Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 07-Dec-2018 | Report No: PIDISDSA23986
BASIC INFORMATION

A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Project ID</th>
<th>Project Name</th>
<th>Parent Project ID (if any)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>P162623</td>
<td>Shaanxi Sustainable Towns Development Project</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Estimated Appraisal Date</th>
<th>Estimated Board Date</th>
<th>Practice Area (Lead)</th>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Financing Instrument</th>
<th>Borrower(s)</th>
<th>Implementing Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Project Financing</td>
<td>People's Republic of China</td>
<td>Foreign Debt Management Office, Shaanxi Provincial Development and Reform Commission</td>
</tr>
</tbody>
</table>

Proposed Development Objective(s)

The proposed project development objective is to foster regional collaboration, reduce flood risk, and improve urban services in selected towns in southern Shaanxi Province.

Components

- Collaboration Platform
- Resilience Strengthening
- Urban Regeneration
- Project Implementation Support and M&E

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Project Cost</td>
<td>232.10</td>
</tr>
<tr>
<td>Total Financing</td>
<td>232.10</td>
</tr>
<tr>
<td>of which IBRD/IDA</td>
<td>150.00</td>
</tr>
<tr>
<td>Financing Gap</td>
<td>0.00</td>
</tr>
</tbody>
</table>

DETAILS
The review did authorize the team to appraise and negotiate

B. Introduction and Context

Country Context

1. The GOC recently implemented the most significant institutional restructuring in decades to increase efficiency and streamline collaboration for sustainable development. Administrative fragmentation at local levels has prevented cross-border and interagency cooperation and coordination. This has hindered development, and in particular in tackling regional challenges such as those that involve climate change threats. The National People’s Congress approved the drastic reorganization of ministries and agencies 1 that comprise China’s cabinet in order to remove overlap in responsibilities and facilitate better collaboration in March of this year. This restructuring is being expanded to other regions of the country, with provincial, municipal, and town levels to follow suit to help improve the country’s growth and urbanization.

2. Small cities and towns remain central to poverty alleviation in China. Despite decades of unprecedented urban growth, the country is still only part way through its urbanization process 2. China’s next phase of urbanization is occurring under very different conditions than that of the last few decades: slower economic growth, a rapidly aging population, a shrinking workforce, congestion

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1 The State Council will have twenty-six ministries and commissions after the full reorganization, downgrading eight ministerial-level entities and seven vice-ministerial entities.
2 Rapid urbanization supported China’s economic transformation. According to China Statistic Yearbook 2016 56.1 percent or 771 million of the country’s population lived in cities in 2015.
and overcapacity in first-tier and megacities render small cities and towns key to sustaining the country’s urbanization process. In 2015, small cities and towns made up 69 percent of the country’s urban population, compared to 53 percent in the year 2000. While the country is on track to eliminate absolute poverty by 2020, China will still have a sizable population under the higher international poverty line. Small cities and towns are particularly important in China’s poverty reduction strategy, as they are the links between rural and urban areas. Focusing on them will both alleviate those in poverty and protect those who are at high-risk of falling back into poverty.

3. **Collaboration between small cities and towns is critical because such locations lack technical capacity and resources for smart development.** Recognizing this, the Government of China (GOC) prioritizes the regional development of small cities and towns through numerous national urban policies and strategies. As one of the six strategic priorities, the *National New-Type Urbanization Plan (2014-2020)* calls to focus on the agglomeration of smaller cities and towns and to have them highlight their specialization and linkages to major urban areas. The *Urban Development and Management Guidelines* issued by the State Council in 2016 also reiterated the country’s urban policy priorities and promoted regional development. While small cities and towns are home to over 60 percent of the country’s total urban population, they receive only 9 percent of total fixed asset investment, and accordingly, public services and utilities in these cities lag behind.

4. **Increasing frequency and intensity of flood events is threatening existing and future development gains across poor regions of China.** Losses from floods is the main sources of disaster loss in China. As in the rest of the world, urban expansion, as well as environmental degradation and climate change are driving an upwards trend in the frequency and intensity of floods. The SSR region is not an exception. In the period 1997-2016, floods affected 32.8 million people and caused damages estimated at USD 7.1 billion. Addressing flood risk has been challenging in the SSR because of limited legal frameworks that facilitate collaboration across administrative entities, and a lack of transparency of information to properly assess sharing benefits and costs.

**Sectoral and Institutional Context**

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3 Congestion and overcapacity is included in what the Chinese central government has used to describe big-city problems, or “urban illnesses,” which incorporates severe air pollution, traffic congestion, living costs, crowdedness, and decrease in general livability.

4 “Small cities” are those with a total urban population below 200,000 residents, as defined by China’s urban statistical practice.

5 Calculated from data reported in China Urban Construction Statistical Yearbook 2015.


7 Measured by the higher international poverty line (USD 3.1 per day of purchasing power parity), China is estimated to still have a poverty population of about 54.6 million people, or a poverty rate of 3.9%.


9 The high incidence of sudden rainstorms, mountain torrents and river floods can be attributed to the fact that the SSR is a topographically fragile area. This results in complex weather changes, climatic discontinuity and extreme weather events that difficult to forecast. Sudden rainstorms, mountain torrents and river floods with associated landslides, rock falls and urban waterlogging are common.

10 SSR has a total population of 8.45 million. In average, each resident in SSR has been affected or experienced 4 flood events in the last twenty years from 1997-2017.

11 The disasters resulted in heavy casualties of 1,114 people deaths, 2.03 million hectares of farmland flooded, and 660,000 houses destroyed.
5. **The majority of economic and urban growth in the SSR is concentrated in cities and towns located along the upstream of the Han River corridor, the largest tributary of Yangtze River.** The upstream of the Han River corridor has long been designated as an ecological and environmental area of national significance. The region’s development has been mainly constrained by its mountainous topography, protected natural habitats, and limited arable land relative to its population. Urban settlements have been traditionally built on narrow strips of flood-formed terraces, with 2 medium-sized cities and 12 towns of over 250 kilometers, densely along the upstream of Han River. This group of towns is the backbone of economic and urban growth in the SSR, as it constituted 62 percent of the region’s total population in 2015 and 67 percent of SSR’s total GDP in 2016. These towns sit in the province’s least developed region with an agriculture-dominated economy and widespread poverty. The SSR is comprised of 3 municipalities (Hanzhong, Ankang, and Shangluo), 25 counties, and 3 urban districts, with a total population of 8.45 million. Forty-two percent of its population, or 3.6 million people, live in cities and towns. Although SSR’s land area accounts for about 34 percent of Shaanxi province, it only produces about 13.5 percent of GDP and generates only 6.6 percent of Shaanxi’s fiscal revenue. Of the total 28 counties and districts in the SSR, 24 are national-level poverty counties.

6. **Limited coordination among towns has hampered the SSR’s development.** Recent government post-natural disaster assessments have suggested that better coordination among cities and towns could have lessened the impacts or the severity of weather-related disasters. Coordination among cities and towns is weak due to administrative fragmentation and the primary use of structural measures to address the problems, which protect but do not manage flood risk. As the region urbanizes to accommodate population increases, unplanned growth often outpacing construction or flood management infrastructure is leading to worsening flood impacts. The need to plan flood protection in a comprehensive manner, as well as the region’s limited fiscal resources, calls for towns along the Han River to work more closely together to increase the resilience and sustainability of existing and rapidly urbanizing areas.

7. **The project will help establish the SSR Collaboration Platform to support institutional collaboration at a regional level.** This platform will enable collaboration among towns in the region to improve decision-making on regional socio-economic development topics such as resilience, climate change, competitiveness, etc. The platform will also act a catalyst for the newly mandated Shaanxi Provincial Institutional Reform Plan and brings together responsibilities as one of the forthcoming provincial departments under the new reform agenda, with respect to climate change mitigation, flood and drainage management, and the monitoring and prevention of water pollution. It will help accelerate implementation of the national reform program mentioned in paragraph 1 and serve as test bed for similar processes in other parts of China.

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12 More recently, the SSR has been subjected to stricter preservation measures and standards because it has been further upgraded as an upstream water resource protection zone for the country’s South-to-North Water Diversion Project.

13 Shaanxi Statistic Yearbook, 2016

14 The term “town” for this project is used to mean the Chinese administrative designation of county or district, depending on each area.

15 The SSR accommodates about 22 percent of the province’s population.

16 A state-level poverty Town is defined as counties who are below the rural poverty line. In 2011, the Government of China revised the rural poverty line from CNY1,196 (US$188) to CNY 2,300 (US$361).

17 This plan was announced in early October of 2018.
8. **The SSR Collaboration Platform will promote a new urban development paradigm.** In addition to improved coordination on flood related issues, the platform will promote new concept aimed at improving the livability of dilapidated urban cores. Resilience interventions offer opportunities for urban regeneration to combat sprawled and unplanned growth. Shaanxi has experienced urban sprawl at a rate higher than the national average, leading to highly inefficient land use and unsustainable town growth. The project’s resilience measures are targeted towards flood-prone terrain, including a large proportion of old city-centers that have become dilapidated due to de-industrialization and lack of investment. The development status-quo in response to these areas has been to build outward via greenfield development, growth that exacerbates natural disaster impacts and leads to an increase in GHG emissions. Urban regeneration investments related to accessibility to public space, improving mobility through walking and biking lanes, etc. will be integrated into resilient infrastructure interventions.

9. **A clear roadmap for sharing this approach and lessons from the platform was developed for dissemination throughout region and province, and other parts of China and abroad, through national think-tanks and others.** A unique, analytical screening approach was designed to prioritize project interventions. The approach has been documented in the project’s main Feasibility Study Report together with baseline scenarios and data and is intended for future scale-up. It is a methodology that has been contextualized to the town setting to help the SSR Collaboration Platform prioritize and plan future investments in urban resilience. This approach, and the process of how the platform was set up, will be shared not only with other towns in the region, but disseminated at provincial and national-level through the China Center for Urban Development (CCUD). CCUD, a think-tank under the NDRC that provides national urban policy support, plans to disseminate the project’s lessons through its various initiatives across the country and to its international partners. Furthermore, the Global Facility for Disaster Risk Reduction (GFDRR) also intends to communicate the project’s best practices to an international audience. GFDRR supports over numerous countries on mitigating the impact of natural disasters and climate risk.

10. **The experience of building a platform and identifying projects will be a model for other countries with small urban areas dealing with climate risks.** There is a high potential for the project approach to be shared and be contextualized in other developing countries. There is currently a high demand for improving regional resilience in many low and lower-middle income countries where urbanization is happening at a rapid pace. This, plus the fact that the SSR shares a similar stage of economic development with these countries, make the project successes and lessons relevant as a model for

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18 Over the last fifteen years, the rate of expansion of Shaanxi’s built up area is about 3.5 times greater than its urban population growth. This far exceeds China’s national average ratio of 1.9 times, and the international benchmark ratio of 1.12. Measured by per capita urban land area, each urban resident in Shaanxi occupies 110.1 m² of urban land, comparing to a national average of 100 m². This indicates rapid urban sprawl and a low density development model in Shaanxi’s cities and towns.

19 The Project area of SSR has many key features shared by other developing countries, such as: (i) a similar stage of economic development (relatively low per capita GDP) , (ii) a similar level of relatively low urbanization but with an increasing rural-to-urban migration trend, (iii) pervasive and persistent poverty particularly in rural areas, (iv) highly prone to increasing climate change risks and vulnerable to floods in particular due to their climate-sensitive and topographical fragile locations and underinvestment in infrastructure.
replication. Furthermore, this project could be more applicable compared to experiences from China’s first and second tier cities, which are located in more developed regions.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

11. The proposed project development objective is to foster regional collaboration, reduce flood risk, and improve urban services in selected towns in southern Shaanxi Province.

Key Results

12. At the project level, PDO indicators for the proposed project include the following:

(i) Formal regional collaboration platform by Shaanxi Provincial Government established (percentage improvement, based on number of output level indicators achieved);
(ii) Population with access to emergency shelter within ~500m radius of housing, including women (number and percentage)
(iii) Population mitigated against waterlogging hazards, including women (number and percentage)
(iv) Population provided with access to improved basic urban services and public amenities within ~500m radius, including women (number and percentage);
(v) Pedestrian and biking mobility satisfaction in defined catchment area (percentage).

D. Project Description

13. The project comprises four components, as described in the following paragraphs.

14. Component 1: SSR Collaboration Platform (US$ 33.4 million): This component aims to improve the collaboration of a town cluster along the upstream of the Han River Corridor. Facing similar urban resilience and regeneration challenges, coordinated resilience and regeneration planning and data-sharing can improve the region’s sustainable growth. The platform will not only guide investments for this project but help build a platform for collaboration to support other regional development plans and projects envisioned by the towns. Hence, the proposed platform will be in operation beyond the duration of this project and influence the region’s long-term development. The physical and non-physical interventions and activities of the SSR Town Collaboration Platform include the following:

- Establish a Regional Flood Risk Management System. Activities include the development of (i) a region-wide integrated system for flood risk assessment; (ii) a monitoring and early warning system; (iii) emergency response and contingency plans; (iv) a region-wide coordinated flood risk reduction plan; as well as (v) guidance on flood risk reduction planning and investments at the local level. This will require: (i) the installation of rain gauge stations and hydrometric stations; (ii) the construction of an regional emergency management center; (iii) construct regional warehouse and distributed warehouse of flood control materials; and (iv) upgrading regional meteorological monitoring center.

- Establish a Regional Water Pollution Monitoring System. Activities include (i) develop a GIS based region-wide system of water quality monitoring and real-time emergency reporting for water pollution events; (ii) install wastewater discharge monitoring stations at key points along the upstream of the Han River in various towns.

- Support the development of policies, including through: (i) a study on the region’s long-term vision to coordinate urban expansion and regional competitiveness; (ii) a study on the likely impacts of
climate change in the area; (iii) the development of guidelines a technical implementation handbook on best practices for town regeneration based on the pilot work done from the project towns ; (iv) an analysis of possible ecological compensation arrangements for water resource protection of the Han River. 

- Establish a clear institutional framework to be developed into a working mechanism among relevant government departments within and across project towns to systematically collaborate and communicate on shared regional priorities related to building resilient urban growth.

15. Component 2: Resilience Strengthening (US$ 133.6 million): This component aims to enhance resilience against floods in project towns. With an increasing incidence of floods in recent years, managing this type of natural disaster will not only help the towns adapt, but will also help them withstand future shocks and grow amidst the fast-changing climate conditions. Physical interventions involve building or upgrading critical infrastructure, including (i) strengthen existing natural riverside embankments and flood-control dykes; (ii) build new and upgrade old storm water pipelines, including separating the existing drainage and sewage combined networks, and construct or rehabilitate pumping stations, control and sluice facilities to reduce waterlogging, and pilot low impact sustainable drainage application in suitable urban roads. (iii) construct emergency shelters and evacuation routes.

16. Component 3: Urban Regeneration (US$ 31.8 million): This component aims to regenerate dilapidated urban areas in the towns using a people-oriented approach to cultivate a connected and inviting urban core. Investments will be prioritized towards lower-income areas. Physical interventions include (i) rehabilitate old neighborhoods by upgrading urban utilities service at neighborhood level, including adding or improving water supply, storm drainage, sanitation pipelines, lighting; retrofit existing underutilized and hazardous spaces and transform them into usable public spaces, adding street furniture, greenery in neighborhoods. (ii) improve non-motorized transport by upgrading pedestrian and biking paths along core streets that connect to key points of interest, such as emergency shelters, bus stations, schools, clinics, cultural attractions, waterfront areas, tourist attractions, and shopping centers. Specific improvements include adding porous pavement with associated civil works of utility pipelines, adding pedestrian safety measures, street furniture, signage, and greenery.

17. Component 4: Project Implementation Support and M&E (Estimated cost US$ 2 million): Project Management Consultant, including (i) procurement and contract management, accounting and financial management, project reporting, (ii) design review, bid document review; (iii) independent monitoring of the implementation of the project’s safeguards instruments; (iv) developing a Monitoring and Evaluation (M&E) system; (v) training and workshops for strengthening the capacity of key stakeholders (eg. PPMO, PMO and staff from related local government agencies of project counties). (vi) funding the incremental operation costs for additional staffing for the regional Collaboration Platform Office at provincial DRC level and two Platform Secretariats at municipal level.

E. Implementation

Institutional and Implementation Arrangements
18. The Provincial Project Leading Group (PPLG) has been established. The Group is chaired by the Deputy General Director of Shaanxi Provincial DRC, and include representatives from the Provincial Development and Reform Commission (PDRC), Provincial Department of Finance, the Provincial Department of Construction (PDQC), the Provincial Department of Water Resources, and the Provincial Department of Environmental Protection. The PPLG will provide overall policy and strategic guidance to project preparation and implementation. It will also be responsible for facilitating inter-agency coordination and resolving any major issues identified during project preparation and implementation. The PPLG is physically located in the PDRC and is implementing the Shaanxi Small Towns Infrastructure Project (P133069). At local level, a leading group and Town level PMOs will be established to coordinate and implement town level project activities.

19. Municipal and Town Level PLGs, CPMOs and Project Implementing Agencies (PIA). Each of the six project towns have established similar leading groups (PLG) chaired by respective Town governors or vice governors to provide local level policy direction to the subsequent implementation of the project in their respective jurisdiction. They have also made necessary arrangements regarding their own Town Project Management Office (CPMO) and Project Implementation Agency (PIA).

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

The proposed project area is located in one of China’s poorest regions, Southern Shaanxi Region. Project support will mainly focus on a cluster of towns located along the upstream Han River. The proposed towns include Yangxian, Shiqua, Mianxian, Hanbin, Shangnan, and Ziyang, which are surrounded by mountainous area (i.e. Qingling and Bashan Mountains). Project investment will be on the existing town seats of the selected towns.

G. Environmental and Social Safeguards Specialists on the Team

Songling Yao, Social Specialist
Feng Ji, Environmental Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

<table>
<thead>
<tr>
<th>Safeguard Policies</th>
<th>Triggered?</th>
<th>Explanation (Optional)</th>
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<tbody>
<tr>
<td>Environmental Assessment OP/BP 4.01</td>
<td>Yes</td>
<td>The project would focus on the improvement and rehabilitation of existing built-up area of towns. Physical investments mainly include, improvement of wastewater, water supply, storm water pipelines,</td>
</tr>
</tbody>
</table>
storm water discharge ditches, pumping houses, the rehabilitation of the associated roads and streets (e.g. street surface, lighting, provision of road safety facilities to promotion of walking and cycling etc.), and the construction or improvement of public emergency shelters and space. It is confirmed that OP 4.01 (Environmental Assessment) is triggered.

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<tr>
<th>Performance Standards for Private Sector Activities OP/BP 4.03</th>
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<tr>
<td>Natural Habitats OP/BP 4.04</td>
<td>Yes</td>
</tr>
<tr>
<td>Some activities (e.g. public evacuation roads, and public shelters) are close to Han River. These activities are mainly limited to the renovation or improvement of existing infrastructure, and will not cause any significant adverse impacts to the Han River.</td>
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<tr>
<td>Forests OP/BP 4.36</td>
<td>No</td>
</tr>
<tr>
<td>The project will not have impacts on the health and quality of forests, nor affect the rights and welfare of people and their level of dependence upon or interaction with forests, nor aim to bring about changes in the management, protection, or utilization of natural forest or plantations.</td>
<td></td>
</tr>
<tr>
<td>Pest Management OP 4.09</td>
<td>No</td>
</tr>
<tr>
<td>The project will not include any procurement of pesticides or pesticide application equipment; nor introduce any new pest management practices, or expand/alter existing pest management practices; nor lead to substantially increased pesticide use and subsequent environmental and health risks.</td>
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</tr>
<tr>
<td>Physical Cultural Resources OP/BP 4.11</td>
<td>Yes</td>
</tr>
<tr>
<td>The project triggers OP4.11 Policy because some activities in old communities are close to some PCRs, including three Mosques(one of which is provincial level cultural relic), one pagoda(a provincial level cultural relic), and Yuwang Palace and old streets in Shiquan County(provincial level cultural relic).</td>
<td></td>
</tr>
<tr>
<td>Indigenous Peoples OP/BP 4.10</td>
<td>No</td>
</tr>
<tr>
<td>Upstream Hanjiang River, where the project is located, is a core area of Han nationality, in which only 0.97% in Ankang and 0.4% in Hanzhong are minority people, mainly Hui Nationality who are scattered in the region. The project will focus on county towns, within which there are some Hui households, merging together with other residents in the long process of urban development. The minority screening and the social assessment concluded that there is no ethnic minority group in the project areas. Therefore, the policy is not triggered.</td>
<td></td>
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<tr>
<td>Involuntary Resettlement OP/BP 4.12</td>
<td>Yes</td>
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</table>
| Within Component I, II and III, a great number of physical activities within county towns, such as, monitoring center, flood control, drainage management, construction of emergency refuge space, road building and rehabilitation, and community infrastructure upgradation, etc. were primarily proposed in the six county towns under the project, which entail some land acquisition and even house demolition. The RP was prepared based on resettlement planning and social assessment for each county activity. Further, the project will, may partially, finance activities in multi-sectors, including but not limited to flood, wastewater, etc., for which due diligence review was conducted in the resettlement planning process. All the civil works are to be identified before project appraisal, therefore there is no RPF needed. And the RP will cover all county towns based on detailed resettlement planning for each of them.

The SA is to cover all the three components under the project, including civil works and others. It will identify and analyze stakeholders, and then identify potential social impacts and measures related to the project actions, and accordingly improve the planning, designing, implementation and operation. The SA findings will be integrated into EA and RP, and other project document as needed.

<table>
<thead>
<tr>
<th>Safety of Dams OP/BP 4.37</th>
<th>No</th>
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</thead>
</table>
| The project will not finance construction or rehabilitation of any dams as defined under this policy, and there are no dams impact on the safety and operation of the project financed facilities.

<table>
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<tr>
<th>Projects on International Waterways OP/BP 7.50</th>
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<tbody>
<tr>
<td>There are no international waterways in the project area.</td>
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</table>

<table>
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<tr>
<th>Projects in Disputed Areas OP/BP 7.60</th>
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</thead>
<tbody>
<tr>
<td>The project area is not in disputed area.</td>
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</table>

**KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT**

**A. Summary of Key Safeguard Issues**

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

*Environmental Assessment (OP4.01):* The project would focus on the improvement and rehabilitation of existing built-up area of towns. Physical investments mainly include, improvement of wastewater, water supply, storm water...*
pipelines, storm water discharge ditches, pumping houses, the rehabilitation of the associated roads and streets (e.g. street surface, lighting, provision of road safety facilities to promotion of walking and cycling etc.), and the construction or improvement of public emergency shelters and space. The EA shows that the project would have overall environmental and social benefits, such as (i) improvement of basic infrastructure facilities, (ii) reduction of pollution discharging into Han River etc., and (iii) improvement of living conditions for local people and promotion of walking and cycling in the city. Principal negative environmental impacts of the project will be mainly associated with rehabilitation and improvement of basic infrastructure in project counties. Adverse impacts would include disturbance to local communities and traffic, nuisance of dust, noise, vibration and wastewater, and disposal of spoil etc.. The construction related impacts will be short-term, limited and site-specific due to the small scale of construction activities, and can be readily managed with good construction management. Adverse impacts during operation are limited which mainly include noise nuisance from traffic and new/improved pumping houses.

Natural Habitats (OP4.04): The project triggers OP4.04 Policy because some activities (e.g. public evacuation roads, and pubic shelters) are close to Han River. These activities will not cause any significant adverse impacts to the Han River because these activities are mainly limited to the renovation or improvement of existing infrastructure, e.g. road pavement, provision of road safety facilities, water supply pipelines and sewers, and provision of emergency facilities at public shelters. The EA confirms that these activities are in line with Chinese EA regulations and the relevant master plans for natural habitats, and in compliance with the Bank policies on OP4.01 and OP4.04 and have been/will be approved by relevant government agencies.

Physical Cultural Resources (OP4.11): The project triggers OP4.11 Policy because some activities in old communities are close to some PCRs, including three Mosques(one of which is provincial level cultural relic), one pagoda(a provincial level cultural relic), and Yuwang Palace and old streets in Shiquan County(provincial level cultural relic). The project activities are limited to the improvement of existing infrastructures (e.g. mainly street pavement and installation of pipelines, lighting ), and are not expected to bring about significant impacts on PCRs.

Involuntary Resettlement (OP 4.12): Within Component I, II and III, a great number of physical activities within county towns, such as, monitoring center, flood control, drainage management, construction of emergency refuge space, road building and rehabilitation, and community infrastructure upgradation, etc. were primarily proposed in the six county towns under the project, which entail some land acquisition and even house demolition. The RP was prepared based on resettlement planning and social assessment for each county activity. Further, the project will, may partially, finance activities in multi-sectors, including but not limited to flood, wastewater, etc., for which due diligence review was conducted in the resettlement planning process. All the civil works are to be identified before project appraisal, therefore there is no RPF needed. And the RP will cover all county towns based on detailed resettlement planning for each of them.

Indigenous People (OP 4.10): The project is located upstream Hanjiang River, where is a core area of Han nationality, in which only 0.97% in Ankang and 0.4% in Hanzhong are minority people, mainly Hui Nationality who are scattered in the region. The project will focus on county towns, within which there are some Hui households, merging together with other residents in the long process of urban development. The minority screening and the SA concluded that there is no ethnic minority group in the project areas. Therefore, the policy is not triggered.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area: With the improvement of basic infrastructure facilities and living conditions, these counties would likely attract more future investment and create more job opportunities.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
The project mainly focuses on the improvement of existing facilities.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

Social Assessment (SA). A social assessment was implemented through questionnaire survey, public consultation meetings, focus-group discussions, and in-depth interviews, etc. to understand local context, identify and analyze stakeholders, recognize project demands from various stakeholders, including government agencies, citizen beneficiaries and community representatives. The social assessment process directly involves 40 meetings, around 400 citizen interviews, 1396 questionnaires, and improved project design especially on flood facilities and old town regeneration in Shangnan County, Jingning Jiedao regeneration in Hanbin District and refugee square in Ziyang County. The SA assisted to finalize the project feasibility studies and project design to better solicit and respond to residents’ opinions and demands in the urban regeneration and resilience improvement in the six county towns. The SA also enabled to avoid or minimize adverse impacts or social risks potentially resulting from the project.

Gender Issues. In project preparation, gender analysis was conducted to identify gaps and further to emphasize two measures to benefit female citizens (see the Chapter 6 in the SA). More than 44 percent of the people consulted were women, which enabled gender mainstreaming in the project design and implementation.

A gender analysis reorganizes that women in project areas have lower participation than men in public affairs and public consultations due to their lower educational background and social and cultural norms. For instance, the analysis indicates that only 26 percent of women have right to make decision in family daily life, and only 18 percent participated in meetings during project preparation. Most women engage in non-skilled labor with lower wages, although the gender analysis suggests that they are interested in seeking economic opportunities through the project. The women are more like to have urban space to practice excises, and concern more on public security in using public bus. Based on the findings, ways of mainstreaming gender considerations into project design were discussed and it was concluded that gender concerns have been adequately covered during project preparation and the necessary arrangements have been put in place in project design and implementation plan. Especially the project SA proposed the following measures in the project design to improve benefit for female, among which two Indicators will be reflected in the project Results Framework.

- Female beneficiaries and impacted will be treated and compensated equally.
- Women’s participation in the community consultation process should be more than 30 percent.
- Female citizen’s participation technical training should be more than 30 percent.
- Encourage employment of women and vulnerable people for non-skilled or non-technical jobs during project construction.
- The two gender-related indicators will be followed and closely monitored in the project implementation stage and will be reflected into the ICR. One is ratio of access to refugee square by female to enable female citizen to practice excise, and the other is ratio of monitor installation in public bus to improve public security for female bus user (see Section 6.3 in the SA).

Citizen Engagement: The project will much improve urban infrastructure in the six county towns, and benefit all the citizens, who were already involved in project planning, design and implementation. Extensive consultation and participation was conducted to consult with potentially affected persons and project beneficiaries to get opinions and demands for better project design and resettlement plan.

Extensive information in each step was shared during the SA and RP preparation process to help the affected and
beneficiary population to understand, support and improve the project design. Hotlines for information disclosure have been set up, and appointed staff in the project office will answer any questions related to the project and resettlement policy. Relevant project information has been provided to the affected villages through newspaper reports, posters and public meetings. The final SA and the RP were also locally disclosed to the public, Provincial DRC websites, provincial/county libraries on Nov 29, 2018, and were disclosed on the WB external website on Dec 4, 2018.

The RP cover detailed monitoring plan for internal and external resettlement monitoring, and two gender related monitors were integrated into the project MES.

Implementation Arrangement: PMOs at county level were already built up and will be fully staffed in line with the RP to specifically implement the resettlement under the PPMO’s coordination and leadership. The County PMOs will fully finance the land acquisition and resettlement in the RP implementation, and disburse compensation and deliver assistance to the affected based on contractual agreements reached upon negotiation and consultation. The PMOs system will conduct internal implementation monitoring and reporting to understand the progress and quality on the ground, at the same time, an external resettlement monitor will be contractually engaged to periodically monitor and report the RP implementation.

Capacity Building. The PPMO is experienced to manage several projects financed by the Bank and other international agencies and familiar with the Bank social safeguards policies and performance. As for the county PMOs, most of which are new to cooperated with the Bank and need well staffed and capacity building measures including training. The arrangement including to have competent and dedicated technical staff responsible for social safeguards, training plan with budget are detailed in the RP and the SA.

Grievance Redress Mechanism. The project has several grievance redress mechanisms: the World Bank mechanism, project and government mechanism, and court system. The project-level mechanism includes PMO system and the external monitoring to deal with daily grievance. In parallel, any grievance could go to court system. The WB system, includes project management level and the GMR, see the following section.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Two rounds of public consultations have been carried out during the EA process. The technique used for the public consultations include surveys using public opinion questionnaires, focused group discussions, public meetings with key stakeholders and interviews with some project affected persons. The issues raised during consultations have been incorporated in the EA and ESMP. Furthermore, feedbacks to the concerns and issues collected in public consultation have been provided to the concerned groups and documented in the EA. The environmental safeguards documents and other project related documents have been disclosed locally through various means (e.g., websites, newspapers, etc.), as required by national and Bank’s policies. The environmental safeguards documents have been disclosed through Bank’s Internal website on Dec 4, 2018.

Extensive information in each step was shared during the SA and RP preparation process to help the affected and beneficiary population to understand, support and improve the project design. Hotlines for information disclosure have been set up, and appointed staff in the project office will answer any questions related to the project and resettlement policy. Relevant project information has been provided to the affected villages through newspaper reports, posters and public meetings. The final SA and the RP were also locally disclosed to the public, Provincial DRC websites, provincial/county libraries on Nov 29, 2018, and were disclosed on the WB external website on Dec 4, 2018.
B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other

<table>
<thead>
<tr>
<th>Date of receipt by the Bank</th>
<th>Date of submission for disclosure</th>
<th>For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors</th>
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<tr>
<td>04-Dec-2018</td>
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"In country" Disclosure

Resettlement Action Plan/Framework/Policy Process

<table>
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<td>29-Nov-2018</td>
<td>30-Nov-2018</td>
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</table>

"In country" Disclosure

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?
Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?
Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?
Yes

OPS_EA_COMP_TABLE

OP/BP 4.04 - Natural Habitats

Would the project result in any significant conversion or degradation of critical natural habitats?
No

If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?
NA

OP/BP 4.11 - Physical Cultural Resources
Does the EA include adequate measures related to cultural property?
Yes
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?
Yes

OP/BP 4.12 - Involuntary Resettlement
Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?
Yes
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?
Yes

The World Bank Policy on Disclosure of Information
Have relevant safeguard policies documents been sent to the World Bank for disclosure?
Yes
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?
Yes

All Safeguard Policies
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?
Yes
Have costs related to safeguard policy measures been included in the project cost?
Yes
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?
Yes
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?
Yes

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APPROVAL

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Approved By

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