

Government of the People's Republic of China
United Nations Development Programme (UNDP)

Project Document

18 December 2006

**Revitalizing Rural China through Land Policy Reform and
Innovation in Rural Governance and Public Service Delivery**

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The project will propose strategic policy, legislative and institutional reforms to revitalise China's rural areas, with particular emphasis on issues related to land rights, access to public services and local governance. By enhancing growth, efficiency and equity in rural areas, the project aims to modernise development of the countryside and reduce rural-urban inequalities.

Core problems addressed include the unclarity and insecurity of rural land property rights; farmers' weak bargaining power and insufficient compensation for land use and appropriation; the low and unequal provision of rural public services; the need for reform of local government to improve efficiency, representativity and service orientation; and the role of civil society in promoting new rural development in the countryside.

The project has three main components: (i) Policy research and pilots to clarify rural land property rights and establish clear, equitable and efficient mechanisms for registration, usage and transfer of those rights, (ii) research and pilots to identify structural and systemic obstacles to improving local governance, the provision of public goods and services in rural areas and the protection of farmers' rights and interests, (iii) knowledge sharing and policy debates/dialogues to intensify project findings and disseminate project outputs.

By conducting comprehensive policy research as well as technical systems development and testing solutions in demonstration pilots, the project aims to provide concrete and workable recommendations for reform to support the Chinese government in its on-going policy initiatives to balance development, refocus on rural areas and build a new socialist countryside.

UNDAF Outcome: Social and economic policies are developed and improved to be more scientifically based and human centered for sustainable and equitable growth.

Country Programme Outcome/Indicators: National efforts to lead and manage Xiaokang/MDG implementation supported through a variety of instruments and capacity building initiatives.

Country Programme Output/Indicators: Social and economic policies are developed and improved to be more scientifically based and human centered for sustainable and equitable growth.

Government Coordinating Agency: China International Center for Economic and Technical Exchanges (CICETE)

Implementing Partner: China International Center for Economic and Technical Exchanges (CICETE)

National Cooperating Agency: Ministry of Land and Resources (MLR) and China Institute for Reform and Development (CIRD)

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 • MLR 2,000,000
 • CIRD 1,000,000
 • UNDP 2,030,000

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List of abbreviations

AWP	Annual Work Plan
CPAP	Country Programme Action Plan
CICETE	China International Centre for Economic & Technical Exchanges
CIRD	China Institute for Reform and Development
CO	UNDP Country Office
HDR	UNDP Human Development Report
HDI	UNDP Human Development Index
MDGs	Millennium Development Goals
MLR	Ministry of Land and Resources
NGOs	Non-Government Organizations
NPC	National People's Congress
PAC	Project Advisory Committee
PMO	Project Management Office
PRC	People's Republic of China
SRF	Strategic Results Framework
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
WTO	World Trade Organization

PART 1: SITUATION ANALYSIS

1.1 Overall development

1.1.1 Structural change, achievements and challenges

During the last two decades China has experienced the world's fastest economic growth, with real GDP growth averaging 9.4% annually and per capita income rising threefold. According to the China Human Development Report 2005, China's Development Index (HDI) "rose continuously during the past 20 years, from 0.557 in 1980 to 0.755 in 2003. Its global ranking rose from 101st in 1991 to 85th in 2003."¹ During the same period China has also made impressive achievements in poverty alleviation. According to China's national poverty line, the number of absolute rural poor dropped from 250 million in 1978 to 29 million in 2003.²

Correspondingly, the structure of the Chinese economy has changed significantly since 1978: Agriculture's share of GDP fell from 27.9% in 1978 to 12.5% in 2005, that of secondary industry remained approximately the same, while the tertiary industry rose from 24.2% to 40.2%. These changes are similar to development trends observed in other countries. Although agriculture's share in GDP dropped, output value increased 3.36 times from 1978 to 2005.

The country's growth has been accompanied by significant structural reforms, including increased productivity and improved efficiency in natural resource use, as well as transfer of labor from agriculture to industry. Farmers' incomes rose steadily in the 1980s, and during certain periods this growth even outpaced increases in urban incomes. However, farmers' income growth slowed down in the 1990s, and has continued to decline. As a consequence, social problems have increased in rural areas.

Indeed, economic transformation in China has also brought about numerous challenges. Firstly, the Government must weigh the conflict between urbanization and preservation of farmland; the conflict between urban expansion and agricultural production; and the contradiction between growing demand for food and scarcer resources from which to draw supply. Urbanization – often the winner of these clashes – and the displacement of rural residents has resulted in a fierce increase of landlessness and rural unemployment. Many displaced persons have fallen into poverty. More broadly, the gap in economic and social development between urban and rural areas has increased. Furthermore, a series of linked concerns which relate particularly to the transformation of agriculture and the countryside include:

- Insufficient protection of farmers' rights, particularly land ownership rights
- Takeover of farmland by government bodies and real estate companies without proper compensation, made possible in the context of farmers' weak bargaining power
- Insufficient system of public finance and fiscal transfers
- Limited and uneven provision of public services in rural areas, including basic health, education and social security, which leaves residents in poor areas particularly vulnerable
- Increased soil erosion, over-fertilization, ecological deterioration and other environmental challenges, and
- Relatively low economic returns in agriculture

1.1.2 Rural poverty and increasing inequality

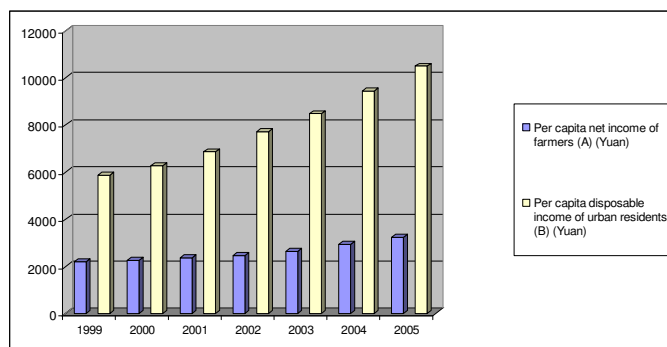
While poverty has been measurably reduced in China as a whole, different provinces have benefited unevenly from the economic reforms and development that began in 1978, and many people still live in poverty. Moreover, since the mid-1980s, regional disparities in China have widened. The richer

¹ UNDP: China Human Development Report 2005. p. 7.

² If a poverty line of PPP\$ 1/day is applied, China's rural poverty population dropped from 280 million in 1990 to 85.176 million in 2003 (UNDP China HDR 2005).

coastal provinces – benefiting from increased trade and foreign investments – have grown faster than the poorer Central and Western provinces. Many poor in the rural interior of the country have been left behind. While by global standards, China is in the middle range of human development, a detailed review reveals that regions such as Shanghai and Beijing are well above this threshold (ranking as high as 25th and 27th amongst world-wide national HDIs) while regions such as Tibet and Qinghai are far below (ranking 147th and 135th, respectively). In 2003, China’s urban areas were given an HDI index of 0.816 while its rural areas received only 0.685).

Chart 1: Widening urban-rural gap in income distribution



Additionally, rural areas show high levels of income intra-variation. According to a household survey carried out by CASS in 2002, “The richest 5% [of rural households] earned 18% of total rural income and the richest 10% earned 28%. On the other hand, the poorest 5% earned only 1% of total rural income, while the poorest 10% earned just 2.5%. This indicates that the average income of the richest 5% was nearly 18 times that of the poorest 5%, while that of the richest 10% was more than 11 times that of the poorest 10%”.³

1.1.3 The challenges for agriculture

One reason for the low incomes of farmers is low agricultural productivity; agricultural work accounts 50% of the total labor force but generates only 12.5% of the GDP. Despite moderate accomplishments in food production – notable in relation to China’s extremely limited area of arable land, China still lags behind its counterparts in developed countries. It is becoming increasingly difficult for farmers in China to get a reasonable income from farming.⁴

One of the reasons for farmers’ low income is limitations against the development of large-scale farming. The average Chinese farmer household tills only about 0.5 hectare of land, which makes it difficult to increase productivity, build economies of scale, or fully engage surplus household labor. In addition, a given household’s land is generally scattered over many disparate plots. This parceling of land was designed with the good intention of ensuring that each family benefited from equal amounts of good and poor quality land during redistribution, which took place in the early 1980s. However, this means that it is not uncommon for household of several members to farm across several different plots of land. This not only reduces labor and time efficiency for the household, but also means that a large portion of arable land is taken up by roads and fences connecting the myriad little plots.

As improvements are made across the country, differences in the endowments of different rural areas are becoming an increasingly important source of disparity. Extreme poverty in rural China is now

³ China HDR 2005:27.

⁴ China’s per unit area output of wheat, rice and corn is higher than the world average; its per unit area output of wheat is higher than that of the United States but lower than that of the Netherlands and France.

increasingly concentrated to pockets where conditions are particularly challenging due to the presence of some or all of the following constraining factors:

1. Difficult agro-climatic conditions and resources for agriculture;
2. Constraints linked to natural resources, notably water/irrigation;
3. Large distance to main urban centers and main transport routes, limiting market access;
4. Insufficient investments, low productivity, low employment and low income;
5. Low development of human capital, in terms of education and skills as well as health care
6. Poor access to existing as well as new technologies

1.1.4 Social harmony in rural areas

For the past few years, the number of incidents of rural and urban protest has risen rapidly.⁵ To maintain stability in rural areas has gained increasing attention from the government. Major factors behind social concerns and conflicts in rural areas include those issues mentioned above, such as increased income differences between urban and rural areas; insufficient provision of public services and social protection; farmers' land rights and questions related to land requisitions. Conflicts have also arisen around the linked issues of taxation/financing of activities in rural areas and rural representation and elections.

Conflicts resulting from land requisitions are generally of a local nature, but they often have grave and sweeping consequences. The Central Government has successively introduced new policies to increase compensation to farmers for land requisition, which may have contributed to a somewhat reduced number of conflicts related to expropriation of land in rural areas. In Shandong Province, one local government offers compensation to farmers for land requisitions according to market prices. This practice provides potential lessons for other regions, and the level of compensation is a topic that needs to be further examined and looked into.

Apart from some noteworthy regional variation, there are many commonalities that link farmers' rights and rural governance issues around the country. To address these issues, pertinent stakeholders should find ways to:

1. Strengthen the institutional arrangements and mechanisms for implementing poverty reduction initiatives at community level, with the focus on the land rights and other rights of farmers at local level. The actions should be firmly based on proper research and examination of models for reform of land rights and new institutional arrangements to eliminate barriers and obstacles to good and efficient governance and management.
2. Increase farmer participation at village level, as well as consolidation of decision-making in rural areas to deliver programs and actions based on community participation. In the framework of the new market economy, farmers need to have a stronger position in making their own decisions regarding production and living. This question is strongly related to, and dependent upon, farmers' land rights.
3. Expand and improve the provision of public services and goods for the farmers and their families in rural areas.

Changes in China's agriculture and the rural economy – as well as in Chinese society at large – have given rise to higher expectations and demands regarding farmers' standard of living, provision of public services, as well as to their rights to rural land. To meet these new demands, and in order to meet the requirements of continued rural poverty reduction, there is a strong need for enhanced research of the results and experiences gained from various reforms and experiments regarding farmers' rights to land, transfer of land, financing of public services, as well as new institutional mechanisms and arrangements to achieve the intended goals and strategies.

⁵ Rising from 10,000 incidents in 1994 to 87,000 in 2005 according to the State Council Information Office

1.2 Rural land tenure and related core issues

China practices a system of public land ownership. Having left the system of agricultural collectives of the pre-reform era, China's farmers work their land under a *household responsibility system* established since 1978. Ownership rights to the land still belong to the community – usually the village or sub-community of 100 to 1,000 households. By contrast, 30 year usage rights to the land are allocated to individual farmer households. Each household conducts production on its own, guided by contracts signed between the community and the individual farmer household.⁶

The consequences of this system are that China's rural land has, to a certain extent, been distributed among farmer households, and has given them the power to make decisions regarding production. However, the current system is still based on collective ownership of the land and largely on traditional forms of agricultural production. As discussed above, due to the continuous expansion of industrialization and urbanization, a large number of farmers have had to give up their farming activities and leave their land. However, inefficiencies in the existing system for transfer of rural collective land have led to a series of obstacles and problems.

Against the background of China's comprehensive strategy of building a New Socialist Countryside, which includes the process of transforming and upgrading old villages, the transfer of rural land will continue to pose a serious challenge. It is now a matter of urgency to establish a new rural land ownership system, one that can guarantee farmers their proper rights and security in the quickly changing world they live in. This section is devoted to the discussion of land tenure problems and related core issues, including 1) unclear definition and delineation of land rights, 2) infringement on farmers' rights and interests, and 3) the incomplete system for transfer of rural land.

1.2.1 Unclear definitions and delineation of land rights

Clause 10 of the Chinese Constitution stipulates that “urban land belongs to the state”, “rural land and suburb land belong to the collective, unless the law stipulates they belong to the state”, and that “housing land, private lots and private forests also belong to the collective”. Other legislation elaborates on this to some extent (see Annex). Therefore, from the perspective of the law, rural land is categorized either as the property of the state, or that of the collective.

However, the legislative definition of which land belongs to the collective is not clear; nor is the designation of the specific collective. In addition, what entity is meant to represent the collective has been clearly specified neither in legislation nor in practice. There are no actual representatives who wield the rights of the collective ownership. Distinctions between different types of collectives are often vague, which has resulted in additional lack of clarity.

Due to the instability and short-term nature of farmers' operation of the land, incentives to invest in the land have been reduced and remain unstable. This has greatly affected the development of rural production and is rather counter-productive in light of the first policy priority of “building new socialist countryside”. Furthermore, the infringement upon farmers' collective land rights has also hindered independent participation of farmers in the “new rural construction”. Because of the potential scope of losses, a large number of farmers have been clinging on to the idea of “waiting and depending” – hoping that the government in the future will introduce more comprehensive and coordinated measures, instead of having a series of ad hoc solutions.

1.2.2 Infringement on farmers' rights and interests

The incomplete ownership structure has put the government – that is, the representatives of the state – in a stronger position relative to the collective ownership. Particularly, the local government

⁶ Contract lengths are even longer for land plots that were located in forest areas, barren hills or in fragile areas.

has used their political clout to settle a vast majority of questions in favor of the state. For example, compensation for land acquisition has been determined by the state. When local governments have plans for land acquisition, there are usually no open hearings or public participation procedures, and compensation is determined without the arbitration of a neutral institution. When disputes arise over the contracts or agreements, there are usually no judicial institutions to appeal to. In other words, the actors who are using the land – the farmers – find it difficult to participate in land related decision-making and to appeal when their land rights are infringed.

Furthermore, some local governments also appear to deliberately trying to push down the compensation fees for land acquisition – in order to attract more local investments. For the same purpose, bids for lower price offers are also often supported by some local governments. Slogans like “free land for developers” are put up in some places. Many farmers who lose their land migrate to urban areas to search for job opportunities. Due to the lack of proper social security, a strong sense of insecurity characterizes the situation of these migrants.

If land in rural areas truly belonged to farmers’ collective, it would seem that farmers should enjoy the final rights to possession, utilization, benefit and disposal of land. However, the relevant Chinese legislation also states that once a piece of land under farmers’ collective ownership is transferred to be used for construction purposes, *it will automatically be put under state ownership* through expropriation, whereby the price for the expropriated land will be set by the government. Under this system, farmers’ interests suffer infringement in two ways: i) township and village officials may abuse their power to encroach on farmers’ right to contract land, (farmers may also meet unfair treatment in choosing the plot to contract as well as maintaining the contract in itself); ii) when the land is expropriated by the state, the compensation from the government is usually very limited and small, and this commonly makes it virtually impossible for the individual farmer to establish a new, living on the basis of what he/she receives.

1.2.3 Incomplete system for the transfer of rural land

As land is one of the most important elements of production in rural China, a functioning system for transfer of land property rights to ensure its efficient distribution and utilization has become increasingly important. Under the existing household responsibility system, a farmer household is allowed to temporarily transfer its land use rights to another household for a certain payment. This is known as leasing usage rights. However, approximately 90% of the rural households still retain usage rights for their plots, even if this means that the land will lay untilled. A proper domestic market for transfer of rural land rights has not yet been established, and land transfers in China have so far mainly been realized through governmental planning institutions, and carried out in a top-down fashion. In addition, land transfer has been based on one set of principles and standards, disregarding local differences. Furthermore, this set of principles and standards for land transfer has also left opportunities for some grassroots authorities to gain personally from land transfers.

It will be very difficult to improve the processes of land rights’ reallocation without an improved rural land property right system. The difficulty in defining these rights lies not only in how to define the rights of each individual member under the original collective system, but also how to accommodate for the possible changes that may have occurred in the individual community – both in terms of previous and present resources and in terms of changes in the people-land relationships.

1.3 The provision of public services

The economic and institutional framework constituting the urban-rural dualistic social and economic development, and the discriminative nature of the urban and rural administration system has, to a large extent, deprived farmers of their rights to many public goods and services, leading to serious imbalances in public service provision in rural vs. urban areas.

In order to gradually establish a uniform rural-urban public service system, it is imperative to identify conceptual, political, institutional, economic and organizational mechanisms and barriers that need to be tackled or avoided in order to gradually unify the rural and urban public service systems. It is thus necessary to carry out policy studies and assessments that include: (1) how to reasonably readjust the expenditure structure of the government's public finances, so as to increase the investments in social development; (2) how to reform the administration system, and mechanisms for the operations, of the government, so as to efficiently provide adequate public services in rural areas; (3) how to establish a fiscal institutional system that adequately supports public service provision; (4) how to define and guarantee basic public services that have to be provided in order to balance rural-urban development, and to build up a new countryside; (5) how to rationally prioritize between rural public services; (6) how to prioritize the expansion of the coverage of the public finances over rural areas; and (7) how to rationally divide the responsibilities for providing public services between the local and the central authorities and among different levels of the government. All these are central and urgent policy topics that need to be monitored and studied if the strategy of building a new socialist countryside is going to be successfully implemented.

1.3.1 Insufficient social protection

Before the reform and the opening up of the economy in the late 1970s, the rural collectives were responsible for relief, public welfare as well as disease control and prevention, while the individual family was responsible for taking care of their older family members. The reforms have brought about significant changes in income distribution in rural areas, and many problems have emerged in the provision and operation of public services and social protection that traditionally used to be managed by the rural collectives. Social protection is clearly inadequate, particularly in rural areas where it is in many respects almost non-existent, and unevenly distributed: in economically developed provinces, the government can afford to provide assistance such as old age insurance and minimum living standards guarantees also in rural areas; in most places, however, support systems are few and under-funded.

The old tradition of families taking care of their older members has also encountered new challenges. In normal circumstances, a rural household now has to rely mainly on its own to provide social protection for its members to tackle sickness, old age and casualties or emergencies. In most cases, the protection provided by the state, the collective or by mutual assistance can only be expected to play a supplementary role.

Thus social protection in rural areas is currently in a critical stage, and a new and universal system for social protection and provision of public services needs to be established. In view of the current level of economic development in rural areas, as well as the rural-urban disparities and gap in economic development and structure, social protection in the Chinese countryside can currently only be expected to be quite low – or fairly enough to meet basic needs. But there is an urgent need to establish a fundament for the most basic social protection and provision of public services and welfare in rural areas. On this basis, the social protection and the provision of public services and welfare in rural areas can be gradually improved and developed on the basis of the fundamentals that now have to be established. It is therefore crucial that the mechanisms that are now introduced have a sound financial basis; that they are managed in an efficient and well-organized way; that they reach out to all that need the support and protection; and that there is a good transparency in all parts of the allocation of funds and support. In other words, there is an urgent need for good governance linked to the introduction of this new system for provision of public services and protection.

There is a strong need to establish adequate and well-driven institutions that can manage and take care of the provision of public services and protection in rural areas. Even though the government

has allocated a lot of funds for these purposes, efforts still need to be further expanded and strengthened in order to establish an adequate system that reach all those that need support.⁷

1.3.2 Education in rural areas

Currently about 10% of China's population are illiterate or semi-illiterate; most of them live in rural areas and a majority are women. According to the fifth National Census, in 2002 the average length of education was 2.9 years shorter for rural labourers than for urban ones and illiteracy was 2.5 times as high.⁸ 15% of counties had still not achieved compulsory nine year education, affecting 108 million rural inhabitants.

The gap in basic education between rural and urban areas is further reflected in the quality of teachers. In urban primary schools, 57.2% of teachers are educated to above junior college level, but in rural areas the proportion is only 25.1%. In urban junior high schools, 43.1% of the teachers have at least a college education, while in the countryside, only 11.4% have. In addition, of the country's temporary substitute and part-time teachers, more than 94% are teaching in rural and township schools.

Rural primary schools have less than one quarter of the fixed assets and one fifth of the computers that urban primary schools have, while the number of dilapidated buildings is four times as high.

A particular concern is that the illiteracy ratio of females is 2.6 times that of males, which is closely related to gender inequalities in education. In spite of the government's efforts to raise the enrollment rate of girls, the opportunities for females to receive education are still far less than those for males, which is manifested in the proportions of female students in all types of education institutions, which are not only lower than those of male students but also decrease with the increase of schooling years. Such phenomena are considerably more evident in rural areas.

We should also note that the proportion of female students at special education schools is very low (special education here mainly refers to education for disabled children). In 2002, the proportion of female students at special education schools was 36%, much lower than that of male students, which means the disabled girls have even less opportunities to receive education.

While government efforts to promote 9 year compulsory education in rural have been important, they suffer from a number of constraints:

- Serious inequality in the distribution of educational resources. Government funding for compulsory education has mainly been canalized to cities, and to some towns in rural areas. Children of farmers tend to be left with poor schools and education facilities.⁹
- Tuition and other fees are difficult for the parents of students in poor areas to pay; and after smaller schools have been merged, some rural students have to attend boarding schools – at additional expense for their parents.
- In poor areas, schools do not have sufficient funds to pay their teachers, maintain operations and repair school buildings, reducing the quality of education and worsening the learning environment.

All these problems can be related to financial and institutional reasons: insufficient funding for rural education, an unclear division of responsibilities between central and local authorities and insufficient monitoring and management of educational quality and standards.

⁷ In 1995 the Ministry of Civil Affairs began a pilot program in some rural areas providing subsistence allowances to needy farmers. This has been regarded as a breakthrough in social relief in rural areas. Practices of pilot areas show that this program can provide standardized assistance to needy people in a timely and flexible manner. By February 2006 the program had provided subsistence allowances to 8,283,000 rural residents, while another 9,916,000 needy people got help from traditional social relief. The subsistence allowances program receives 50% of the funding from the state, and 50% from the rural collectives.

⁸ 7.3 years vs. 10.2 years and 11.6% vs. 4.6% respectively

⁹ The government-allocated compulsory education fund in urban areas in 1997 amounted to RMB 1,397 per primary school pupil, while it was RMB 316 in rural areas. The fund allocated to one urban primary school pupil was thus four times higher than the amount allocated to one rural primary school pupil. The government-allocated compulsory education fund per junior middle school student in urban areas was RMB 2,416, while that in the rural areas was RMB 316.

1.3.3 Basic health insurance and service provision

There is also a large discrepancy between urban and rural areas when it comes to the provision of public health care. This is true not only for the western and hinterland areas, but also for parts of the developed coastal areas in East China. The rural population accounts for 70% of the country's total population. Nevertheless, the proportion of the public health care resources allocated to rural areas is only 30% of the national total.

For instance, every 1,000 rural residents have only 1 hospital bed available, while 1,000 urban residents have 3.5 hospital beds available. During the 1990s, only 14% of the increased investments in the public health care sector were in rural areas, 89% of which was used to pay salaries and 1.3% for public health care. In 1998, the government invested RMB 58.72 billion in the public health care sector, but the part that was invested in rural areas was only RMB 9.25 billion – accounting for mere 15.9%. In other words, public health care resources enjoyed by the 400 million urban residents were five times as large as those allocated to the 900 million rural residents.

Pension insurance, health insurance, work-related injury insurance, maternity insurance, unemployment insurance and social relief and aid are generally enjoyed by urban residents, but the overwhelming majority of the rural residents only have limited or no access to such benefits.

In 1990, the government expenditure on social security was RMB 110.3 billion; RMB 97.7 billion was allocated to urban areas, constituting 88.6%, while RMB 12.6 billion was allocated to rural areas. The average social security funding per urban resident was RMB 413, while it was RMB 14 per rural resident. That is, a ratio of 30:1. In the period 1991 to 2001, the social security expenditure per capita in urban areas took up 15% of the GDP per capita while that in rural areas was only 0.18%.

1.4 Institutional reforms and self-governance of farmers at village level

In 1981 the Chinese government called for initiatives to “gradually realize direct democracy in grassroots organs of state power and social life.”¹⁰ The villagers' committee is the primary organization of self-governance in rural areas, the chairman, vice chairman and other members are directly elected by villagers to serve for a term of three years, and the members can be re-elected for successive terms.

Chinese farmers have innovatively adopted “team-racing” in elections in the drive towards self-governance. In team-racing, a candidate for the chairmanship of the villagers' committee forms his/her team to compete with other candidates in the election.¹¹ Practice shows that team-racing in competitive elections is quite suitable for the election of villagers' committees. However, competitive elections are not widely used in self-governance in rural areas nationwide, and legislation on this kind of election practices is still lacking.

During the last two years, some discussions related to rural elections have emerged. Farmers are, in general, very enthusiastic about elections, simply because they want to elect reliable persons to be in charge of the village's daily life and development. This also relates to how they can deal with the compensation from expropriated land.

¹⁰ The legal provisions for the villagers' committee are found in the *Constitution of the People's Republic of China* enacted in 1982 and the *Organic Law of Villagers' Committees of the People's Republic of China* (for trial implementation) adopted at the 23rd session of the Standing Committee of the Sixth National People's Congress in November, 1987. The *Organic Law* was amended and approved as formal legislation in June 1998.

¹¹ The procedure includes: A primary voting is held for villagers to select democratically three to four candidates for the office, and each candidate nominates his/her own team for the committee; the candidates deliver their competitive speeches and announce their team composition; the villagers vote to select one from among the three or four candidates for the office; other members of the team of the chairman-elect are decided by villagers through voting, and those winning majority votes are elected.

1.4.1 Innovating the township government and new orientation of its reform in the context of building up new socialist countryside

The county government and the township government are the main implementers of the strategy to build a new socialist countryside. Their task is to make the best use of the financial transfers from higher levels of the government to provide public goods and services. For a long time, the government has allocated agricultural, rural and peasant development funds in a top-down manner – not properly incorporating farmers’ participation. Due to this practice, large proportions of the funds allocated for building up a new countryside have been exposed to the risk of being used by local governments for other purposes.

The abolishment of the agricultural tax, prohibition of arbitrary allocations of expenses to farmers, and the fact that the public financing of the central government does not include the expenditure of the county and township government, have, to a large extent, shaken the economic foundations of the township government and its affiliated organizations for their existence and operation. They have lost much of their formal financial resources and economic basis for managing rural economic and social development, and for providing public goods and services in rural areas. In some areas the situation is very critical; many counties and townships in the central and western parts of China find it increasingly difficult to pay salaries to their employees even with the support of financial transfers from the higher levels of the government. This has made it almost impossible to keep the grassroots government and their affiliated organizations operating in a satisfactory manner in these areas.

This problem indicates that the economic reforms in the rural areas are still facing major obstacles and challenges, and it is necessary to reposition and re-commission the township government as soon as possible. The major purpose should be to make it not only relatively small in size, but also highly capable, efficient and free from corruption. If the responsibilities of the township government are not redefined, and the strongly needed fiscal resources are not guaranteed in line with the new situation in rural areas, the grassroots government may become paralytic or semi-paralytic. This in turn may lead to a “power vacuum” and social chaos. It is thus particularly urgent to speed up the reform of the township government with a new orientation.

Most of the reform programs recommended so far have been confined to reducing the financial burdens of farmers and coping with the difficult financial situation of the rural grassroots government. But these reforms have been short of a wider orientation, and have not provided sufficient and mutually supportive measures. In order to implement the strategy of building a new socialist countryside, there is thus a need to rethink and clarify both the objectives of the reform of the township government, as well as the division of responsibilities between different levels of government. This will be addressed in this part of the project.

1.4.2 Development of civil society organizations in rural areas and construction of new socialist countryside

Farmers constitute the largest social group in China, but they are the only social group that does not have their own organizations. Without institutionalized and reliable organizational resources, it is difficult for them to claim, express and execute their rights. Furthermore, the top-down administrative personnel appointment, assessment and removal system encourages authorities at the township and village levels only to be responsible and accountable only to their superiors. Due to high costs of supervision by higher-level authorities over lower-level authorities, farmers’ claims to, and execution of, their due rights, are sometimes seriously affected.

Although originally designed as a step towards grassroots democratization and self-government of rural residents, the villagers’ committee, in many instances, is steadily becoming more government-like. Except for contracting land out, helping the township government to collect taxes and fees, and implementing the policy of family planning, the villagers’ committee often has limited impact on rural economic development – and particularly in terms of providing public services. One

important question is to what extent the economic and social functions that originally were designated to the villagers' committee are carried out in an efficient manner – or whether it would be better to give part of these functions to new types of farmers' cooperative economic organizations, and other types of rural civil society organizations.

With the unfolding of the work of building a new countryside, the position and roles of farmers' cooperative economic organizations and rural civil society organizations will become more prominent. Therefore it is now of strategic importance to clarify a number of issues, including how to promote a healthy development of farmers' cooperative organizations and other rural civil society organizations, how to enable such organizations and institutions to undertake the economic and social functions that the villagers' committee previously has had the main responsibility for; how to establish interest-expression mechanisms for different social groups; how to ensure funds for the building-up of a new countryside to be really used for farmers' most desired public services; etc.

PART 2: NATIONAL DEVELOPMENT STRATEGIES

2.1 Xiaokang and the Development of New Socialist Countryside

The 16th National Congress of the CPC in 2002 redefined the concept of poverty alleviation to encompass a broader approach to national development. The vision of ‘all-round’ *Xiaokang* society to be basically realized by 2020 is characterized with i) quadrupling of per capita income; ii) balanced and human-centered development; iii) care of the environment; iv) support of individual empowerment; and v) commitment to the improvement of governance and accountability.

This strategy reflects the strong political commitment of the Chinese government to shift the focus of development beyond that of economic and material well-being, and to include broader concepts of development and the achievement of sustainable human development outcomes. The 3rd Plenary Session of the 16th Central Committee of the CPC in 2003 gave further clarity to the vision through advocating the ‘Scientific Development Concept’, focusing on achieving ‘*five balances*’ between: a) urban and rural; b) across regions; c) economic and social; d) man and nature; and e) domestic development and opening up.

The ‘all-round’ *Xiaokang* vision also closely mirrors commitments made by China in UN’s Millennium Declaration that was adopted by Heads of State and Governments from 189 member countries in 2000. The Millennium Development Goals (MDGs) outline clear goals, targets and indicators for ending human poverty and accelerating human development. The acknowledgement and the support of the MDG goals underpin China’s *Xiaokang* vision and offer an historic opportunity for enrichment through economic and social integration. Enhancing China’s national reform processes thus relates directly to the global reduction of poverty and improved human development outcomes worldwide.

In October 2005, in the Suggestions, which were discussed and then passed by the 5th Plenary Session of the CPC’s 16th Central Committee, on the Guidelines for Formulating the 11th Five-Year Plan the National Economic and Social Development, the concept of “*building a new socialist countryside*” was highlighted, which prioritizes the following aspects of rural development:

- higher productivity;
- better living conditions;
- civilized village life;
- clean and tidy village appearance; and
- democratic management.

In the process of constructing a new socialist countryside, land – as the most important production resource – is expected to function as a crucial factor for farmers to get a reasonable income and establish a good standard of living. And the land administration authorities are expected to render good services in the process of constructing a new countryside, by innovating land policies, making it possible for farmers to make full use of land resources, and effectively protecting their land rights and interests. Therefore, how to reduce and prevent the infringement on farmers’ land use rights and how to establish and achieve a just, fair and open land management system, procedures and attitudes is of crucial importance to the success of the new rural construction.

The strategy of building a new socialist countryside as a long-term goal should be implemented through efforts including:

- To establish economic mechanisms in which the city leads the countryside and the industry supports agriculture – thus accelerating urbanization and ensuring long-term support to agriculture from the government and society.
- Develop reliable bases for the production of grain, meat and other goods, raise the production capacity of agriculture, promote restructuring of agriculture, and improve the distribution system in rural areas.

- Increase farmers' incomes by better utilization of the potentials of agriculture, create jobs in non-farm sectors, and consummate the system of the state for subsidizing farmers.
- Increase fiscal investment in the development of rural infrastructure – especially to improve supply of potable water; power and fuels, as well as roads.
- Develop education in rural areas to provide new and various training programs for farmers to enhance their capabilities in farming and other industries.
- Promote farmers' cooperation in public affairs, and encourage farmers' organizations to play a consultation and decision-making role in environmental protection in rural areas.
- Consummate rural governance.

As a vital strategic plan, the building of a new socialist countryside in China is not only a policy that can benefit hundreds of millions of rural people, but also a strategic decision concerning the long-term prosperity and stability of the country. The earlier stipulated strategic objective of building a well-off society in an all-round way can only be achieved by generating a balanced development between urban and rural areas, and by creating new conditions for rural development, because, without rural areas being well-off, there would never be well-off society in China.

2.2 Specific government measures to address challenges in the rural areas

2.2.1 Implementing rural reforms

In implementing rural reforms, the Chinese government aims to enhance the role of the market to regulate agricultural production and agricultural services, and also to improve the role of the government in serving agriculture and administering the rural market. Since 2004 the Chinese government has enacted a series of political and economic reforms in rural areas. These policies include the following:

- *To implement the political principle of “people first”* to promote social equity and help raise farmers' social status. Farmers account for the majority of the Chinese population, and they are in a disadvantageous position due to historical reasons. The Chinese government, therefore, has attached greater importance to farmers' rights and interests, put rural areas in the first place in economic development, and consolidated the position of agriculture as a foundation of the economy. The government has also stated that it wants to remove all constraints on farmers' freedoms of operation, migration and selection of jobs to safeguard farmers' legitimate rights and interests.
- *To accelerate a market-oriented reform of the rural economy.* This includes: stepping up the reform of the land requisition system and promoting the transfer of land use rights in the market; expanding the reform of the grain distribution system; opening the farm produce market in a comprehensive way; encouraging private businesses to engage in distribution of farm produce; advancing comprehensive rural reforms including streamlining of township government institutions, unifying the labor market in both rural and urban areas, encouraging farmers to find jobs in urban areas, reforming and innovating the rural financial system, and establishing a mechanisms for banking institutions to serve rural communities.
- *To improve the work of the government and its service to rural economic development.* In its allocation of resources, the government emphasizes the top priority of providing sufficient and high-quality public goods and services also for rural areas, including promoting education, improving social protection, improving infrastructure facilities, developing public undertakings and protecting land resources.

2.2.2 Financial support to agriculture and poor farmer households

To fight poverty, the Chinese Government has been providing financial support for rural residents whose income is below the poverty line. In 2005 the threshold was set at 683 Yuan.¹² The Chinese Government's efforts have contributed to constant poverty reduction in rural areas, but according to

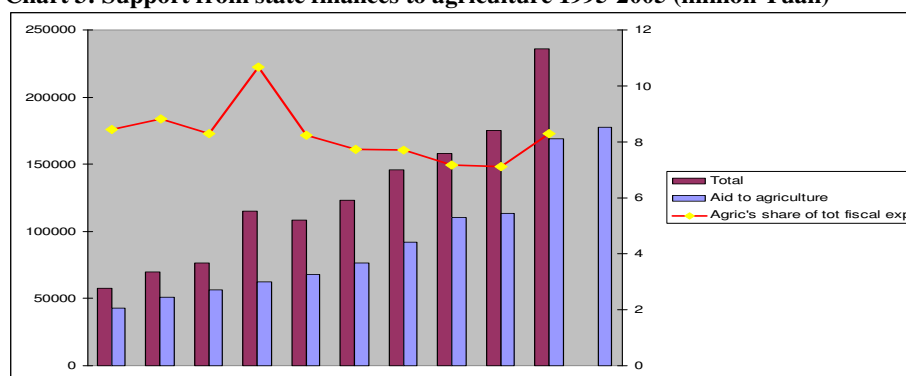
¹² The poverty line is adjusted in accordance with the price index.

official statistics of the relative poverty line, the poor rural population in 2004 was still as large as 26.1 million. (CHDR 2005:80). However, if the “one-dollar-per-day” poverty line was adopted, approximately 85 million of the rural population would be classified as under the poverty line.

Even though the financial transfers to rural areas have been considerable, they have not been large enough to even out the increasing income disparities between people living in urban and rural areas, nor have they been particularly directed to maintain or improve the provision of public services in rural areas.

The chart below illustrates that while the Chinese government has increased its financial support to agriculture, the rate of the increase has been lower than the general increase in fiscal revenues.

Chart 3: Support from state finances to agriculture 1995-2005 (million Yuan)



In addition to the items listed in the table, the government has also utilized several other mechanisms to support agriculture and rural areas. Major support mechanisms include:

- Direct subsidies to grain-producing farmers¹³
- Subsidies to farmers for their purchase of seeds of fine varieties¹⁴
- Subsidies to farmers for their purchases of farm machinery¹⁵
- *Funding for education in rural areas*¹⁶
- Subsidies to medical and health work in rural areas
- *Support for old-age protection in rural areas.* The Chinese government has been exploring new ways and mechanisms for social protection of elderly people in rural areas. The local governments have also provided financial assistance for this purpose
- Subsidies to producers who use mixed fertilizers

The government’s input in the development of agriculture and rural areas thus exceed the figures listed in Table 3 above. In the period 2001-2005, the Central Government allocated 1.13 trillion Yuan to support the development of rural areas, to promote the progress of agriculture and improvement of rural people’s lives, with the funding rising at an annual rate of 17%.

However, even though these efforts have been considerable, they have not been sufficient to cater for all the needs for provision of public services in rural areas, or to eliminate the socio-economic development disparities between rural and urban areas.

¹³ RMB 13 billion in 2005, up 14% from 2004

¹⁴ RMB 3.7 billion in 2005, up 28% from 2004

¹⁵ RMB 300 million in 2005, up from 70 million in 2004

¹⁶ In 2005 all levels of government spent more than 120 billion Yuan on compulsory education in rural areas.

2.2.3 Protecting farmland resources

One consequence of the economic growth China has been experiencing during the past two decades, is that the use of large areas of agricultural land has been changed for construction purposes – that is, it has been transferred to so-called “rural construction land”.¹⁷

The Chinese government has adopted several strategies to conserve the relatively limited arable land resources, and has introduced the *Land Administration Law* and the *Rural Land Contract Law* to regulate the use of land for various purposes. The Government mainly applies four measures to protect farmland resources:

- i) It has designated the agricultural land that is in good conditions – about 80% of the total – as “basic farmland,” which cannot be taken over for non-agricultural purposes or use without approval from the Central Government.
- ii) The power to examine and approve the use of agricultural land for other purposes is divided among several levels of government, and the grassroots level of government is authorized to approve the use of only very small plots of farmland for other purposes.
- iii) The government has made it a policy to require compensation for farmland expropriation. When a certain amount of farmland is taken over for other purposes, the land user must reclaim the same amount of land, or pay the expenses for the government to make the land reclamation.
- iv) Those who occupy farmland in violation of laws or legislation are to be punished through strict law enforcement.

In 2004 the Central Government promulgated a Decision on Strict Administration of Land, which calls for implementing “the strictest policy on land administration in the world.” In addition, the Central Government also stipulated prices for land use rights, with the intention to try to regulate the relations between land supply and demand with pricing mechanisms.

Despite the Central Government’s efforts to preserve land resources, inefficient, and partly wasteful, use of land continues. In a large number of cases, local authorities expropriate land resources in their endeavor to expand industrial production in their area. Conflicts sometimes exist between the goals of local authorities and those of the central government, which hinders the implementation of the central government’s strategies, policies and laws.

2.3 Initiatives on property rights to rural land

The Chinese government has given the highest political priority to the questions of land rights and public services in rural areas. At a national conference in December 2005 to discuss the development in the rural areas, Premier Wen Jiabao emphasized a strong need to address the land property question. He stated that “locales are unlawfully occupying farmland without reasonable compensation and resettlement,” and added that “the reckless occupying of farmers’ land creates large numbers of landless farmers, and this represents a grave problem for the sustainable development of the countryside and the whole economy and society.”

In the 2006 *No. 1 Document* issued by the CPC Central Committee and the State Council, the guidelines for building a new socialist countryside is described as: “industry nurturing agriculture

¹⁷ Moreover, the government has a policy of transferring fragile fields on slopes of 30 degrees or more to forest areas, and this has also resulted in a decrease in the area of cultivated land. In the eight-year period between 1996 and 2004, the area of cultivated land was reduced from 130 million ha to 122.4 million ha – a decrease of 7.6 million ha. The per capita area of cultivated land was reduced from 1.59 *mu*¹⁷ to 1.41 *mu*. In 2004, 145,066 ha of farmland was taken over for construction, 63,266 ha destroyed in natural disasters, 204,666 ha cut in restructuring of agricultural production, and 732,866 ha left permanently for conservation purposes. The decrease in cultivated land added up to a reduction of 1,145,866 ha. In the same year, 345,600 ha of land were reclaimed for cultivation, and the net decrease of cultivated land thus amounted to 800,266 ha. The decrease in the arable land is a serious concern for the whole nation and the government.

and cities supporting the countryside” and “giving more, taking less and loosening control” (*duoyu, shaoqu, fanghuo*).

These aspects indicate that the basic means of building a new socialist countryside lies in the establishment of the following mechanisms:

- a) long-term effective mechanisms for supporting rural areas including the government's fiscal expenditure and investment in rural fixed asset investments;
- b) incentive mechanisms designed to encourage farmers to prosper in their home areas, by relying on their own efforts to take advantage of pro-farmers policies of the government;
- c) a social participation mechanism to attract support from all walks of life to contribute to the new rural construction;
- d) economic and social management mechanisms to narrow down urban-rural disparities.

The following efforts were announced in the *2006 No. 1 Document* including expanding the public finance's support to the development of the countryside; speeding up the development of compulsory education in rural areas; enlarging the scale of the *Sunlight Project* to facilitate the movement of rural labor force by providing farmers' opportunities to change jobs; strengthening the rural public health care infrastructure; implementing the three-layer medical service and aiding system in rural areas; and gradually increasing investments from the public finance in the social security system in rural areas. The document also announced to accelerate the reform of the land acquisition system according to the guidelines of “narrowing the coverage of land expropriation, perfecting the method of compensation for land, expanding the channels of settlement and regulating the process of land acquisition”, and to enhance training and improve the social safety net for farmers whose land is expropriated.

The goals and tasks of building a new socialist countryside thus constitute an all-inclusive, systematic whole, of which improving the provision of public services and reforming the rural land property rights system are considered two of the most important elements.

In recent years, the Chinese government has taken several initiatives to readjust its policies to safeguard farmers' land property rights. In the decision of the State Council on *Deepening the Reform and Strict Administration of Land*, issued in 2004, the central government stressed the protection of farmers' interests in the process of state land requisition as well as in the transfer of agricultural land to other purposes. In this government decree it is stated that farmers are supposed to get compensation for the requisition of their land, and that this compensation should include: land compensation fee; subsidy for resettlement; and compensation fee for ground appendixes and young crops. In the past, the compensation for one *mu* of land in rural areas totaled approximately about 10,000 Yuan – as the state had set a ceiling for the compensation. With the new policy in place, the local governments may raise the compensation above this ceiling. In cases where the land compensation fee and the subsidy for resettlement are not sufficient for the individual farmer household to maintain their living standards; or the fee and subsidy are not enough to cover the expenses of their social protection, the provincial-level government should take initiatives to establish necessary increases in the subsidy for the household's resettlement. The new policy also requires governments at and above the county level to ensure the long-term livelihood of farmers whose lands have been expropriated.

China has for several years been preparing comprehensive property rights legislation. In September 2005, the draft was publicized in the national media for public hearing. It is currently being discussed, and is planned to be passed by the National People's Congress in the coming years. This law will explicitly regulate the protection of property, and will be of significant importance in safeguarding farmer's rights to land.

At present, a new round of rectification of the *Land Administration Law* has been put on the agenda, and the same is the case for other relevant laws and regulations.

In urban planning zones, the local government should include farmers, who have become landless due to land expropriation, in the urban employment and social security programs and schemes. People in different positions have proposed various suggestions regarding the safeguarding of farmers' right to contract land, and to turn this right into a valuable asset. The government has also taken steps that can lead to the *farmer households' contract rights to land* becoming a kind of property right. This is something that is intended to be included in the proposed *Property Rights Law* – farmers' rights to land may thus be protected by stronger legal means.

2.4 Efforts to improve public services in rural areas

It was promulgated in the *2006 No. 1 Document* issued by the CPC Central Committee and the State Council that the public finances' coverage of the countryside should be expanded; the development of compulsory education in rural areas should be accelerated; the scale of the Sunlight Project to speed up the career opportunities and movement of the rural labor force – by providing farmers more opportunities and abilities to change jobs, should be enlarged; the rural public health care infrastructure should be strengthened; the medical services and aid system in rural areas should be improved; and investments from the public finances in the social security system in rural areas should be gradually increased. Thus, to gradually establish a uniform rural-urban public service system in the coming 5-10 years constitutes a central goal and priority on the Chinese government's agenda.

In recent years, several steps have been taken to provide social insurance and protection. These measures come as a result of policies introduced by different levels of the government:

- *Social insurance against old age.* In 1986 the Ministry of Civil Affairs initiated a social insurance program in some prosperous rural areas that received financial support from the government.
- *Social relief in rural areas.* Social relief in rural areas includes disaster relief and poverty relief targeted at special groups. As a country prone to natural disasters, China every year suffers great losses in rural areas.¹⁸
- *Social welfare.* Social welfare usually refers to financial or other support or aid provided to people who need it. It generally relates to education, health services, special support for vulnerable groups, cultural activities, etc. China is a vast country with a huge rural population, and to ensure public services and social welfare for all persons in all rural areas is a huge task. The central authorities have to rely on the local governments, the rural collectives and all sectors of the society to contribute to meet the needs for public services, social welfare and protection in the rural areas.¹⁹

To ease the burden on farmers and increase their income, the Chinese government in 2000 introduced a reform of the agricultural tax and fees, eliminating some items and combining the rest of fees and taxes into a single agricultural tax. In 2003 the government again decided to gradually eliminate agricultural tax within five years. By the end of 2005 the Standing Committee of the National People's Congress annulled the law on agricultural tax, and the tax was eliminated ahead of schedule. This reform resulted in a reduction of about 4% in the budget revenue of the government. With the rapidly increasing tax revenues from the strong economic performance and growth in urban areas, the central government has been able to sustain this reduction in the budget revenue. However, the elimination of the agricultural tax, which previously used to be a major source of revenue for local governments, has led to financial difficulties for local governments – especially those in the

¹⁸ The state has adopted a policy of providing "five guarantees" for the most affected families: (i) to ensure enough food; ii) clothing; iii) fuel; iv) education of children; and v) funeral expenses. However, social relief in China still needs to develop a standard minimum level that can be applied to all.

¹⁹ Currently the major welfare facilities in the Chinese countryside are homes for the elderly, and welfare homes run by the county, the township or the village. In some regions there are also health-care centers and medical clinics to serve farmers. In economically developed areas, cultural and entertainment facilities have also been established as part of the social welfare. In certain townships and villages, a "welfare factory" (providing jobs for physically challenged persons) and a home for the elderly have been established as the backbone of the social welfare services.

less developed central and western parts of the country. The major difficulties in public finances in rural areas include:

- Heavy debts incurred by townships and villages.²⁰
- Excessively large government payrolls, and insufficient delimitation of functions of the township government. Teachers in primary and higher education in rural areas constitute the majority of personnel on government payrolls.
- Under the tax division system – in which state taxes and local taxes coexist – governments of provinces, prefectures, and cities do not make sufficient transfer payments to counties that face financial difficulties. There are a number of challenges linked to the reallocation and redistribution of tax revenues that need to be taken care of.

In order to address these problems, the Chinese government in 2004 initiated the reform of grassroots governments in rural areas.²¹ Under this reform a large-scale restructuring of administrative divisions has been carried out, with a number of townships eliminated and villages merged. The 2004 *Number One Document* issued by the CPC Central Committee and the State Council called for “further streamlining the government institutions of townships and towns, and downsizing their staff. Resolutely, yet properly restructuring the administrative divisions of townships and towns, merging villages where conditions permit, and encouraging the practice of officials assuming concurrently both Party and government posts.” In the proposal for the formulation of the Eleventh Five-Year Plan for National Economic and Social Development, the CPC Central Committee called for “consolidating the results of the reform of agricultural tax and fees; advancing comprehensive reforms in rural areas; fulfilling the tasks of reforming the government institutions of townships and towns; promoting the developing of the universal compulsory education in rural areas; and “encouraging the county to manage the finance of the township.”

At the same time, the Central Government has made strong efforts to improve the performance of county and township finances. In September 2005, the Ministry of Finance circulated the Interim Procedures for the Evaluation of Achievements in Easing the Financial Difficulties of Counties and Townships. The document advocates:

- The county government is encouraged to administer the finance of townships.
- A procedure is established for the examination of the county budget.
- Institutional innovation is encouraged in order to ease the financial difficulties of counties and townships.
- The government is required to report its measures for easing the financial difficulties of counties and townships to the People’s Congress at the same level.
- Control of the size of staff on government payroll should be enhanced.
- The debts of counties and townships should be curbed and reduced.
- Wages of government employees should be paid in full and on time.²²

In 2005 the Ministry of Finance set aside 15 billion Yuan for subsidies and rewards to encourage local governments to ease the financial difficulties of counties and townships within three years. The Central Government has also decided that an effective mechanism should be established as soon as possible to prevent the incurrence of new debts for counties and townships – and to find ways to resolve the existing ones. The government also encourages farmers to build infrastructure facilities that benefit themselves, and to develop public service undertakings. In the long-term, it is considered to be of great significance to ease the financial difficulties of counties and townships, to utilize the potential of the society in this way, and to encourage non-governmental organizations and farmers’ cooperatives to play a bigger role in the supply of public goods and services in rural areas.

²⁰ There are different estimates of the size of total debts; official sources put it at more than 400 billion Yuan, but some scholars have indicated that it might be around 1 trillion Yuan.

²¹ Several provinces had entered into this process even earlier.

²² The document also lists detailed indexes for the evaluation of these activities.

As part of a 2005 initiative by the Central Government to give more priority to compulsory education in rural areas, it was also decided that the *county* should be responsible for the administration of compulsory education in rural areas – thus lifting the burden off the townships and town governments. It was also stated that the government would increase funding for the implementation of the policy to exempt students and pupils from poor families from tuition fees; as well as incidental and textbook fees. Moreover, it was decided that charges for compulsory education in rural areas should be strictly regulated.

2.5 Experiments in local governance reform

2.5.1 Free nomination of candidates and team-racing in competitive elections

How the candidates are nominated is very important for an election. In previous elections of villagers' committees, candidates were either nominated by grassroots Party organizations, leading groups for the election or groups of villagers, or self-recommended by candidates themselves. In Lishu County, Jilin Province, farmers have created a new way of electing members of their villagers' committee: no candidate is nominated prior to the election, and every voter is free to nominate candidates who he/she believes meet the qualifications. The local people call this "*hai xuan*" (selecting from a sea of candidates). In the elections of villagers' committees in 1998, 85% of the villages in Jilin adopted this procedure.

2.5.2 Experimentation with township elections models

The concept of direct election of township mayors was first introduced in Shenzhen – the first special economic zone in China. In November 1997 the city authorities of Shenzhen sent a request to Guangdong provincial authorities asking for guidance regarding the city's plan for experimenting with direct election of township mayors. As this planned procedure was against some provisions in the Constitution, the Standing Committee of the National People's Congress rejected the Guangdong Provincial People's Congress's request for approval of the experiment. However, in May 1998, the government of Shizhong District of Suining City in Sichuan Province made an experiment of openly electing the mayor of Baoshi Town.²³ Later similar experiments have been carried out when electing Party secretaries and mayors in three other towns (townships).

2.5.3 Merging Party and administrative functions

In recent years, a dual election system has been introduced in some localities, where residents first vote to select candidates for the secretary of the Party branch or committee, and at the subsequent Party branch meeting its members finally elect the secretary by another voting. This dual election system increases the residents' influence on the selection of the Party branch secretary.

In the experiments of merging the two committees, some changes have taken place in the activities of Party organizations in rural areas. In some instances, the Party organization has to win support from the voters; when there is a conflict between the interests of farmers and the instructions from the higher-level leadership, the Party organization in this new situation has to take a role as mediator and try to strike a balance, instead of submissively following the instructions from above – as they traditionally used to do.

²³ To reconcile the practice with the relevant provisions in the Constitution, residents in Baoshi Town voted to elect a single candidate for the office of mayor, who was then formally elected by the people's congress of the town. Such an election is a de facto direct election. In early 1999 Dapeng Town of Longgang District in Shenzhen City held a de facto direct election similar to that of Baoshi Town in Sichuan. Similar experiments have also been carried out in Mianyang City of Sichuan, and Linyi County of Shanxi Province.

2.5.4 Rural voluntary associations

Since May 2001, Jiangxi Province has conducted an experiment of establishing volunteers' associations in rural communities in several counties and cities. Members of these associations usually include veteran Party members, retired cadres, senior demobilized servicemen, veteran teachers, as well as senior farmers. The associations usually comprise several working organs to promote public affairs and public welfare in the rural community. The volunteers' association formulates community rules for all residents to follow, and for villagers to exercise self-management, self-enforcement, self-education, self-service, and self-supervision. The association can take charge of the construction of infrastructure facilities and welfare undertakings in the village, and it can control funds, sign contracts with builders, and supervise the engineering work and the quality of specific projects. By making use of a traditional recognition of authority and cooperation in rural areas, the associations can lower the costs of the government to play its role.

Volunteers used to play an important role in the management of public affairs in ancient and even modern China's rural areas, and they can still play a major role in the development of contemporary society – provided necessary conditions are in place. In this respect, the experiment in Jiangxi can be of general interest. Reports from Jiangxi indicate that the experiment has generated very significant and good results.

2.6 International Support to China's Development Agenda

The UN is working together with the government of China to operationalize its development agenda and to merge its activities with the MDG development goals and approach. *Xiaokang* calls for a new holistic approach to development. This is particularly relevant when it comes to sustainable agriculture and rural development. The international community wants to contribute to this by sharing best practice experiences from other countries and support in developing models that are feasible for China.

The UN China Country Team recognizes that there is a particular challenge of providing employment and adequate incomes to farmers and agricultural workers in rural areas in order to reduce poverty levels and mounting migration pressure.

International organizations participating in Chinese rural development and poverty alleviation programs have stressed the importance of participatory rural development models, which are farmers' needs-centered and market-oriented, while searching for effective approaches to provide financial services and technical services to farmers to reduce poverty in rural areas.

The World Bank is doing some projects and studies in land administration including land tenure, regulations, and land institutions, including a joint study by teaming up with Development and Research Centre of the State Council. These projects help to quantitatively demonstrate that inappropriate policies and institutional arrangements that undermine tenure security, sustain inappropriate patterns of land use, limit broad-based land access and inflict large losses are too important to ignore. Second, it has pointed towards interventions in terms of policy, institutional change, and infrastructure investments that can provide the basis to deal with these issues through an effort that is sustained in the long term.

The World Bank is cooperating with Ministry of Land and Resources in research projects on rural collective construction land transfer and management of rural housing land.

The projects helped to generate broad consensus among the stakeholders involved (government, civil society, donors, etc.) on the principles for interventions and how to coordinate them so as to maximize synergies.

The World Bank aims to support the development of a network to facilitate the sharing of international experiences, with its partners' collaboration, FAO and IFAD

ADB is cooperating with Ministry of Land and Resources in reform research projects on land acquisition and compensation.

DFID is implementing a Poor Rural Communities Development project in improving livelihood security in rural community and testing participatory initiative in community affairs.

AUSAID is designing two projects. One of them is to eradicate rural and urban disparities in land transfer. The other one is focusing on public delivery in rural areas. The two projects will be formulated in 2007 together with NDRC.

FAO is implementing a project together with MOA and DRC in setup of a land registration system in several pilot areas in one or two provinces. A land registration manual will be developed through the project.

PART 3: PROJECT STRATEGY

3.1 Overall project objective

In the context of new socialist countryside, the project will propose policy, legislative and institutional reform to support revitalization of China's rural areas, with particular emphasis on resolving land rights issues, improving the delivery of public services and modernizing local governance. By enhancing growth, efficiency and equity in rural areas, the project aims to support the initiative to build a new socialist countryside and reduce rural-urban inequalities.

After two decades of rural production and tax & fee reform in rural areas, rural reform enters a new era of overall rural reform, which systematically redresses urban rural inequality, fosters democratic rural governance and promotes development of productivity in rural areas.

To this end, in-depth and comparative research will be conducted to clarify the current circumstances, identify key issues and draft proposals for improvement. The initial proposals will be informed by and revised according to broad consultation with representatives of central and local governments, academic experts and farmers as well as international scholars, donors and development agencies.

Pilot demonstrations at the township level will be employed to inform research and test draft recommendations in actual implementation and refine the analysis for finalization of advice on policy and legislative reform.

Core problems addressed include the unclarity and insecurity of rural land property rights; farmers' weak bargaining power and insufficient compensation for land use and appropriation; creating an enabling environment for the modernization of agriculture and the development of rural areas; opportunities for improving provision of rural public services given constraints in the fiscal system; the need for reform of local government to improve efficiency, representativity and service orientation; and the role of civil society in balancing development in the countryside.

The project will also build government capacity on managing rural land by training a group of policy makers, administrators and technical personnel involved in operation and management of the rural land ownership system at both central and local levels.

Each component will build on thorough analysis on the impact of proposed changes on poverty, on environmental protection, on women and household relationships, and on other vulnerable groups such as landless farmers and the elderly.

3.2 Implementation strategy of key components

The project has three outcomes:

- Outcome 1: Policy and implementation measures to support land policy reform;
- Outcome 2: Innovation in Rural Governance and Public Service Delivery;
- Outcome 3: Broad-based policy debates and knowledge exchange, enhancing decision-making and policy implementation to support rural development for a harmonious society in China;

The first of the two is focused on innovations in the management systems relating to land – titling and registration of ownership and usage, mechanisms for transfer and distribution of benefits accruing from various forms of land use – while the second places land issues in the broader context of local governance, provision of public services, civil society and farmers' rights with a view to identifying systemic obstacles to rural development and the strategy to construct a new countryside.

The two outcomes are designed to be complementary as well as mutually reinforcing. With emphasis on different issues connected to rural land in contemporary China and approaching their subject matter from different angles – one concrete and technical, the other comprehensive and strategic –

both analyses stand to gain from drawing upon each other at points of direct as well as indirect inter-linkage.

On one hand the design of technical systems should be forward-looking to fit well into overall plans for rural development and take into account the impact on as well as impact from a broader set of issues, such as fiscal policy or farmers' ability to organize. On the other hand, analysis of and recommendations on strategic and systemic challenges must take into account the potential limits on what is practically feasible.

The third outcome is to set a knowledge sharing and policy development platform to conduct board-based policy debate and knowledge sharing with the participation of government officials and policy researchers from relevant departments of the Central Government such as the State Commission for Public Sector Reform, National Development and Reform Commission, Office of the Central Leading Group for Financial and Economic Affairs, Research Office of the State Council, Ministry of Agriculture and Ministry of Civil Affairs, Ministry of Finance, Ministry of Science and Technology, as well as relevant agencies from the Standing Committee of the National People's Congress and the National Committee of the CPPCC, to exchange ideas on policy, system, institutional and mechanism innovations to facilitate the building of a new socialist countryside and foster policy innovation. International partners will be also invited to join such discussions. This component is also meant to develop closer synergies between first two components and document key findings for dissemination and policy considerations.

The project has some cross cutting linkages with some ongoing UNDP supported projects assisting rural development such as Pro-poor fiscal reform, Sustainable Scientific Technology to Support Rural Development (TTF), Green Poverty Alleviation in Western Areas (GPA). Synergy and coordination with the relevant project will be targeted and tailored in close consultation and collaboration with those project counterparts.

3.2.1 Land Policy Reform

Objective

The component aims to clarify and strengthen rural land property rights as well as establish clear, equitable and efficient mechanisms for registration, usage and transfer of those rights to protect farmers' rights and enhance economic efficiency. Innovative reform of rural land ownership and management mechanisms will be proposed, including suggestions for rectification of the Land Administration Law and other legislation, policies and statues relating to land ownership. Technical systems for managing the information effectively while ensuring transparency and access will be developed and tested. The component will also build capacity to manage rural land by training policy makers, administrators and technical personnel at central and local levels.

Comprehensive study on land policy reform and rural development

This component researches the systemic, policy and institutional obstacles to land policy reform, With a view to providing input and policy recommendations on cross-cutting reform to facilitate the building of a new countryside submitted to relevant departments of the central government.

Research will review land reform strategies currently being tested in different parts of China and good practice examples from other parts of the world to fully explore available options for reform. Study tours of 2-3 weeks will be arranged to 2 economically compatible countries to examine their experiences in defining, executing and protecting farmers' land property rights for the purpose of promoting sustainable rural economic growth and social development, and in encouraging orderly movement of surplus rural labor to urban areas in the process of industrialization and urbanization.

In order to clarify how farmers' rights to their contracted land should be defined, executed and protected, 3 workshops will be held in 3 different counties (one each in the western, central and eastern regions) with participation from policy research institutions under the government at all local levels, central and government officials and representatives of farmers. An international symposium will also be held for international and domestic policy experts to discuss research findings and draw on international experience in systems, policies, institutions and mechanisms for clearly defining and effectively executing and protecting farmers' land property rights.

Questions to be addressed by the component include (1) how rural land right can be broken down into operational components that can be granted to farmers without contradicting the constitutional rural land ownership system (2) how farmers' contracted land use rights can be legally defined as property rights in order to safeguard their valuable land resources (3) how many of the components of the rural land use right should be granted to farmers so that they can dispose their land use rights to have initial capital when they give up their land rights to work in urban areas (4) how the compensations of rural land be rationally distributed so that farmers giving up their land use rights can have a basic social security, a rural development fund can be accumulated and the environment can be preserved (5) what system, institutions, mechanisms and rural governance measures are needed to enable farmers to execute and protect their land property rights (6) how to support pluriactive livelihoods strategies for farmers by developing non-farm opportunities alongside part-time farming, including the public goods and financial services necessary to create a fully enabling environment (7) how to promote positive externalities and counter negative ones, with particular emphasis on environmental damage, in the design of systems and policies.

Policy studies and systems development for managing rural land rights

This component will undertake detailed study, systems development and policy recommendation on four specific topics key to the functioning of land property rights in rural areas: (i) land titling and rural land ownership (ii) transfer of rural construction land (iii) land income distribution mechanisms and protection of farmers' rights (iv) registration of rural land rights.

Thorough research will be conducted into the legislation and regulation for as well as practical implementation of the current systems and their respective strengths, weaknesses and outcomes for farmers and local governments. Comparative studies of systems and reforms in countries with similar issues and constraints will be made to identify and explore a range of options for reform in China.

Pilot experiments in collaboration with concerned local authorities will be carried out for each subcomponent, with the objective of testing, adjusting and corroborating the systems, policies, institutions and mechanisms proposed by the project, leading to finalization of recommendations. The results of the experimentation will also be reported to relevant departments of the central government in order to push forward the required policy decision-making.

Policy reform on land titling and rural land ownership

Questions to be addressed by the component include: (1) how to clearly define the rights of ownership as well as usage so as to reduce ambiguity and improve the scope for protection of rights (2) strengths and weaknesses of the current system for rural land titling as well as potential obstacles to change (3) how to address the special challenges that women face in land titling and ownership, particularly with respect to marriage, divorce and inheritance rights

Policy reform on rural construction land transfer

Questions to be addressed by the component include: (1) obstacles to introducing a more efficient and fair transfer system (2) the degree of implementation as intended and the outcomes of current mechanisms for compensation of farmers in connection with transfer of rural construction land (3)

how to fully leverage the potential of land rental markets in facilitating access for landless farmers and improving allocative efficiency, and what measures are needed to balance protection for tenants and original owners so as to maximize both equity and efficiency (4)

Policy suggestions on land income distribution mechanisms and protection of farmers' rights

Questions to be addressed by the component include: (1) determining the real value of rural land and its outputs (2) what mechanisms are used to distribute revenues from the land and to what extent the farmers get their due share of the values that are generated from the land (3) what additional challenges women face in securing and managing their equal rights to the land and its benefits, and how to address those challenges (4) what mechanisms of support and recourse are and should be available to strengthen the protection of farmers' rights and improve management of potential conflicts (5) what type, content and delivery mechanisms of information about land rights should be employed to raise farmers' awareness, understanding and empowerment

Rural land registration system

Questions to be addressed by the component include: (1) strengths, weaknesses and options for improving the current rural land registration system (2) how the rural land registration system is actually operating in various parts of China and its impact on farmers (3) how best to use ICT to disseminate information about the rural land registration system to raise farmers' awareness and understanding (4) how to develop functional computer-based land management platforms at county level which also provide easy public access to land rights information so as to promote transparency and justice in rural land management (5) assessment of management capacity of various levels and the need for strengthening

Pilot demonstrations

The project will establish pilot areas under detailed pilot selection criteria to address different challenges in specific areas such as areas with higher level of urbanization, para-urban areas, rural areas in urban clusters, etc. The purpose is to study various examples of new land rights models and land use strategies in different settings and to test draft recommendations for legislative, policy and institutional reform in practice, so as to provide a deeper understanding of challenges in implementation as well as differences across regions and settings in order to perfect and finalize the project's recommendations.

3.2.2 Innovation in Rural Governance and Public Service Delivery

Objective

The component aims to research systemic and institutional obstacles to the building of a new socialist countryside related to local governance and the protection of farmers' rights and interests. It will be divided into four subcomponents: (i) repositioning and reform of the township government; (ii) equal access to quality public services; (iii) improving rural governance and promoting the development of rural civil society organizations; and (iv) system, policy, institutional and mechanism reform for clear definition, effective execution and protection of farmers' rights to their contracted land. Each subcomponent will be addressed with a combination of domestic research, international comparison, broad consultation, pilot study and policy recommendation

Systems reform to support a new socialist countryside

Research will be conducted in the form of policy review as well as grassroots study using questionnaire surveys and door-to-door interviews to obtain quantitative and qualitative data as well as gain a better understanding of needs, obstacles and perceptions for the purpose of promoting reforms in the above-mentioned areas.

For each of the four reform research topics, a study tour of 2 weeks will be arranged to 2 economically compatible countries for a group of 5-6 researchers from both within CIRD and outside of CIRD to examine their systems, institutions and mechanisms for rural grassroots authorities, for providing public services for rural residents and remote areas, for improving rural governance or promoting the development of rural civil society organizations, and for clearly defining and effectively executing and protecting farmers' land property rights.

In order to conduct broad consultations on repositioning and reforming the township government; on the public goods/services most urgently needed for building new socialist countryside and major system, institutional and mechanism barriers to their provision for rural residents; on improving rural governance and promoting the development of rural civil society organizations; and on clearly defining and effectively executing and protecting farmers' land property rights, 3 workshops on each of the four above-mentioned reform research areas will be held in 3 different counties (one each in the western, central and eastern regions) with participation from policy research institutions under the government at all local levels, central and government officials and representatives of farmers.

An international symposium on each of the four above-mentioned reform research areas will also be held for international and domestic policy experts to discuss research findings and draw on international experience in establishing systems, institutions and mechanisms for rural grassroots authorities, for providing public services for rural residents and remote areas, for improving rural governance and promoting the development of rural civil society organizations, and for clearly defining and effectively executing and protecting farmers' land property rights.

The above activities will lead to the formulation and submission to relevant departments of the central government the planned policy/legislation proposal report on system, institutional and mechanism innovations for better-performing rural grassroots authorities, for improved provision of public services for rural residents and remote areas, for improved rural governance and more healthy development of rural civil society organizations, and for clearly defining and effectively executing and protecting farmers' land property rights.

Pilot experiments in collaboration with concerned local authorities will also be carried out for each subcomponent, with the objective of testing, adjusting and corroborating the systems, policies, institutions and mechanisms proposed by the project, leading to finalization of recommendations. The results of the experimentation will also be reported to relevant department of the central government as a manner to push forward the required policy decision-making.

Village and Township Government Reform

This component will focus on the need and potential for reform of village and township government in accordance with the requirements of building up a new socialist countryside, including analysis of the township government's position, functions and administrative responsibilities, of the financial position of the townships and of farmers' expectations of their local government.

It will attempt to identify strategic needs and obstacles to reforming the township government into a more participatory, transparent and service-oriented rural grassroots authority by raising efficiency and capacity while reducing its size and preventing corruption, but also by both redefining its responsibilities and elucidating the strong need for corresponding fiscal resources.

Questions to be addressed by the component include: (1) what needs to be done to fundamentally shift the role of the township government (2) what reform measures should be taken to strengthen the capacity of public administration and public services (3) how the township government officials' sense of leadership can be changed, and how their sense of responsibility for serving the people can be strengthened (4) how the township government can become a supporting basis for villagers'

self-government – from the villagers’ committee level, to the township level (5) how the township government can be reformed into a grassroots, self-governing organization, that really represents the farmers and their rights, interests and expectations (6) what conditions need to be in place, in order for the self-governing township government to transcend from one level to another, so that farmers’ rights and interests can fully be represented and expressed at all levels

Public Goods and Service Delivery in Rural Areas and Integrated Urban-Rural Public Service Delivery

This component will focus on identifying the public goods/services most urgently needed for building new socialist countryside and the major obstacles to their provision for rural residents. It will provide an understanding of the major conceptual, political, institutional, economic and organisational mechanisms and barriers that need to be addressed in order to gradually develop unification of the rural and urban public service systems.

Questions to be addressed by the component include: (1) how to reasonably readjust the expenditure structure of the government’s public finances, so as to increase the investments in social development; (2) how to reform the administration system, and mechanisms for the operations, of the government, so as to efficiently provide adequate public services in rural areas; (3) how to establish a fiscal institutional system that adequately support public service provision; (4) how to define and guarantee basic public services that have to be provided in order to balance rural-urban development, and to build up a new countryside, and which can be provided in view of China’s economic development level; (5) how to rationally prioritize between rural public services; (6) how to prioritize the expansion of the coverage of the public finances horizontally and regionally; and (7) how to rationally divide the responsibilities for providing public services between the local and the central authorities and among different levels of local government.

Policy and Institutional Innovation in Promoting Development of Farmer Economic Cooperative Organization and Rural Civil Society Organization

This component will focus on the organizational resources and institutional guarantees for farmers to claim, express and execute their rights and the role of civil society in fostering transparency and participation in rural local governance to strengthen the awareness and bargaining power of farmers and reduce social conflict and misconduct of authority.

Questions to be addressed by the component include: (1) how to promote a healthy development of the farmers’ cooperative organizations and the rural civil society (2) how to enable such organizations and institutions to undertake the economic and social functions that the villagers’ committee previously has had the main responsibility for; (3) how to establish interest-expression mechanisms for different social groups; how to ensure funds for the building-up of a new countryside to be really used for the farmers’ most desired public services;

Awareness and capacity building

The project will raise public awareness of and discussion around the issues studied to foster greater public participation in the innovations to build a new socialist countryside. A website will be established on “System, institutional and mechanism innovation and building a new socialist countryside” to provide a forum for all walks of life to offer their ideas and insights, to raise awareness and enhance participation.

Training programs based on the research findings will also be conducted with officials at central, provincial, county, township and village levels responsible for relevant areas, as one means to build capacity, enhance understanding of the requirements of the strategy to develop a new socialist countryside and get further feedback on the implementation of recommendations.

3.2.3 Gender Perspective of the Project

One dimension of the project is to address the gender disparities and inequalities that are barriers to development to reduce poverty and enhance economic growth, human well-being, and development effectiveness

The traditional reasons that prevent women from land ownership will be reviewed and assessed. The project also addresses two main levels of concern, namely legal and customary limitations to women's ownership of land and that rights to land must be both legally and socially recognized to be useable and enforceable.

The project emphasizes the need to increase cross-sectoral approaches to address gender inequality in village and township government and society organizations, increase the presence of women in the arena of policy/ decision-making.

3.3 Partnership Strategy

a. Central policy coordination:

The key responsibility for coordination of policy dialogue will rest with the main Cooperating Agencies MLR and CIRD. In MLR, Department of Land Use Management will take the lead but several other departments will also be involved, such as: Department of Finance; Land Consolidation and Rehabilitation Center; and Department of International Cooperation.

In addition the project will work closely with a range of key central policy formulators and implementers. Furthermore, the project will be carried out in close cooperation with the provincial offices of the Department of Land and Resources and other relevant departments and institutions at provincial and local level.

There will also be a close coordination with National People's Congress, Ministry of Agriculture, Office of Legislation under the State Council, and other relevant ministries at central level in the discussions of the proposed reforms of the farmers' land use rights.

b. Project implementation partners:

Department of Land Use Management in MLR and CIRD will be the key partners in the implementation of the activities that come under Outcome 1. MLR has the main responsibility for land reform questions in China, and they have already established formal network and relations to the main government departments and institutions dealing with farmers' land rights and the land use system in China. CIRD, as a reform policy research institution jointly initiated by the former State Commission for Economic Restructuring and Hainan Provincial Government, has long experience of carrying out research and pilot studies on the Chinese governance system and the potential for reform of local government, with strong emphasis on system, policy, institutional and mechanism innovations for balancing rural-urban development.

c. Knowledge, resources and synergy building with other international cooperation projects

National and international experts and researchers at universities, training institutes and research bodies will be key sources for information and knowledge. A lot of the work will relate to examining and analysing the experiences of the experiments and reforms carried out in the different pilot areas. This work will also relate to, and utilise, the experiences and findings from Outcome 2, coordinated by CIRD in three of the pilot areas, and will be supplemented with analysis done by experts from CASS and other research institutions – as well as from international experiences.

Several multilateral and bilateral donors, including the World Bank, IFAD and CIDA, have supported similar projects relating to the questions of farmers' land rights in China. The project will seek to exchange experiences and lessons learnt with these institutions.

CIRD will allocate resources and engage the best researchers and experts to address the key policy and institutional issues, mechanisms and challenges in the way of building up a new socialist countryside as described in Part 2, and to come up with proposals and recommendations on institutional reforms in accordance with the objective requirements of building up a new socialist countryside.

The designed experiments of pilot implementations of policy/legislation recommendations and training programs will also relate to, utilise, and be supplemented with the research findings from outputs 1.2-1.5 coordinated by MLR.

d: Network-based research coordination:

CIRD has been involved in reform policy research during the past 15 years, and this has been carried out in close cooperation with well-known researchers from the Office of the Leading Group of Finance and Economic Affairs, the Research Office of the State Council, the State Commission for Public Sector Reform, the National Development and Reform Commission, the Ministry of Agriculture, the State Council Development Research Center, the Central Party School, the Chinese Academy of Social Sciences, as well as from key universities in China, such as Tsinghua University, Beijing University, and from research offices of more than two dozen provincial/municipal governments. These researchers and the network will be involved in the implementation of the project through various processes; such as joining special task forces of the project; attending expert hearings; supporting field work; experiments of pilot implementation of policy/legislation recommendations as part of the above-listed outputs at selected places and training programs by adapting the above-listed outputs as training materials.

3.4 Target groups and beneficiaries

The key target groups and beneficiaries of the project are:

- Central policy makers and administrators.
- Land use and land rights managers and operators at central, provincial, county, township and village level.
- Departments responsible for the reform of grassroots organizations, for provision of public goods/services in rural areas, and for development of rural civil society organizations at central, provincial, county, township and village level.
- The ultimate beneficiaries of the project are constituted by the poor farmers in rural China.

3.5 Expected Outcomes, Outputs and Indicative Activities

The duration of the project is five years with intended start in autumn 2006. In this chapter we present details on the outputs and activities that will be carried out as part of the project. The Budget is presented in Part 7 and result framework summarizes expected outcomes, outputs and indicative activities are presented in greater detail.

Intended outcomes of the project:

- Outcome 1: Policy and implementation measures to support land policy reform;
- Outcome 2: Innovation in Rural Governance and Public Service Delivery;
- Outcome 3: Broad-based policy debates and knowledge exchange, enhancing decision-making and policy implementation to support rural development for a harmonious society in China;

Intended outputs under Outcome 1:

Output 1.1: Comprehensive Study on Land Policy Reform and Rural Development

~~Output 1.2: Study on Rural Land Property Rights System in Transfer of Land Use Rights of Rural Collective-owned Construction Land~~

~~Output 1.3: Policy Reform on Rural Construction Land Transfer~~

Deleted: Output 1.2:

Deleted: Policy Reform on Land Titling and Rural Land Ownership .

Deleted: Output 1.3: Policy Reform on Rural Construction Land Transfer

- Output 1.4: Policy Suggestions on Land Income Distribution Mechanisms and Protection of Farmers' Rights
- Output 1.5: Computer-based Land Management Platform Development
- Output 1.6: Establish Pilot Areas Testing and Demonstrating the Newly-proposed Innovative Policy Measures
- Output 1.7: Strengthened and Improved Overall Institutional Capacity for Decision-making, Policy Development and Enforcement
- Output 1.8: Enhanced Public Awareness with More Public Initiatives and Participation
- Output 1.9: Successful Management and Coordination of the Project

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Deleted: Output 1.4: Policy Suggestion on Land Income Distribution Mechanism and Protection of Farmers' Rights

Deleted: Output 1.5: Rural Land Registration System

Intended outputs under Outcome 2:

- Output 2.1: Village & Township Government Reform
- Output 2.2: Public Goods/Service Delivery in Rural Area and Integrated Urban-rural Public Service Delivery
- Output 2.3: Policy and Institutional Innovation in Promoting Development of Farmer Economic Cooperative Organization and Rural Civil Society Organization

Intended outputs under Outcome 3

- Output 3.1 A policy development platform on which integrated policy reports as results of irregular workshops, seminars or expert consultation meetings, with the participation of government officials and policy researchers from relevant departments to exchange ideas on policy, system, institutional and mechanism innovations to facilitate the building of a new socialist countryside.

Outcome 1: Policy and implementation measures to support land policy reform

Outcome description: Rural land property rights clarified and strengthened with clear, equitable and efficient mechanisms for registration, usage and transfer of those rights established so as to protect farmers' rights and enhance economic efficiency.

Output 1.1: Comprehensive Study on Land Policy Reform and Rural Development

Activity 1.1.1: Explore the needed system, policy, institutional and mechanism innovations for clear definition and effective execution and protection of farmers' rights to their contracted land.

Output indicators:

- An experts' hearing is organized to discuss and formulate a plan for carrying out the project activities related to this topic
- Questionnaire surveys and door-door interviews are conducted to collect individual farmers' and villager committees' comments, expectations and suggestions how should farmers' rights to their contracted land be defined, executed and protected
- Research and investigation reports are formulated

Activity 1.1.2: Study tour to compatible countries to examine their experiences in defining, executing and protecting farmers' land property rights

Output indicators:

- Pre-research on countries which could provide lessons to China
- Study tour carried out
- Study tour report formulated

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Activity 1.1.3: Organize workshops and international symposium on how to define, execute and protect farmers' rights to their contracted land

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Output indicators:

- 3 workshops organized
- International symposium organized

Activity 1.1.4: Conduct gender analysis in pilot areas focusing greater attention on gender disparities and on cost-effective ways to promote gender-inclusive development for improved results of the project, and include gender-informed indicators in poverty reduction monitoring and evaluations mechanisms

Activity 1.1.5: Formulate policy recommendations and proposals on clear definition and effective execution and protection of farmers' rights to their contracted land to facilitate building up a new socialist countryside

Output indicators:

- Policy recommendation formulated and submitted to relevant policy-making institutions

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Output 1.2: Study on rural land property rights system in transfer of land use rights of rural collective-owned construction land

Activity 1.2.1 To examine the current policies and practices of rural land property rights in transfer of rural construction land at both national and local government levels home and abroad

Output indicators:

- Study on current rural land property rights system in transfer of land use rights of rural collective-owned construction land carried out.
- a series of domestic study tours in the different regions to be conducted
- an international study tour organized
- two workshops to be held

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Activity 1.2.2: Introduce a scheme to improve land property rights in transfer of land use rights of rural construction land.

Output indicators:

- Draft suggestion report of new policies
- Examination of the experiences and proposed policies in the pilot areas summarized
- An evaluation meeting to be held
- Policy recommendations finalized

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Output 1.3: Policy Recommendations on Reform of Rural Construction Land Transfer

Activity 1.3.1 Work out an analysis report on market-driven allocation of rural collective-owned construction land, from the both theoretical and practical perspective

Activity 1.3.2 Research on experiences and mechanisms for compensation of farmers in connection with transfer of rural construction land

Activity 1.3.3 Study on the primary principles and criteria to conduct transfer of land use rights of rural collective-owned construction land, and formulate the provisions

Activity 1.3.4 Study on the procedure and supervision of transfer of land use rights of rural collective-owned construction land and formulate the provisions

Output indicators:

- Analysis report and study reports
- a series of domestic study tours in the different regions to be conducted
- two workshops to be held
- Examination of the experiences and proposed policies in the pilot areas summarized
- An evaluation meeting to be held
- New regulation formulation finalized

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Output 1.4: Policy Suggestions on Land Income Distribution Mechanisms and Protection of Farmers' Rights

Activity 1.4.1 Review the general situation of land income allocation mechanism and work out a comprehensive reviewing report

Activity 1.4.2 Study on rectification of the existing polices and regulations concerning land income allocation as to safeguard farmers' interests and rights and develop a report

Activity 1.4.3 Research on increasing compensation in land requisition to ensure the social security of landless farmers and develop related policy paper

Activity 1.4.4 Research on distribution of land income generated from urban land use rights transference in order to promote construction of new socialist countryside and develop related policy paper

Activity 1.4.5 Research on distribution of land income generated from newly-added construction land fee in order to promote construction of new socialist countryside and develop related policy paper

Output indicators:

- Research and review reports as above mentioned
- Examination of the experiences and proposed policies in the pilot areas summarized
- a series of domestic study tours in the different regions to be conducted
- four workshops to be held
- two evaluation meetings to be held
- an international study tour organized
- Suggestions and recommendations presented.

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Output 1.5: Computer-based Land Management Platform Development

Activity 1.5.1 Map out detailed information management plan and data model that meets user needs at county level.

Activity 1.5.2 Develop a software operational system with timely information-issuing mechanism at county level

Activity 1.5.3 Compile operation manuals for the system respectively for general public and technicians

Output indicators:

- Software system developed
- Examination of the system in the selected pilot areas conducted
- One workshops to be held
- One evaluation meetings to be held
- an international study tour organized
- Website with the theme of improving the rural land management at county level in operation.

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Output 1.6 : Establish Pilot Areas Testing and Demonstrating the Newly-proposed Innovative Policy Measures

Activity 1.6.1 Establish pilot selection criteria and identify main pilot areas.

Activity 1.6.2 Experiment new policy initiatives relating to land management with eco-environment conservation, women involvement and poverty alleviation land management with public participation, social justice, and poverty alleviation, social welfare, public participation, and women self-development, etc.

Activity 1.6.3 Synergy and summarize policy findings in the pilot areas.

Output indicators:

- An sound local project management mechanism to ensure the successful implementation and coordination
- Detailed investigation report of rural land management in the pilot areas and collect information materials on land property rights system based on rural-collective land ownership, land income allocation, transference of land use rights of rural collective-owned construction land.
- Apply and exam the proposed new policy measures based on output 1.2-1.5

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Output 1.7: Strengthened and Improved Overall Institutional Capacity for Decision-making, Policy Development and Enforcement

Activity 1.7.1 Carry out Domestic and overseas training programs in various forms to build up institutional capacity concerning rural land management at national level

Output indicators:

- workshops on training needs and analysis reports
- training materials preparation
- two training courses each year conducted
- annual workshops and seminars to be held
- appraisal meeting held each year
- two overseas study tours in four selected countries (possible countries in South American, North American, Europe, Oceania, African and Asia)
- an international symposium to be held
- two overseas-study fellowships on rural development and land management provided for the period of half year

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Activity 1.7.2 Carry out domestic and overseas training programs in various forms to build up institutional capacity concerning rural land management at local level, especially the pilot areas

Output indicators:

- workshops on training needs and analysis reports
- training materials preparation
- a training courses each year conducted
- appraisal meeting held each year
- Two overseas training courses in USA each year to be conducted for obtaining the practical experience in the subjects of sustainable land development
- Two overseas training courses in Germany and Belgium each year to be conducted for obtaining the practical experience in the subjects of integrated rural development.
- Dissemination workshop or seminar held each year

Outcome 2: Innovation in Rural Governance and Public Service Delivery

Outcome description: Research reports, investigation reports, analytical reports, reform policy recommendations and training on gradually removing Structural and systemic obstacles to the improvement of local governance, provision of public services and protection of farmers' rights and interests identified for the purpose of enhancing development and equity in rural area and new rural construction.

Expected Output 2.1: Research Reports, Investigation Reports, Analytical Reports, Study Tour Reports and Policy Recommendations on the reform of the County-Township System

Activity 1: Research and study focusing on the reform of village organizations and township government in Chin;

Activity 2: A questionnaire is designed and applied to survey the ideas of rural development Activity researchers and grassroots officials on reform of the county and township government;

Activity 3: Door-to-door interviews with approximately 300 randomly selected rural households are carried out on farmers' expectations of the township government in building up a new countryside and their requests on the reform of the township government;

Activity 4: A study tour to compatible countries is made to examine their experiences in self-governing models of rural grassroots authorities;

Activity 5: An international symposium is organized to draw on ideas, insights and recommendations on reforming the county-township system from more resource persons from both home and abroad;

Activity 6: Conduct survey on gender gaps in village and township governance to promote increased participation by women in decision makings.

Activity 7: A pilot implementation of the policy recommendations on repositioning and reforming the township government to adapt it to the requirement of building a new socialist countryside in a township in West China;

Output Indicators:

- Questionnaires to be distributed among rural development researchers to survey their ideas and grassroots officials' ideas on the reform of the country and township government, questions to be used for interviewing farmers to collect their expectations of the township government in building up a new countryside and their requests on the reform of the township government, and related survey and interview strategies
- A survey report on ideas of rural development researchers and grassroots officials on reform of the country and township government, which will be circulated through media and academic periodicals for other researchers' reference

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Output 1.2: Policy Reform on Land Titling and Rural Land Ownership

Activity 1.2.1: Comprehensive Study of Land Titling and Rural Land Ownership

Output indicators:

<#>Study on current land titling system carried out.

<#>Examined land titling system in pilot areas.

<#>Policy recommendations and reforms of land titling system presented.

Output 1.3: Policy Reform on Rural Construction Land Transfer

Activity 1.3.1: Research on the existing system of transfer of rural construction land

Activity 1.3.2: Research on experiences and mechanisms for compensation of farmers in connection with transfer of rural construction land

Output indicators:

<#>Study of compensation mechanisms in connection with the transfer of rural construction land carried out.

<#>Compensation mechanisms used in pilot areas studied.

<#>Suggestions and recommendations for reforms regarding compensation of farmers in connection with transfer of rural construction land presented.

Output 1.4: Policy Suggestions on Land Income Distribution Mechanisms and Protection of Farmers' Rights

Activity 1.4.1: Identify the real value of rural land and its products, and mechanisms that are used to distribute the income from the land.

Output indicators:

<#>Research carried out on the value of agricultural land in different parts of China.

<#>Experiences tested out in several pilot areas in China.

<#>Policy recommen... 11

- An investigation report on farmers' expectations of the township government in building up a new countryside and their requests on the reform of the township government, which will be submitted to relevant department(s) of the Central Government responsible for studying and designing policies on the reform of the county and township government (such as the State Commission for Public Sector Reform, National Development and Reform Commission, Office of the Central Leading Group for Financial and Economic Affairs, Research Office of the State Council, Ministry of Agriculture, or others)
- A study tour report on international experiences in self-governing models of rural grassroots authorities, which will be circulated through media and academic periodicals for other researchers' reference.
- A summary report on the ideas, insights and recommendations offered by Chinese and foreign resource persons during the international symposium on reforming the county-township system, which will be circulated through media and academic periodicals for other researchers' reference, (2) a volume of corresponding conference proceedings is compiled and published on reform the county-township system for other researchers' reference; and (3) a draft policy proposal report on reforming the county-township system is tentatively formulated on the basis of the results of all the above project activities to be further improved after the related pilot
- Draft policy proposal report on reforming the county-township system is further modified according to the findings out of the pilot and then submitted to relevant department(s) of the Central Government responsible for studying and designing policies on the reform of the county and township government (such as the State Commission for Public Sector Reform, National Development and Reform Commission, Office of the Central Leading Group for Financial and Economic Affairs, Research Office of the State Council, Ministry of Agriculture, or others)

Output 2.2: Research Reports, Investigation Reports, Study Tour Reports and Reform Policy Recommendations on Improving Public Goods and Service Delivery in Rural Areas and Equalizing Urban-Rural Public Service Delivery

Activity 1: Research and study focusing on the public service system in rural areas;

Activity 2: a questionnaire is designed and applied to survey the ideas of rural development researchers and grassroots officials on major system, institutional and mechanism barriers to the provision of public goods/services for rural areas;

Activity 3: door-to-door interviews with approximately 300 randomly selected rural households are carried out on farmers' expectations of the public goods and services most urgently needed for the building-up of a new countryside;

Activity 4: A study tour to compatible countries is made to study their systems, institutions and mechanisms for providing public services for rural residents and remote areas;

Activity 5: an international symposium is organized to draw on ideas, insights and recommendations on guaranteed provision of public services for rural residents and remote areas from more resource persons from both home and abroad;

Activity 6: a pilot implementation of the policy recommendations on improving the provision of public goods/services for rural areas in a township in West China;

Output Indicators:

- Questionnaires to be distributed among rural development researchers, questions to be used for interviewing farmers and grassroots authorities about the public goods and services most urgently needed for the building-up of a new countryside and major system, institutional and mechanism barriers to the provision of public goods/services for rural areas; and the related survey and interview strategies
- A survey report on ideas of rural development researchers and grassroots officials on major system, institutional and mechanism barriers to the provision of public goods/services for rural areas, which will be circulated through media and academic periodicals for other researchers' reference
- An investigation report on farmers' expectations of the public goods and services most urgently needed for the building-up of a new countryside, which will be submitted to relevant department(s) of the Central Government responsible for studying and designing policies on the reform of the county and township government (such as the State Commission for Public Sector Reform, National Development and Reform Commission, Office of the Central Leading Group for Financial and Economic Affairs, Research Office of the State Council, Ministry of Agriculture, or others)
- A study tour report on successfully practiced systems, institutions and mechanisms in other countries for providing public services for rural residents and remote areas, which will be circulated through media and academic periodicals for other researchers' reference
- A summary report on the ideas, insights and recommendations offered by Chinese and foreign resource persons during the international symposium on guaranteed provision of public services for rural residents and remote areas, which will be circulated through media and academic periodicals for other researchers' reference, (2) a volume of corresponding conference proceedings is compiled and published on guaranteed provision of public services for rural residents and remote areas for other researchers' reference; and (3) a draft policy proposal report on guaranteed provision of public services for rural residents and remote areas is tentatively formulated on the basis of the results of all the above project activities to be further improved after the related pilot
- A draft policy proposal report on improving the provision of public services for rural areas is further modified according to the findings out of the pilot and then submitted to relevant department(s) of the Central Government responsible for studying and designing policies on the reform of the county and township government (such as the State Commission for Public Sector Reform, National Development and Reform Commission, Office of the Central Leading Group for Financial and Economic Affairs, Research Office of the State Council, Ministry of Agriculture, or others)

Output 2.3: Research Reports, Investigation Reports, Study Tour Reports and Reform Policy Recommendations on Promoting Development of Farmers' Economic Cooperative Organization and Rural Civil Society Organizations

Activity 1: Research and study focusing on the options for development of civil society organizations and mechanisms as one of the most important instruments to promote building of a new socialist countryside;

Activity 2: A questionnaire is designed and applied to survey the ideas of rural development researchers and grassroots officials on the role and functions of farmers' cooperative economic organizations in expressing farmers' rights and interests; in advancing the three-dimensional rural development (rural, agricultural and farmer development); and in promoting rural social justice, rural social harmonization and rural stability;

Activity 3: door-to-door interviews with approximately 300 randomly selected rural households are carried out on farmers' expectations regarding the development of their own organizations and rural civil society organizations;

Activity 4: A study tour to compatible countries is made to draw on international experiences and lessons in the development of rural civil society organizations;

Activity 5: An international symposium is organized to draw on ideas, insights and recommendations on Development of Farmers' Economic Cooperative Organizations and Rural Civil Society Organizations from more resource persons from both home and abroad;

Activity 5: Carry out investigation on gender inequality in farmers' organizations and social organizations and integrate gender issue into policy recommendation.

Activity 6: a pilot implementation of the policy recommendations on the promotion of the development of farmers' economic cooperative organizations and rural civil society organizations as an instrument to facilitating the new rural construction in a township in West China

Output Indicators:

- A survey report on ideas of rural development researchers and grassroots officials on the role and functions of farmers' cooperative economic organizations in expressing farmers' rights and interests; in advancing the three-dimensional rural development (rural, agricultural and farmer development); and in promoting rural social justice, rural social harmonization and rural stability, which will be circulated through media and academic periodicals for other researchers' reference;
- An investigation report on farmers' expectations regarding the development of their own organizations and rural civil society organizations to facilitate the building of a new socialist countryside, which will be submitted to relevant department(s) of the Central Government responsible for studying and designing policies on the reform of the county and township government (such as Ministry of Civil Affairs, State Commission for Public Sector Reform, National Development and Reform Commission, Office of the Central Leading Group for Financial and Economic Affairs, Research Office of the State Council, Ministry of Agriculture, or others)
- A study tour report on international experiences and lessons in the development of rural civil society organizations, which will be circulated through media and academic periodicals for other researchers' reference
- A summary report on the ideas, insights and recommendations offered by Chinese and foreign resource persons during the international symposium on Development of Farmers' Economic Cooperative Organizations and Rural Civil Society Organizations, which will be circulated through media and academic periodicals for other researchers' reference; A volume of corresponding conference proceedings is compiled and published on reform of the county-township system for other researchers' reference; A draft policy proposal report on Development of Farmers' Economic Cooperative Organizations and Rural Civil Society Organizations is tentatively formulated on the basis of the results of all the above project activities to be further improved after the related pilot
- A draft policy proposal report on Development of Farmers' Economic Cooperative Organizations and Rural Civil Society Organizations is further modified according to the findings out of the pilot and then submitted to relevant department(s) of the Central Government responsible for studying and designing policies on the reform of the county and township government (such as Ministry of Civil Affairs, State Commission for Public Sector Reform, National Development and Reform Commission, Office of the Central Leading Group for Financial and Economic Affairs, Research Office of the State Council, Ministry of Agriculture, or others)

Outcome 3: Broad-based policy debates and knowledge exchange, enhancing decision-making and policy implementation to support rural development for a harmonious society in China

The component will build up a synergy and knowledge sharing platform to review key outputs and share experiences and best practices of the project and other similar projects supported by other international institutions, and compile/disseminate project outputs, and convene comprehensive policy debate.

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Apart from the implementing partners in this project, participation of the component includes government officials and policy researchers from relevant departments of the Central Government such as the State Commission for Public Sector Reform, National Development and Reform Commission, Ministry of Finance, Ministry of Science and Technology, Office of the Central Leading Group for Financial and Economic Affairs, Research Office of the State Council, Ministry of Agriculture and Ministry of Civil Affairs, as well as relevant agencies from the Standing Committee of the National People's Congress and the National Committee of the CPPCC.

Output 3.1 Project Implementation Mechanism, Policy dialogue and debates Building up;

Activity 3.1.1 Establish a sound project management mechanism with effective communication and coordination between project teams at central and local level

Activity 3.1.2: Set up an effective working procedure, evaluation and supervision mechanism ensuring the successful management of project implementation

Activity 3.1.3 Hold project inception to prepare detailed project implementation plan and build synergies with other related projects;

Activity 3.1.4 Hold 1—2 sessions on key policy consultations annually to review project findings, solicit network, discuss policy options related to substantive areas of the first two components;

Output 3.2 Documentation of key project findings, pilots' experiences and policy reports.

Activity 3.2.1 Reports concerning the achievement and new policies of the project

Activity 3.2.1 Prepare documentation of project outputs and findings;

Activity 3.2.2 Publish main policy study reports and policy suggestions;

PART 4: MANAGEMENT ARRANGEMENTS

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The China International Center for Economic and Technical Exchanges (CICETE) is nominated by the Ministry of Commerce of China (MOFCOM) as the Government Coordinating Agency and Implementing Partner directly responsible for the Government's participation in each annual work plan (AWP) of this project. The AWP describes the specific results to be achieved and will form the basic agreement between UNDP and the Implementing Partner on the use of resources. CICETE as the Implementing Partner is responsible and accountable for managing the project, achieving the project outputs, and for the effective use of UNDP resources. The reference to "Implementing Partner(s)" shall mean "Executing Agency (ies)" as used in the SBAA.

The Cooperating Agencies of the project are the Ministry of Land and Resources (MLR) and the China Institute for Reform and Development (CIRD). A National Project Management Office (NPMO) will be established under each of them to implement all project activities. Each Cooperating Agency will appoint a senior official as National Project Director (NPD) to oversee the management and implementation of their part of the project. National Project Managers (NPM) will also be assigned full time by each Cooperating Agency to staff the NPMOs. The NPDs take responsibility for effective management of the project and oversee the functions of leadership, staffing, planning, scheduling and organization, direction of implementation, monitoring/evaluation and reporting. In accordance with UNDP rules, the NPDs also hold the authority to request funds

from the project budget. While not on a full-time appointment, the NPDs will provide close supervision of and guidance for the NPMs responsible for the day-to-day management of the project.

Outcome 1 will be jointly conducted by the Ministry of Land and Resources (MLR) and the China Institute for Reform and Development (CIRD) participates in study under output 1; The China Institute for Reform and Development (CIRD) will carry out activities under outcome 2 and take the lead in operation of outcome 3.

Policy Advisory Committee

A Policy Advisory Committee (PAC) will be set up at the central level to give policy support to the rural land, governance and public service delivery. The Policy Advisory Committee could comprise representatives from the Ministry of Land Resources, the Ministry of Agriculture, the National Development and Reform Commission (NDRC), NPC, the Leading Group of PA under the State Council, Ministry of Finance, Ministry of Science and Technology, the Ministry of Commerce (CICETE), other relevant line ministries and UNDP. The PAC provides major policy guidance to project implementation, and will be invited to join policy consultations.

Steering Committee

A Steering Committee (SC) will be established to provide direct guidance and supervision for the project, composed by the core members UNDP, CICETE, MLR and CIRD. The SC will meet once a year to review progress and take strategic decisions, but can also be called together ad hoc meetings on decisions of key importance. The Committee will meet annually to review progress reports, assess and resolve problems that emerge during project implementation.

Local Project Management Offices

Local Project Management Offices (PMOs) will be established at provincial and (city) county levels as necessary.

Expert Group

In order to provide the considerable academic and technical input that the project will require, an Experts' Group (EG) will also be created. The EG will take the form of an academic network that will be drawn upon both individually and collectively at the working level to provide technical support, review of outputs and ongoing discussion of results as they are produced. A lead expert will be selected to support the project authorities to coordinate technical inputs, synergize policy findings, and provide advices to the project management team on a regular basis.

PART 5: MONITORING AND EVALUATION

Monitoring and evaluation (M&E) of the project will be undertaken in line with the UNDAF results matrix and monitoring and evaluation plan.

Project monitoring and evaluation (M&E) will be conducted with focus on outcomes and outputs of interventions, institutional results and partnerships, policy advice and dialogue, advocacy and coordination. The M&E should aim at the following key objectives: 1) focus on results at two levels: at output level, the specific products and services from the project; at outcome level, in which the Project has contributed to overall institutional setting of rural technological extension for poverty reduction specially targeting poor rural communities, small, young and poor as well as women farmers. 2) to enhance management efficiency of the project and ensure consultation/participation of all stakeholders and 3) to not only focus on assessment of progress of the project, but also on experiences and lessons learnt to support more informed decision-making and dissemination of project results.

Deleted: In order to broaden input to research as well as stimulate policy dialogue and increase the usefulness and impact of the project, a Policy Advisory Committee (PAC) will be established, comprising of a broad range of line ministries and the central and local levels whose mandates intersect with the topics under study, including the following (ENTER HERE) The PSC will be called together once per year to discuss findings and provide input for the strategic guidance for the project.

Deleted: A Chief Technical Advisor (CTA) will be appointed, whose main tasks will include providing the project with (a) technical expertise and working level guidance (b) coordination to effectively leverage potential synergies between the two components. On a needs basis, the CTA will call together coordination meetings with CIRD and MLR working level staff, a small number of selected experts and UNDP/CICETE to discuss synergy between and progress towards the joint objectives. In the inception stage of the project, the CTA will draw up a Synergy Map to outline strategic inter-linkages and key points of input from one component to the other. The Map will help to make collaboration concrete, relevant and focused, and will form an important baseline for evaluating to what extent project synergies have been realized during the Annual Review.

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Monitoring progress towards achievement of programme outcomes and outputs will be undertaken at both the level of the overall project, and at the individual pilot level. Project management will invite the direct involvement and support of provincial and local level government on an ongoing basis to enhance monitoring and evaluation activities. The extent to which the desired outcome of the project has been achieved will be monitored through a system of M & E activities, annual work plans and budgets, and peer group review and evaluation.

UNDP, CICETE and the Cooperating Agencies will invite the Policy Advisory Committee and the Expert Group to annual review meetings to evaluate project progress, results, experiences and lessons learned during project implementation and work plan for the following years. The annual review will be a tool to ensure periodic assessment on whether the approach and interventions will produce the expected outcomes. The NPMOs will support convening of the review meetings and will assist in preparation of annual project reports.

Monitoring visits will be conducted by UNDP and CICETE to assess project progress and results through consultations with relevant stakeholders and beneficiaries. The National Project Managers will prepare quarterly project updates to support day to day monitoring and implementation, as well as information sharing among concerned parties. Peer reviews will be conducted on views and experiences of project participants and beneficiaries regarding demonstration results and capacity building activities. Case studies on lessons learned should be collated and shared regularly during project duration and at the end of the project to scale up.

CICETE will provide periodic reports (annual review) on the progress, achievements and results of their projects, outlining the challenges faced in project implementation as well as resource utilization as articulated in the AWP.

PART 6: LEGAL CONTEXT

This document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement (SBAA) between the Government of the People's Republic of China and the United Nations Development Programme, signed by the parties on 29 June 1979. The reference to "Implementing Partner(s)" shall mean "Executing Agency (ies)" as used in the SBAA.

PART 7: BUDGET

7.1 The Project Budget

The duration of the Project is 5 years, running from 2006 to 2010. The total budget for the Project is US\$ 5.03 million, including US\$ 2.03 million provided by UNDP funding; US\$ 2 million as counterpart funding provided by the Chinese government; and US\$ 1 million provided by CIRD. The operational plan for the project is uniformly managed and assigned to the person in overall charge. This person is also authorized by the project executive committee.

In addition to what is indicated here, the project will seek further sources of funding from multi-lateral and bi-lateral donor agencies, to implement the project in larger parts of China.

The detailed budgeting for the intended outputs and activities are specified in Part 9: The Matrix presenting the Results and Resources Framework; with outcomes; outputs; activities, time-frame and specified budget.

7.1.1 Budget for activities carried out by MLR:

MLR will be responsible for carrying out the activities linked to output 1.2, 1.3, 1.4 and 1.5. The total budget linked to these outputs and activities is US\$ 3 million, including US\$ 1 million provided by UNDP funding, and US\$ 2 million as counterpart funding provided by the Chinese government.

7.1.2 Budget for activities carried out by CIRD

CIRD will be responsible for carrying out activities under Output 1.1 and all activities under Outcome 2 and outcome 3. The total budget linked to these outputs and activities is US\$ 2 million, including US\$ 1.03 million provided by UNDP funding, and US\$ 1 million as counterpart funding provided by the CIRD.

7.1.3. Payment Schedule of Government Cost sharing

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Cost Sharing Schedule of China Institute for Reform and Development (CIRD)

No 1	Mar. 2007	US\$250,000
No 2	Mar. 2008	US\$250,000
No 3	Mar. 2009	US\$250,000
No 4	Sept. 2010	US\$250,000

Ministry of Land and Resources of China will contribute its financial input to the project according to the following schedule:

INPUT FROM MLR

No 1	Mar. 2007	US\$120,000
No 2	Oct.2007	US\$200,000
No 3	Nov. 2007	US\$440,000
No 4	May.2008	US\$250,000
No 5	Nov. 2008	US\$440,000
No 7	Nov. 2009	US\$275,000
No 8	Nov. 2010	US\$275,000
Total		US\$2,000,000

PART 8: RESULTS AND RESOURCES FRAMEWORK

8.1 Output targets, timing of activities and budget costs

UNDAF Outcome: Social and economic policies are developed and improved to be more scientifically based and human centred for sustainable and equitable growth.
Outcome Indicator as stated in the Country Programme Results and Resources Framework: National efforts to lead and manage Xiaokang/MDG implementation supported through a variety of instruments and capacity building initiatives.
Country Programme Action Plan Output/Indicators: Policy oriented research on emerging poverty challenges developed and disseminated to key stakeholders.
Applicable MYFF Service Line: 1.2. Pro-poor policy reform to achieve MDG targets.
<p>Partnership Strategy:</p> <p>The mechanism of the project partnership strategy comprises three key elements: central policy coordination; project implementation partners; resources and potential funding agencies.</p> <p>Central policy coordination: The project will serve as a policy development platform engaging Ministry of Land Resources, NDRC, State Commission for Public Sector Reform, Office of the Central Leading Group for Financial and Economic Affairs, Research Office of the State Council, Ministry of Agriculture, Technical Exchange (CICETE) of the Ministry of Commerce and UNDP.</p> <p>Project implementation partners: Together with the relevant ministries and departments, the project will establish partnership with local government in pilot provinces, research institutes at central and local level and NGOs.</p> <p>Knowledge, resources and potential funding agencies: National and international academies/universities, colleges or research bodies; specialists are key source of the rural development practitioners; The World Bank, EU, IFAD and CIDA have similar projects in supporting China's rural development and governance. They are good partners to share experiences and lesson learnt.</p>
Project Title and ID: Revitalizing Rural China through Land Policy Reform and Innovation in Rural Governance and Public Service Delivery

Outcome 1: Policy and implementation measures to support land policy reform

Outcome Indicators: i. Report on policy suggestions related to Rural Land management submitted to Ministry of Land and Resources(MLR)

ii. National regulation draft on Rural Construction Land Transfer submitted to MLR

iii. Around 500 people trained overseas and 2000 trained at home

iiii. Eight pilot areas established

v. Books, proceedings and media materials concerning rural land reform published

Intended Outputs	Output Targets 2006-2010	Indicative Activities	Inputs (US\$)
Output 1.1: Comprehensive Study on Land Policy Reform and Rural Development	2007-2008	1.1.1 Explore the needed system, policy, institutional and mechanism innovations for clear definition and effective execution and protection of farmers' rights to their contracted land. 1.1.2 Study tour to compatible countries to examine their experiences in defining, executing and protecting farmers' land property rights; 1.1.3 <u>Organize</u> workshops and international symposium on how to define, execute and protect farmers' rights to their contracted land; 1.1.4 Conduct gender analysis in pilot areas 1.1.5 Formulate policy recommendations and proposals on clear definition and effective execution and protection of farmers' rights to their contracted land to facilitate building up a new socialist countryside	UNDP US\$ 50,000 Gov't US\$ 50,000
<u>Output 1.2: Study on Rural Land Property Rights System in Transfer of Land Use Rights of Rural Collective-owned Construction Land</u>	2007—2009	1.2.1 <u>To examine the current policies and practices of rural land property rights in transfer of rural construction land at both national and local government levels home and abroad;</u>	UNDP US\$ 100,000

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		1.2.2 <u>Introduce a scheme to improve land property rights in transfer of land use rights of rural construction land;</u>	
<u>Output 1.3: Policy Reform on Rural Construction Land Transfer</u>	2007—2009	1.3.1 <u>Work out an analysis report on market-driven allocation of rural collective-owned construction land, from the both theoretical and practical perspective;</u> 1.3.2 <u>Research on experiences and mechanisms for compensation of farmers in connection with transfer of rural construction land;</u> 1.3.3 <u>Study on the primary principles and criteria to conduct transfer of land use rights of rural collective-owned construction land, and formulate the provisions;</u> 1.3.4 <u>Study on the procedure and supervision of transfer of land use rights of rural collective-owned construction land and formulate the provisions</u>	UNDP US\$ 60,000
<u>Output 1.4: Policy Suggestions on Land Income Distribution Mechanisms and Protection of Farmers' Rights</u>	2007—2009	1.4.1 <u>Review the general situation of land income allocation mechanism and work out a comprehensive reviewing report;</u> 1.4.2 <u>Study on rectification of the existing policies and regulations concerning land income allocation as to safeguard farmers' interests and rights and develop a report;</u> 1.4.3 <u>Research on increasing compensation in land requisition to ensure the social security of landless farmers and develop related policy paper</u> 1.4.4 <u>Research on distribution of land income generated from urban land use rights transference in order to</u>	UNDP US\$ 250,000

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		<p><u>promote construction of new socialist countryside and develop related policy paper</u></p> <p><u>1.4.5 Research on distribution of land income generated from newly-added construction land fee in order to promote construction of new socialist countryside and develop related policy paper</u></p>	
<u>Output 1.5: Computer-based Land Management Platform Development</u>	2007—2009	<p><u>1.5.1 Map out detailed information management plan and data model that meets user needs at county level.</u></p> <p><u>1.5.2 Develop a software operational system with timely information-issuing mechanism at county level</u></p> <p><u>1.5.3 Compile operation manuals for the system respectively for general public and technicians</u></p>	UNDP US\$ 70,000
<u>Output 1.6: Establish Pilot Areas Testing and Demonstrating the Newly-proposed Innovative Policy Measures</u>	2007—2010	<p><u>1.6.1 Establish pilot selection criteria and identify main pilot areas.</u></p> <p><u>1.6.2 Experiment new policy initiatives relating to <u>land management with eco-environment conservation, women involvement and poverty alleviation land management with public participation, social justice, and poverty alleviation, social welfare, public participation, and women self-development, etc.</u></u></p> <p><u>1.6.3 Synergy and summarize policy findings in the pilot areas.</u></p>	UNDP US\$ 220,000 Gov't: US\$ 450,000
<u>Output 1.7: Strengthened and Improved Overall Institutional Capacity for Decision-making, Policy Development and Enforcement</u>	2007—2010	<p><u>1.7.1 Carry out Domestic and overseas training programs in various forms to build up institutional capacity concerning rural land management at national level;</u></p> <p><u>1.7.2 Carry out domestic and overseas training programs</u></p>	UNDP US\$ 170,000 Gov't US\$ 1,430,000

Deleted: Output 1.5: Rural Land Registration System

		<u>in various forms to build up institutional capacity concerning rural land management at local level, especially the pilot areas;</u>	
Su-total			US\$ 2,850,000 (UNDP US\$ 920,000) (Gov't US\$1,930,000)

Outcome 2: Innovation in Rural Governance and Public Service Delivery

Outcome Indicators:

- Policy proposal on township/village government reform;
- Policy recommendation on public service delivery and equity accession to public goods in rural China;
- Policy suggestion on rural governance in China

Intended Outputs	Output Targets 2006-2010	Indicative Activities	Inputs (US\$)
Output 2.1 : Research Reports, Investigation Reports, Analytical Reports, Study Tour Reports and Policy Recommendations on the reform of the County-Township System	2007—2008	<p>Activity 2.1.1: Research and study focusing on the reform of village organizations and township government in China;</p> <p>Activity 2.1.2: A questionnaire is designed and applied to survey the ideas of rural development Activity researchers and grassroots officials on reform of the county and township government;</p> <p>Activity 2.1.3: Door-to-door interviews with approximately 300 randomly selected rural households are carried out on farmers' expectations of the township government in building up a new countryside and their requests on the reform of the township government;</p> <p>Activity 2.1.4: A study tour to compatible countries is made to examine their experiences in self-governing models of rural grassroots authorities;</p>	UNDP US\$ 260,000 Gov't US\$ 260,000

		<p>Activity 2.1.5: An international symposium is organized to draw on ideas, insights and recommendations on reforming the county-township system from more resource persons from both home and abroad;</p> <p>Activity 2.1. 6: A pilot implementation of the policy recommendations on repositioning and reforming the township government to adapt it to the requirement of building a new socialist countryside in a township in West China;</p>	
Output 2.2 : Research Reports, Investigation Reports, Study Tour Reports and Recommendations on Improving Public Goods and Service Delivery in Rural Areas and Integrated Urban-Rural Public Service Delivery	2008—2010	<p>Activity 2.2.1: Research and study focusing on the public service system in rural areas;</p> <p>Activity 2.2.2: a questionnaire is designed and applied to survey the ideas of rural development researchers and grassroots officials on major system, institutional and mechanism barriers to the provision of public goods/services for rural areas;</p> <p>Activity 2.2.3: door-to-door interviews with approximately 300 randomly selected rural households are carried out on farmers' expectations of the public goods and services most urgently needed for the building-up of a new countryside;</p> <p>Activity 2.2.4: A study tour to compatible countries is made to study their systems, institutions and mechanisms for providing public services for rural residents and remote areas;</p> <p>Activity 2.2.5: an international symposium is organized to draw on ideas, insights and recommendations on</p>	<p>UNDP US\$ 300,000 Gov't US\$ 300,000</p>

		<p>guaranteed provision of public services for rural residents and remote areas from more resource persons from both home and abroad;</p> <p>Activity 2.2.6: a pilot implementation of the policy recommendations on improving the provision of public goods/services for rural areas in a township in West China;</p>	
<p>Output 2.3 : Research Reports, Investigation Reports, Study Tour Reports and Recommendations on Promoting Development of Farmer Economic Cooperative Organization and Rural Civil Society Organization</p>	<p>2007—2009</p>	<p>Activity 2.3.1: Research and study focusing on the options for development of civil society organizations and mechanisms as one of the most important instruments to promote building of a new socialist countryside;</p> <p>Activity 2.3.2: A questionnaire is designed and applied to survey the ideas of rural development researchers and grassroots officials on the role and functions of farmers' cooperative economic organizations in expressing farmers' rights and interests; in advancing the three-dimensional rural development (rural, agricultural and farmer development); and in promoting rural social justice, rural social harmonization and rural stability;</p> <p>Activity 2.3.3: door-to-door interviews with approximately 300 randomly selected rural households are carried out on farmers' expectations regarding the development of their own organizations and rural civil society organizations;</p> <p>Activity 2.3.4: A study tour to compatible countries is made to draw on international experiences and lessons in the development of rural civil society organizations;</p>	<p>UNDP US\$ 300,000 Gov't US\$ 300,000</p>

		<p>Activity 2.3.5: An international symposium is organized to draw on ideas, insights and recommendations on Development of Farmers' Economic Cooperative Organizations and Rural Civil Society Organizations from more resource persons from both home and abroad;</p> <p>Activity 2.3.6: a pilot implementation of the policy recommendations on the promotion of the development of farmers' economic cooperative organizations and rural civil society organizations as an instrument to facilitating the new rural construction in a township in West China</p>	
Sub-total			<p>US\$ 1,720,000 (UNDP US\$ 860,000) (Gov't US\$ 860,000)</p>
<p>Outcome 3: Broad-based policy debates and knowledge exchange, enhancing decision-making and policy implementation to support rural development for a harmonious society in China:</p> <ul style="list-style-type: none"> ● A policy dialogue platform is set up; ● A policy development and coordination mechanism is established; 			
<p>Output 3.1 Output 3.1 Project Implementation Mechanism, Policy dialogue and debates Building up;</p>	<p>2007—2009</p>	<p>Activity 3.1.1 Establish a sound project management mechanism with effective communication and coordination between project teams at central and local level</p> <p>Activity 3.1.2: Set up an effective working procedure, evaluation and supervision mechanism ensuring the successful management of project implementation</p> <p>Activity 3.1.3 Hold project inception to prepare detailed project implementation plan and build synergies with other related projects;</p>	<p>UNDP US\$250,000 Gov't US\$ 210,000</p>

		Activity 3.1.4 Hold 1—2 sessions on key policy consultations annually to review project findings, solicit network, discuss policy options related to substantive areas of the first two components;	
Output 3.2 Documentation of key project findings, pilots' experiences and policy reports.		Activity 3.2.1 Reports concerning the achievement and new policies of the project Activity 3.2.1 Prepare documentation of project outputs and findings; Activity 3.2.2 Publish main policy study reports and policy suggestions;	
Sub-total			US\$ 460,000 (UNDP:US\$250,000) (Gov't: US\$ 210,000)
Total			US\$ 5,030,000 (UNDP: US\$ 2,030,000) (Gov't: US\$ 3,000,000)

Output 1.2: Policy Reform on Land Titling and Rural Land Ownership

Activity 1.2.1: Comprehensive Study of Land Titling and Rural Land Ownership

Output indicators:

Study on current land titling system carried out.

Examined land titling system in pilot areas.

Policy recommendations and reforms of land titling system presented.

Output 1.3: Policy Reform on Rural Construction Land Transfer

Activity 1.3.1: Research on the existing system of transfer of rural construction land

Activity 1.3.2: Research on experiences and mechanisms for compensation of farmers in connection with transfer of rural construction land

Output indicators:

Study of compensation mechanisms in connection with the transfer of rural construction land carried out.

Compensation mechanisms used in pilot areas studied.

Suggestions and recommendations for reforms regarding compensation of farmers in connection with transfer of rural construction land presented.

Output 1.4: Policy Suggestions on Land Income Distribution Mechanisms and Protection of Farmers' Rights

Activity 1.4.1: Identify the real value of rural land and its products, and mechanisms that are used to distribute the income from the land.

Output indicators:

Research carried out on the value of agricultural land in different parts of China.

Experiences tested out in several pilot areas in China.

Policy recommendations and reforms to protect the farmers' rights presented.

Activity 1.4.2: Establish a greater awareness of the value of the land and its products, and mechanisms for distribution of these values.

Output indicators:

Information material developed and introduced in pilot areas.

Output 1.5: Rural Land Registration System

Activity 1.5.1: To examine the current rural land registration system, opportunities and obstacles for reforms, and suggestions for reforming the system

Output indicators:

- Studies of the current land registration system carried out.
- Examination of the experiences in the pilot areas summarised.
- Recommendations for reforms of the rural land registration system presented.

Activity 1.5.2: Introduce a scheme to improve the rural land registration system.

Output indicators:

- Scheme to improve the rural land registration system established.
- Website with the theme of improving the rural land registration system in operation.
- Computer-based land management platforms established at county level, with easy public access to land rights information.