

Comments and Recommendations from the Chinese Side on the Bank's Proposed New Safeguard Policies

I. Assessment and Management of Environmental and Social Risks and Impacts

1. It is recommended that environmental risk assessment be separated from social risk assessment. Main reasons: 1) environmental risk assessment and social risk assessment require different technical means and would not be easy to be qualified and quantified simultaneously under the same framework; 2) the levels of environmental risks and social risks are often different for different projects and project risk classification cannot accurately reflect the respective levels of environmental risks and social risks; and 3) China's project implementing agencies often separately engage environmental and social consulting institutes to conduct environmental assessment and social assessment separately. In practice, it is very difficult to identify a single institute that can consolidate Resettlement Action Plan and Environmental Management Plan into Environmental and Social Commitment Plan.
2. It is recommended to clearly define social risks and assessment standards. Main reason: Countries at different stages of development differ greatly in terms of social risks they are facing;
3. It is recommended to the implications of "project cycle/the life of the project" and clarify whether it covers project operation in addition to project preparation and implementation. Main reason: some project (such as hydropower projects) have much longer operation period. If this period is included in "project cycle/the life of the project", the cost would increase considerably and "operationability" would decrease;
4. It is recommended to increase the policy feasibility of "The environmental and social assessment will consider potential project related transboundary and global risks and impacts" in Para. 33 of ESS1. Main reason: transboundary and global risks and impacts are hard to be accurately defined.

II. Labor and Working Conditions

1. It is recommended that the exact meaning of "project workers" be defined. Main reason: in practice, it is hard to ensure the same remuneration and conditions for the same work done by different types of workers and it is also hard for project implementing agencies to meet the requirement in the proposed ES Framework of "All project workers will be provided with facilities appropriate to the circumstances of their work".
2. It is recommended to give some flexibility to and avoid the setting of unified indicators for "working conditions", taking into account the Borrower's realities,

development stages and relevant laws. Main reason: as different countries are at different development stages and different projects have different features, it is not appropriate to apply same requirements to working conditions.

III. Climate Change (Greenhouse Gases)

On the Bank's proposed requirement that "For projects that are expected to or currently produce more than 25,000 tonnes of CO₂-equivalent annually, the Borrower will quantify emissions from project facilities", it is recommended that this requirement only apply to emissions from the facilities of grant-financed projects. Grant-financed projects and loan-financed projects shall be treated differently.

The Chinese side does not agree with the Bank's proposed requirement that "Quantification of GHG emissions will be conducted by the Borrower annually in accordance with internationally recognized methodologies and good practice". Main reason: in compliance with relevant provisions in the United Nations Framework Convention on Climate Change, China has carried out relevant activities. Proposing this requirement by the Bank as an international financial institution has exceeded its scope of mandate.

IV. Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

It is recommended that the Bank provide compensation to people who are resettled on an involuntary basis taking account of local realities and the compensation rates used approach, to the largest possible extent, the rates set in local compensation policies. Main reasons: in practice, it is fairly hard to accurately define the affected people according to "people without legal ownership over or usage rights to project land but are occupying or utilizing such land" and "economic displacement". Meanwhile, the Bank's compensation rates are higher, which could easily lead to unreasonable comparison among people under non-Bank-financed projects and to conflicts.

V. Indigenous Peoples

1. It is recommended the scope of indigenous Peoples be rationally defined and social or political institutions better not be treated as indigenous peoples;
2. It is recommended that the division of responsibility, sources of funding and monitoring and evaluation criteria for Indigenous Peoples Plan be clearly defined;
3. It is recommended that Borrower's realities and existing policies on ethnic minorities be adequately considered to avoid duplication and bias and inequality of ethnic rights.

VI. Cultural Heritage

1. It is recommended that “internationally recognized practices” in Para. 10 of ESS8 be revised to “Borrower’s relevant laws and policies”. Main reason: currently, China’s laws and policies related to cultural heritage protection and conservation are relatively sound and the use of China’s cultural (heritage) legislation can lower costs and facilitate operations in reality.
2. It is recommended that “Commercialization” in the title of Section D of ESS8 be revised to “Rational Utilization”.

VII. Risk Classification

It is recommended that the Bank further clarify that in practice, how the new risk classification corresponds to the traditional ABC classification and clarify the share of social risks in risk classification.

VIII. Use and Strengthening of Borrower’s ES Framework

1. It is recommended that the procedures and standards for the Bank’s assessment and review of the Borrower’s ES framework be clearly defined;
2. Given China’s existing environmental assessment policy and social stability risk assessment have been in operation for many years and are relatively mature, for the purpose of improving the implementation efficiency of Bank financed projects in China, it is recommended that the Bank use China’s existing environmental and social assessment policies as much as possible.

IX. Environmental and Social Due Diligence

It is recommended that the scope and criteria of environmental and social due diligence be clearly defined. The main purpose is to avoid excessively heavy workload and excessively high costs to implementing agencies as a result of too many artificial factors and undue correlation.

X. Independent Third-party Monitoring Specialists/Agencies

It is recommended that the Bank finance the employment of third-party monitoring specialists/agencies. Main reason: financing the employment of independent third-party specialists/agencies by implementing agencies to carry out monitoring activities involves conflict of interest.