



## Review and Update of the World Bank's Environmental and Social Safeguard Policies

Consultation Meeting with Government Representatives  
(Central Project Management Offices, Local Finance Bureaus)  
Beijing, China, March 13, 2013

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A consultation meeting was held on March 13, 2013 with representatives from Central Project Management Offices and Local Finance Bureaus. After a presentation by the World Bank Safeguards Review Team on the background, intended scope and process for the review, the floor was open for participants' input and comments.

### **What has worked well in the current safeguard policies?**

- Bank safeguard policies are important and necessary in terms of pushing forward and optimizing project preparation, managing project implementation risks and meeting project objectives.
- Bank and other international financial organizations' safeguard policies have helped change the development pattern and development concepts. Without safeguard policies, any relevant sector may not have required environmental and social safeguard documents as part of the project approval procedure. The Bank safeguard policies and practices have helped domestic counterparts to make changes that they would not be able to make due to lack of intention or capacity.
- The railway sector benefited greatly from the Bank in terms of environmental protection. Good practices and experience from Bank financed railway projects have been disseminated to domestic-financed railway projects.
- Early involvement of Bank safeguard specialists and good cooperation with project owners can avoid duplication of document preparation.
- Bank safeguard policies have had a major positive impact in helping Chinese clients form resettlement policies and practices.
- Implementation of resettlement plan does help improve livelihood and living levels of impacted people.

### **Issues and challenges encountered in the application of the safeguard policies.**

- Issues related to adopting country systems:

- Basis of land compensation: China Land Law stipulates compensation based on land productivity. There is no land market such as that defined in Bank policy, yet the Bank requires compensation based on market price.
- If domestic environmental standards are different from Bank standards, such as different unit system, how can they be made compatible and which standard should be followed? For example, a different unit system for noise pollution standards for an airport project requires the project owner to prepare two EIAs, one for domestic review and the other for the Bank.
- The Government and the Bank have different opinions on compensation for illegal structures.
- On identification of physical cultural resources: a temporary and simple cottage used by villagers for religious activities is considered a cultural relic by the Bank, which is different from local people's understanding; The Bank may have over emphasized PCR in this case.
- Coordination with local regulations regarding compensation arrangements: under a metro project, local resettlement policies called for 35% of land compensation to be paid to the displaced villagers, with the remainder put into a village collective account with villagers as shareholders of collective entities. However, the Bank requested to pay full land compensation to the displaced villagers.
- Differentiated treatment of vulnerable peoples: The Bank requires differentiated compensation to vulnerable people while domestic policies require equal treatment.
- Dam safety policy: in one project, according to the policy, the project owner had to investigate 5 upstream dams regularly, which is very labor-demanding. Another case concerns differing definitions of big dams: according to the policy, a dam higher than 15m will trigger the policy. However, in China the definition of a big dam is subject to the reservoir capacity. Some dams are taller than 15m but the reservoir capacity is rather small, so it is considered a small dam according to Chinese regulation. Finally, relevant information is often too limited to meet the Bank policy requirements.
- External resettlement monitoring: domestic-financed projects do not require external RAP monitoring while both the World Bank and Asian Development Bank require it. This is an additional cost undertaken by project owners.
- If safeguard requirements are not clearly defined in the project appraisal document and legal document, it will cause confusion for the project owners and result in inconsistent implementation.
- Contradictions with government policies. For an education project, the Bank required that schools be built in remote areas to provide access to ethnic minority children, despite the constraints to provide adequate teachers and teaching resources to such remote schools. In addition, the government has adopted policies to combine schools in rural areas and consolidate teaching resources to provide better teaching quality. This Bank requirement thus is contradictory to the government policy.
- Work load and peer reviewer comments. Bank safeguard specialists are often overburdened. Some comments from peer reviewers seem to lack understanding of the actual situation and country context.
- Implementation capacity. Some poor areas lack capacity to fully implement safeguard action plans.

- Definition of stakeholders. The term stakeholder has wide meanings and the explanations of the term have caused confusion and misunderstanding.
- Issues with risk categorization. Management measures for mitigating impacts associated with afforestation activities are mature and well-known. However forest projects are categorized as Category A, causing additional burdens for the project owner.
- Over-detailed resettlement survey at project preparation stage. The Bank requires a very detailed survey of resettlement impacts at project preparation stage. However, at this stage it is difficult to do so because: 1) technical design is not detailed enough; 2) there is a lack of legal basis as land-take approval document is not available; government land-take and resettlement notice therefore is not published; and 3) often people are not cooperative in the survey. As a result these aspects affect the quality and applicability of the RAP. A related issue is the implementation of the livelihood restoration program; when it comes to implementation stage, impacted people may have different expectations or plans for their livelihood, which makes it difficult to implement originally planned livelihood restoration program.
- EA document preparation. To meet both domestic and Bank requirements, project owners sometimes have to prepare two sets of Environmental Assessment documents that are sometimes repetitive and costly.
- EMP implementation issue. During project implementation, sometimes project components change and the project owners are not able to update the EMP in a timely manner, which resulted in EMP implementation problem.
- Concern on linked projects. Above-mentioned two projects that triggered dam safety policy actually do not finance any dams. The policy was triggered due to upstream dams that are considered linked projects. The project TTL is very experienced to make the work manageable. However, things might have been different if a less experienced TTL was in place. Often, project owners are concerned that too broad coverage of linked projects will make the project impossible to prepare and manage.
- Long project cycle, hidden costs and changes. The Bank project preparation cycle is often very long; resource inputs and hidden costs to meet safeguard requirements are very significant, which to some extent contribute to the prolonged project preparation. In return, there are cases where, due to long project preparation, detailed resettle impact surveys made at an early stage become outdated. For example, during one project it was required to survey several hundred and even up to a thousand households, which is very time consuming and costly.
- Boundary of safeguard policy application is not clear. For example, a project owner used a piece of land purchased through auction. The project owner is not sure whether the prior-auction resettlement is subject to Bank safeguard policy. Another relevant concern is that, if previous land owners get to know the land will be used for a Bank financed project, they might see it as an opportunity and ask for more compensation.
- Domestic RAP and Bank RAP. For large- and medium-scale water resource and hydropower projects, Chinese regulations require resettlement and land take plan preparation and resettlement implementation supervision to be carried out. For such projects, the Bank also requires preparation of a Resettlement Action Plan, which is repetitive and puts additional costs on the project owners.

- In underdeveloped areas such as western China, implementation and financial capacity are weak. In some cases, Bank projects require compensation standards that are different from other domestic-financed projects in the same area. This has resulted in conflicts.
- Also in underdeveloped areas, the shortage of safeguard professionals and financial resources are main constraints for the project owners to prepare and implement projects.

**Aspects of the environmental and social safeguards policies that the Bank can improve to ensure that these policies continue to be an effective and efficient tool to achieve sustainable development and results on the ground.**

- Adopting country systems. In updating the safeguard policies, it is suggested to take into account the country context. For example, Chinese environmental and resettlement policies and regulations, over the past three decades of development, have become very comprehensive and many requirements are comparable to or even more stringent than those of the Bank. In such cases, the Bank may consider using country systems and focus on filling gaps if any. Repetition or duplication of effort should be avoided to the extent possible.
- Principles and flexibility.
  - The Bank may consider setting a bottom line for safeguard compliance and be more flexible, by taking into account country context and capacity differences in different areas.
  - In updating the safeguard policies, the Bank may consider simplifying work and stating general principles at the preparation stage. The Bank then should strengthen supervision at the implementation stage and check whether these principles have been met in preparing and implementing relevant action plans.
  - In updating the safeguard policies, it is suggested not to make them too detailed, which would render them less flexible.
- Other specific comments
  - To use loan to support preparation of safeguard documents at preparation and to support external monitoring during implementation.
  - Strengthen education and awareness raising and prioritize capacity building of project owners.
    - In railway projects, it is suggested to follow Asian Development Bank practices, which only require review of EA summary instead of full EA documents.

**Examples of environmental and social assessment and risk management approaches (used by either public or private institutions) that the review should take into consideration.**

- Resettlement practices adopted by several ministries of China. The Chinese central government stipulates that livelihood or standard of living after resettlement must be higher than before resettlement, while the Bank policy accepts “no worse than previous.”
  - Ministry of Water Resources has some forty years of experience in resettlement and its regulations and technical guidelines are very detailed and comprehensive. It requires 3-stage document preparation for resettlement and settlement.
  - Ministry of Housing and Urban-Rural Development requests to inform resettlement and compensation policy with affected people and sign agreement with each affected individual household.

- Ministry of Land and Resources requires “two public notices and one public disclosure”. It has stipulated that replacement cost shall be used for compensation standards.

#### **Additional comments or suggestions**

- The design institutes and consulting firms tend to welcome more stringent requirements, but the project entities are not happy to pay the cost. It is suggested that the Bank take a neutral and balanced position in updating its safeguard policies.
- At ministry level, it is suggested to involve the Policy and Regulation Department in the safeguard policy review and update process.