

CHINA

**ECONOMIC TRANSFORMATION AND
INSTITUTIONAL CAPACITY BUILDING**

**ENVIRONMENTAL AND SOCIAL MANAGEMENT
FRAMEWORK**

March 2014

LIST OF ABBREVIATIONS

EA	Environment Impact Assessment
EMDP	Ethnic Minority Development Plan
PMO	Project Management Office
RAP	Resettlement Action Plan
RPF	Resettlement Policy Framework
SA	Social Assessment
SEA	Strategic Environment Assessment
SMO	Subproject Management Office
TOR	Terms of Reference

I. STEPS AND REQUIREMENTS FOR ENVIRONMENTAL AND SOCIAL IMPACT MANAGEMENT

1. This Environmental and Social Management Framework (the Framework) guides compliance with safeguards policies related to environment and social impacts during the implementation of subprojects to ensure that environmental and social issues are adequately considered during subproject implementation. As subprojects will be identified and proposed for financing on a rolling-basis during implementation, screening of potential environmental and social impacts will be conducted in accordance with the Framework and corresponding mitigation and management measures will be developed as needed.

2. Environmental and social impact screening, mitigation and management measures development and implementation will follow these steps:

- Step 1 - Screening Proposed Subprojects for Potential Environmental and Social Impacts according to Chinese Regulations and World Bank Policies and Proposing Environmental and Social Impact Mitigation Measures or Documents¹ (by SMO)
- Step 2 - Review, Screening and Determination of environmental and social impact mitigation measures which are to be taken/developed or documents to be prepared (by PMO² and WB)
- Step 3 - Preparation of Environmental and Social Impact Documents, Consultation and Disclosure (by SMO)
- Step 4 - Review and Clearance of Environmental and Social Impact Documents and Supervision (by PMO and WB)

Step 1 - Screening Proposed Subprojects for Potential Environmental and Social Impacts according to Chinese Regulations and World Bank Policies and Proposing Environmental and Social Impact Mitigation Measures or Documents (by SMO)

Environmental Impact Screening

3. SMO will screen its proposed subproject(s) for environmental impacts following the format in Annex 1 and World Bank policies and categorize the subproject based on the following categories:

- **Category A:** A subproject would have significant adverse environmental impacts that are sensitive, diverse, or unprecedented. Given the technical assistance nature of the project, it is expected that project will not have a category A subproject.

¹ Environmental and social impact documents are referred to as safeguard documents at the World Bank.

² PMO is the Project Management Office established in the International Department of the Ministry of Finance (MOF), it is responsible for advising and assisting all subproject agencies with day-to-day operations.

- **Category B:** A proposed subproject is categorized as a Category B subproject when its adverse environmental impacts are less significant than those of a Category A subproject. These impacts are typically limited; few if any of them are irreversible; and in most cases, the design of mitigation measures is easier than a Category A subproject.
- **Category C:** A proposed subproject has minimal or no adverse environmental impacts.

4. The screening results will be cross-checked with national regulations to ensure compliance with China's domestic environmental and social management requirements. Four possible instruments are specified in China's regulations: (a) Plan Environmental Impact Assessment; (b) Environmental impact assessment report (EA); (c) Simplified environmental assessment (Simplified EA)³; and (d) Environmental registration. In cases where the EA documentation required by China's regulations are not equivalent in depth and scope to those required by the World Bank safeguard policy requirements, the latter will apply.

Subproject Screening and Relevant Environmental Impact Documentation Requirements

5. Relevant environmental impact documentation requirements for each subproject will be determined based on the following screening procedures:

- **Category A:** The project does not involve a Category A subproject.
- **Category B:**
 - a) If screening (Steps 1 and 2) reveals that environmental impact documentation would not be needed for a proposed subproject, the SMO will prepare TORs for consulting services where environmental and social considerations are fully blended within the scope of TA (research/study) work to (i) integrate environmental and social objectives into the TA process; (ii) promote systematic and comprehensive analysis of alternatives considering environmental and social, when applicable; and (iii) promote environmental and social capacity building and institutional strengthening, where applicable. Such subproject do not need to go through Steps 3 and 4, but the TORs need to be sent to the World Bank's task team for its review and no objection;
 - b) If screening (Steps 1 and 2) reveals that a proposed subproject would directly involve or lead to the development of follow-up investment plan, the SMO will prepare an SEA or Plan Environmental Assessment (following relevant laws and regulations of China). See Steps 3 and 4 for specific procedures;

³ Note that according to the Chinese EA Law, the Simplified EA is called an "EA in Table form". However, an EA in Table form is not a simple summary table; it is equivalent or more detailed than an EA that would be required by the Bank for Category B projects.

- c) If screening (Steps 1 and 2) reveals that a proposed subproject (such as feasibility study, technical study, engineering design study and drafting of bidding documents³) would facilitate follow-up infrastructure construction (whether or not such construction is financed by the World Bank), the SMO will prepare an EA for the infrastructure. See Steps 3 and 4 for specific procedures.
- **Category C:** Subprojects under this category do not need require environmental impact documents and can be screened following Steps 1 and 2.

Social Impact Screening

6. Subproject(s) applied will be screened by the SMO for social impacts, including: (a) whether there are land acquisition and involuntary resettlement (permanent or temporary); (b) if Yes, the population to be affected; and (c) whether there is an ethnic minority community that would be affected by the subproject (as determined through a review the demographic information in the subproject areas). The SMO will use the form provided in Annex 1 to determine the significance of these impacts and identify the social impact documents that need to be prepared.

Requirements for Preparing Social Impact Documents for Subproject

7. Social impact documents for a subproject depend on the subproject's impacts include:
 - a) If screening (Steps 1 and 2) reveals that a proposed subproject would not involve resettlement or minority communities, no documents relating to social aspects would need to be prepared. After being screened, this type of subprojects would not need to go through Steps 3 and 4;
 - b) If screening (Steps 1 and 2) reveals that a proposed subproject (such as feasibility study, technical study, engineering design study and drafting of bidding documents) would facilitate follow-up infrastructure construction (whether or not such construction is financed by the World Bank), but such construction would not involve resettlement or minority communities, no documents relating to social aspects would need to be prepared. After being screened, this type of subprojects would not need to go through Steps 3 and 4;
 - c) If screening (Steps 1 and 2) reveals that a proposed subproject (such as feasibility study, technical study, engineering design study and drafting of bidding documents) would facilitate follow-up infrastructure construction (whether or not such construction is financed by the World Bank) and such construction would involve resettlement or minority communities, Steps 3 and 4 would need to be followed. In this case, requirements for relevant social documents include:

³ Based on the existing design, such subprojects are very unlikely supported by the project. However, it is suggested that this paragraph is kept to prepare for such cases, if any, during project implementation.

- A resettlement action plan (RAP) if over 200 people will need to be involuntarily resettled. If fewer people need to be resettled, then an abbreviated RAP will be required, including whether land acquisition is needed or whether compensation for land already acquired is paid following relevant national and local regulations. A resettlement policy framework (RPF) will be prepared if the site or scope of land acquisition and resettlement cannot be decided.
- If affected minority communities are expected in the subproject area, social assessment would need to be carried out. If the subproject is to be implemented in a minority concentrated area, social assessment would need to be carried out and a report prepared. The SMO would prepare an Ethnic Minority Development Plan (EMDP) based on the SA conclusions. When the majority of beneficiaries of a subproject are minority people, no separate EMDP is needed. However, conclusions and suggestions from the SA should be incorporated into the subproject design.

Step 2 – Review, Screening and Determination of environmental and social impact mitigation measures to be taken/developed or documents to be prepared (by PMO and WB)

8. The SMO will prepare an environmental and social impact screening summary for each subproject in a format specified in Annex I. This will summarize: (a) the recommended categorization according to World Bank policies; and (b) the proposed environment and social impact documentation requirements for the subproject.

9. The environmental and social impact screening summary will be part of the subproject application package. The PMO will review the screening summary and send it to the World Bank for review.

Step 3 - Preparation of Environmental and Social Impact Documents, Consultation and Disclosure (by SMO)

10. As indicated above, for Category B subprojects which need to prepare SEA or Plan Environmental Assessment, the SMO, with the assistance from the PMO and the World Bank, will develop related EA TORs for preparing detailed environmental and social impact documents. The TORs for the environmental and social impacts documents should be prepared concurrently with the preparation of the TORs for the consulting services (i.e. subproject). Relevant environmental and social impacts documents should be submitted together with the final output of the subprojects.

11. For Category B subprojects which need to prepare EA for follow-up infrastructure construction, the SMO, with the assistance from the PMO and the World Bank, will develop related EA TORs for preparing detailed environmental and social impact documents. The TORs for the environmental and social impacts documents should be prepared concurrently with the preparation of the TORs for the consulting services (i.e. subproject). Relevant environmental and social impacts documents should be submitted together with the final output of the subprojects.

12. The SMO can maintain adequate communication with the PMO and the World Bank when any environmental and social issues arise and the World Bank will provide technical support.

Information disclosure and public consultation

13. Information disclosure and public consultation are important and necessary during the preparation and implementation of environmental and social impact documents. Prior to their finalization, the said documents will be subject to consultation and disclosure in an accessible place, in a timely manner and in a form and language understandable to key stakeholders to and to ensure potential affected persons have adequate time to access the draft documents before consultation takes place.

14. Information to be disclosed will include: TORs for environmental and social impact documents and the said documents. Disclosure may be conducted in a range of forms, including posters, booklets, newspapers, the internet, and community meetings. Disclosure and consultation mechanisms will be planned and detailed in the relevant environmental and social impact documents.

Step 4 - Review and Clearance of Environmental and Social Impact Documents and Supervision (by PMO and WB)

15. The PMO will conduct internal review of the environmental and social impact documents prepared. The internally reviewed documents will be submitted to the World Bank for its review. The World Bank will carry out related supervision during project implementation.

16. The SMO will be responsible for the implementation of the Framework. The PMO will engage qualified and experienced experts to support the SMO in environmental and social aspects.

II. DUTIES AND RESPONSIBILITIES

17. In the process described above, the various institutional roles and responsibilities are:

18. ***Overall responsibility:*** The PMO will assume the overall responsibility for the implementation of the Framework for the project. The Bank will support the process through periodic supervision and training.

19. ***Environmental and social impact screening:*** The SMO will undertake environmental and social impact screening of the subproject(s) applied. The PMO will review the screening results and determine requirements for environmental and social impact documents.

20. ***Preparation of TORs for environmental and social impact documents:*** The SMO is responsible for preparing TORs for environmental and social impact documents for its subproject(s) and will engage qualified consultants to prepare these documents.

21. ***Preparation of environmental and social impact documents.*** During project implementation, the SMO is responsible for preparing environmental and social impact documents for its subproject(s) and will engage qualified consultants as needed.

22. ***Domestic review and clearance of environmental and social impact documents:*** Environmental and social impact documents, where applicable, will be reviewed and cleared within the government. This will follow the government's EA procedures and regulations.

23. ***Supervision:*** The PMO will guide, supervise and manage the implementation of environmental and social impact documents. The World Bank will provide technical guidance.

III. CAPACITY BUILDING

24. Capacity building is critical to the implementation of the above activities. With the current institutional arrangements, the PMO and SMO will need strong support to fulfill its designated responsibilities. The overall cost of the capacity building may be covered by the Project's IBRD loan or the counterpart funding.

25. The capacity building activities for environmental and social safeguards may include (i) engagement of experienced environmental and social experts; and (ii) training on environmental and social safeguards policies, good practices, implementation supervision and monitoring.

Annex 1: Checklist for Screening Potential Environmental and Social Impacts

Project Management Office (PMO) will use this Form to screen all subproject applications.

Subproject Information

1. Subproject Name	
2. Subproject Management Office (SMO)	
3. Subproject Sector	
4. Proposed Budget for the Subproject	
5. Start/Completion Date	

For compliance with Chinese environmental regulations, does this subproject need to prepare any of the following safeguard documents?

- A Plan EA Yes: __ No: __
- A full EA: Yes: __ No: __
- A simplified EA: Yes: __ No: __
- Other Environmental requirements: Yes: __ No: __

A Checklist for Screening Environmental and Social Impacts

Question	Answer		If Yes, WB policy triggered	If Yes, proposed documents for consideration
	Yes	No		
Are the impacts of the Subproject likely to have significant adverse environmental impacts that are sensitive, diverse or unprecedented? ⁱ Please provide brief description:			<i>OP 4.01 Environmental Assessment</i> and other policies, Category A	Not eligible (cannot be included in the project)
Does the proposed Subproject have minimal environmental impacts or no adverse environmental impacts? ⁱⁱ Please provide brief description:			<i>OP 4.01 Environmental Assessment</i> , Category C	No follow-up action needed.
Is the Subproject neither a Category A nor Category C as defined above? ⁱⁱⁱ Please provide brief description:			OP 4.01 Environmental Assessment, Category B	a) TORs for consulting services where environmental and social considerations are fully blended within the scope of subproject work (see Step 1); b) In case that a subproject directly involves or leads to an investment plan, SMO will prepare TORs for an SEA/ or a Plan Environmental Assessment (as required under the Chinese Laws and regulations), as well as other related environmental and social documents (see Step 3); c) In case a subproject facilitates follow-up infrastructure construction, SMO will

				prepare TORs for EA for such infrastructure and the EA.
Are impacts of the Subproject likely to have significant adverse Social impacts that are sensitive, diverse or unprecedented? ^{iv} Please provide brief description:			<i>OP 4.01 Environmental Assessment Category A</i>	Not eligible (cannot be included in the project)
Will the Subproject support the protection or reconstruction of physical cultural resources? or adversely impact physical cultural resources? ^v Please provide brief justification:			<i>OP 4.11 Physical Cultural Resources</i>	Addressed in TORs for consulting services/SEA/EA
Will the Subproject involve the conversion or degradation of critical or non-critical natural habitats? ^{vi} Please provide brief justification:			<i>OP 4.04 Natural Habitats</i>	Addressed in TORs for consulting services/SEA/EA.
Will the Subproject involve the significant conversion or degradation of critical natural habitats? ^{vii} Please provide brief justification:			<i>OP 4.04 Natural Habitats</i>	Not Eligible (cannot be included in the project)
Will the Subproject have the potential to have impacts on the health and quality of forests or the rights and welfare of people and their level of dependence upon or interaction with forests; or aims to bring about changes in the management, protection or utilization of natural forests or plantations? Please provide brief justification:			<i>OP4.36 Forestry</i>	Addressed in TORs for consulting services/SEA/EA.
Will the Subproject have the potential to have impacts on significant conversion or degradation of critical forest areas? Please provide brief justification:			<i>OP4.36 Forestry</i>	Not eligible (cannot be included in the project)
Does the subproject involve involuntary land acquisition or prior acquisition of land or demolition of existing structures? Please provide brief justification:			OP4.12	Addressed in RAP/RPF
Are there any ethnic minority communities present in the project area and are likely to be affected by the proposed subproject? Please provide brief justification:			OP4.10	SA/EMDP

Conclusion and Safeguard Documents Required:

The Subproject is classified as a Category _____ project as per World Bank OP4.01, and the following safeguard documents will be prepared:

1. _____
2. _____
3. _____
4. _____
5. _____

Screening Completed and Reviewed by:

Signed by SMO:

Name: _____

Title and Date: _____

One copy of this Form and accompanying documentation will be kept in the PMO, one copy sent to the concerned subproject PMO and one copy submitted to the World Bank.

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- i. This type of projects may have substantial negative impacts on the environment. And the impacts are sensitive, extensive and unprecedented. Probable subprojects involved include: engineering feasibility study, technical study, engineering design study, drafting of bidding documents, etc. If these subprojects do facilitate infrastructure construction (no matter whether they are financed by the Bank.), they can be labelled as Category A. If the negative impact is less significant, limited, reversible and mitigation measures are readily designed, the subproject can be labelled as Category B, subject to screening results.
 - ii. This type of subprojects have little or no negative impact on the environment, such as subprojects that support training, study tours, hiring, office equipment provision, etc.
 - iii. The subjects that are neither of Category A nor of Category C usually can be considered as Category B. The subprojects that may be of Category B include: study of water resource management/planning studies, study of watershed management, study of national/regional emission standards, study of biodiversity conservation, Defining emission standards, developing forestry management policy, financing the drafting of land-related laws, drafting strategy for private sector to finance transportation infrastructure, land use planning/natural resource management, etc. These types of research activities may bring about significant downstream impact. For example, forestry policies may affect access to forest resources: if rules lead to the setting up or the extension of protection zones, involuntary migration and seasonal access to forest resources may be resulted. Ethnic minority communities close to forest region may also be influenced by new forest management rules and land issues might be involved too. Moreover, coastal resource management plan may have impact on local residents and ethnic minority communities (restrict the access to forest/marine resources); to strengthen or establish new protection zone, plan may bring about land acquisition and involuntary resettlement; subprojects can also influence sensitive spots around cities (including historical sites, natural habitats, etc.); future urban planning may indirectly affect peri-urban resources, etc.
 - iv. This type of subprojects may have substantial negative impacts on the environment. And the impacts are sensitive, extensive and unprecedented. See Annotation i.
 - v. Physical cultural resources are archaeological or historical relics, including historical urban areas, religious monuments, buildings and/or cemeteries, especially those relics that have been recognized by the governments.
 - vi. Important natural habitats, including habitats that are protected by laws and their protection are suggested by governments and affirmed by authorities for their high conservation value, or those that are acknowledged and protected by local communities.
 - vii. Important natural habitats, including habitats that are protected by laws and their protection are suggested by governments and affirmed by authorities for their high conservation value, or those that are acknowledged and protected by local communities.