Appraisal Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 02/17/2020 | Report No: ESRSA00293
### BASIC INFORMATION

#### A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Region</th>
<th>Project ID</th>
<th>Parent Project ID (if any)</th>
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<tr>
<td>People's Republic of China</td>
<td>EAST ASIA AND PACIFIC</td>
<td>P171064</td>
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<table>
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<tr>
<th>Project Name</th>
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<tr>
<td>Hainan Health Sector Reform Project</td>
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<tr>
<th>Practice Area (Lead)</th>
<th>Financing Instrument</th>
<th>Estimated Appraisal Date</th>
<th>Estimated Board Date</th>
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<tr>
<th>Borrower(s)</th>
<th>Implementing Agency(ies)</th>
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<tr>
<td>People's Republic of China</td>
<td>Hainan Provincial Health Commission</td>
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#### Proposed Development Objective(s)

The Project Development Objective (PDO) is to contribute to improving the quality of primary health care services and efficiency of the health system in Hainan.

<table>
<thead>
<tr>
<th>Financing (in USD Million)</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Total Project Cost</td>
<td>220.00</td>
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</table>

#### 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]

Hainan’s main health system challenges lie in the low value care emanating from a hospital-centric, fragmented and volume-driven health system not well-suited to address the high and increasing burden of non-communicable diseases and the needs of the rapidly aging population; financing incentives that result in the over-production of health services; and insufficient coordination among institutional actors. The fundamental building block for addressing these challenges of comprehensiveness, continuity and appropriateness of health care is a high quality comprehensive primary care - the lynchpin for people centered integrated care.
The overall goal of the Hainan Health Reform Project (HHRP) is to strengthen the quality of primary health care (PHC) services and efficiency of the health system. Focusing on primary health care, the Project takes a health system approach to deliver improved health outcomes for the people of Hainan. Recognizing that there is no silver bullet to achieve this goal, the project adopts a two-pronged approach: (i) The project supports the strengthening of primary care delivery system: the central focus for PHC strengthening will be to improve the performance of Family Doctor Teams operating in township health clinics, village clinics and community health centers. It will do this through rigorous measurement, supportive supervision and targeted incentives driving forward a strong/high capacity PHC system, that is delivered through team-based approaches and responds efficiently to population health needs. (ii) This is supported with deeper institutional, human resources, and informational technology reform actions to create a sustainable and efficient service delivery system. Improved strategic purchasing through the insurance programs is used as a lever to drive the system towards the Project goals of improving quality of primary care and efficiency of the health system. At the individual provider level, incentivizing provider-level behavior change and improving the care for the growing burden of NCDs has been shown to be a cost-effective and rapid means of improving a country’s health.

D. Environmental and Social Overview

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social] The Project will be implemented within Hainan at a provincial level wideness. Hainan, consisting of the main Hainan Island (97% of the total area) and various small islands, is the southernmost province of China. As one of China’s smallest provinces, it has a population around 9.34 million (2018 figure) in a total area of 35,000km², whose population density is lower than most Chinese coastal provinces. Around 8.14% of the residents are aged 65 and above, over 3% lower than that of the national average. Hainan has totally 18 prefectures/counties, 6 of which are minority autonomous. According to the 2018 statistics, 18.2% of the population belong to minority groups, including Li (16.5%), Miao (0.87%), Zhuang (0.44%) and others. In Hainan, there are 5 counties on the national list of counties suffering extreme poverty including Baoting, Qiongzhong, Wuzhishan, Lingao and Baisai, 3 of them (Baoting, Qionghzhong and Baishan) are autonomous counties. The project is designed to enhance the Primary Health Care (PHC) services in all 18 counties of the main island, which will include the national-level poverty counties and autonomous counties. According to the Three-year Action Plan for Poverty Alleviation of Hainan Province issued by the Hainan Provincial Government in September 2018, there are 33,000 poor households with 122,600 persons, 83 poor villages (including 35 deeply poor villages), and 5 poor counties (cities) in Hainan, with a poverty incidence of 2.2%. At the end of 2018, Hainan’s poor population dropped to 70,000, and the per capita disposable income of rural residents in poor areas was 11,545 yuan, a year-on-year increase of 1,233 yuan. This increase is attributed to the implementation of new rural cooperative medical care, critical illness insurance, medical assistance, social assistance and minimum living security for poor people in recent years, and the increase of the pension rate to 178 yuan by 22.8%.

During project preparation, existing Environmental and Social (E&S) conditions of project areas were reviewed to support the E&S assessment. In general, the landscapes in Hainan vary significantly, from densely populated coastal plains to hills and low mountain ranges in middle of island. With relatively rich land resources in tropical zone, Hainan’s economy is predominantly agricultural and the province’s industrial development has largely been limited to the processing of its mineral and agricultural products. The province’s continuous efforts on afforestation and ecological restoration in last decades has increased its forest coverage to a level of 62.1% with the top quality of air, water, soil and ecological resources in China. In May 2019, the State Council issued the Implementation Plan for the
National Ecological Civilization Pilot Zone (Hainan), which represents the most stringent environmental protection regulations being implemented at the provincial level to safeguard its excellent environmental quality while exploring the value realization mechanism of ecological products.

Thanks to these efforts, tourism also plays an important part of Hainan's economy. In particular, Hainan attracts a large number of the migration people from other provinces during winter. Reportedly it is estimated around 1.65 million people moved to Hainan during October 2018 to April 2018, of which 56% is over 65 years old. This brings about additional burden to health service delivery system in Hainan, especially in large hospitals in Haikou and Sanya.

In term of socio-economic development, the coastal towns are more advanced than inland mountain areas. These inland counties with mountain and forest features are prioritized for ecological protection rather than industrial development, where the infrastructure and development conditions are unbalanced and poorer compared to coastal counties. Ethnic minority areas are relatively in poor infrastructure condition which intended to result in unbalanced primary care services. Generally, the poor living in the rural areas of Hainan had relatively poorer health status and much more financial burden.

**D. 2. Borrower’s Institutional Capacity**

The key implementing agency is the Hainan Provincial Health Commission (ProvHC) and Hainan Provincial Healthcare Security Administration (PHSA). These two departments will be responsible for the overall project implementation and coordination with other relevant governmental departments, including the Department of Finance and the Provincial Development and Reform Commission. A Project Steering Committee (PSC) will be established by Hainan Provincial Government, led by Vice Governor in charge of health and Deputy Sectary-General of the provincial government. The PSC organizes a Project Management Office (PMO) within the ProvHC to be responsible for day-to-day management of the project activities. The PMO will be staffed with dedicated personnel responsible for environmental and social risk management. Besides the PMO, two other Project Implementation Units (PIUs) will be established at the ProvHC-IT and the PHSA. Expert panels will be constituted as necessary to support the PMO and the PIUs on technical issues and project management and implementation including procurement, financial and safeguards management.

This is the first human development operation in Hainan and the first operation to be implemented by the ProvHC and local divisions. Government officials at both the provincial and prefectural levels have no prior experience of using the World Bank’s lending instrument and the project will entail a continuous learning curve for the government and the implementing agencies during preparation and implementation. Therefore, a project-specific capacity development plan has been developed as part of the ESMF and included in the ESCP to ensure smooth project implementation, through which technical, external environmental and social consultants have been/will be hired to support the project preparation and implementation. In addition, one of the project components has been designed to strengthen local capacity to ensure smooth project implementation through staffing and continuous training during project implementation. The Bank has provided and will continue to provide training on various aspects of project operations, including environmental and social management following the ESF requirements. On the government side, the risks will be mitigated by strong leadership and good coordination between the province and prefectures as well as among relevant agencies at all levels.

**II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS**
A. Environmental and Social Risk Classification (ESRC) Substantial

Environmental Risk Rating Moderate

Overall, the project implementation is anticipated with environmental and social benefits through the improvement of quality and efficiency of Primary Health Care (PHC) services in Hainan Province. The investments will focus on equipment purchase and deeper institutional, financing, human resource and informational technology reform actions, which will not involve any civil works and thus will not result in any direct and significant environmental impact. The project will be implemented on existing PHC facilities at county/town/village levels without any expansion. Key risks and impacts are downstream environmental issues associated with the operation of project-supported PHC facilities at county/town/village levels, in relation to the use and disposal of hazmat, management of medical wastewater and solid waste, management of Occupational, Health and Safety (OHS) risk for healthcare workforce, community health and safety and Borrower’s capacity to comply with the ESF requirements, which are generally small-scale and easy to be addressed. Furthermore, the project design will incorporate more modern equipment and technology, more efficient processes, more targeted awareness campaign and better management system to minimize negative environmental impacts during the operation of enhanced PHC facilities. Therefore, the environmental risk is rated moderate.

Social Risk Rating Substantial

The project components excluded any physical investment. Thus, no physical activities on sensitive locations will be considered. No civil works is involved and no land take is expected to be required. Therefore, there is no negative impacts on displacement and livelihood loss on local communities and ethnic minorities. No community workers will be used and no significant risk on labor management are envisaged due to the nature of the project.

During concept stage due to missing the concrete project activities and limited information on baseline, some concerns were identified regarding on how to use effective and appropriate stakeholder engagement approach to achieve the equal improvement for the most poor and ethnic minorities groups. If not managed well, such large scope of investment activity could contribute to existing inequalities rather than remove them. For instance, improving the quality of primary care service may attract other users from upper income groups and induce to a situation of paying users would receive priority over more vulnerable users. The FSR and PSIA confirmed that the project design is subject to proportionate utilize the primary care services and improve the service quality of PHCs, especially considering the need of the rural areas of Hainan. The poor people and ethnic minorities will not be excluded from access to project benefits, in stead, they will benefit from accessing better quality of local primary healthcare centers/hospitals. On the whole, Hainan’s ethnic minorities are no different from the han in terms of health status, medical treatment tendency, medical treatment procedures and health poverty alleviation policies. Therefore, the project implementation will share the benefits of the expansion of medical resource capacity at the same level, the improvement of the quality and efficiency of primary medical treatment, and the minority poor residents will benefit more. In addition, the project will solve the difficulty of minority people in receiving medical care, and overcome the language barrier by setting up language help desks. In conclusion, the overall social impact is consider the moderate.

From the perspective of implementation capacity, this is the first human development operation in Hainan and the first operation to be implemented by the ProvHC and local divisions. Government officials at both the provincial and prefecture levels have no prior experience of using the World Bank’s lending instrument. The project risk rating on technical design is High and the project result will bring the widely change for all PHCs’s operation in whole Hainan.
Province covering more than 9 million people. Considering project nature of social development, high risk on technical design and the limited Bank experience of PMOs and PIUs, the overall social risk rating is considered substantial at this stage.

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:

The Bank’s Environmental and Social (E&S) due diligence was conducted based on (i) information collected from Hainan Provincial Health Commission (ProvHC) and Hainan Provincial Health care Security Administration (PHSA) on their E&S risk management approach; (ii) interview with relevant provincial government departments; (iii) consultation with health specialists from Hainan Medical University; iv) visits to existing county/town/village-level Primary Health Care (PHC) facilities and medical waste disposal facilities in Haikou, Baoting, Wuzhishan and Sanya; and v) review of E&S management documents prepared by the Borrower. The key findings are summarized below.

The environmental risks for the project is rated moderate. Aiming at improving the quality and efficiency of PHC services in Hainan, the investments considered under the project mainly include equipment purchase for PHC facilities, development of integrated patient information systems, capacity building and technical studies to support ongoing sector reform. The E&S impact assessment conducted during project preparation suggested that these activities will bring overall E&S benefits with the improvements of public health and well-being in the province. Meanwhile, the project implementation is not anticipated with any direct and significant adverse environmental impact since it will involve no civil works and all proposed investments are for existing PHC facilities without expansion. The downstream environmental issues associated with the operation of project-supported PHC facilities were also considered in the E&S assessment, including use and disposal of hazardous chemicals, management of wastewater and medical waste, Occupational, Health and Safety (OHC) management of healthcare workforce, and community health and safety. It was concluded that there were environmental management rules and regulations established and implemented in Hainan’s health sector following national and provincial requirements, which have addressed most of the issues in a systematic manner. However, the field survey also found that regulation enforcement at some town/village-level clinics remains to be further strengthened due to lack of local capacity/awareness. Accordingly, the project design has incorporated more modern technology, more efficient processes, more targeted awareness campaign and better management system to minimize waste streams and OHS risks, and the Borrower prepared appropriate E&S management instruments for risk management and further enhancement of project-resulted environmental benefits, which will be elaborated later.

No physical activities on sensitive locations will be considered. No civil works is involved and no land take is expected to be required. Therefore, there is no negative impacts on displacement and livelihood loss on local communities and ethnic minorities. No community workers will be used and no significant risk on labor management are envisaged due to the nature of the project. Due to high percentage of the population in Hainan is ethnic minorities, a rapid PSIA is prepared during the preparation stage, it conducted socio-economic baseline survey and initial consultation then confirmed that ethnic minorities will not be excluded from access to project benefits, in stead, they will benefit from
accessing better quality of local primary healthcare centers/hospitals. Therefore, the overall social impact is consider the moderate.

Based on current design, the project will adopt the approach of results-based financing using Disbursement Linked Indicators and no specific project activities will be identified during project preparation. Therefore, an Environmental and Social Management Framework (ESMF) was developed as the instrument to manage the project-related E&S risks and impacts covering all the project-supported activities and associated facilities (if identified). Following both domestic regulations and the WBG’s ESF requirements, the ESMF sets out the principles, rules, guidelines and procedures to screen, assess, manage and monitor the mitigation measures of E&S impacts of sub-projects during implementation, which covers: i) Key findings and recommendations from E&S assessment conducted for the project; ii) Review of Chinese existing regulatory framework and their enforcement related to E&S management of health sector, along with necessary gap-filling mechanisms; iii) E&S eligibility criteria/exclusion list for sub-project screening, iv) review of existing institutional capacity on E&S management and the proposal of project-specific capacity building plan; v) a set of Environmental, Health and Safety Guidelines (EHSGs) developed for project-supported PHC facilities in Hainan, incorporating requirements on OHS management for health care workforce and chemical/waste management with reference to Good International Industry Practice (GIIP) including the applicable ESHGs of the World Bank Group; and vi) a tailored Stakeholder Engagement Plan (SEP) to enable meaningful stakeholder engagement and effective Grievance Redress Mechanism (GRM), particularly for ethnic groups and other vulnerable groups (to be further elaborated in the ESS10 section below). vii) a rapid Poverty and Social Impact Assessment (PSIA) assessed the risk of exclusion of vulnerable groups from access to project benefits and proposed measures to provide meaningful engagement with vulnerable groups and ethnic minorities as part of ESMF. The ESMF also defines the preparation of subproject instruments under relevant ESSs when applicable, such as ESIA, ESMP, SA, ESDP and so on. The Environmental and Social Commitment Plan (ESCP) was developed to secure the implementation of key E&S mitigation measures proposed for the project, whose draft was shared with the Borrower on Dec. 18, 2019 and will be finalized and re-disclosed before Bank Board Approval.

ESS10 Stakeholder Engagement and Information Disclosure
A Stakeholder Engagement Plan (SEP) was prepared by the Borrower as a critical tool to support successful management of E&S risks and also achievement of anticipated project benefits. During its preparation, key stakeholder identified and consulted include the Project Affected People (PAP)—rural and urban residents in Hainan, including vulnerable groups in poverty counties and ethnic minority groups especially in remote areas; other influenced parties -- government authorities for approval and implementation of sub-projects, including, but not limited to, the provincial Ecology and Environment Department, Human Resource and Social Insurance Department, Poverty Reduction Office, Ethnic Minority and Religious Committee, etc; as well as hospitals/clinics and their workforce to be supported under the project. In consistency with the ESS10 requirements, the SEP was prepared mapping different approaches to address key concerns and interests of the stakeholders and to ensure the effectiveness of ongoing engagement and consultation throughout the project life cycle. The SEP also includes an Ethnic Minorities Engagement Framework (EMEF) to secure the effectiveness and appropriateness of meaningful consultation with project-involved ethnic minorities groups to contribute to the project design and to ensure the equal access to improved health care services anticipated with project implementation. Special needs include design of targeted healthcare interventions and information accounting for remoteness, cultural and other obstacles to access for local communities. The PMO will put in place, as part of the ESMF, procedures for stakeholder engagement
and external communication on E&S issues for project activities. The ESMF will also include establishing and maintaining systems to respond to public enquiries and to ensure concerns are recorded and responded to on a timely basis.

Following the ESS10 requirements, two rounds of public consultations were carried out by the Borrower during the preparation of ESMF and SEP, respectively in August/September and October 2019. The feedback received has been incorporated in the final ESMF (including SEP), which was disclosed locally (in Chinese) on Dec. XX, 2019 and at the Bank’s external website (in English) on Dec. XX, 2019.

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

Based on current design, the project will not support civil works and involve no construction worker and community workers. According to ESF definition, PMO staff and doctors involved in the primary healthcare system are not considered “direct workers”, and they are following the government civil servants management system, which is fully compliance with the national labor management regulations. Therefore ESS2 is not applied for such government civil servant except for the provisions on occupational health and safety under ESS2. The main contractors involved in the project will be likely IT service company and consultancy service. Considering the professional and high technology nature of the qualified contractors, it is unlikely on using of child labor and force labor and no primary supplier is identified under the project. Therefore, the social risk and impact on labor management is low and minor.

However, for this sector-wide IPF project, ESS2 is deemed relevant considering its potential impacts on those working in the health care system of Hainan Province, particularly the employees of primary health care facilities. Health care facilities are labor-intensive and potentially hazardous workplaces that expose their workers to a wide range of hazards. By design, the project targets at improving the quality and efficiency of primary health care facilities and is expected to improve the Occupational, Health and Safety (OHS) conditions and awareness of the health care sector in Hainan, particularly in the project-supported Town Hospitals/Community Health Care Centers (THs/CHCs) through equipment upgrading and staff capacity building. During preparation, the project design and ESMF developed are about to support and enable the better control of OHS risks in the sector, while at the same time promoting employee well-being and a safer work environment. The assessment undertaken during project preparation also included labor management issues for waste disposal sites and systems. The Bank’s industry-specific EHS guidelines are used as the reference in assessing the adequacy of existing OHS management in the primary health care agencies/facilities of Hainan Province and, as part of the project ESMF, to recommend any necessary measures to address the identified major gaps.

ESS3 Resource Efficiency and Pollution Prevention and Management

Though the project will not finance any civil works based current design, the operation of project-supported Town Hospitals/Community Health Care Centers (THs/CHCs) will still bring impacts and pressures on the environment, which include consumption of resources (e.g., water and energy), management of chemicals and hazardous
Public Disclosure materials, generation of hazardous and conventional waste, wastewater and various emissions. Based on E&S assessment, Hainan has already issued the official guidelines for the standardized establishment of PHC facilities at town/township/community/village levels, which also provides detailed requirements on resource efficiency and pollution prevention and management following both national and provincial regulations. However, the field visits conducted during project preparation found that enforcement of relevant environmental management regulations remains to be further strengthened for some town/village-level clinics due to lack of local capacity/awareness. Thus, as an annex of the ESMF, a set of Environmental, Health and Safety Guidelines (EHSGs) for project-supported PHC facilities was developed to provide detailed guidance on the management of wastewater and waste and the control of exposure to infection and radiation with reference to Good International Industry Practice (GIIP), including the applicable ESHGs of the World Bank Group. In addition, as part of the project, a capacity building plan was also developed and will be implemented to support the actions proposed in the ESMF to improve resource efficiency and pollution management during the operation of PHC facilities.

ESS4 Community Health and Safety
Without involving civil works, the project is not anticipated with labor influx and will not bring any construction nuisance to nearby communities. Although the project-targeted PHC facilities will be possibly located in the vicinity of communities, there will be no particular concern on community health and safety if they are designed and constructed following applicable national regulations and standards. No particular gap was identified based on the comparison between domestic practice and applicable Good International Industry Practice (GIIP, such as relevant Environmental, Health and Safety Guidelines of the World Bank Group). The EHS guidelines for PHC facilities was developed as an annex of project ESMF to incorporate both domestic requirements and GIIP to avoid and minimize potential public environmental and safety risks.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement
The project investment activities do not involve any direct physical investments, such as extension of primary healthcare center and new disposal sites etc. No civil works is identified based on the FSR and it will be excluded from the project components through the E&S screening tool as defined in the ESMF. However, there may be some subprojects involving associated facilities that already exist or are under construction, such as install IT system in the existing new buildings which will require to submit a social/resettlement due diligence report to HPMO for clearance before the subproject is approved. Therefore, ESS5 is considered relevant for the project to apply for the due diligence work to avoid the potential risk of using existing land.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources
Based on current design, the project will neither finance any civil works, nor involve activities with potential risks or impacts associated with natural resources. In addition, as part of the sub-project exclusion list, any activity with potential impacts on biodiversity or natural habitat will be excluded from project financing during sub-project screening. However, ESS6 is considered relevant as a precaution against potential ecological impacts of any "associated facilities" to be identified during project implementation, and the ESMF has included measures to ensure that waste management systems of participating Primary Health Care facilities do not impact natural resource.
According to the 2018 statistics, 18.2% of the population belong to minority groups, including Li (16.5%), Miao (0.87%), Zhuang (0.44%) and other 45 ethnic minorities in small numbers live scattered in Hainan. Hainan has totally 18 prefectures/counties, 6 of which are minority autonomous. In Hainan, there are 5 counties on the national list of counties suffering extreme poverty including Baoting, Qiongzhong, Wuzhishan, Lingao and Baisai, 3 of them (Baoting, Qiongzhong and Baishan) are ethnic minority autonomous counties. According to National Health Service Survey (2018) the poor disproportionately utilize the primary care services with 18.3 percent of them seeking care in the past two weeks and 78.2 percent of which were at the primary care level.

During concept stage due to missing the concrete project activities and limited information on baseline, some concerns were identified regarding on how to use effective and appropriate stakeholder engagement approach to achieve the equal improvement for the most poor and ethnic minorities groups. If not managed well, such large scope of investment activity could contribute to existing inequalities rather than remove them. For instance, improving the quality of primary care service may attract other users from upper income groups and induce to a situation of paying users would receive priority over more vulnerable users. Therefore, it is critical to tailor the project design to pay attention to the vulnerable groups and ethnic minorities and a rapid Poverty and Social Impact Assessment was developed to further understand the baseline and poverty situation especially in poor and ethnic minority areas related to this health reform project to assess the the risk of exclusion of ethnic minorities from access to project benefits and proposed measures to provide meaningful engagement with vulnerable groups and ethnic minorities.

During the PSIA preparation, SA agency conducted consultation with the provincial and local EACs, agencies in ethnic minority areas, and minority residents to collect their concerns, needs and suggestions. Based on the consultation, local minority residents show no significant difference from Han residents in medical care, and have no special need for doctor gender and ethnic group. However, some rural minority people are superstitious in medical care. Additionally language is also a concern identified for some rural minority people, especially for some old minority people. The PSIA baseline survey indicated that in Hainan minority and Han residents are highly integrated in living habits, and Mandarin is very popular among minority residents. Minority residents have no taboo in doctor gender, and are similar to Han residents in health status and diseases. In Wuzhishan City, Li and Miao residents have a higher incidence of thalassemia for genetic reasons, and patients are mostly from poor families with a weak sense of antepartum examination. In addition, some minority residents like drinking, and have a higher incidence of liver cirrhosis than Han residents. There are Li and Miao doctors in minority areas, and some rural minority residents are superstitious in medical care. In addition, although some minority people cannot speak the Hainan dialect or Mandarin, there are many doctors and nurses of young generation speaking the Li language in rural primary healthcare teams, so the medical care is not significantly affected in ethnic minority areas due to language barriers.

In conclusion, based on current technical design, the PSIA confirmed that the project design is subject to proportionate utilize the primary care services and improve the service quality of PHCs, especially considering the need of the rural areas of Hainan. Ethnic minorities will not be excluded from access to project benefits, in stead, they will benefit from accessing better quality of local primary healthcare centers/hospitals. On the whole, Hainan's ethnic minorities are no different from the Han in terms of health status, medical treatment tendency, medical treatment procedures and health poverty alleviation policies. Baoting county, Wuzhishan city and other cities and counties where the population of ethnic minorities accounts for more than 40% have consistent medical treatment
The project implementation will share the benefits of the expansion of medical resource capacity at the same level, the improvement of the quality and efficiency of primary medical treatment, and the minority poor residents will benefit more. In addition, the project will solve the difficulty of minority residents in receiving medical care, and overcome the language barrier by setting up language help desks. To better contribute the project objectives, an Ethnic Monitoring Engagement Framework (EMEF) has also been developed by following ESS7 during the project preparation to ensure minority people are engaged at different stages to express their needs and suggestions and has proposed necessary plans and activities, so as to ensure cultural appropriate access and sharing the project benefits by meaningful engagement with the ethnic minorities groups throughout the project life-cycle.

ESMF also defines the preparation of subproject instruments under ESS7. As mentioned, ethnic minorities are identified as vulnerable groups as part of the whole project affected people in Hainan. To ensure ethnic minority communities and poor communities benefit equally from the project in a cultural appropriate way, social risk of the subproject will be categorized as “substantial” following the E&S screening process of ESMF when the subprojects are located in ethnic minority autonomous counties. Therefore, HPMO/PIU will undertake a social impact assessment to evaluate project’s potential positive and adverse effects on the ethnic minority communities, SAP (including GAP) and ethnic minority development plan (EMDP) will be also applied. The social assessment framework and ethnic minority development framework are prepared in ESMF to guide the social assessment preparation and ethnic minority development plan preparation during the project implementation. When the subproject is not located in ethnic minority autonomous county but located in areas/communities involving any ethnic minority people, Ethnic minority engagement framework (EMEF) will be implemented as part of the SEP.

ESS8 Cultural Heritage
Based on current project design, the project will neither finance any civil works, nor involve activities with potential risks or impacts associated with culture heritage.

ESS9 Financial Intermediaries
The project will involve no FI and this standard is not applicable.

B.3 Other Relevant Project Risks
At this stage, there are no other specific risks of relevance for the project.

C. Legal Operational Policies that Apply

<table>
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<th>Applicable</th>
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<td>OP 7.50 Projects on International Waterways</td>
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<td>OP 7.60 Projects in Disputed Areas</td>
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## III. BORROWER’S ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN (ESCP)

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<th>DELIVERABLES against MEASURES AND ACTIONs IDENTIFIED</th>
<th>TIMELINE</th>
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<tr>
<td><strong>ESS 1 Assessment and Management of Environmental and Social Risks and Impacts</strong></td>
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<tr>
<td>Semi-annual environmental and social monitoring reports that show status of compliance with the ESMF and ESCP.</td>
<td>03/2021</td>
</tr>
<tr>
<td>Environmental and social management instruments that are deemed appropriate for sub-projects (such as, Environmental and Social Impact Assessment (ESIA), Environmental and Social Management Plan (ESMP), Ethnic Minorities Development Plan (EMDP), etc.) per ESMF requirements</td>
<td>10/2025</td>
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<tr>
<td><strong>ESS 10 Stakeholder Engagement and Information Disclosure</strong></td>
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<td>Report on status of SEP implementation (including GRM implementation) as part of semi-annual environmental and social monitoring reports</td>
<td>03/2021</td>
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<tr>
<td><strong>ESS 2 Labor and Working Conditions</strong></td>
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<td>Report on the status of OHS training and ESMF compliance as part of semi-annual environmental and social monitoring reports</td>
<td>03/2021</td>
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<tr>
<td><strong>ESS 3 Resource Efficiency and Pollution Prevention and Management</strong></td>
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<td>Report on status of ESMF compliance on hazmat, wastewater and waste management as part of semi-annual environmental and social monitoring reports</td>
<td>03/2021</td>
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<td><strong>ESS 4 Community Health and Safety</strong></td>
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<td>Report on status of ESMF compliance on community health and safety as part of semi-annual environmental and social monitoring reports</td>
<td>03/2021</td>
</tr>
<tr>
<td><strong>ESS 5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement</strong></td>
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<tr>
<td>Social/resettlement due diligence reports for sub-projects involving associated facilities that already exist or are under construction</td>
<td>10/2025</td>
</tr>
<tr>
<td><strong>ESS 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources</strong></td>
<td></td>
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<tr>
<td>Report on status of ESMF compliance on protection of biodiversity and natural habitat (when relevant) as part of semi-annual environmental and social monitoring reports</td>
<td>03/2021</td>
</tr>
<tr>
<td><strong>ESS 7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities</strong></td>
<td></td>
</tr>
<tr>
<td>Social assessment reports and ethnic minority development plans for sub-projects located in the ethnic minority autonomous counties (when relevant)</td>
<td>10/2025</td>
</tr>
</tbody>
</table>
B.3. Reliance on Borrower’s policy, legal and institutional framework, relevant to the Project risks and impacts

Is this project being prepared for use of Borrower Framework? No

Areas where “Use of Borrower Framework” is being considered:
The existing Chinese E&S legal framework mainly focuses on the risks and impacts associated with civil works and will not be applicable to the project since it will support only equipment procurement, capacity building and technical assistance activities based on current design.

IV. CONTACT POINTS

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Borrower/Client/Recipient
Borrower: People’s Republic of China

Implementing Agency(ies)
Implementing Agency: Hainan Provincial Health Commission

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

Task Team Leader(s): Dinesh M. Nair