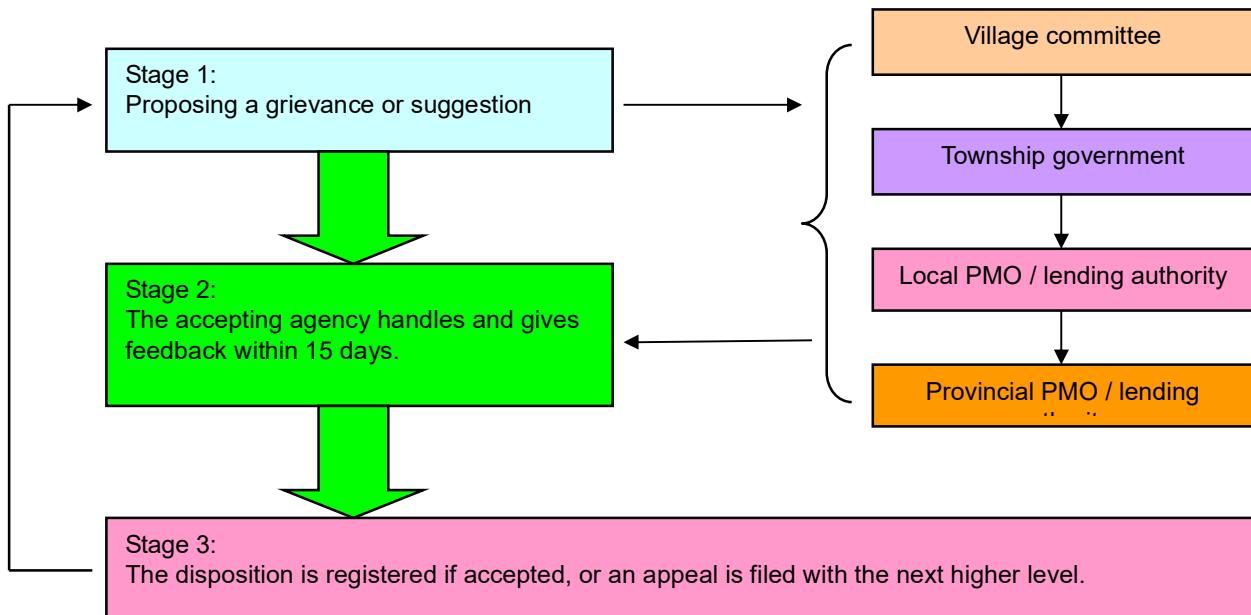


Figure 8- 1 Grievance Redress Flowchart

8.2. Internal Monitoring

Internal monitoring will be implemented by the local PMOs, which will appoint an M&E specialist to collect and compile M&E information and prepare and submit two M&E reports annually. The PMOs will analyze M&E information semiannually and check the implementation progress and process of the SA Report, RAP (if any) and EMDP (if any).

8.3. External Monitoring

External M&E will be conducted by an independent agency appointed by the PMO through public bidding over all resettlement and ethnic minority development (if any) activities of the Component semiannually until project completion. Such independent agency may be an academic institution, NGO or consulting firm, but it should have qualified and experienced staff, and its TORs should be accepted by the Bank.

In order that the RAP is implemented as expected, the owner will monitor and evaluate its implementation. M&E results will be included in quarterly reports for submission to the Bank. RAP monitoring includes internal and external monitoring.

Appendix 1: Screening of Potential Social Safeguard Issues

GFHG and the local PMOs will use this form to screen the application of the Component.

Basic information of the Component

Name of component		Component No.	
Owner		Location of component	
Estimated budget		Estimated date of commencement	
Brief description of component (including LA and HD, impacts on urban residents, farmers and enterprises, etc.):			
Summary of screening results:			

List of screened Bank social safeguards

	Item	Yes	No	Impact	Description	Bank policy involved if yes	Document required if yes
I. Resettlement and ethnic minorities							
1	Does it involve the permanent acquisition of rural collective land?			___ mu		OP/BP4.12 Involuntary Resettlement	RAP
2	Does it involve the temporary occupation of rural collective land?			___ mu		OP/BP4.12 Involuntary Resettlement	RAP
3	Will the land use be changed?			___ mu		OP/BP4.12 Involuntary Resettlement	RAP
4	Does it involve HD?			___ m ²		OP/BP4.12 Involuntary Resettlement	RAP
5	Do you belong to high-income (annual income over 1 million yuan) population?						
6	Does it involve minority traditional culture, clothing or handicrafts (if yes, please answer the following questions; if no, skip to Q7)?					OP/BP 4.10 Indigenous Peoples	EMDP
	① Does it cause any objection or doubt among local minority residents?					OP/BP 4.10 Indigenous Peoples	EMDP
	② Does it respect local minority cultural customs?					OP/BP 4.10 Indigenous Peoples	EMDP
	③ Will it promote the local minority cultural industry?					OP/BP 4.10 Indigenous Peoples	EMDP
II. Social impacts							
7	Will it promote local employment?			___			

8	Will it promote women's employment?			<u> </u>			
9	Is any employee with annual income of less than 15,000 yuan employed?			<u> </u>			
10	Are local vulnerable groups (women-headed households, single-parent households, the disabled, MLS households, etc.)?			<u> </u>			

Signatures of screening and review staff:

Signature of the Social Officer of the PMO:

Name: _____

Title and date: _____

Signature of the Director of the PMO:

Name: _____

Title and date: _____

The PMO will keep a copy of this form and copies of related documents. A set of copies will be submitted to the Bank. If necessary, a third set of copies will be sent to the provincial authorities.

Appendix 2: Outline of the RAP

- 1 Basic Information of the Project**
 - 1.1 Background of the Project
 - 1.2 Introduction to the Project
 - 1.3 Components and resettlement impacts
 - 1.4 Project preparation and progress
 - 1.5 Measures to reduce resettlement
 - 1.6 Identification of related projects
- 2 Impacts of the Project**
 - 3.1 Project impact survey
 - 3.2 Range of project impacts
 - 3.3 Impacts
 - 2.3.1 Acquisition of rural collective land
 - 2.3.2 Temporary land occupation
 - 2.3.3 HD
 - 2.3.4 Infrastructure and ground attachments
 - 2.3.5 Affected population
 - 2.3.6 Vulnerable groups
- 3 Socioeconomic Profile**
 - 3.1 Socioeconomic profile of the project area
 - 3.1.1 Socioeconomic profile of the affected cities and districts/counties
 - 3.1.2 Socioeconomic profile of the affected villages
 - 3.2 Sampling survey
 - 3.2.1 Households affected by LA
 - 3.2.2 Households affected by HD
- 4 Legal Framework and Policies**
 - 4.1 Policy framework
 - 4.2 Main principles
 - 4.3 Resettlement policies of the Project
 - 4.3.1 Acquisition of rural collective land
 - 4.3.2 HD
 - 4.3.3 Vulnerable groups
 - 4.3.4 Infrastructure and ground attachments
- 5 Compensation Rates**
 - 5.1 Acquisition of rural collective land
 - 5.2 HD
 - 5.3 Infrastructure and ground attachments
 - 5.4 Rates of other costs
- 6 Production and Livelihood Restoration Programs**
 - 6.1 Objectives of resettlement
 - 6.2 Resettlement principles
 - 6.2.1 Resettlement minimization
 - 6.2.2 Equivalent compensation
 - 6.2.3 Focusing
 - 6.3 Restoration program for LA
 - 6.3.1 LA impact analysis
 - 6.3.2 Analysis of lost income
 - 6.3.3 Restoration measures
 - 6.4 Restoration program for HD
 - 6.5 Restoration program for vulnerable groups
 - 6.5.1 Assistance measures
 - 6.5.2 Training
 - 6.5.3 Employment
 - 6.6 Restoration program for ground attachments
- 7 Organizational Structure and Implementation Progress**
 - 7.1 Organizational structure
 - 7.1.1 Organizational setup

- 7.1.2 Organizational responsibilities
- 7.1.3 Staffing
- 7.1.4 Equipment
- 7.1.5 Training program
- 7.2 Implementation progress
- 8 Budget and Funding Sources
 - 8.1 Budget
 - 8.2 Annual investment plan
 - 8.3 Funding sources and disbursement
- 9 Public Participation and Grievance Redress
 - 9.1 Started public participation and consultation activities
 - 9.2 Information disclosure
 - 9.3 Participation and willingness survey
 - 9.4 Public participation and feedback
 - 9.5 Subsequent information disclosure and public participation plan
- 10 M&E
 - 10.1 Internal monitoring
 - 10.1.1 Implementation procedure
 - 10.1.2 Scope
 - 10.1.3 Reporting
 - 10.2 External M&E
 - 10.2.1 External M&E agency
 - 10.2.2 Procedure and scope
 - 10.2.3 M&E indicators
 - 10.2.4 Reporting
 - 10.2.5 Post-evaluation
- 11 Entitlement Matrix
- Appendices

Appendix 3: Outline of the SA Report

- 1. Overview of SA**
 - 1.1 Tasks of SA
 - 1.2 Subjects / scope of SA
 - 1.3 Key points of SA
 - 1.4 Methods of SA
- 2. Local Socioeconomic Profile and Project Implementation**
 - 2.1 Definition of project area
 - 2.2 Socioeconomic profile
 - 2.3 Overview of project implementation
- 3. Stakeholders and Public Participation**
 - 3.1 Stakeholder identification
 - 3.1.1 Primary stakeholders
 - 3.1.2 Secondary stakeholders
 - 3.2 Public consultation and social participation
 - 3.3 Stakeholder demand analysis
- 4. Local Poverty Analysis and Strategy**
 - 4.1 Rural poverty
 - 4.2 Urban poverty and minimum living security
 - 4.3 Causes of poverty
 - 4.4 Local poverty alleviation measures
 - 4.5 Demand analysis of poor population
 - 4.6 Poverty alleviation effects of the Project
- 5. Demand Analysis of Women**
 - 5.1 Overview of local women
 - 5.2 Women's needs and expectations
 - 5.3 Impacts on women
 - 5.4 Gender action plan
- 6. Social Impact Analysis**
 - 6.1 Positive impacts
 - 6.2 Potential risks
- 7. Social Management Plan and Implementation**
 - 7.1 Social Management Plan
 - 7.2 Public Participation Plan
- 8. Grievance Redress and M&E**
 - 8.1 Grievance redress procedure
 - 8.2 M&E

Appendices

Appendix 4: Framework for Resettlement Due Diligence

1. Project Overview

- 1.1 Background of the Project
- 1.2 Resettlement Due Diligence
 - 1.2.1 Purpose of due diligence
 - 1.2.2 Methods of due diligence
 - 1.2.3 Scope of due diligence

2. Organizational Structure

- 2.1 IAs
- 2.2 Project design and review
- 2.3 Institutional capacity
- 2.4 Evaluation

3. Resettlement Impacts of the Project

- 3.1 Occupation of state-owned land
- 3.2 Permanent acquisition of rural collective land
- 3.3 Demolition of residential houses
- 3.4 Demolition of non-residential properties

4. Resettlement Policies and Compensation Rates

- 4.1 LA, HD and RPF
- 4.2 LA, HD and resettlement policies
- 4.3 Evaluation

5. Availability and Application of Resettlement Funds

- 5.1 Availability of funds
 - 5.1.1 Affected villages and households
 - 5.1.2 Demolition of residential houses
 - 5.1.3 Affected entities

5.2 Fund disbursement and use

6. Resettlement and Restoration

- 6.1 Permanent acquisition of rural collective land
- 6.2 Demolition of residential houses
- 6.3 Demolition of non-residential properties
- 6.4 Sampling survey and analysis
- 6.5 Evaluation

7. Information Disclosure and Grievance Redress

- 7.1 Information disclosure and consultation
- 7.2 Grievance redress
- 7.3 Evaluation

8. Conclusions and Suggestions

Appendices

Appendix 5: Legal Framework for RAP Implementation

Table 1 Laws and Policies on LA

Level	No.	Location	Document	Effective date
State	1	/	Land Administration Law of the PRC	2004-8-28
			Regulations on the Implementation of the Land Administration Law of the PRC (2014 Amendment)	2014-7-29
			Measures on Public Announcement of Land Acquisition (Decree No.10 of the Ministry of Land and Resources)	2002-1-1
			Decision of the State Council on Deepening the Reform and Rigidly Enforcing Land Administration (SC [2004] No.28)	2004-10-21
			Guidelines on Improving Compensation and Resettlement Systems for Land Acquisition (MLR [2004] No.238)	2004-11-3
			Notice of the Ministry of Land and Resources on Formulating Uniform Annual Output Value Rates and Location-based Integrated Land Prices (MLR [2005] No.114)	2005-7-23
			Notice of the State Council on Intensifying Land Control (SC [2006] No.31)	2006-8-31
			Real Right Law of the PRC	2007-10-1
			Interim Regulations on Farmland Occupation Tax of the PRC	2008-1-1
Province, city	2	Gansu Province	Notice of the Gansu Provincial Government on Issuing Location-based Land Compensation Rates and Uniform AAOV Rates of Gansu Province (GPGO [2017] No.17)	2017-2-19
			Some Provisions of Gansu Province on the Implementation of the Regulations on the Expropriation of Houses on State-owned Land and Compensation Therefor (Decree No.86 of the Gansu Provincial Government)	2011-11-13
			Measures of Gansu Province for the Implementation of Farmland Occupation Tax (Decree No.51 of the Gansu Provincial Government)	2008-12-3
			Implementation Plan for the Wetland Conservation and Rehabilitation System of Gansu Province (GPGO [2017] No.202)	2017-12-27

Table 2 Laws and Policies on HD

Level	No.	Location	Document	Effective date
State	1	/	Regulations on House Acquisition on State-owned Land and Compensation (Decree No.590 of the State Council)	2011-1-21
	2	/	Measures for the Acquisition and Appraisal of Houses on State-owned Land (JF [2011] No.77)	2011-6-3
Province	3	Gansu Province	Some Provisions of Gansu Province on the Implementation of the Regulations on the Expropriation of Houses on State-owned Land and Compensation Therefor (Decree No.86 of the Gansu Provincial Government)	2011-11-13
City	4	Dingxi	Guidelines of Dingxi City on Cash Compensation for Shanty Area Reconstruction (GJB [2015] No.279)	2015-8-4
	5	Zhangye	Interim Measures of Zhangye City for House Acquisition on State-owned Land and Compensation (Decree No.11 of the Zhangye Municipal Government)	2013-1-4

Appendix 6: Sample Entitlement Matrix

Type	APs	Measure	Entitlement
LA	Village collectives	1) Collective land	Compensation will be fully paid to the village collective, and used through discussion at a village meeting.
		2) Attachments	
	Rural residents	1) Land compensation and resettlement subsidy	Households not subject to land reallocation will receive 80% of land compensation. For households subject to land reallocation, land compensation and resettlement subsidy will be disbursed to each affected group for even distribution.
		2) Temporary land use	Full compensation for temporary land use will be paid based on the period of use, and the used land will be fully restored after use.
		3) Young crops	The direct APs will receive full young crop compensation.
		4) Social insurance	Eligible farmers may cover social insurance.
		5) Production and livelihood measures	Free training and job referral will be offered to LEFs.
	HD	Compensation and resettlement	1) The AHs may choose cash compensation or property swap; 2) In case of property swap, the displacer will offer resettlement housing and supporting facilities; 3) In case of cash compensation, compensation will be paid at replacement cost, and free housing land will be provided by the local government for house reconstruction.
		Moving and transition subsidies, and reward	The AHs are entitled to moving and transition subsidies, reward, and smooth transition.
		Trees and attachments	Affected trees and attachments will be compensated for at the specified rates.
Entities	Proprietors	Compensation and resettlement	1) The affected entities may choose cash compensation or relocation; 2) In case of relocation, the displacer will assist in finding land and grant compensation at replacement cost; 3) In case of cash compensation, the affected entities will receive compensation at replacement cost; 4) The affected entities will receive compensation for production suspension or losses.
		Workers	The affected workers will receive compensation for lost income; the workers of any entity not to be relocated will receive training and job referral.
Vulnerable groups	All affected vulnerable groups		1) They will receive compensation for LA and HD equally; 2) During detailed planning, they will be further identified, and those losing contracted land will be entitled to the reallocation of resources equally; 3) They will receive assistance in production and livelihood development; 4) Poor households affected by HD will receive support from local governments during house reconstruction; 5) Local civil affairs bureaus have included five-guarantee households, the disabled, the poor and women-headed households in the local MLS system; 6) They will enjoy priority in local characteristic industry development and cooperative operation; 7) Vulnerable households short of labor will have priority in land reallocation to ensure income.
Women	All affected women		1) All village committees should have female members, and women will enjoy the same rights as men at village meetings and congresses; 2) Women's opinions are learned and considered in public opinion surveys; 3) Women enjoy equal rights in future compensation for LA and HD; 4) Jobs generated by the Project will be first made available to women, and women will also receive training and job referral.
Ethnic minorities	All minority APs		1) They will have priority in employment and skills training; 2) They will have priority in receiving employment information; 3) They can express their opinions and needs at consultation meetings; 4) Relevant policies should be translated into minority languages for easier acceptance and understanding, and explained in detail; 5) Special attention will be paid to vulnerable groups in minority areas during resettlement.
Infra-structure	Proprietors	Restored by the owner or compensated for at replacement cost	1) Some affected infrastructure will be demolished and restored by the construction agency, such as rural roads and agricultural canals. 2) Proprietors of some infrastructure may reconstruct infrastructure using compensation, such as communication and power facilities.

Appendix 7: Key Points of the EMDP

Since the Component is unlikely to trigger OP 4.10, an EMDP is provided for reference only.

- Basic information of the affected minority habitats, including population, society, religion, culture and poverty, will apply to the IPPF, and ongoing ethnic minority development projects in the project area;
- SA overview;
- Public consultation and participation: Free, prior and informed consultation will be conducted in the affected minority habitats at the preparation stage as per the Bank's OP4.10 to gain extensive community support;
- Analysis of impacts on ethnic minorities: When any potential negative impact on ethnic minorities is identified, a culturally adaptive action plan or measure will be developed to mitigate or avoid such impact (e.g., RAP);
- Difference and vulnerability analysis: Differences and local knowledge of the affected ethnic minorities will be analyzed to provide a basis for optimizing the design of the Component and developing an action plan suited to minority residents' needs;
- Appropriate measures, used to ensure that minority residents receive social and economic benefits suited to their cultural background, including measures to strengthen the capacity of the IAs (if necessary);
- EMDP cost estimate and financing plan;
- An appropriate appeal procedure, used to handle objections of the affected minority habitats during implementation;
- An appropriate IPPF M&E mechanism, including free, prior and informed consultation in the affected ethnic minorities

Appendix 8: Ethnic Minority Policy Framework

Type	Policy / regulations	Contents and key points
State laws and regulations	<p>State laws and regulations: Constitution of the PRC, Law of the PRC on Regional Ethnic Autonomy, Law of Organization of Villager Committee of the PRC, Regulations on the Administrative Work of Ethnic Minority Xiangs the PRC, 13th Five-year Plan for Ethnic Minority Programs, Decision of the Central Government on Some Major Issues in Deepening Cultural Restructuring</p>	<p>①In addition to the same powers as local governments, the authorities of the localities of ethnic autonomy also have the following rights: autonomous legislative power; autonomy in the administration of local political, economic, financial, scientific, educational and cultural affairs, the right to organize local public security forces, and the right to use and develop ethnic minority languages, etc. ②Citizens of the PRC shall have freedom in religious belief, and the state and the authorities of the localities of ethnic autonomy shall guarantee such freedom for citizens of all ethnic groups. ③Administrative regulations for ethnic minorities shall be formulated to promote the development economic and cultural programs of ethnic minority Xiangs, protect the lawful rights and interests of ethnic minorities, and enhance the unity among different ethnic groups. ④Except those deprived of political rights, villagers attaining 18 years of age, regardless of ethnic group, race, sex, occupation, family background, religious belief, education, property condition or term of residence, shall have the right to vote and the right to be elected. ⑤The state shall support all ethnic minorities financially, materially and technically to accelerate their economic development, cultural and other social programs. ⑥All ethnic languages shall be equal. All ethnic groups shall be free to use and develop their own languages, and shall be encouraged to learn from one another's language. ⑦The protection of ethnic folk cultures shall be subject to the principles of protection mainly, rational development, government dominance and social participation.</p>
State supporting policy		

<p>World Bank</p>	<p>Operational Policy (OP4.10) and Bank Procedure (BP4.10)</p>	<p>This policy aims to ensure that the development process fully respects the dignity, human rights, economies, and cultures of Indigenous Peoples.</p> <p>(1) The Bank recognizes that the identities and cultures of Indigenous Peoples are inextricably linked to the lands on which they live and the natural resources on which they depend. These distinct circumstances expose Indigenous Peoples to different types of risks and levels of impacts from development projects, including loss of identity, culture, and customary livelihoods, as well as exposure to disease. Gender and intergenerational issues among Indigenous Peoples also are complex. As social groups with identities that are often distinct from dominant groups in their national societies, Indigenous Peoples are frequently among the most marginalized and vulnerable segments of the population. As a result, their economic, social, and legal status often limits their capacity to defend their interests in and rights to lands, territories, and other productive resources, and/or restricts their ability to participate in and benefit from development. At the same time, the Bank recognizes that Indigenous Peoples play a vital role in sustainable development and that their rights are increasingly being addressed under both domestic and international law.</p> <p>(2) Bank-financed projects include measures to (a) avoid potentially adverse effects on the Indigenous Peoples' communities; or (b) when avoidance is not feasible, minimize, mitigate, or compensate for such effects. Bank-financed projects are also designed to ensure that the Indigenous Peoples receive social and economic benefits that are culturally appropriate and gender and inter-generationally inclusive.</p> <p>(3) When a project affects Indigenous Peoples, the TT assists the borrower in carrying out free, prior, and informed consultation with affected communities about the proposed project throughout the project cycle. At all stages of the project, the parties consulted have prior access to information on the intent and scope of the proposed project in a culturally appropriate manner. It shall also be determined that if the affected communities give broad support to the project based on the SA and consultation process.</p> <p>(4) The EMDP should be flexible and practical, and include the following: legal and institutional framework suited to ethnic minorities; information on demographic, social, cultural and political features of affected communities, ancestral territories owned, used or occupied by them, and natural resources on which they live; a summary of SA; a summary of free, prior, and informed consultation results in affected communities at the preparation stage, which has gained broad community support for the project; a framework for ensuring free, prior, and informed consultation with affected communities during project implementation; an action plan for ensuring that ethnic minorities receive culturally appropriate social and economic interests; after potential negative impacts on ethnic minorities have been determined, an appropriate action plan that avoids, minimizes or mitigates, or compensate for such impacts; the financial budget and financing plan for the EMDP; a procedure for addressing appeals from minority communities arising from project implementation; and an M&E and reporting mechanism, and indicator system suitable for the implementation of the EMDP.</p>
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