



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 03/04/2021 | Report No: ESRSC01904



BASIC INFORMATION

A. Basic Project Data

| | | | |
|---|---|--------------------------|----------------------------|
| Country | Region | Project ID | Parent Project ID (if any) |
| China | EAST ASIA AND PACIFIC | P171644 | |
| Project Name | Yangtze River Revitalization Program | | |
| Practice Area (Lead) | Financing Instrument | Estimated Appraisal Date | Estimated Board Date |
| Water | Program-for-Results Financing | 6/15/2021 | 11/15/2021 |
| Borrower(s) | Implementing Agency(ies) | | |
| Ministry of Finance, National Development and Reform Commission?? | National Development and Reform Commission, Changjiang Water Resources Commission, Jiangxi Provincial Finance Department, Ministry of Water Resources of China, Hubei Provincial Finance Department??, Hubei Provincial Development and Reform Commission??, Jiangxi Provincial Development and Reform Commission?? | | |

Public Disclosure

Proposed Development Objective

To improve institutional arrangements for ecological protection and water pollution abatement in select regions of the Yangtze River Basin

| Financing (in USD Million) | Amount |
|----------------------------|--------|
| IPF Component | 40.00 |
| Total Project Cost | 400.00 |



B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

The PDO is formulated to respond to the fundamental challenge of inter-sectoral coordination and inter-jurisdictional cooperation around the shared water resources within the Yangtze River. It is intended to support the Government's national strategy for the Yangtze River Economic Belt (YREB), the subsidiary action plans at the provincial level and the specific activities and outcomes at the local level. The proposed program is intended to support provincial engagements through Program for Results (PforR) Financing, supported by a central component through Investment Project Financing (IPF). The program is structured around three results areas: (i) ecological restoration and pollution control; (ii) plastic waste reduction; and (iii) institutional development. The proposed outcomes are: (i) water quality meeting water function zoning requirements at defined inter-county cross-sections; (ii) reduction in plastic waste at defined inter-county cross-sections; and, (iii) establishment of a horizontal inter-county eco-compensation scheme. The central IPF component is aimed at promoting cross-sectoral coordination and inter-jurisdictional cooperation toward the common goals of improving water quality and ecological protection in the Yangtze River basin. Funds would be used to support a range of potential activities through technical assistance, goods and non-consulting services, along with incremental operating expenses, including: (i) data monitoring, verification, and sharing; (ii) basin studies relating to ecological flows, river health and water pollution; (iii) policy and regulatory development in support of the Yangtze River Protection Law; (iv) capacity-building across central and provincial governments; and (v) sustainable coordination mechanisms building on existing cross-sectoral and inter-agency collaboration arrangements.

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

The Yangtze River Basin and its more than 700 tributaries cover over 19 percent of mainland China. The basin includes 17 provinces and two municipalities. The annual water resources of the Basin are estimated at 995.8 billion cubic meters, roughly 35 percent of China's total water resources. It serves as the source of water for the South-North Water Transfer Project, diverting water to reduce water stress in more arid areas of North China including Beijing. The basin is also important for manufacturing, national food and energy security, and inland freight traffic.

The Yangtze River flows through a wide range of ecosystems and the basin has some of the highest levels of biodiversity in the world. The region is known to support over 200 fish species, more than 84 mammal species, 60 amphibian species and 87 reptile species. The basin has a forest coverage rate of 41.3 percent and is home to some of China's most iconic and endangered species. The river is home to 33 percent of the rare or endangered freshwater fishes in China and the basin accounts for 39.7 percent of the country's rare or endangered plants. The lakes in the basin provide critical habitat for migratory birds, and some species have been declared 'functionally extinct'. In addition, the Yangtze River Basin has a large number of UNESCO natural and cultural world heritage.

Pollution remains one of the biggest threats to the environmental sustainability of the basin along with related economic outcomes. Some tributaries have poor water quality, and the eutrophication of some lakes has not been



effectively controlled with phosphorus as one of the main pollution sources. It has been reported that the Yangtze River contributed 55 percent of the plastic pollution entering the ocean from the world's rivers. 30 percent of factories with environmental risks are located within 5 km surrounding areas of drinking water sources. The annual throughput of the hazardous chemicals in the ports along the mainstream of the Yangtze River reaches 170 million tons. Nearly half of the country's key heavy metal prevention and control zones are located in the Yangtze River Economic Belt (YREB). Over the past two decades, the urban areas have increased around 40 percent in the basin and the areas of lakes and wetlands have decreased significantly, with more than 800 lakes within the central basin thought to have been lost to land reclamation. Biodiversity continues to decline, with new risks emerging. Predicted changes in climate suggest a future increase in precipitation, amplified in streamflow with significant shifts in temporal and spatial variations. In response to tighter controls in the downstream provinces many polluting industries are moving to the upper and middle reaches of the river.

In response, the Government has implemented a number of measures to ensure the ecological protection of the Yangtze River. The National Strategy for the YREB is articulated through the "YREB Development Plan" issued by the National Development and Reform Commission (NDRC) in October 2016. This emphasizes the overall objectives for "prioritizing ecological protection, river basin coordination and integrated development" among the 11 provinces in the YREB. Implementation is guided by the "Action Plan for the Yangtze River Protection and Restoration" released by NDRC with the Ministry of Ecology and Environment (MEE) in 2019. These measures are accompanied by a legislative plan for the protection of the Yangtze River approved by the National People's Congress on December 26, 2020. The law establishes a National Yangtze River Basin Coordination Mechanism and infers obligations on the national line agencies and provinces, among others, to undertake a range of activities, including improving systems for information sharing; addressing water quality and pollution control, enhancing water resources conservation, as well as establishing ecological flows and standard systems for biodiversity protection.

D. 2. Borrower's Institutional Capacity

A Central Program Management Office (CPMO) will ensure an integrated river basin approach required to address the fundamental challenge of inter-sectoral coordination and inter-jurisdictional cooperation toward the common goals of improving water quality and ecological protection in the Yangtze River basin. The CPMO is proposed to be established in the Changjiang Water Resources Commission (CWRC) to implement basin level activities financed through the central component with the following roles and responsibilities: (i) supporting the Project Steering Committee (PSC)/YREB Office in overseeing the Program and undertaking regular program reviews; (ii) reviewing and consolidating project documents, including annual work plans; (iii) organizing and reporting on the monitoring and verification of provincial results; (iv) basin studies relating to ecological flows, river health and water pollution; (v) research to inform implementation of the Yangtze River Protection Law; (vi) capacity-building across central and provincial governments; (vii) sustainable coordination mechanisms building on existing cross-sectoral and inter-agency collaboration arrangements; (viii) providing technical support to the YREB Office in reviewing the program assessments, of the provinces; (ix) providing technical guidance to the provinces in design and implementation of river management and ecological restoration; (x) serving as one of the World Bank's counterparts at the program level.

CWRC is a river basin authority dispatched by the Ministry of Water Resources to exercise water administration, law enforcement, integrated water resources management, basin planning, flood control, and drought relief, river course management, soil conservation, hydrology, scientific research for the Yangtze River basin and other river basins of southwestern China. It has in-house top professionals in water resources management, environmental management, and resettlement implementation, among others. Although CWRC has no experience with the ESF, they have



extensive experience implementing projects under the safeguards policies of the World Bank. While the roles and responsibilities of the CWRC are subject to confirmation during preparation, the CPMO would have a dedicated focal point to coordinate environmental and social (E&S) risk management for the central component. A time-bound capacity development plan will be prepared as part of the Environmental and Social Management Framework (ESMF) to be developed for the IPF during preparation. Key actions will be committed under the Environmental and Social Commitment Plan (ESCP). Given the capacity and demands assessment results, the Bank task team will provide training to enhance the CPMO and relevant participating entities' awareness and capacity to ensure the central component is implemented consistent with the ESF requirements.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Substantial

Environmental Risk Rating

Substantial

The project has environmental benefits of improving the water and ecological environment of Jiangxi and Hubei province, and the overall Yangtze river basin. The project's central component primarily consists of basin studies on river health and ecological flows, baseline studies and development of guidelines related to phosphorus pollution control and plastic waste monitoring and reduction in waterways, research to inform implementation of the Yangtze River Protection Law, capacity building, institutional coordination, information management, monitoring and verification of results. The central component is not anticipated to support any physical activities, directly draft policies or regulations, or support feasibility studies/technical designs for future investment projects. Therefore, implementation of this central component will not likely to cause any direct adverse environmental impacts but may involve significant stakeholder engagement and public consultation, and potentially have indirect impacts related to the implementation of the products or outcomes of the TA. The TORs for the TA activities will need to include requirements for considering and analysing the downstream direct, indirect and cumulative environmental issues and implications, as well as an analysis of alternatives and stakeholder engagement. The TORs will be reviewed by the Bank team to ensure that the relevant ESSs of the ESF are complied with. There could be a risk of communicable disease transmission caused by people gathering for trainings, workshops, meetings, etc., particularly given the context of COVID-19 pandemic. An Environmental and Social Management Framework (ESMF) would be prepared by the borrower prior to project appraisal to screen and assess the environmental risks and impacts of project activities, and propose management, mitigation and monitoring measures to achieve outcomes consistent with the ESSs.

This will be the first ESF project for the proposed CPMO. It would be staffed and equipped to enable it to effectively carry out environmental and social management. The overall environmental risk is rated substantial at this stage given that some of the TA studies are proposed to be on a basin scale with potential downstream environmental impacts and risks. The project's environmental risk rating will be further assessed when more specific information is available during preparation.

Social Risk Rating

Substantial

The central component would finance technical and policy studies, goods and non-consulting services, and incremental operating expenses through an IPF with a proposed amount of not more than 10 percent of the total loan, estimated at USD40 million. The IPF component would not support further physical investment or the formulation of policies or regulations, but involve basin studies relating to ecological flows, river health, and water



pollution control; and research to inform the implementation of the Yangtze River Protection Law. The central investment aims to promote the common goals of improving water quality and ecological protection in the Yangtze River basin.

Implementing the central component itself would have moderate social risks, mainly related to labor and working conditions and meaningful stakeholder engagement. Further, adopting and enforcing the study outputs could have potential basin-wide social implications. The downstream social risks could potentially include labor risks, community health, and safety, restrictions on land use, resettlement (e.g., targeted actions to address the hotspots concerning phosphorous and plastic pollution), exclusion risks vulnerable groups. Potential downstream social ramifications to the ethnic minorities would include limitations on agricultural land use, labor and working conditions, community safety, inadequate consultations. Considering the Yangtze River basin's size, the downstream social implications could be high in spatial extent. The size of the population likely to be affected by any potential downstream social risks and impacts could be large.

China has adopted a social stability risk assessment (SSRA) system for the government's major decisions, such as policy, planning, and other major measures (that would induce significant public concerns). The government will assess underlying social conflict risks for the targeted actions, policies and regulations before formally rolled out. However, there is a difference between an E&S risk causing harm and conflict risk. The SSRA is a tool to find ways to manage conflicts and reduce the chance of mass events or protests as a result of a project or new policy. Apparently, the SSRA has a narrow scope of work. Adopting the ESF would create added value for the policy relate studies to enhance the operationality of proposed actions and recommendations while incorporating solid considerations on significant E&S risks and impacts.

The overall social risk is deemed as Substantial at the current concept stage. The project social risk rating will be further justified when more specific information on the central component activities are available during the preparation.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

Initial environmental and social due diligence was conducted primarily based on a desk review of the draft project concept design and desktop study of the environmental and social implications of relevant and similar studies. The project has overall environmental and social benefits of improving the water and ecological environment of the Yangtze River basin.

The project's central component primarily consists of basin studies on river health and ecological flows, baseline studies and development of guidelines related to phosphorus pollution control and plastic waste monitoring and reduction, research to inform implementation of the Yangtze River Protection Law, capacity building, institutional coordination, information management, monitoring and verification of results. The central component is not anticipated to support any physical activities, directly draft policies or regulations, or support feasibility studies/technical designs for future investment projects. Therefore, implementation of this central component will



not be likely to cause any direct adverse environmental impacts but will involve significant stakeholder engagement and public consultation and potentially have downstream direct, indirect or cumulative impacts during the implementation of the products/outcomes of TA. For example, there could be construction/operation nuisance and community health and safety risks from civil works of physical investment projects following the TA recommendations, such as wastewater and solid waste collection and treatment facilities, sampling and monitoring stations, ecological remediation and river/lake connection works, etc. Studies aiming to reduce pollutants (e.g. phosphorus and plastic waste) release in the river basin may have downstream implications on resource efficiency and pollution management, such as reduced use of chemical fertilizer and pesticides, agriculture and industrial water efficiency improvement, control and disposal of hazardous chemicals, agricultural wastes, and plastic wastes. The basin studies will also need to consider and assess potential impacts on aquatic life, water rights, water uses, and broader implications from perspectives of hydrology, climate change, sedimentation, urbanization and industrialization. In addition, there could be risk of communicable disease transmission caused by people gathering for training, workshop, meetings, etc, particularly given the context of COVID-19 pandemic.

The central component would finance technical and policy studies, goods and non-consulting services and incremental operating expenses through an IPF with a proposed amount of not more than 10 percent of the total loan, estimated at USD40 million. The TA-related studies under the central component are expected to have broad social benefits severing a significant proportion of China's population. Implementing the central component itself would have moderate social risks and impacts, which, to a large extent, would be associated with the impacts of consultations during the studies. However, adopting and enforcing the study outputs could have potentially significant downstream social changes among relevant communities, enterprises, institutions, vulnerable groups (such as ethnic minorities, the workers, farmers, etc.). Potential downstream social risks could include labour risks, community health and safety, restriction on land use, resettlement, exclusion risks for vulnerable groups. Exclusion risks would potentially relate to livelihood impact to farmers by limiting land use, inadequate consultations with ethnic minorities, livelihood impacts to workers potentially experiencing lay-off, among others. The TA-related studies will need to adequately consider downstream social risks and impacts to formulate meaningful and strategical advice as part of study outputs consistent with relevant ESSs. The Bank task team will further identify and review the social risks (particularly downstream risks) during preparation against relevant ESSs when more project information available.

TORs for the TA activities will need to include requirements for considering and analysing the downstream environmental and social issues and implications, as well as an analysis of alternatives and stakeholder engagement. The TORs will be reviewed by the Bank task team to ensure that the process includes adequate assessment of environmental and social implications and that the advice provided through the TA for addressing those implications is consistent with the ESF. The proposed CPMO will hire environmental and social experts to support the development and implementation of the TAs, and the project lawyer and/or LEGEN should be consulted in the event that any activities would require advising government in the development of regulatory instruments.

The central IPF component would have multiple TA-related studies, for which the details would be known in the early stage of the project implementation. A focused and straightforward environmental and social management framework (ESMF) would inform the CPMO and TA participating institutes to understand appropriate ways to apply relevant ESSs to a specific study. The ESMF will be prepared prior to project appraisal to set up principles, procedures and requirements for managing the underlying E&S assessment for the TA activities.



The ESMF will include:

- a) Review of the national regulatory framework and its enforcement related to E&S management of river basins, along with mechanisms proposed to fill any major gaps if identified against ESF and relevant GIIP;
- b) Provide high-level environmental and social baselines pertaining to the project proportionate to the E&S risks;
- c) Conduct E&S screening and a thorough E&S analysis of TAs, and propose strategic recommendations for addressing potential E&S impacts (particularly any potential downstream direct, indirect or cumulative impacts associated with the study outputs) that are consistent with ESSs 1-10.
- d) To tailor an appropriate framework to apply relevant ESSs and GIIP to manage the downstream E&S risks.
- e) Document procedures to analyze and address environmental and social impacts (including downstream impacts) for the proposed studies, including the E&S eligibility criteria/exclusion list, development, appraisal and approval of specific E&S instruments, implementation monitoring, public consultation and information disclosure;
- f) Document key findings and recommendations from E&S assessment conducted for the project;
- g) Review of existing institutional capacity on E&S management and the proposal for a project-specific capacity building plan;
- h) Establish monitoring and reporting requirements.
- i) Set out appropriate E&S assessment tools and templates to analyze any potential downstream E&S risks and impacts of relevant studies, consistent with ESF requirements.
- j) Look into identifying triggers for applying strategic environmental and social analysis (SESA) tools and cumulative impact assessments.

Areas where “Use of Borrower Framework” is being considered:

Although China has a comprehensive E&S country framework, its use for the central component is not recommended due to the limited experience of the implementing agencies in implementing and applying ESF and its associated environmental and social standards.

ESS10 Stakeholder Engagement and Information Disclosure

As the central component primarily consists of basin studies, research to inform implementation of the Yangtze River Protection Law implementation, capacity building, institutional coordination, information management, monitoring and verification of results, stakeholder engagement and information disclosure is a central pillar to promote transparency and inclusive planning, and ensure wide public participation, acceptance and equal access of vulnerable groups (including ethnic minorities).

At this stage, key stakeholders identified for the central component include i) national and local governments and authorities engaged in the basin management, particularly those that would significantly influence the adopting and enforcing the study outputs; ii) academic institutions, NGOs and community organizations involved in basin research; iii) the wide public, workers, communities, enterprises and institutions that could be positively or negatively affected by the application of the project outputs; iv) vulnerable groups, such as ethnic minorities, farmers, the workers, etc. At this concept stage, there is limited information on the TA-related studies, the Bank task team and the Central PMO will further analyze the stakeholders (particularly those negatively affected by any potential downstream impacts) as the detailed scope of work is defined and more information is available.



Considering the specific recommendations resulting from the TA will not be known until project implementation, the Borrower will develop a Stakeholder Engagement Framework (SEF) before the Appraisal. The SEF will identify the specific stakeholder groups, strategically assess the impacts to and influence by various stakeholders, and map the different guiding approaches and strategies for engaging with them. The SEF will include a framework outlining general principles and a collaborative strategy to identify stakeholders and plan for an engagement process per ESS10. The SEF will give particular consideration to the influential authorities/parties, the affected persons/groups, vulnerable groups and the evolving context of COVID-19.

Once the specific contents of the proposed TA are known, an activity-specific stakeholder engagement plan (SEP) will be prepared. During the process of TA, the CPMO shall put in-place culturally appropriate actions and measures to enable ongoing meaningful consultation throughout the whole process of the studies. The activity-specific SEP will be developed with the implementation of appropriate mechanism for meaningful consultation with various stakeholders involved by the study itself and potential downstream impacts by applying the study outputs. It will also include the description of an accessible and effective grievance redress mechanism (GRM) to respond to any potential concerns relating to the study as well as any potential risks associated with the proposed studies. The GRM will be operational by project effectiveness and before any activities are supported that require the GRM coverage.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

This standard is relevant. Two categories of workers are expected by implementing the central component: i) direct workers; ii) contracted workers. The direct workers will mostly be government workers who will be governed by the government/national code of conduct, unless there is an effective legal transfer of their employment or engagement in the project, while contracted workers under the TA will be mostly white-collar knowledge workers (e.g. consultants, trainers, monitors or verifiers recruited by the implementing agency or its sub-contractors), who will be governed by mutually agreed terms of employment/contract including all relevant code of conduct and labor management procedures as documented in the Labor Management Procedure.

The TA studies could have potential downstream impacts on labor and working conditions. For example, occupational health and safety (OHS) risks associated with the downstream investment projects and civil works associated with implementing recommended actions, as well as the research or recommendations relating to the Yangtze River Protection Law. The targeted actions to address the hotspots concerning phosphorous or plastic pollutions would have potential implications on worker lay-off in certain sectors. The studies themselves should therefore include an assessment of labor-related risks and impacts, as appropriate, and consider integrating mitigation into the design of advice to targeted actions and policy recommendations.

There are two tiers that will need to be considered when applying the LMP. The first tier will be application of the LMP during the implementation of the central component to protect workers' rights, health and safety (including the specific health and safety issues posed by COVID-19), and respond to workers' grievance as set out in ESS2. During the preparation, the central PMO, with the support of consultants, will evaluate to what extent the in place human resources policies are adequate to manage the labor related impacts and risks for implementing the TA studies, and



the LMP will refer to the World Bank, WHO, and national guidance on COVID-19 prevention in the workplace. Relevant improvements will be made to the LMP as needed.

The second tier is to recommend appropriate LMP as an instrument to manage any potential downstream labor risks identified in the relevant studies.

During project implementation, incidents (e.g. health and safety incidents in the workplace) involving any type of labor hired under the project should be reported to the Bank through the monitoring and reporting mechanisms established for the project.

The first level LMP will be prepared as an attachment to the ESMF and the second level LMP may be as part of TA output during the implementation stage.

ESS3 Resource Efficiency and Pollution Prevention and Management

The central component does not involve any physical activities and therefore is not directly associated with any resource efficiency or pollution issues. However, this standard is considered relevant as the basin study and policy implementation research aim to reduce pollutants (particularly phosphorus and plastic waste) release in the river basin, and recommendations from these TA studies may have downstream implications on resource efficiency and pollution management, such as reduced use of chemical fertilizer and pesticides, agriculture and industrial water efficiency improvement, control and disposal of hazardous chemicals, agricultural wastes, and plastic wastes. During project preparation, a preliminary scoping will be carried out to screen and assess the key ESS3 related issues with regards to the TA studies, and any downstream implications by applying the outputs from the studies. The scoping results will inform the preparation of the ESMF to require that the TORs for the TA studies to take into account sustainable use of resources and pollutants minimization.

ESS4 Community Health and Safety

This standard is relevant. Although the central component itself would not involve any civil works, it may involve quite a number of meetings, workshops and trainings with stakeholders, and travel by project workers to the field, in which case there is possibility of the transmission of communicable diseases such as COVID19. Therefore, preventative measures need to be built into project design and operating procedures to minimize the risk of person-person transmission. Community health and safety guidelines will draw on existing World Bank, WHO, and national guidance on COVID-19 to prevent or minimize the spread of COVID-19 in the communities. The Borrower will monitor the situation and prepare emergency response plan for COVID-19 spread when it is necessary.

Another tier of consideration is to apply ESS4 to the TA studies. In the future, taking actions proposed as study outputs may involve investment projects and civil works (e.g. new construction, rehabilitation, and operation of wastewater and solid waste collection and treatment facilities, construction of sampling and monitoring stations, ecological remediation and river/lake connection works), which could impose potential downstream risks on community health and safety. The studies shall consider potential downstream community health and safety risks and impacts and include appropriate advice following the ESS4, which would provide more sustainable outcome of the project.



ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

ESS5 is considered relevant, although the central component itself will focus on TA related studies and will not finance physical activities that would directly involve land acquisition, restrictions on land use, or involuntary resettlement. Resettlement implications are potentially associated with the downstream application of recommended strategy proposed by the TA studies. For example, the proposed strategies addressing phosphorous pollution control may include policy recommendations restricting certain nutrient intensive activities, restricting pesticide or fertilizers use in certain areas, or progressively phasing out pollution industries, etc. Targeted actions for river clean up could involve considerations relating to potential facilities for the storage and processing of the dredged debris. Recommendation to address plastic waste in rivers could include a range of possible options relating to the establishment of waste sorting, separation, and/or processing facilities.

Considering the Yangtze River basin's size, the implications of any potential downstream resettlement could be high in spatial extent. The size of the population likely to be affected by any potential downstream impacts could be large. The team will revisit the downstream resettlement risks during preparation when more information on the specific scope of the studies to be supported under the central component is available. During preparation, the central PMO will carry out a preliminary scoping of resettlement risks by TA proposals to inform the preparation of ESMF. The ESMF will set out governing principles and procedures and consultation strategies to take into account resettlement aspects as a genuine part of the TA studies.

Following the ESMF and SEF, the TA ToRs should ensure relevant studies shall specifically screen and assess the underlying risks and impacts of land acquisition, restriction on land use, and resettlement. A focused E&S assessment, as a stand-alone chapter of the TA study output, shall be carried to identify and assess the potential downstream risks. The policy and regulation recommendations shall include appropriate assessment and recommendations for addressing the social risks consistent with ESS5, or a resettlement framework will be developed, as appropriate, as part of the TA output in the project implementation.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

The central component will not involve any civil work, or introduce alien species. Neither will the component involve primary production and harvesting of living natural resources, or purchase/use natural resource commodities. ESS6 is considered relevant because the proposed TA studies (e.g. river health index and ecological flow studies) would be directed toward improving/protecting the natural habitats and biodiversity of Yangtze River basin, and restoring natural and ecological functions. Exclusion criteria will be included in the ESMF and also the mitigation measures will be integrated into TA studies to avoid any negative impacts on critical habitats or natural habitats, and TOR of the studies will include alternative analysis to avoid, minimize, or reduce impacts to habitats and biodiversity.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

ESS7 is deemed relevant because the project would have some basin-wide TA-related studies. The Yangtze River basin includes a total of 14 ethnic minority autonomous prefectures and 32 ethnic minority autonomous counties along the Yangtze basin. Distribution is uneven with the majority located in the river's upper reaches. In the highland



of the upper basin, the population consists mainly of Sala, Qiang, Tibetans, and Hui, among others. The population of the Yunnan-Guizhou Plateau is a mixture of Han Chinese and many ethnic minorities, such as ethnic Yi, Miao, Dong, Buyi, Yao, and Bai, among others. The populations in the middle and lower parts of the basin becomes progressively more Han Chinese, although, many other ethnic minorities (such as Tujia) are represented, especially in the middle basin.

The project itself would not be likely to cause relevant social risks and impacts on ethnic minorities. However, subsequent implementation of recommendations from the study outputs could potentially include significant social implications to ethnic minorities, such as limitations on agricultural land use, labor and working conditions, community safety, exclusion risks to vulnerable groups, etc. Therefore, it is important to promote meaningful and inclusive engagement with various stakeholders (including ethnic) during the formulation of the ToRs and the study process, as appropriate.

During project preparation, provisions for a detailed stakeholder analysis will be defined in relevant ToRs to ensure that the studies conduct an analysis of the impacts to and influence by ethnic minorities. The stakeholder analysis will inform the preparation of the ESMF and stakeholder engagement framework (SEF). Ethnic minorities shall be adequately consulted about the design and implementation of relevant studies.

During the implementation, a specific SEP will be developed at the beginning of the study to guide meaningful consultations with stakeholders and particularly ethnic minorities. The studies will be required to genuinely include consideration of ethnic minorities in the assessment of the potential for downstream social risks to ethnic minorities and advise on appropriate mitigation measures in the TA outputs, consistent with ESS7.

ESS8 Cultural Heritage

This standard is considered not relevant as the central component is not expected to support any construction or rehabilitation activities that would involve the movement of earth, thereby potentially having an impact on tangible cultural heritage. Also, the central component will neither have a material impact on intangible cultural heritage nor use such cultural heritage for commercial purposes. Exclusion criteria will be included in the ESMF and also integrated into TA studies to avoid impacts on cultural heritage, and chance find procedures will be developed and integrated into the ESMF to guide appropriate measures in the event that the studies identify any significant cultural heritage.

ESS9 Financial Intermediaries

This standard is not relevant as the central component will not involve any financial intermediaries.

B.3 Other Relevant Project Risks

No specific other E&S risks were identified.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways

No

Public Disclosure



OP 7.60 Projects in Disputed Areas

No

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered?

No

Financing Partners

There are no financial partners for the central IPF component.

B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:

- Borrower to develop an ESMF (including a LMP as necessary) consistent with the ESF requirements;
- Borrower to develop a SEF consistent with ESS10;
- Borrower to develop Appraisal stage ESCP;
- Borrower to develop timebound institutional capacity enhancement plan (as part of the ESMF);
- Borrower to disclose the ESMF, SEF, and ESCP as early as possible and before Appraisal.

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

- Maintainance of a CPMO with qualified staff and resources to support the management of environmental and social risks and impacts of the Project, including an environmental and social specialist.
- TORs for commissioning organizations (e.g. research, consulting, or monitoring institutions) to be reviewed by the Bank to ensure inclusion of aspects of relevant ESSs.
- TORs for studies supported by the TA to be reviewed by the Bank to ensure consistency with the relevant provisions of the ESF.
- Borrower to prepare and implement SEP following the SEF at all critical stages of the study.
- Borrower to engage E&S experts to carry out appropriate E&S analysis following the ESMF as part of the TA-related studies.
- Borrower to maintain an operational and effective grievance redress mechanism.
- Borrower to submit annual Environmental and Social Monitoring Reports.

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS

31-May-2021

IV. CONTACT POINTS

World Bank

| | | | |
|----------|-------------------|--------|--|
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Public Disclosure



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Borrower/Client/Recipient

Borrower: Ministry of Finance

Borrower: National Development and Reform Commission??

Implementing Agency(ies)

Implementing Agency: National Development and Reform Commission

Implementing Agency: Changjiang Water Resources Commission

Implementing Agency: Jiangxi Provincial Finance Department

Implementing Agency: Ministry of Water Resources of China

Implementing Agency: Hubei Provincial Finance Department??

Implementing Agency: Hubei Provincial Development and Reform Commission??

Implementing Agency: Jiangxi Provincial Development and Reform Commission??

Public Disclosure

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VI. APPROVAL

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