Environmental and Social Management System

Project Number: 51033
November 2020

People’s Republic of China: Air Quality Improvement in the Greater Beijing–Tianjin–Hebei Region—Green Financing Scale up Project

# CURRENCY EQUIVALENTS
(as of 29 October 2020)

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## ABBREVIATIONS

- **μg/m³** – micrograms per cubic meter
- **ACCE** – Appraisal Center for Environment and Engineering
- **ADB** – Asian Development Bank
- **AP** – Affected Person
- **BOB** – Bank of Beijing
- **BTH** – Beijing–Tianjin–Hebei
- **CHUEE** – China Utility-Based Energy Efficiency Finance
- **CSR** – Corporate Social Responsibility
- **COVID-19** – Coronavirus disease
- **DDR** – Due Diligence Report
- **EEB** – Environment and Environment Bureau
- **EHS** – environmental, health and safety
- **EIA** – Environmental Impact Assessment
- **EIRF** – Environmental Impact Registration Form
- **EIS** – Environmental Impact Statement
- **EIT** – Environmental Impact Tabular Report
- **ESCO** – Energy Service Companies
- **ESMS** – Environmental and Social Management System
- **FIL** – Financial Intermediation Loan
- **GEF** – Global Environment Facility
- **GFP** – Green Financing Platform
- **GHG** – Greenhouse Gas
- **GRM** – Grievance Redress Mechanism
- **HDO** – House Demolition Office
- **HFC** – Hydrofluorocarbon
- **IEE** – Initial Environmental Examination
- **IFC** – International Financial Corporation
- **IP** – Indigenous People
- **IR** – Involuntary Resettlement
- **I&G** – China National Investment and Guaranty Corporation
- **MEE** – Ministry of Ecology and Environment
- **MSMEs** – micro, small, and medium-sized enterprises
- **MtCO₂** – Million Tons of Carbon Dioxide
- **NDRC** – National Development and Reform Commission
- **NRB** – Natural Resources Bureau
- **O₃** – Ozone
- **PIAL** – Prohibited Investment Activities List
- **PIC** – project Implementation Consultant
- **PM₂.₅** – Particulate Matter Less Than 2.5 Micrometer in Diameter
- **PRC** – People’s Republic of China
- **REA** – Rapid Environmental Assessment
- **SCA** – Social Compliance Audit
- **SDIC** – State Development & Investment Corp., Ltd.
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I. INTRODUCTION

A. Background Information

1. Asian Development Bank (ADB) and the Government of the People’s Republic of China (PRC) agreed in 2015 to establish a multiyear lending program during 2015–2020 to mutually reinforce government actions for reducing air pollution in the greater Beijing–Tianjin–Hebei (BTH) region. Since 2015, under the multiyear lending program, ADB has approved about $2 billion in loans that have been implemented successfully. In 2015, ADB approved the first policy-based loan in the PRC under the program, which focused on policy reforms and regulatory capacity strengthening to improve air quality in Hebei Province. In 2016, the second loan was approved to establish a green financing platform (GFP) for developing air pollution reduction projects in the region by enabling better access to finance. In 2017, the third loan was approved to support the adoption of high-level technologies by major polluting entities across key sectors in the region. In 2018, the fourth loan was approved to help Shandong Province adopt more efficient and advanced technologies for heat production and refrigeration by replacing coal with cleaner energy sources such as natural gas, renewable energy, and waste heat recovery. In 2019, the fifth loan was approved to accelerate a switch from coal to natural gas and biogas for residential, commercial, and industrial uses to improve air quality in Henan Province. The proposed project will be the sixth loan under the air quality improvement program.

2. Change in air pollution sources. Government actions to accelerate air pollution reduction and ADB’s multiyear lending support have resulted in significant air quality improvement in the greater BTH region. The annual average concentration of particulate matter less than 2.5 micrometers in diameter (PM$_{2.5}$) in the region decreased by 27%, from 60.3 micrograms per cubic meter (μg/m$^3$) in 2015 to 47.9 μg/m$^3$ in 2019. However, this remains far above the national class I ambient air quality standard and the World Health Organization standard (35.0 μg/m$^3$), and the greater BTH region faces two challenges to improve air quality further: (i) the dominant source of PM$_{2.5}$ is shifting from primary emission sources (i.e., directly emitted pollutants from coal combustion, vehicle exhaust, biomass burning, and industrial production processes) to secondary pollutants that are formed in the atmosphere through chemical reactions of precursor pollutants and transported over long distances, and are estimated to contribute 44% of PM$_{2.5}$ pollution in the region.

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1. The region includes Beijing and Tianjin municipalities; the Inner Mongolia Autonomous Region; and Hebei, Henan, Liaoning, Shandong, and Shanxi provinces.
7. ADB is also supporting small and medium sized local banks and financial institutions in Hebei, Shandong and Shaanxi provinces, including Bank of Xingtai, Shandong Green Development Fund, and Shaanxi Financial Holding Group, to build local capacity and promote green finance.
BTH region and (ii) concentration of ground-level ozone (O\textsubscript{3}), which is a gas formed from precursor pollutants and a major source of smog, increased by 18%, from 117.1 μg/m\textsuperscript{3} in 2015 to 142.2 μg/m\textsuperscript{3} in 2019.9

3. **Wide area-based approach and government policy.** Addressing an increase in secondary pollutants, including O\textsubscript{3}, in the greater BTH region requires a wider area-based intervention. The Yangtze River Delta (YRD) region, which comprises Anhui, Jiangsu, Zhejiang provinces, and Shanghai Municipality, is the PRC’s second largest economic zone, accounting for 22% of gross domestic product (GDP), and is the area with the second highest air pollution concentrations in the PRC.10 Air pollutant emissions in the country are highly concentrated in the northeast corridor between Beijing and Shanghai, and air quality in the greater BTH and YRD regions is interlinked through air pollutants transported across the two adjacent regions. In June 2018, the Government of the PRC issued the Three-Year Action Plan for Winning the Blue Sky War, 2018–2020,11 which adds the YRD region as a priority area for wider-area based policy intervention beyond the greater BTH region. It intends to control O\textsubscript{3} as well as PM\textsubscript{2.5} emissions by accelerating (i) closure of heavily polluting industries, (ii) reductions of surplus production capacity in industries, (iii) a shift to less air polluting transport modes, and (iv) construction of cleaner and less air polluting energy systems. The plan targets reducing emissions by 2020 (from 2015 levels) by more than 15% for nitrogen oxide and more than 10% for volatile organic compounds (both of which are precursors of O\textsubscript{3}), more than 15% for sulfur dioxide, and more than 18% for PM\textsubscript{2.5}.

4. **Increasing hydrofluorocarbon emission.** In addition to air pollution targets, the government issued a nationally determined contribution under the Paris Agreement committing to reaching peak GHG emissions by 2030. GHG emissions growth in the country has been slowing down, with annual GHG emissions growth during 2013–2018 reaching a plateau of 0.4%. However, emissions of hydrofluorocarbon (HFC), which is one of the most potent GHGs, have grown by about 20% annually in 2010–2019. The PRC is the largest HFC producer in the world, accounting for 70% of global production.12 In addition, HFC emission is highly concentrated in the northeast corridor between Beijing and Shanghai because of the presence of an industrial cluster producing HFC. In the business-as-usual scenario, HFC emission is projected to grow to about 428 million tons of carbon dioxide (CO\textsubscript{2}) equivalent by 2030 from 182 million tons of CO\textsubscript{2} equivalent in 2010. In 2016, the PRC adopted the Kigali Amendment to the Montreal Protocol, committing to reach peak consumption and production of HFC by 2024, with an 80% reduction by 2045. In 2019, the government started implementing the Green and High-Efficiency Cooling Action Plan to achieve its commitment to the Kigali Amendment to the Montreal Protocol.

5. **Increasing emissions post COVID-19.** Air pollutant concentration and GHG emissions in the first quarter (Q1) of 2020 dropped by about 30% compared with Q1 2019 because of the coronavirus disease (COVID-19) lockdowns and associated energy consumption declines. With the lifting of the COVID-19 related restrictions in most part of the PRC in late March 2020, year-

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9 Ground-level O\textsubscript{3} is a major constituent of atmospheric smog and is a GHG. It is formed in the air by photochemical reaction of solar irradiation and nitrogen oxide, facilitated by volatile organic compounds. O\textsubscript{3} exposure impacts human health (lung function) and the growth of crops and trees.

10 In the YRD region in 2019, the annual concentration of PM\textsubscript{2.5} was 41μg/m\textsuperscript{3} and that of O\textsubscript{3} was 164 μg/m\textsuperscript{3}.


12 HFCs are organic compounds comprised of hydrogen, fluorine, and carbon. These are produced synthetically and primarily used as a refrigerant for cooling and refrigeration. HFCs were developed as alternatives to O\textsubscript{3}-depleting substances to be phased out under the Montreal Protocol. However, HFCs are potent GHGs with thousands of times the global warming potential of CO\textsubscript{2}.
on-year emissions bounced back and overshot 2019 emissions by about 5% during April–May 2020 because of the rapid economic rebound.\textsuperscript{13} Uninterrupted clean energy investment in the post-pandemic scenario, in parallel with economic recovery, is essential to maintain emissions reduction momentum.

B. Project Description

6. The proposed project utilizes the existing Green Financing Platform (GFP) established under Loan 3504-PRC: Air Quality Improvement in the Greater BTH—China National Investment and Guaranty Corporation (I&G)’s GFP Project to ensure early and efficient start to implementation,\textsuperscript{14} which has already (i) supported 13 subprojects with a total ADB financing of €332 million, and (ii) delivered substantial results in air pollutant emission reduction.

7. The proposed project uses financial intermediation loan (FIL) modality to address emerging challenges in air quality improvement and GHG emission reduction, and the growing concern over increasing O\textsubscript{3} concentrations and HFC emissions in both the greater BTH and YRD regions. The project will also enhance the capacity of domestic clean energy developers to mobilize finance from the domestic market through the issuance of Clean Air Bonds with GFP’s credit enhancement support. It will also help further strengthen financial inclusion to promote clean energy investments by introducing (i) fintech for micro, small, and medium-sized enterprise (MSMEs) and energy service companies (ESCOs), and (ii) gender mainstreaming in GFP operations. The lessons learned and experience from the project are expected to contribute to the knowledge spill-over that would be further disseminated, through ADB organized Asian Clean Energy Forum and BTH air pollution reduction workshops, to other countries facing similar challenges.

8. Impact and Outcome. The project is aligned with the following impact: air quality and public health in the greater BTH and YRD regions improved (footnote 11). The project will have the following outcome: air pollutants and greenhouse gas emissions reduced.

9. Outputs. Outputs of the proposed project are (i) GFP operation expanded; (ii) credit enhancement scheme developed; and (iii) access to inclusive finance improved.

10. Investment and Financing Plans. The project is estimated to cost €551.03 million. The government requested €127.01 million ($150.0 million equivalent) loan from ADB’s ordinary capital resources to finance the project. The total loan is expected to deliver 4.3 times of leverage from domestic banks and counterpart financing.

11. Implementation arrangements. The proposed project will fully utilize the institutional infrastructure of the ongoing Loan 3504. The implementation arrangement including project executing and implementing agencies will remain unchanged from the ongoing project.

\textsuperscript{13} Centre for Research on Energy and Clean Air. COVID-19 Air Pollution Rebound Tracker (accessed 30 June 2020).

\textsuperscript{14} Loan 3504-PRC was approved on 12 December 2016 for an amount of €458 million from its ordinary capital resources. This is the second loan under the multiyear lending program for air pollution reduction in the greater BTH region. The loan and project agreements were signed on 25 May 2017, and the project became effective on 14 August 2017. The outcome of the project is air quality improvements and CO\textsubscript{2} emission reduction accelerated, and outputs are (i) established GFP and leveraged commercial financing for pollution reduction projects, (ii) lowered barriers and scaled-up financing for small and medium enterprises and energy service company from the GFP, and (iii) strengthened capacity in financial products and to apprise and implement GFPs.
12. The state-owned I&G was selected by the government to set up the GFP because its core business areas are credit enhancement, assets management, and provision of investment and guarantee in many sectors. I&G will be the financial intermediary (FI) and the executing and implementing agency. The State Development & Investment Corp., Ltd. (SDIC), the parent state-owned enterprise for I&G, will provide credit enhancement for I&G. To assist I&G in its debt financing operation, the Bank of Beijing (BOB) has been selected through a competitive process to act as one of the entrusted banks. In order to identify and effectively address potential impacts from subprojects funded by ADB funds including equity investment, entrusted loans, financial leasing, and the credit enhancement scheme to support Clean Air Bond Issuance, this Environmental and Social Management System (ESMS) has been formulated which is in compliance with the PRC national laws and ADB’s Safeguard Policy Statement (SPS) 2009.

13. I&G will be responsible for day-to-day project management implementation, and monitor the implementation and performance of subprojects, including measurement and verification of emission and pollution reduction. After the approval of Loan 3504, I&G established ADB Program Center, which consists of 27 permanent staff members with four safeguard staff (two for environment and two for social safeguards) to assess, appraise, and approve (only if all environmental and social due diligence are complete and satisfactory per the ESMS requirements) individual subprojects with the support of loan implementation consultants.

14. ADB has provided four safeguards trainings to I&G and its consultants since 2017. I&G has designated staff and sufficient capacity to conduct subproject social and environmental due diligence.

15. The roles and responsibilities of the different entities involved in project implementation and oversight are summarized in Chapter IX.

C. Preparation of Environmental and Social Management System

16. The ongoing project established the GFP, a first-of-its-kind dedicated to air pollution reduction in the greater BTH and YRD regions that offers debt financing, credit enhancement, and financial leasing. The ongoing project is performing well as it meets all the criteria including (i) the project is rated on track under the project performance system, (ii) each safeguard covenant item is being complied with, (iii) delivery of expected outputs is rated successful, and (iv) management of risks is rated successful as all the risks included in Risk Assessment and Risk Management Plan have been managed successfully.

17. According to ADB’s SPS 2009, an ESMS is required for FIL. The ESMS provides guidance on environmental and social safeguard screening, assessment, categorization, implementation (e.g., risk mitigation and management measures), institutional arrangements, and other procedures to ensure that subprojects financed by the FIL will comply with the applicable laws and regulations of the Government of PRC and SPS 2009.

18. The ongoing Project established an ESMS and all the subprojects approved so far, including environment category A, B, and C subprojects, indigenous peoples and Involuntary

15 SDIC is one of the PRC’s largest investment corporations with CNY631.9 billion equivalent total assets in 2019.
16 BOB, as entrusted bank, will act as the agent of I&G. BOB will administer the entrusted loans according to terms and rates agreed with I&G, which will bear the loan risks. BOB will also cofinance projects and in this regard a memorandum of understanding was signed with BOB on 3 November 2016.
17 Risk Assessment and Risk Management Plan (accessible from the list of linked documents in Appendix 2 of the report and recommendation to the President).
resettlement category C subprojects have met all the requirements in the ESMS, including screening and categorization, due diligence, compliance monitoring and reporting, grievance redress mechanism (GRM), information disclosure, public consultation, environmental and social safeguard audit of existing/associated facilities, etc.

19. The existing ESMS has been operating well since 2017. This ESMS is updated based on the experience gained from the ongoing project and the capacity of I&G.

20. I&G agreed to adopt the ESMS that complies with ADB’s SPS 2009 prior to loan approval. Qualified subprojects to be financed by ADB under the FIL shall comply with all environmental and social safeguard requirements under the ESMS. It is important to note that the ESMS is a living document, which can be revised if necessary. This version of the ESMS will be effective for at least one year after the project loan effectiveness. Its effectiveness will be reviewed by ADB after one year and can be revised by I&G subject to ADB review and concurrence.

21. While the ESMS shall be applied during the entire implementation of the FIL, the processes involving ADB described in this ESMS will remain active until the FIL is closed, after which only processes involving I&G will be applied.
II. DUE DILIGENCE OF RELEVANT INSTITUTIONS

22. Prior to the environmental and social management policy and applicable requirements for the FIL being developed, environmental and social management due diligence was conducted for I&G. In addition, I&G has promised to engage qualified project implementation consultants (PICs) to supplement the capacity of environmental and social due diligence and management of potential subprojects. Environmental and social management due diligence was also conducted for the financial institutions that will involve in or associated with the implementation of the project.

23. In addition, I&G has made a contract with the Appraisal Center for Environment and Engineering (ACEE), who will continue to supplement the capacity of environmental due diligence and management of potential subprojects. This chapter discusses existing environmental and social management policy and applicable requirements in perspective of these institutions.

A. State Development & Investment Corp., Ltd.

24. Established on May 5, 1995, SDIC is a state-owned investment holding company approved by the State Council. SDIC had a registered capital of CNY33.8 billion (around $5.1 billion). By the end of 2019, it has CNY631.9 billion in total assets and approximately 50,000 employees. Its gross revenue and total profit in 2019 were CNY141.9 billion and CNY20.08 billion (around $3.03 billion), respectively. Since its Second Pioneering Campaign started in 2003, SDIC has been graded A-class in the annual performance assessment conducted by SASAC for 15 consecutive years and appraised as “ Excellently-Performing Enterprise” for five consecutive rounds. SDIC has played its unique role of investment guidance, restructuring and capital operation in the PRC’s national economic development. SDIC will be the oversight body of the project.

25. Since its establishment, SDIC has been improving its development strategy and asset mix, and gradually developed its four strategic business sectors, namely infrastructure-related industry, emerging industries, financial services & other services as well as international business. Infrastructure-related industry includes energy industries such as power generation, communication industries such as road and port and the development of strategic and rare mineral resources. Emerging industries focus on the synergy between fund investment and investment holding, targeting health & elderly care, advanced manufacturing industry, municipal environmental protection, biomass energy, big data & Internet+ as well as biopharmaceutical industry etc. Financial services focus on financial services such as securities, banking, security fund, trust, insurance, guarantee, futures, financial company, financing & leasing. SDIC also focuses on other services such as project engineering, asset management, consultancy, property management, etc. International business involves overseas direct investment, international engineering contract and international trade, etc.

26. After 20 years of exploration and endeavor, SDIC has gradually developed a mode of operation featuring equity investment, equity management and equity operation and combination of asset operation and capital operation. Specifically, it is about obtaining equity through investment, increasing the value of invested-in enterprises through equity management, and gaining profits through equity transfer or equity operation. Eventually, the value of state-owned assets could be maintained or increased.

27. SDIC practices a parent-subsidiary management system. It has 10 administrative departments, one center and the office of Committee on State-owned Investment Companies of Investment Association of China at its headquarters, as well as 19 wholly-owned subsidiaries. In
total, there are 151 tier-3 enterprises or above, which SDIC wholly owns or controls. Nine of the enterprises which SDIC controls are public companies, including SDIC Power Holding Co., Ltd. (600886.SH), SDIC Zhonglu Fruit Juice Co., Ltd. (600962.SH), SDIC Capital Management Co., Ltd. (600061.SH), China National Complete Plant Import & Export Corporation (000151.SZ), YAPP Automotive System Co., Ltd. (603013.SH), Shenzhen High-speed Railway (000008.SZ), Meiyabaike (00969. SH), Hua Lien International (Holding) Co., Ltd. (00969.HK) and Zhongxin Fruit & Juice Limited (5EG.SGX). These companies forges “SDIC brand” in Chinese capital market. As a holding company, SDIC does not involve the day-to-day business management of its subsidiaries. The organization chart of SDIC is presented in Table 1.
Figure 1: Organization chart of State Development & Investment Corp., Ltd.

IT = information technology, SDIC = State Development & Investment Corp., Ltd.
28. **International cooperation.** SDIC’s international cooperation is a combination of direct investment, international trade, and international cooperation including overseas engineering contract and government aid programs. Its business covers over 100 countries and regions. SDIC has been sticking to the pattern of large commodities, big market, and huge client. It has established an operation mode of modern international trade featuring professionalism, information, and finance-oriented.

29. **Environmental protection.** SDIC attaches importance to environmental protection. Before a project’s construction, SDIC requires its subsidiaries to actively conduct assessments of the project’s impacts on ecological environment and choose more environmentally-friendly plans and/or approaches. SDIC sets mandatory targets for subsidiary companies to reduce emissions. SDIC continues to optimize its power generation composition and gives priority to clean energy including hydropower, wind power, solar energy, shale gas, and bio-energy.

30. **Corporate safety.** SDIC is committed to observing the occupational health and safety laws, fulfilling health and safety responsibilities, and promoting health and safety management. SDIC adopts detailed management procedures for occupational safety and keeps increasing the expenses on occupational health and safety in key areas and projects. In 2014, such expenses totally around CNY1.258 billion.

31. **Energy efficiency and green financing.** SDIC has always required its subsidiaries to ensure its projects are in line with the requirements for energy conservation and consumption reduction during projects’ construction and operation. It continues to increase technical and financial input and close down outdated facilities, and develops a circular economy. It incorporates sustainable development principles into its business practices, including developing new energy, conducting technical retrofitting for energy conversation and emission reduction, improving the efficiency of resources utilization, and striving to protect biodiversity.

32. **Corporate Social Responsibility (CSR).** In 2009, SDIC established the CSR working committee. SDIC works hard on public interest-related activities such as targeted poverty reduction and financial aid to poor students. From 1995 to 2019, SDIC has contributed CNY3.283 billion for poverty reduction. It takes an active part in local community building, drives the development of the local economy and creates new jobs for local residents with investment projects. Each year, SDIC prepared the annual CSR report and discloses on website.

B. **China National Investment and Guaranty Corporation**

33. **I&G is the executing and implementing agency of the project.** I&G was established in 1993 as a state-owned enterprise formed by Ministry of Finance (MOF) and National Development Reform Commission (NDRC). It is owned by institutional investors with SDIC being the largest shareholder with 47.2% of total shares as of the end of 2019. It provides non-standard financial services to large enterprises as well as MSMEs. It is the first national professional guaranty organization for credit enhancement of MSMEs. I&G participated in the development of the guaranty law and regulations and standardized the guaranty industry in the PRC. As of the end of 2019, the company has registered capital of CNY4.5 billion and a total asset of CNY 26.5 billion.

34. **As the project executing and implementation agency, I&G is tasked to implement the ADB loan, including subproject screening, selection, due diligence, subloan processing, subproject management and monitoring, and reporting to ADB on project progress and ESMS**
implementation progress. I&G has seven business centers, two management centers and eight departments as shown in Figure 2.

Figure 2: Organization structure of I&G

35. **Strategy and main business.** I&G has focused its main business on credit enhancement and promoting sustainable development and it has due responsibilities of following government policy directions as well as creating value for shareholders. I&G has established a 5-year plan and a 10-year outlook, and each business center has established such plans and outlooks. Business strategy and business plans are reviewed periodically.

36. I&G’s main business includes three aspects: (i) asset management; (ii) financing; and (iii) guarantee services and credit enhancement. It follows the policies and directions from the PRC central government. For example, it offers its product and services to the high-tech sector as well as environmentally-friendly small and micro enterprises as they are encouraged by the government. It also focuses on eight new emerging technology sectors identified by NDRC, including new energy, new materials, energy efficiency and environmental protection, new/advanced information technology, biology, advanced equipment manufacturing, electrical and alternative energy vehicle, and culture sectors. I&G also involves in government and large company bonds. It invests in property development through special purpose vehicles.

37. **Working with MSMEs.** I&G has a long history working with MSMEs. During 2003–2011, I&G implemented a Global Environment Facility (GEF) China Energy Conservation Promotion Project (Phase II) financed by the World Bank. GEF provided $22 million reserve fund and $2 million grant for project management, capacity building, and technical assistance. The focus of the GEF project was to make energy efficiency improvement in industries through ESCOs as they did not have adequate financial resources to carry out such projects. The GEF project helped many ESCOs to become established businesses and made the sector bigger and heathier. In
total, 43 companies and 148 projects participated in the GEF project. Nine out of 10 types of energy efficiency improvements promoted by NDRC were involved in the project with the exception of combined heat and power technology because those projects typically require large amount of investment. The total guaranty amount was CNY560 million, which leveraged CNY900 million investment. Through the implementation of this project, I&G gained experience in working with multi-lateral development banks.

38. In addition, the GEF project also built the capacities of local banks, developed new market in energy efficiency improvement, provided technical assessment of potential projects, and promoted sustainable development.

39. **I&G’s project financing practice.** After the completion of the WB/GEF project, I&G has continued its business in similar areas and has done many commercial business deals with a total investment of CNY1.1 billion in energy efficiency and renewable energy.

40. **Project selection.** I&G has established very detailed criteria for selecting projects to be financed. First of all, the project must be consistent with the government strategy and supported by the government. The project company must have good management team. Then I&G will ask applicants the following three questions:

   (i) What do you want to do with the money?
   (ii) What is your business model and how to repay the money?
   (iii) What if you can’t pay the money?

41. The procedures for selecting and approving projects as a part of I&G’s normal business practice are as follows:

   (i) Understand the project and business;
   (ii) Screen and assign the project to a project manager;
   (iii) Evaluate the project sector based on handbook/guidance document issued by risk management committee;
   (iv) Make a decision whether the project can be considered for formal project initiation by the department;
   (v) Department manager will propose the project to the business center;
   (vi) Conduct due diligence by a project appraisal team consisting of a project manager, representatives from legal and risk management centers including site visit as well as checking government approvals, including environment approvals and land approvals;
   (vii) If the project passes the due diligence, the team present the project to the business center;
   (viii) If approved by the business center, the project will be presented to the verification committee consisted of seven managers of different centers; and
   (ix) Finally, the project will be presented to the project approval committee.

42. The process usually takes about 2 months. For MSMEs, a green channel has been established for speedy approval. For project less than CNY5 million, it can be approved by the business center. For project within the range of CNY5–20 million, it can be approved by a management committee of three directors from micro-business center and risk management center and risk management committee, which only takes 1 to 2 weeks.

43. An ESMS has been established for the ongoing ADB project. All the 13 subprojects approved (environment category A, B, and C subprojects, indigenous peoples and involuntary resettlement category C subprojects) met all the requirements in the ESMS including screening and categorization, due diligence, compliance monitoring and reporting, GRM, information
disclosure, public consultation, environmental and social audit of existing/associated facilities, due diligence for the prior land acquisition and resettlement, etc.

44. I&G has established an ADB Program Center with an ESMS Unit of 4 regular staff dedicated to conduct environmental and social safeguards due diligence of the proposed subprojects. During the implementation of the on-going project, capacity building and trainings were provided to the ESMS Unit. Besides, I&G entered into a long-term partnership and contract with PICs and ACEE to support the ESMS implementation.

45. Based on the assessment of I&G’s current capacity on environmental and social safeguards, it can be concluded that I&G has gained sufficient experience in ESMS implementation including screening and categorization, due diligence, compliance monitoring and reporting.

C. Bank of Beijing

46. BOB will continue to be a cofinancier and business partner of I&G for the project. BOB was founded on 29 January 1996 with its headquarters in Beijing. It is a shareholding commercial bank listed in Shanghai Stock Exchange. BOB has established a partnership with I&G to implement the GFP and it will be involved carrying out financial due diligence of potential subprojects with I&G.

47. BOB’s development goal is to become a modern commercial bank with well-known brand and overall value creation capabilities. BOB has developed three development strategies of “Brand Establishment, Regionalization, and Integration” to enhance its market competitiveness. BOB’s service principles are to become a trustable local bank, deepen service concept of “customer-centricity”, strengthen business characteristics, service management and brand management, and strive to become a community bank and a MSMEs focused bank. BOB’s strategy is to “Ground in Beijing, Radiate to the Nation and Face the World.” BOB actively explores and develops new financial services to meet increasingly diverse financial needs of enterprise customers as well as individual customers. In recent years, it has strengthened the comprehensive operation, enhanced the banking as its core business, and built an integrated financial service platform with insurance, funds, consumer finance, financial leasing, and rural banks.

48. The organization chart of BOB is presented in Figure 3. Most branches of BOB are located in Beijing, but BOB also has branches in Tianjin, Shanghai, Xi’an, Shenzhen, Hangzhou, Changsha, Nanjing, Jinan, Nanchang, Ningbo, Nantong and Hong Kong. BOB has loans in the amount of CNY17.8 billion in BTH Region in 2019.
Figure 3: Organization Chart

49. BOB’s business comprises of corporation banking (fortune plus corporate banking service, group customer finance, trade finance and MSMEs service), personal banking (deposit business, loan business, investment and institution financing), financial market, and international business
(fund business, investment bank and trade business and international business). Credit business is the main business of BOB and accounts for around 70% of its total business.

50. BOB has a well-established procedure for reviewing and processing loans. If a loan meets the basic requirements, the loan review and approval process is as follows: (i) receiving loan applications by subbranch, branch, or head office; (ii) project assessment and client assessment; (iii) performing due diligence; (iv) loan assessment and approval meeting; and (v) loan approval. BOB’s loans have the characteristics of focusing on science and technology, culture, green and people-oriented. BOB gives priority to provide financial support to green projects. In addition, BOB has integrated environmental protection considerations in the loan review process. If an enterprise client is not compliance with industrial policies or environment protection standards or the project doesn’t have Environmental Impact Assessment (EIA) approval, no credit support will be provided to the clients or projects.

51. **MSMEs business practice.** MSMEs service is one of the unique characteristics of BOB. There is a SME department within BOB. As of end of September 2015, total loan balance of MSMEs business is CNY259.65 billion. BOB has provided more than CNY1.7 trillion loan to more than 110,000 MSMEs. And in Beijing, BOB provided more than CNY1.2 trillion loan to more than 80,000 MSMEs.

52. **International cooperation.** In July 2004, BOB started working with I&G on the WB/GEF financed China Energy Conservation Promotion Project (Phase II). It creatively carried out energy efficiency loans, provided financial services to energy saving projects and related enterprises. It became one of the first banks in the PRC to finance energy conservation projects. BOB has successfully provided loans to ESCOs with a total amount of CNY6 billion and more than 300 enterprises benefited from this service. The projects involved waste heat and overpressure utilization, ground source heat pumps, intelligent energy-saving equipment, chilled water storage, combustion system energy saving, and other technical fields in various provinces and cities. International Financial Corporation (IFC) also provided technical due diligence assistance as well as capacity building activities to BOB.

53. In 2007, BOB started cooperation with the IFC on China Utility-Based Energy Efficiency Finance (CHUEE) Project, which utilizes a loss-sharing mechanism (loss sharing ratio of 75%) to finance energy conservation projects. The CHUEE project was further subdivided into four financial models: (i) ESCO financing model, (ii) end-user energy-saving technological transformation financing model, (iii) equipment suppliers cooperation financing model, and (iv) public service provider cooperation financing model. The CHUEE project was implemented from 2007 through November 2011 and 13 enterprises received loans. The total loan value granted under the CHUEE project was CNY234 million.

54. In 2013, BOB signed a new agreement with IFC on China Utility-Based Energy Efficiency Finance Project Risk-Sharing Cooperation (CHUEE MSMEs program). Based on the original cooperation, the CHUEE MSMEs program combined with the existing national policies and market demand, further enriched the content of the agreement, and committed to supporting MSMEs on energy efficiency and water efficiency projects. BOB became the first commercial bank to develop partnership with international financial organizations on water efficiency project. The CHUEE MSMEs Program provided 15 energy conservation MSMEs with a total loan value of CNY170 million. Supported enterprises are from Beijing, Shanghai, Hangzhou, Tianjin, Shenzhen, and other regions.

55. In 2017, BOB became the cofinancier bank of the ongoing ADB project and BOB participants in financial due diligence of the subprojects.
56. Overall, the performance of BOB shows that BOB has strong experience in working with MSMEs and domestic green credits and loans. It is also experience in conducting financial due diligence on projects. BOB has cooperated with international financial organizations and I&G for more than 12 years. Based on the experience of on-going ADB project, BOB is a good partner of I&G in implementing the GFP.

D. Appraisal Center of Environment and Engineering

57. ACEE, affiliated with Ministry of Ecology and Environment (MEE), was established in 1992 and it is the main institution that provides technical support in the field of Environmental Impact Assessment (EIA) to the MEE. In addition, ACEE provides independent technical expert opinion to MEE on major initiatives and large scale projects that require the approvals from MEE. Its main responsibilities are to:

(i) review the EIA reports of development plans and significant large construction projects with significant environmental impact;
(ii) conduct the environmental evaluation of significant economic policies and plans;
(iii) conduct research on EIA policies and methodologies and establish EIA technical guidelines;
(iv) perform EIA information management and environmental modeling;
(v) manage qualification of EIA consultancies and practitioners, and organize trainings and continuing education for EIA practitioners;
(vi) provide guidance to EIA appraisal organizations nationwide; and
(vii) review environmental inspection documents of construction projects with significant ecological impact that are subject to state approval.

58. ACEE has 274 employees including 27 employees with senior title, and 70 employees with deputy senior title. ACEE has a pool of 750 independent experts from 11 areas and 13 industrial sectors who provide professional assistance and advice to ACEE. The organization chart of ACEE is shown in Figure 4. Some of the main functions of ACEE are summarized below.

59. **Project EIA review.** ACEE has completed technical review of EIA reports for over 5,000 construction projects since its establishment and 65% of the EIA reports were required to strengthen environmental protection measures and/or optimize construction plans. Over 400 EIA reports reviewed were concluded unfeasible or suspended from approval.

60. **Planning EIA review.** Since 2005, ACEE has completed technical reviews of over 700 planning EIA reports for local and regional development plans including over 250 planning EIA reports in the last 5 years.
61. **Environmental policy and law enforcement research reports**: ACEE provides more than 100 expert opinion reports in terms of environmental policy and law enforcement for the MEE each year.

62. **Pollutant discharging permit**: ACEE provides technical and policy supports for MEE to establish the pollutant discharging permit system in the PRC.

63. **Technical research**: ACEE has conducted or is carrying out over 150 research projects in recent years. Several projects received recognition and awards for environmental protection technology by the MEE. ACEE has organized or involved in the development of 40 technical guidelines and regulations covering six areas: plan EIA, project EIA, project EIA review, project completion environmental inspection, on-site environmental supervision, and EIA follow-up.

64. **State Lab of EIA Numerical Modeling** based in ACEE was founded in 2012. It has the capability of conducting air dispersion modeling. The Lab is dedicated to conducting research on EIA database, pollution inventory, standardization of EIA regulatory models, and EIA data calibration.

65. **International cooperation**. ACEE has participated in many international cooperation programs. For example, ACEE has cooperated with USEPA, Germany, Canada, the Netherlands, Japan, South Korea, Singapore, Brazil, Pakistan, Hong Kong, and Taipei, China. In addition, ACEE has also worked on EIA Capacity Building Project financed by the World Bank and China-EU Biodiversity Pilot Project.
66. The due diligence on ACEE confirmed that ACEE is very experienced in assessing environmental impacts of construction projects including EIA preparation for very complex projects in accordance with the requirements of the PRC environmental laws and regulations. It is the technical arm of MEE and it provides independent technical expert opinions on major policy initiatives and major projects to MEE. They are qualified to provide technical support to I&G on environmental issues during the implementation of the project. Trainings on ESMS and environmental due diligence of potential subprojects were provided to the staff of ACEE during the processing of the ongoing project. Further capacity building will be provided if needed in order for them to support I&G to conduct subproject due diligence.

E. Due Diligence Results

67. According to the ADB SPS (2009), an ESMS was developed covering environmental and social policies, safeguards screening, categorization and review process, institutional arrangements, and monitoring and reporting procedures for subprojects under the on-going ADB project and the ESMS has been operating well.

68. The existing ESMS Unit staff of I&G consisting of two staff for environmental safeguard and two for social safeguard who are familiar with ADB safeguard policy requirements and implementation of the existing ESMS. Among the four regular ESMS staff, two are engaged since 2017, while two staff are engaged since 2020. After the ESMS is prepared for this project, safeguards orientation and training will continue to be provided to these ESMS manager and staff so that I&G can independently conduct the following activities: (i) implementing the ESMS; (ii) understanding the principles and practice of environmental and social impact assessments in the project-targeted sectors. Training will be conducted by the PICs or ADB staff during the FIL implementation.

69. SDIC, I&G and BOB have adopted the ESMS of the existing loan and will adopt this ESMS as well. The present and pipeline portfolio of these three institutions do not involve category A or B for involuntary resettlement and category A for Indigenous Peoples.
III. SELECTION CRITERIA

A. Selection Criteria and Requirements for Subprojects

71. Qualified subprojects supported by the FIL must meet the technical, financial, economic, environmental, and social criteria below as well as the criteria in the Loan and Project Agreements. Selected qualified subprojects must provide adequate financial returns to the investor and substantial benefits to the economy, society, and environment.

(i) Use technology which has a successful track record; and
(ii) Be financially viable with robust and predictable cash flows and be capable of generating sufficient revenues for repaying the subloan.

72. The following criteria and requirements will be applied.

(i) All subprojects financed by ADB under the FIL are screened against the Prohibited Investment Activities List (PIAL)\(^\text{18}\) in the SPS 2009, and that any subprojects involving activities included in the PIAL will not be supported by the FIL (Appendix 1).

(ii) All subprojects financed by ADB under the FIL are reviewed and evaluated against the PRC laws, regulations, and standards on environment, pollution management, occupational health, safety, involuntary resettlement, Indigenous People, biodiversity, and physical cultural resources to confirm that they are in compliance.

(iii) All subprojects financed by the FIL are reviewed and evaluated against Safeguard Requirement 1–3 of ADB’s SPS 2009 and other ADB’s social safeguard requirements.

(iv) All subprojects financed by the FIL shall not involve storage, transport and distribution of hazardous materials and chemicals.

(v) All subprojects shall not involve capacity addition of fossil fuel power and heat generation.

(vi) Any subproject that will trigger involuntary resettlement impacts or adverse impacts on ethnic minorities will be excluded from financing. Subprojects that will result to positive impacts on ethnic minorities will be eligible for financing.\(^\text{19}\)

(i) All subprojects must not result in an increase in energy consumption\(^\text{20}\) and emissions comparing to the current situation in the facility where the subprojects are located, including CO\(_2\), SO\(_2\), NO\(_x\), O\(_3\), and HFCs, and airborne PM,\(^\text{21}\) or others may be approved by ADB.

(ii) Energy consumption and emissions produced by the subprojects after implementation shall be monitored and recorded.

(iii) All subprojects shall contribute to at least one of the indicators set in the design and monitoring framework.

(iv) All subprojects must be located in the geographic areas listed under greater BTH and YRD regions and must address air pollution and climate change issues.

B. Selection Criteria for Qualified Subborrowers

73. All subborrowers must meet the following criteria:

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\(^{19}\) The project is not likely to have significant impacts (Category A) on ethnic minorities since none of the five key areas will be adversely affected (customary rights of use and access to land and natural resources; socio-economic status; cultural and communal integrity; health, education, livelihood and social security status; and indigenous knowledge) nor will the EMs experience change in any of the key areas.

\(^{20}\) Evaluated in ton of standard coal equivalent.

\(^{21}\) CO\(_2\) = carbon dioxide, SO\(_2\) = sulphur dioxide, NO\(_x\) = nitrogen oxide, and PM = particulate matter.
(i) be legally registered, and in compliance with applicable national laws and regulations;
(ii) preferably have sponsors with proven track record of successfully developing, financing and operating projects in pollution reduction and energy saving business or have made formal or contractual arrangements with third parties with such proven track record;
(iii) have sustainable business models, and sound business strategy and corporate governance structure;
(iv) have, or its sponsors will be able to provide, adequate resources and financial capability to raise and maintain resources to complete and operate the relevant subprojects successfully;
(v) not be, and nor will its sponsors be, in default of any prior loan in the territory of the Borrower;
(vi) be able to provide guarantee as required;
(vii) maintain appropriate financial records of income and expenditure to the satisfaction of ADB;
(viii) shall conduct proper environmental and social safeguards due diligence in accordance with the ESMS and the SPS 2009;
(ix) ensure that all subprojects comply with SPS 2009, and applicable national laws and regulations relating to environment, involuntary resettlement and Indigenous Peoples;
(x) must have complied with all relevant domestic environmental regulations and must acquire relevant environment permits with respect to the existing facilities; and
(xi) must be in compliance with relevant domestic occupational health and safety standards.
IV. ENVIRONMENT AND SOCIAL POLICIES

A. Environmental Impact Assessment in the PRC

74. The PRC’s environmental protection and management system consists of a well-defined hierarchy of regulatory, administrative and technical requirements. At the national level, the People’s Congress of the PRC has the supreme authority to proclaim and revise national environmental laws. The State Council promulgates national environmental regulations, and MEE under the State Council issues environmental guidelines. MEE promulgates domestic environmental standards and guidelines, either separately or jointly with the Administration of Quality Supervision, Inspection and Quarantine. Provincial and local governments proclaim provincial and local environmental regulations and guidelines in line with the national ones.


76. The PRC has signed a number of international conventions/agreements regarding environmental and biological protection, and climate change. Those which have potential application to the subprojects under the FI loan include Paris Agreement, United Nations Framework Convention on Climate Change, Montreal Protocol on Control of Ozone Depleting Substances, Convention on Persistent Organic Chemicals, Convention on International Trade of Endangered Species, Convention on Biodiversity, and Ramsar Convention on Wetlands of International Importance Especially as Waterfowl Habitat, etc.

77. The enforcement of environmental laws and regulations is conducted by ecology and environmental protection authorities within each level of the government. The regulatory enforcement and supervision authorities are the MEE at the national level, ecology and environment departments at the provincial level, and ecology and environment bureaus (EEBs) at the municipality level. The authorities are supported by environmental monitoring stations and environmental protection research institutes at different levels of the government.

78. **Categorization and EIA Requirements.** Article 16 of the Law on EIA (2003, amended in 2018) requires classification of environmental assessment for construction projects according to the potential environmental impacts. The MEE Management Guideline on EIA Categories of Construction Projects (2017) classifies environmental impact assessments for construction projects into 3 categories with different due diligence and reporting requirements. The Guideline provides detailed EIA requirements for 50 sectors and 192 subsectors based on the project’s size, type and site environmental sensitivity. An Environmental Impact Statement (EIS) is required for construction projects with potentially significant environmental impacts (generally equivalent to ADB category A). An environmental impact tabular report (EIT) is required for construction projects with less significant environmental impacts (generally equivalent to ADB category B). An Environmental Impact Registration Form (EIRF) is required for construction projects with the least significant environmental impacts (generally equivalent to ADB category C).
79. The key elements for determining ‘significant environmental impacts’ are whether the construction project (i) is deemed to be an environmentally critical project; (ii) is above certain scale or size thresholds; or (iii) is located in or near environmental sensitive areas.

80. The EIS and EIT must be prepared by qualified EIA institutions. The Technical Guideline on EIA for Construction Project (HJ/T 2.1-2016) provides general principles, guidance on content of EIA, and procedures for conducting EIA. The assessment process involves a survey that is conducted to assess the environmental status of the affected area. Also, an engineering analysis of the project is required in order to identify all of its potential impacts (both during its construction and operational phases) on the baseline environment. Methods to identify potential impacts include a matrix, network, or charts overlay by Geographic Information Systems, etc. These data allow for a prediction and assessment of environmental factors and an analysis of specific environmental impacts. On the basis of these results, environmental protection measures will be proposed and the EIA report prepared.

81. For projects with low to minimal impacts that require EIRFs, MEE issued the Administration Measures on the Environmental Impact Registration Form for Construction Project (came into effective since 1st January 2017) providing a template registration form to be submitted by the project proponent (with support of a licensed EIA institute), and to be registered at local Departments of Ecology and Environment or EEBs through an on-line system. Information disclosure is also done online.

82. The environmental regulatory framework in the PRC is generally aligned with SPS 2009, and requires project environment assessment based on clearly defined screening and classification criteria and environmental management planning and implementation. Public disclosure of environmental assessments, stakeholder consultation, and the establishment of an environment hotline system (12369) to address grievances are also required. Other legislations are in place to identify and address specific environment, health, and safety issues. However, between PRC’s environmental policies and regulations and SPS 2009, some gaps have been identified, relating to environmental management plan (EMP), information disclosure, public consultation and grievance redress. The gaps are presented below. In case of differences between ADB and the PRC requirements or policies, the more stringent requirement will prevail.

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<tr>
<td><strong>Policy Principle 1.</strong> Use a screening process for each proposed project, as early as possible, to determine the appropriate extent and type of environmental assessment so that appropriate studies are undertaken commensurate with the significance of potential impacts and risks.</td>
<td>Project screening and categorization is required as per the EIA Categorization List for Construction Projects (Ministry of Ecology and Environment, 2018).</td>
<td>Subproject categorization will be undertaken using Rapid Environmental Assessment (REA) checklists.</td>
</tr>
<tr>
<td><strong>Policy Principle 2.</strong> Conduct an environmental assessment for each proposed project to identify potential direct, indirect, cumulative, and induced impacts and risks to physical, biological, socioeconomic (including impacts on livelihood through environmental media, health and safety, vulnerable groups, and gender issues), and physical cultural resources in the context of the project’s area of influence. Assess potential transboundary and global impacts, including climate change. Use strategic environmental assessment where appropriate.</td>
<td>Domestic EIA for each proposed project are required to be prepared in accordance with the EIA Law of the PRC (2018), Technical Guideline Regarding the EIA for Construction Projects-General (HJ 2.1-2016), and other technical codes and regulations of the PRC. The requirements set out in the PRC technical guidelines are generally equivalent to Policy Principle 2. However, there are gaps with respect to identifying potential direct, indirect, cumulative, and induced impacts, assessment of biodiversity impacts, impacts on livelihoods caused by environmental media, defining area of influence, assessment of existing and associated facilities, assessment of impacts on physical and cultural resources, and climate change risks.</td>
<td>EIA/Initial Environmental Examinations (IEEs) for proposed subprojects will be prepared following ADB's requirements.</td>
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<td><strong>Policy Principle 3.</strong> Examine alternatives to the project’s location, design, technology, and components and their potential environmental and social impacts and document the rationale for selecting the particular alternative proposed. Also consider the no project alternative.</td>
<td>Assessment of alternatives is not required for domestic EIA.</td>
<td>Analysis of alternatives will be conducted for each proposed subproject.</td>
</tr>
<tr>
<td><strong>Policy Principle 4.</strong> Avoid, and where avoidance is not possible, minimize, mitigate, and/or offset adverse impacts and enhance positive impacts by means of environmental planning and management. Prepare an environmental management plan (EMP) that includes the proposed mitigation measures, environmental monitoring and reporting requirements, related institutional or organizational arrangements, capacity development and training measures, implementation schedule, cost estimates, and performance indicators. Key considerations for EMP preparation include</td>
<td>Mitigation measures are required for domestic EIA, but not a full EMP.</td>
<td>A full EMP will be required for each proposed subproject to avoid, and where avoidance is not possible, minimize, mitigate, and/or offset adverse impacts and enhance positive impacts; and provide guidance to contractors, construction supervisors, and the FI. Capacity building will be</td>
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</tbody>
</table>
### ADB Safeguard Policy Statement

Mitigation of potential adverse impacts to the level of no significant harm to third parties, and the polluter pays principle.

### PRC Legal Provisions and Local Practice

#### Policy Principle 5. Carry out meaningful consultation with affected people and facilitate their informed participation. Ensure women’s participation in consultation. Involve stakeholders, including affected people and concerned nongovernment organizations, early in the project preparation process and ensure that their views and concerns are made known to decision makers and taken into account. Continue consultations with stakeholders throughout project implementation as necessary to address issues related to environmental assessment. Establish a grievance redress mechanism to receive and facilitate resolution of the affected people’s concerns and grievances regarding the project’s environmental performance.

Meaningful public consultation is not required for category B project.

In the PRC, grievances are addressed through the environmental complaints hotline operated by environment protection authorities (e.g., 12369 hotline, 12369 Wechat platform and [www.12369.gov.cn](http://www.12369.gov.cn)). However, a formal grievance redress mechanism (GRM) is not required.

Meaningful consultation will be conducted during domestic EIA preparation, before and during construction, and into operation. This will include responding to issues raised during the consultations.

All proposed subprojects will be required to establish a GRM following ADB requirement.

#### Policy Principle 6. Disclose a draft environmental assessment (including the EMP) in a timely manner, before project appraisal, in an accessible place and in a form and language(s) understandable to affected people and other stakeholders. Disclose the final environmental assessment, and its updates if any, to affected people and other stakeholders.

Meaningful public consultation is not required for category B project.

In the PRC, grievances are addressed through the environmental complaints hotline operated by environment protection authorities (e.g., 12369 hotline, 12369 Wechat platform and [www.12369.gov.cn](http://www.12369.gov.cn)). However, a formal grievance redress mechanism (GRM) is not required.

Meaningful consultation will be conducted during domestic EIA preparation, before and during construction, and into operation. This will include responding to issues raised during the consultations.

All proposed subprojects will be required to establish a GRM following ADB requirement.

#### Policy Principle 7. Implement the EMP and monitor its effectiveness. Document monitoring results, including the development and implementation of corrective actions, and disclose monitoring reports.

Meaningful public consultation is not required for category B project.

In the PRC, grievances are addressed through the environmental complaints hotline operated by environment protection authorities (e.g., 12369 hotline, 12369 Wechat platform and [www.12369.gov.cn](http://www.12369.gov.cn)). However, a formal grievance redress mechanism (GRM) is not required.

Meaningful consultation will be conducted during domestic EIA preparation, before and during construction, and into operation. This will include responding to issues raised during the consultations.

All proposed subprojects will be required to establish a GRM following ADB requirement.

#### Policy Principle 8. Do not implement project activities in areas of critical habitats, unless (i) there are no measurable adverse impacts on the critical habitat that could impair its ability to function, (ii) there is no reduction in the population of any recognized endangered or critically endangered species, and (iii) any lesser impacts are mitigated. If a project is located within a legally protected area, implement additional programs to promote and enhance the conservation aims of the protected area. In an area of natural habitats, there must be no

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<td>Meaningful consultation will be conducted during domestic EIA preparation, before and during construction, and into operation. This will include responding to issues raised during the consultations. All proposed subprojects will be required to establish a GRM following ADB requirement.</td>
</tr>
<tr>
<td>Proposed subproject IEEs will be required to disclose on the FI’s and the subborrower’s websites if available as well. For category A subprojects, EIA will be disclosed on ADB website 120 days prior to subproject approval.</td>
</tr>
<tr>
<td>Proposed subproject IEEs will be required to disclose on the FI’s and the subborrower’s websites if available as well. For category A subprojects, EIA will be disclosed on ADB website 120 days prior to subproject approval.</td>
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<tr>
<td>A full EMP will be prepared and implemented for each subproject. Annual ESMS implementation and environmental monitoring reports will be required to be submitted to ADB for disclosure.</td>
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<td>No PRC requirement to avoid critical habitats or use precautionary approach. Proposed subprojects shall not implement project activities in the areas of critical habitats.</td>
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<td>significant conversion or degradation, unless (i) alternatives are not available, (ii) the overall benefits from the project substantially outweigh the environmental costs, and (iii) any conversion or degradation is appropriately mitigated. Use a precautionary approach to the use, development, and management of renewable natural resources.</td>
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<tr>
<td><strong>Policy Principle 9.</strong> Apply pollution prevention and control technologies and practices consistent with international good practices as reflected in internationally recognized standards such as the World Bank Group’s Environmental, Health and Safety Guidelines. Adopt cleaner production processes and good energy efficiency practices. Avoid pollution, or, when avoidance is not possible, minimize or control the intensity or load of pollutant emissions and discharges, including direct and indirect greenhouse gases emissions, waste generation, and release of hazardous materials from their production, transportation, handling, and storage. Avoid the use of hazardous materials subject to international bans or phaseouts. Purchase, use, and manage pesticides based on integrated pest management approaches and reduce reliance on synthetic chemical pesticides.</td>
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<tr>
<td><strong>Policy Principle 10.</strong> Provide workers with safe and healthy working conditions and prevent accidents, injuries, and disease. Establish preventive and emergency preparedness and response measures to avoid, and where avoidance is not possible, to minimize, adverse impacts and risks to the health and safety of local communities.</td>
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<tr>
<td><strong>Policy Principle 11.</strong> Conserve physical cultural resources and avoid destroying or damaging them by using field-based surveys that employ qualified and experienced experts during environmental assessment. Provide for the use of &quot;chance find&quot; procedures that include a pre-approved management and</td>
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<td>conservation approach for materials that may be discovered during project implementation.</td>
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**Notes:** ADB = Asian Development Bank, EIA = environmental impact assessment, EMP = environment management plan, ESMS = Environmental and Social Management System, FI = financial intermediary, IEE = initial environmental examination, GRM = Grievance Redress Mechanism, PCR = physical and cultural resources, PRC = People’s Republic of China, REA = Rapid Environmental Assessment.
B. Social Impact Assessment in the PRC


84. In project related provinces of the BTH region (the Beijing and Tianjin municipalities, Inner Mongolia Autonomous Region, and Hebei, Henan, Liaoning, Shandong, and Shanxi provinces) and the YRD region (Shanghai Municipality, Anhui, Jiangsu, and Zhejiang provinces), the local regulations for the implementation of national laws and regulations mainly include: (i) the measures for implementing the Land Administration Law of the PRC; (ii) the notice of the unified Annual Output Value (AAOV) of land acquisition in the and the comprehensive land price (CLP) of the land acquisition area; (iii) social security programs for landloss farmers; and (iv) implementation measures for house demolition, compensation and relocation.

85. The PRC’s involuntary resettlement system consists of a series of laws, administrative regulations, and regional regulations and policies. The National People’s Congress is the legislative body of the PRC. The State Council promulgates national policies and regulations. Ministry of Natural Resources and Ministry of Housing and Urban-Rural Development of the PRC are the main administration bodies for collective land acquisition and house demolition on state-owned land respectively. The main aspects of the legal system include the collective land acquisition, the procedures of transferring collective land to state-owned land, house demolition on collective land in rural areas and house demolition on state-owned land in urban areas.

86. The gaps between ADB SPS 2009 and the PRC resettlement policy are presented below and gap-filling measures for the FI component are presented below.
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<tr>
<td><strong>Policy Principle 1:</strong> Screen the project early on to identify past, present, and future involuntary resettlement impacts and risks. Determine the scope of resettlement planning through a survey and/or census of displaced persons, including a gender analysis, specifically related to resettlement impacts and risks.</td>
<td>Management Regulations for Construction Project Land Using Pre-examination (Decree No.42 of MLR) requires to screen the area and type of the land to be provided for the project before approving the FSR or checking the project proposal. Before land acquisition, local Natural Resources Bureau (NRB) conducts detailed measurement survey (DMS). Before house demolition, the house demolition agency conducts detailed measurement survey. The PRC regulations do not assess past impacts. There is no specific legal provision to include gender analysis in resettlement planning. However, in line with local government program, the gender and risks to and/or vulnerability caused by any project particularly on women can already be identified and assessed based on the (i) Five-Guarantee Households (ii) Minimum Living Guarantee System and (iii) local targeted poverty alleviation program during resettlement planning. Please see Policy Principle 5 for more details.</td>
<td>Due diligence will be undertaken to identify all involuntary resettlement impacts and risks, including identification of issues of gender and vulnerable group. Any subproject that falls under Category A or B for IR will not be eligible for financing.</td>
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<td><strong>Policy Principle 2:</strong> Carry out meaningful consultations with affected persons (AP), host communities, and concerned nongovernment organizations. Inform all displaced persons of their entitlements and resettlement options. Ensure their participation in planning, implementation, and monitoring and evaluation of resettlement programs. Pay particular attention to the needs of vulnerable groups, especially those below the poverty line, the landless, the elderly, women and children, and Indigenous Peoples, and those without legal title to land, and ensure their participation in consultations.</td>
<td>At national level, <em>Land Administration Law of the People’s Republic of China</em>, <em>State Council's Decision on Deepening Reform and Managing Strictly Land</em> (the State Council made [2004]28), <em>Guidelines on Improving the System of Land Acquisition Compensation and Resettlement</em> (the Ministry of Land and Resources made [2004] number 238), and <em>Regulations on the Compensation of Houses on State-owned Land and Compensation</em> (2011) have similar requirements on consultation and participation. Although there are consultation and participation activities conducted by local government, only some government’s procedural documents are documented. To improve the documentation, all activities need be properly documented.</td>
<td>The ESMS includes guidance on the conduct of meaningful consultation as part of due diligence. A grievance redress will also be established which allows early resolution of concerns and grievances, and will ensure that staff and resources are in place and that there will be proper monitoring and documentation of grievances.</td>
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<td>Establish a grievance redress mechanism to receive and facilitate resolution of the APs concerns. Support the social and cultural institutions of displaced persons and their host population. Where involuntary resettlement impacts and risks are highly complex and sensitive, compensation and resettlement decisions should be preceded by a social preparation phase.</td>
<td>As per law, a grievance redress mechanism is established at the local government where farmers can first raise their concern with the village collective or bring their grievances through the legal system directly. However, the documentation system is not adequate. In line with local government program, the gender and risks to and/or vulnerability caused by any project particularly on women can already be identified and assessed based on the (i) Five-Guarantee Households and (ii) Minimum Living Guarantee System. In practice, local village committee, civil affairs bureau, women's federation, social security bureau and other government agencies pays attention to the needs of the poor and vulnerable groups.</td>
<td>Not applicable. Any subproject that falls under Category A or B for IR will not be eligible for financing.</td>
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<td><strong>Policy Principle 3:</strong> Improve, or at least restore, the livelihoods of all displaced persons through (i) land-based resettlement strategies when affected livelihoods are land based where possible or cash compensation at replacement value for land when the loss of land does not undermine livelihoods, (ii) prompt replacement of assets with access to assets of equal or higher value, (iii) prompt compensation at full replacement cost for assets that cannot be restored, and (iv) additional revenues and services through benefit sharing schemes where possible.</td>
<td>New &quot;Land Management Law&quot; firstly makes the compensation principle that “ensure that the original living standards of farmers whose land has been expropriated will not be lowered and that their long-term livelihood will be guaranteed” proposed in 2004 the state council document No. 28 become the law. According to the revised Land Law, for collective land compensation, the provincial government needs to formulate and publish Uniform Annual Output Standards for Land Acquisition and the integrated land acquisition price, which need to be adjusted at least each 3 years. State Council [2004] number 28 states that (1) where the project concerned generates profits the people displaced can use the land as investment to have a right to share in those profits; (2) within a planned urban area, improvement of employment system and social security to safeguard AP’s lives. (3) out of a planned urban area, land resettlement, employment resettlement, or displacement resettlement shall be implemented (4) carry out employment trainings. National legislation relating to urban housing demolition requires independent valuation, compensation at market value.</td>
<td>Not applicable. Any subproject that falls under Category A or B for IR will not be eligible for financing.</td>
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<td><strong>Policy Principle 4:</strong> Provide physically and economically displaced persons with needed assistance, including the following: (i) if there is relocation, secured tenure to relocation land, better housing at resettlement sites with comparable access to employment and production opportunities, integration of resettled persons economically and socially into their host communities, and extension of project benefits to host communities; (ii) transitional support and development assistance, such as land development, credit facilities, training, or employment opportunities; and (iii) civic infrastructure and community services, as required.</td>
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<td>value, or provision of replacement housing of equivalent value at the request of APs. (See <em>State Council Regulations on Collection and Compensation for Houses on State-Owned Land, 2011</em>.) Compensation rates are administratively determined through application of prescribed valuation processes.</td>
<td>As per legal provisions, poor and vulnerable groups are defined as those (i) who fall within the five-guarantee households and (ii) eligible for the Minimum Living Guarantee System. The local village/community committee, civil affairs bureau, social security bureau and other agencies pay attention to the needs of the poor and vulnerable groups: (i) Five-Guarantee program, the elderly, weak, widowed and disabled members who are unable to work and have no means of living, or whose households lack labor a rural production cooperative would provide production and living assistance (e.g. food, clothing, fuel, education and burial expenses. (ii) Those eligible for the Minimum Living Guarantee System are provided with living subsidy each month. (iii) Other assistance - urgent cash assistance if the HHs have serious illness in addition to the subsidy paid under rural cooperative medical care system; cash or in-kind assistance for the women headed HHs provided by the women’s federation; priority given by the village committee to be included in the endowment insurance system for the farmers affected by LA. <em>Regulations on the House Demolition and Compensation on State-owned Land (2011)</em> states that: If the residential houses of any individuals are to be demolished and they meet the conditions for affordable housing, the concerned city and county people's governments shall give priority to providing affordable housing to such persons.</td>
<td>Not applicable. Any subproject that falls under Category A or B for IR will not be eligible for financing.</td>
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<td><strong>Principle 6:</strong> Develop procedures in a transparent, consistent, and equitable manner if land acquisition is through negotiated settlement to ensure that those people who enter into negotiated settlements will maintain the same or better income and livelihood status.</td>
<td>Not relevant as the project does not involve land acquisition through this means.</td>
<td>Not applicable.</td>
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<td><strong>Policy Principle 7:</strong> Ensure that displaced persons without titles to land or any recognizable legal rights to land are eligible for resettlement assistance and compensation for loss of non-land assets.</td>
<td>Based on the <em>Regulations on the Demolition and Compensation of Houses on State-owned Land (2011)</em>, the illegal houses and temporary structures which were constructed after the approval period will not be compensated. As good practice, for households who are not eligible for compensation for houses at replacement value, the history or reason why the structure has no certification/license; and their socio-economic conditions and vulnerability will be assessed by the local government and concerned bureaus to determine the necessary assistance that can be provided to them to ensure that they will be able to restore or will not be worse-off. According to the <em>Regulations to Solve the Housing Difficulties for the Low Income HHs issued by State Council [GF 2007, No 24]</em>, affordable housing and low-rent housing should be provided to the households who have housing difficulties. The demolished HHs can apply the affordable housing and low-rent housing.</td>
<td>Not applicable. Any subproject that falls under Category A or B for IR will not be eligible for financing.</td>
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<td><strong>Policy Principle 8:</strong> Prepare a resettlement plan (RP) elaborating on displaced persons’ entitlements, the income and livelihood restoration strategy, institutional arrangements, monitoring and reporting framework, budget, and time-bound implementation schedule.</td>
<td>Except for large-scale water sector projects, there are no specific requirements to prepare a resettlement plan which is similar to the RP required by ADB.</td>
<td>Not applicable. Any subproject that falls under Category A or B for IR will not be eligible for financing.</td>
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<td><strong>Policy Principle 9</strong>: Disclose a draft resettlement plan, including documentation of the consultation process in a timely manner, before project appraisal, in an accessible place and a form and language(s) understandable to APs and other stakeholders. Disclose the final resettlement plan and its updates to APs and other stakeholders.</td>
<td>Refer to Article 12 of No. 28 Decree, the total resettlement cost should be included in the total project cost. All compensation and administrative costs are included. Revised land law requires that social security expenses for farmers on the land expropriated shall be arranged. Decree 29 issued in 2006 states land compensation and resettlement should ensure that the living standards and sustainability of the livelihood of the landloss farmers are ensured; and that vocational training and social security programs should be properly implemented for landloss farmers. Any shortfall in the resettlement budget should be provided by the local government.</td>
<td>Not applicable. Any subproject that falls under Category A or B for IR will not be eligible for financing.</td>
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<td><strong>Policy Principle 10</strong>: Conceive and execute involuntary resettlement as part of a development project or program. Include the full costs of resettlement in the presentation of project’s costs and benefits. For a project with significant involuntary resettlement impacts, consider implementing the involuntary resettlement component of the project as a stand-alone operation.</td>
<td>Regulations generally require compensation and other financial forms of resettlement assistance to be paid before physical or economic displacement. Local government is responsible for supervising throughout the project implementation period, but only focused on if the AHs have received the full compensation.</td>
<td>Not applicable. Any subproject that falls under Category A or B for IR will not be eligible for financing.</td>
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<td><strong>Policy Principle 11</strong>: Pay compensation and provide other resettlement entitlements before physical or economic displacement. Implement the resettlement plan under close supervision throughout project implementation.</td>
<td>Except for large-scale water projects, there are no requirements to monitor and evaluate outcomes, including impacts on standards of living of displaced persons. Local government is responsible for supervising throughout the project implementation period, however, monitoring reports are not disclosed</td>
<td>Although no subproject that falls under Category A or B for IR will be funded under the project, coordination mechanism between the FI and concerned agencies will be established to properly monitor and supervise subproject activities and to</td>
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<td>ensure that any unforeseen impacts are identified, and appropriate measures will be developed to address those impacts.</td>
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ADB = Asian Development Bank, AP = affected persons, ESMS = Environmental and Social Management System, FSR = feasibility study report, IR = involuntary resettlement, HH = household, LA = land acquisition, PRC = People’s Republic of China, RP = resettlement plan.
87. The Government of the PRC has adopted the policy of ethnic equality since 1949. “A unified multi-ethnic country” is defined as the fundamental realities of the PRC, which highlights “safeguarding national unification and ethnic unity” as its overarching goal of ethnic minority affairs management and policies. The Common Program adopted by the Chinese People’s Political Consultative Conference in September 1949 clearly stipulated that “all the ethnic groups within the Chinese territory were equal. The PRC, as a unified multi-ethnic state, instituted Ethnic Minority (EM) Regional Autonomy in areas where EM people lived in compact communities, establishing various levels of regional EM autonomous organs according to the population and scope of these areas. The state takes various measures to guarantee that ethnic minorities can participate equally in the administration of state affairs and autonomously manage their internal affairs.

88. The key guiding principles of managing ethnic affairs in the PRC include: (i) insisting on socialist system, (ii) insisting on the leadership of the Chinese Communist Party, (iii) insisting on the system of regional autonomy of ethnic minorities, (iv) “safeguarding the unity of all ethnic groups, and (v) national unity is the supreme interest of all ethnic groups. Thus “equality and unity” are priorities of the PRC’s EM policies which are further elaborated as:

89. The policy of speeding up economic development in ethnic minority areas:
   - Favorable policy for ethnic minority family planning (2–3 children for each couple is permitted for ethnic minority people)
   - Policy of developing ethnic minority education
   - Policy of respecting and developing ethnic minority languages
   - Policy of respecting ethnic minorities’ freedom in religious belief
   - Policy of protecting ethnic minorities’ cultural heritages
   - Policy of respecting ethnic minorities’ customs and traditions.

90. Since 2000, a series of national programs have been launched to speed up the overall development of ethnic minority areas. "West Development Program", "Vitalizing Border Areas and Enriching the People Living There", "Supporting Smaller Ethnic Minorities", “the Reconstruction of Villages with Outstanding Ethnic Cultural Features”, “Poverty Alleviation Focusing on Contiguous Poor Areas”, “Water Cellar for Mothers”, and many other local-level programs have had significant impact on the rural living conditions and socioeconomic development for both ethnic minority villages, Han villages and the mixed villages.

91. In 2016, the State Council issued the Thirteenth Five-Year Plan on ethnic minority’s development. The main goals of the plan are to (i) narrow the gap between per capita gross domestic product (GDP) of ethnic minority regions and that of the national; (ii) increase the living standard of ethnic minority groups; (iii) close the income gap between the urban and the rural residents; (iv) improve the public service capability, education, cultural service, health care, and social security; (iv) protect the ethnic minority cultures; (v) improve the national ethnic minority policy and the national legal system for ethnic minority issues; and (vi) improve the service system for ethnic minority people.

92. Ethnic minorities account for 4.16% of the total population in the greater BTH region. In Inner Mongolia Autonomous Region, Mongolian accounts for 17% of the total population. YRD region is a Han (99%) group concentrated area. Ethnic minorities in the project area are well-integrated socially and economically, and do not present any specific vulnerabilities.

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93. **Gap Between ADB’s Policy Requirements and the PRC Strategies.** Requirements in ADB’s SPS relevant in this project differ a lot with Chinese strategies, especially in (i) early screening to be conducted by qualified experts to identify EM in the Project areas and the potential impact on EMs; (ii) social impact assessment to be done to ensure that positive or adverse impacts of the Project are identified, and the benefit has to be culturally appropriate and does not create gender differences; (iii) meaningful consultation with various EM organizations and communities to be done to make sure people can participate actively in project design and implementation; (iv) ethnic minorities development plan to be prepared by qualified experts to ensure that positive impact on EMs is maximized and adverse impact is minimized or avoided; (v) project information to be adequately and timely disclosed so that EMs know clearly what the project is going to do in relation to their property and life; (vi) impact during and after the Project implementation to be monitored internally and externally; and (vii) proper GRM to be established so that the general goal of the project and positive impacts on EM are realized, and adverse impacts are mitigated or avoided.

94. However, the PRC does not have these specific requirements in project implementation, especially the ADB requirements including early screening, poverty and social assessment, meaningful consultation, information dissemination, and GRMs.

95. In line with the social safeguard criteria, only subprojects that will result to positive impacts on ethnic minorities will be supported for financing. Coordination mechanism between the FI and concerned agencies will be established to properly screen, monitor and supervise subproject activities and to ensure that the adverse impacts will not be triggered.

96. An EMDP, if prepared as a result to positive impacts on ethnic minorities, will include social impact assessment, meaningful consultation, participation and disclosure, and access to GRM as per PRC regulations and SPS.
V. ENVIRONMENTAL AND SOCIAL MANAGEMENT POLICY and APPLICABLE REQUIREMENTS

97. This chapter of the ESMS describes environmental and social management policies and applicable requirements that will be used for the FIL.

A. ESMS Policy

98. I&G is committed to ensuring environmental and social sustainability of the qualified subprojects financed under the FIL. In this context, the goal of the ESMS is to promote the sustainability of subproject outcomes by protecting people and the environment from the subprojects’ potential adverse impacts. The objectives of the ESMS policy are to:

(i) avoid adverse impacts of qualified subprojects on the environment and affected people, where possible;

(ii) minimize, mitigate, and/or compensate for adverse subproject impacts on the environment and affected people when avoidance is not possible; and

(iii) maximize opportunities for environmental and social benefits including the development of subborrowers’ capacity to manage environmental and social risks.

99. The ESMS includes policy objectives and principles for five areas: (i) environment; (ii) involuntary resettlement; and (iii) indigenous peoples; (iv) labor; and (v) gender and other social dimensions.

100. The environmental objectives adopted for all selected subprojects are to (i) ensure the environmental soundness and sustainability of each subproject; and (ii) support the integration of environmental considerations into the subproject decision-making process. The specific environmental policy principles adopted for all selected qualified subprojects are as follows:

(i) Use a screening process for each potential subproject, as early as possible, to determine the appropriate extent and type of environmental assessment and/or audit required so that appropriate studies are undertaken commensurate with the significance of the selected subprojects’ potential environmental and social impacts and risks.

(ii) Conduct an environmental assessment and/or environment audit24 for subprojects to identify potential direct, indirect, cumulative, and induced impacts and risks to physical, biological, socioeconomic (including impacts on livelihood through environmental media, health and safety, vulnerable groups, and gender issues), and physical cultural resources in the context of the subproject’s area of influence. Assess potential transboundary and global impacts, including climate change impact.

(iii) Examine alternatives to the subproject’s location, design, technology, and components and their potential environmental and social impacts and document the rationale for selecting a particular alternative. The no-subproject alternative should also be considered.

(iv) Avoid, and where avoidance is not possible, minimize, mitigate, and/or offset adverse impacts and enhance positive impacts by means of environmental planning and management. Prepare a corrective action plan (CAP)25 and/or an

24 Environmental audit needs to be performed if a subproject involves existing activities or facilities that are already exist or under construction to determine the existence of any areas where the project may cause or is causing environmental risks or impacts.

25 If environmental audit identifies any non-compliance or area of concern, a corrective action plan will be developed to provide appropriate corrective actions for each area of concern including costs and schedule.
EMP, including appropriate mitigation measures, environmental monitoring and reporting requirements, related institutional or organizational arrangements, capacity development and training measures, implementation schedule, cost estimates, and performance indicators. Key considerations for EMP preparation include mitigation of potential adverse impacts to the level of no significant harm to the environment and people, and the polluter pays principle.

(v) Disclose information to the public and carry out meaningful consultation\textsuperscript{26} with affected people and facilitate their participation. Ensure women’s participation in the consultation process. Involve stakeholders, including affected people and concerned non-government organizations, early in the subproject preparation process and ensure that their views and concerns are made known to and understood by decision-makers and taken into account. Continue consultations with stakeholders throughout project implementation as necessary to address issues related to environmental and social impacts. Establish a GRM to receive and facilitate resolution of the affected people’s concerns and grievances regarding the subprojects’ environmental impact and performance.

(vi) Implement the mitigation measures in domestic EIA document (EIS, EIT or EIRF) and monitor its effectiveness. Document monitoring results, including the development and implementation of corrective actions, and disclose environmental and social monitoring reports on ADB and I&G’s websites if available.

(vii) Do not implement subproject activities in areas of critical habitats or legally protected areas. In an area of natural habitats, there must be no significant conversion or degradation demonstrated through environmental assessment. Use a precautionary approach to the use, development, and management of renewable natural resources.

(viii) Provide workers with safe and healthy working conditions and prevent accidents, injuries, and disease. Provide safety training, including managing the risks of COVID-19 and other infectious diseases to workers during construction as well as operation of the project. Establish preventive and emergency preparedness and response measures to avoid, and where avoidance is not possible, to minimize adverse impacts and risks to the health and safety of local communities in conjunction with them.

(ix) Conserve physical cultural resources and avoid destroying or damaging them; do not implement subproject activities in areas where support physical cultural resources or “chance-find” physical cultural resources are expected to be found.

101. The \textbf{involuntary resettlement policy objectives} are to avoid involuntary resettlement wherever possible; to minimize involuntary resettlement by exploring project and design alternatives; to enhance, or at least restore, the livelihoods of all APs in real terms relative to pre-project levels; and to improve the standards of living of the affected poor and vulnerable households.

102. As indicated in the subproject selection criteria, any subproject that will fall under Category A and B on involuntary resettlement will not be eligible for financing under the Project.

\textsuperscript{26} Meaningful consultation is a process that (i) begins early in the project preparation stage and is carried out on an ongoing basis throughout the project cycle; (ii) provides timely disclosure of relevant and adequate information that is understandable and readily accessible to affected people; (iii) is undertaken in an atmosphere free of intimidation or coercion; (iv) is gender inclusive and responsive, and tailored to the needs of disadvantaged and vulnerable groups; and (v) enables the incorporation of all relevant views of affected people and other stakeholders into decision making, such as project design, mitigation measures, the sharing of development benefits and opportunities, and implementation issues.
103. The **indigenous people policy objectives** are to design and implement qualified subprojects in a way that fosters full respect for indigenous peoples’ identity, dignity, human rights, livelihood systems, and cultural uniqueness as defined by the communities themselves so that they (i) receive culturally appropriate social and economic benefits, (ii) do not suffer adverse impacts as a result of the qualified subprojects, and (iii) can participate actively in qualified subprojects that affect them.

104. As indicated in the subproject selection criteria, any subproject that will result to adverse impacts on ethnic minorities will not be eligible for financing under the Project.\(^{27}\)

105. The **labor retrenchment policy** objective is to design and implement qualified subprojects to avoid labor retrenchment and redundancies. The labor retrenchment policy principle of the FIL is to screen all qualified subprojects for potential labor retrenchment and redundancies and those which will be found to have potential for such will be excluded for financing.

106. The **gender and other social dimensions objectives** are to ensure that contractors and service providers engaged in the FIL and in qualified subprojects (i) give equal pay for equal work regardless of gender, ethnicity or social group; (ii) give priority to women in the employment and training opportunities generated under the FIL; (iii) maximize the employment of local people who meet the job and efficiency requirements for subproject construction, operation and maintenance; (iv) provide workers with adequate on-the-job and safety training; (v) disseminate information on sexually transmitted diseases (including HIV/AIDS) and human trafficking to subcontractors/employees and local communities surrounding the subproject construction sites; (vi) implement HIV/AIDS awareness and prevention training for subcontractors/employees; (vii) implement COVID-19 prevention measures, including disinfection/cleaning of offices, construction sites and labor camps, on-site temperature checks, social distancing measures, mandatory use of personal protective equipment such as facemasks, provision of handwashing stations and hand sanitizers etc., and procedures to be adopted in the event any worker is infected with COVID-19; (viii) implement human trafficking awareness activities; (ix) provide necessary measures to ensure the safety and health of its sub-contractors/employees; (x) observe local customs concerning acceptable behavior towards the local population; and (xi) provide financial opportunities for women-led MSMEs to support their business development.

\(^{27}\) The project is not likely to have significant impacts (Category A) on ethnic minorities since none of the five key areas will be adversely affected (customary rights of use and access to land and natural resources; socio-economic status; cultural and communal integrity; health, education, livelihood and social security status; and indigenous knowledge) nor will the ethnic minorities experience change in any of the key areas.
VI. SCREENING, CATEGORIZATION, AND DUE DILIGENCE

107. I&G will announce the financing opportunity of the FIL to potential interested parties through various channels. Once applications from potential subborrowers are received, the procedure described below will be followed for subproject screening and categorization.

108. At the initial stage of identifying potential qualified subprojects, the ESMS manager (or other designated staff) of I&G will check the applications against ADB’s PIAL. If the subproject involves a prohibited activity in the PIAL, the applicant will be informed that it will not be considered under the FIL. Otherwise, the ESMS manager (or other designated staff) will inform the applicant that their subprojects are eligible for further consideration, and ask them to submit detailed subproject description and REA checklist (Appendix 2), involuntary resettlement checklist (Appendix 3) and indigenous peoples checklist (Appendix 4).

109. After receiving the subproject description and the required checklists from the applicant, the ESMS manager (or other designated staff) at I&G will go for an initial site visit (including existing and associated facilities as appropriate) to verify the information. If there is any environmental and social safeguard issue raised by the local authority, the issue should be investigated during the site visit by the ESMS manager with results documented as an attachment to the checklists. The checklists will be updated based on the site visit. If the ESMS manager cannot go to the subproject site due to COVID-19, the subborrower shall provide video of the surrounding environment of the subproject site to the ESMS manager and arrange required virtual meetings with local bureaus.

110. Once the verification work is completed by the ESMS manager, the environmental and social categorizations of the subproject will be prepared based on the ADB’s categorization system concerning the significance of the subproject’s potential impacts.

111. I&G ESMS manager or designated staff shall submit environmental and social categorization documents to ADB with the categorization results (checklists) for review and clearance prior to a notification to the potential subprojects to process their loan applications with further due diligence.

A. Environment Screening and Categorization

112. ADB will review and clear screening and categorization forms for the first five potential subprojects under each category (category A, B and C). In case there is change in staffing during implementation, i.e., after review of all five subprojects, ADB may require I&G to resume the submission of screening and categorization forms to ADB for review and clearance if it is assessed that capacity of new staff to carry out safeguard due diligence may be limited. For the subsequent subprojects which no longer requires ADB’s review, I&G shall attach the environmental screening and categorization forms to the annual environmental and social monitoring reports, and submit to ADB for review and posting on the ADB website.

113. Potential subproject’s category is determined by its most environmentally sensitive component, including direct, indirect, cumulative, and induced impacts in the subproject’s area of influence.

114. Each subproject is scrutinized as to its type, location, scale, and sensitivity and the magnitude of its past, current (if a subproject involves existing facilities), and potential future
environmental impacts. It shall be assigned to one of the following three categories, which are in alignment with SPS 2009:

(i) **Category A.** A subproject is classified as category A for environment if it is likely to have significant adverse environmental impacts that are irreversible, diverse, or unprecedented. These impacts may affect an area larger than the sites or facilities subject to physical works. EIA reports for category A subprojects shall be disclosed on ADB website at least 120 days prior to subproject approval as well as on and I&G’s and subborrowers’ websites if available.

(ii) **Category B.** A subproject is classified as category B for environment if its potential adverse environmental impacts are less adverse than those of category A projects. These impacts are site-specific, few if any of them are irreversible, and in most cases, mitigation measures can be designed more readily than for category A subprojects. For environment B and C qualified subprojects, disclose the domestic EIA document (EIS, EIT or EIRF) on I&G’s website in a timely manner before subproject approval, and in an accessible place and in a form and language(s) understandable to affected people and other stakeholders.

(iii) **Category C.** A subproject is classified as category C if it is likely to have minimal or no adverse environmental impacts. A domestic EIRF needs to be prepared following applicable PRC regulations.

### B. Environment Due Diligence for Potential Qualified Subprojects

115. Once the pre-selected subprojects are identified and categorized by I&G, the subproject company will be informed on the decision and the subproject will be subject to conducting comprehensive due diligence. I&G will perform financial, technical as well as environmental and social due diligence of these pre-selected subprojects.

116. The ESMS manager (or designated staff) at I&G will inform the pre-selected subproject companies to proceed with domestic EIA preparation, communicate closely with the subproject companies, and instruct them to ensure domestic EIA preparation to meet the PRC requirements. The approvals of the domestic EIA report shall be one of the conditions for the final approval of the subprojects to be financed by I&G under the FIL.

117. If a pre-selected subproject is categorized A for environment, an English version of the EIA needs to be prepared following ADB’s SPS 2009 and submitted to ADB for clearance. The English EIA must be disclosed at ADB website for 120 days prior to the subproject approval by I&G.

118. If the subproject is category B for environment, a domestic Chinese version EIA document (EIS or EIT) needs to be prepared by qualified EIA institute and disclosed at I&G and the sub-borrower’s websites if available. ADB can request an English translation of the domestic EIA document.

119. In reviewing the domestic EIA document (EIA, EIS or EIT), the ESMS manager will check the following prior to submission to I&G and/or to ADB: (i) all key potential social and environmental impacts and risks of the subproject are identified; (ii) effective measures to avoid, minimize, mitigate, or compensate for the adverse impacts are incorporated into domestic EIA document, and/or subproject design; (iii) all applicable emission/discharge standards are achieved by the subproject design; and (iv) the subproject proponent/entity understands the ESMS policy principles and requirements and has the necessary commitment and capacity to manage social and environmental impacts and/or risks adequately.
120. Climate risk assessments will be conducted for all subprojects and the impacts of climate risks to the project will be taken into account during the subproject design.

C. Involuntary Resettlement and Indigenous Peoples Screening and Categorization

121. For involuntary resettlement and indigenous peoples, it will require the review and clearance by ADB on the screening and categorization forms for the first five potential subprojects. In case there is change in staffing during implementation, i.e., after ADB review of all five subprojects, ADB may require I&G to resume the submission of the screening and categorization forms to ADB for review and clearance if it is assessed that capacity of new staff to carry out safeguard due diligence may be limited. For the subsequent subprojects which no longer requires ADB’s review, I&G shall attach the social screening and categorization forms, and social due diligence reports (DDR)/social compliance audit (SCA) to the annual environmental and social monitoring reports, and submit to ADB for review and posting on the ADB website. The screening and categorization forms for IR and IP are in Appendix 3 and Appendix 4.

122. The categorization on IR will be determined whether or not a potential subproject involves involuntary resettlement, including restrictions on land use or access to legally designated parks and protected areas. Category A refers to project activities with potential significant involuntary resettlement impacts. Category B refers to project activities that have involuntary resettlement impacts but not significant. Category C refers to project activities that do not have any impact on involuntary resettlement.

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>A proposed project is classified as category A if it is likely to have significant involuntary resettlement impacts. The involuntary resettlement impacts of an ADB-supported project are considered significant if 200 or more persons will experience major impacts, which are defined as (i) being physically displaced from housing, or (ii) losing 10% or more of their productive assets (income generating).</td>
<td>Category A project is excluded from ADB financing.</td>
</tr>
<tr>
<td>B</td>
<td>A proposed project is classified as category B if it includes involuntary resettlement impacts that are not deemed significant.</td>
<td>Category B project is excluded from ADB financing.</td>
</tr>
<tr>
<td>C</td>
<td>A proposed project is classified as category C if it has no involuntary resettlement impacts</td>
<td>No action needed.</td>
</tr>
</tbody>
</table>

ADB = Asian Development Bank.

123. The categorization on IP will be determined whether or not a subproject has potential impacts on indigenous peoples. The degree of impact is determined by evaluating (i) the magnitude of the impact on indigenous people customary rights of use and access to land and natural resources; socioeconomic status; cultural and communal integrity; health, education, livelihood systems, and social security status; or indigenous knowledge; and (ii) the vulnerability of the affected indigenous people or communities. Category A refers to project activities with potential significant impact on ethnic minorities. Category B refers to project activities that have impact but not significant impact on ethnic minorities. Category C refers to project activities that do not have any impact on ethnic minorities.
<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>A proposed project is classified as category A if it is likely to have significant impacts on Indigenous Peoples. The significance of impacts of an ADB-supported project on Indigenous Peoples is determined by assessing (i) the magnitude of impact in terms of (a) customary rights of use and access to land and natural resources; (b) socio-economic status; (c) cultural and communal integrity; (d) health, education, livelihood and social security status; and (e) the recognition of indigenous knowledge; and (ii) the level of vulnerability of the affected Indigenous Peoples community.</td>
<td>The project is not likely to have significant impacts (positive or negative) on ethnic minorities since none of the five key areas as per ADB SPS will be adversely affected (customary rights of use and access to land and natural resources; socio-economic status; cultural and communal integrity; health, education, livelihood and social security status; and indigenous knowledge). Nor will the ethnic minorities experience change in any of the key areas.</td>
</tr>
<tr>
<td>B</td>
<td>A proposed project is classified as category B if it is likely to have limited impacts on Indigenous Peoples.</td>
<td>Any subproject that will cause adverse impacts will be excluded from financing. Any subproject that will result to positive impacts on ethnic minorities will be supported e.g., enterprises owned and managed by ethnic minorities to improve their competitiveness and ensure they contribute to air quality outcomes will be eligible for financing, or residents from ethnic minorities communities benefiting from the air quality outcomes resulting from the subproject. An ethnic minority development plan (EMDP) will be prepared. If ethnic minorities are the sole or the overwhelming majority of direct project beneficiaries, and when impacts are all positive, the elements of the EMDP could be included in the overall subproject design in lieu of preparing a separate EMDP.</td>
</tr>
<tr>
<td>C</td>
<td>A proposed project is classified as category C if it is not expected to have impacts on Indigenous Peoples.</td>
<td>No action needed.</td>
</tr>
</tbody>
</table>


D. Social Safeguards Planning and Due Diligence for Potential Qualified Subprojects

124. If the project classification and initial screening process indicate that a subproject will have positive impacts on ethnic minorities who can be considered as IPs as per the SPS, I&G will carry out a social impact assessment (SIA) and prepare an EMDP in accordance with the ESMS and following ADB’s SPS SR 3 on IPs. The scope and the level of detail and comprehensiveness of the SIA will be proportional to the complexity of the proposed subproject and commensurate with the nature and scale of the proposed subproject’s potential positive impacts on EMs. If ethnic minorities are the sole or the overwhelming majority of direct project beneficiaries, and when
impacts are all positive, the elements of the EMDP could be included in the overall subproject design in lieu of preparing a separate EMDP. The sample outline for the EMDP is attached as Appendix 5.

125. In case of subprojects with past land acquisition or involuntary resettlement, I&G in consultation with the concerned government agencies, will conduct due diligence to assess implementation of land acquisition and resettlement activities. If there are any outstanding or legacy issues, I&G will submit the DDR including corrective actions to ADB for review and consideration. ADB will decide if the proposed subproject can be financed under the Program. The sample outline for the DDR is attached as Appendix 6.

126. For projects involving facilities and/or business activities that already exist or are under construction, PRC’s country system has no such requirements. ADB requires the conduct of SCA, including on-site assessment, to identify past or present concerns related to impacts on social safeguards. I&G together with the concerned government agencies, will prepare a social compliance audit report. If there are any outstanding/legacy issues, the ESMS unit at of I&G will submit the social compliance audit report including corrective actions to ADB for review and consideration. ADB will decide if the proposed subproject can be financed. For the sample outline for the SCA report template, please refer to the template for the DDR.

127. For EMDPs, SCAs, DDRs prepared, it will require the review and clearance by ADB for the first five potential subprojects. In case there is change in staffing during implementation, i.e., after review of all five subprojects, ADB may require I&G to resume the submission of the screening and categorization forms to ADB for review and clearance if it is assessed that capacity of new staff to carry out safeguard due diligence may be limited.

128. As soon as ADB’s review and concurrence of such documents will no longer be necessary, I&G will submit the documents to ADB for information and reporting purposes as follows:
   (i) screening and categorization forms approved by I&G will be included in the annual environmental and social monitoring reports; and
   (ii) EMDPs/DDRs/SCA reports (in English language) approved by I&G will be included in the annual environmental and social monitoring reports.

129. For any subprojects where there are significant/sensitive legacy or outstanding issues that may put the project at risk, it will not be considered for financing.

130. The detailed procedures for subproject selection are shown in Figure 5.

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28 ADB may request for additional information or revisions if gaps are found. I&G will submit revised forms as necessary.
29 ADB may request for additional information or revisions if gaps are found. I&G will submit revised documents as necessary.
**Figure 5: Subproject Selection Procedure Relevant to ESMS**

1. I&G announces opportunities to use the FIL
   - Receive subproject applications
2. I&G checks the eligibility of proposed subprojects using the ADB's PIAL and subproject selection criteria
   - Accept?
     - Yes
     - No
     - Send "regret" letter to the proposed subproject
3. I&G requests the proposed subproject to prepare environmental & social screening checklists
4. I&G receives the checklists, conducts initial site visits, and validates the information
5. I&G completes screening, categorization for environment, involuntary resettlement, Indigenous Peoples
   - Category A and B for IR, category A for IP? Category B for IP with adverse impacts on ethnic minorities?
     - Yes
     - Send "regret" letter to the proposed subproject
     - No
6. I&G requests ESMS manager and sub-borrowers to proceed and prepare diligence reports/safeguards/social documents
7. ESMS manager conducts due diligence and prepare the reports in compliance with the PRC and ADB SPS requirements, with support from PICs
8. I&G reviews the due diligence reports and safeguards and social documents
9. I&G approves the subprojects

*Note: For Ethnic Minority Development Plan (EMDP), Due Diligence Report (DDR) and Social Compliance Audit (SCA) prepared, it will require the review and clearance by ADB for the first five potential subprojects. In case there is a change in staffing during...*
implementation, i.e., after review of all five subprojects, ADB may require I&G to resume the submission of screening and categorization forms to ADB for review and clearance if it is assessed that capacity of new staff to carry out safeguard due diligence may be limited. As soon as ADB’s review and concurrence of such documents will no longer be necessary, I&G will submit the documents to ADB for information and reporting purposes as follows (a) screening and categorization forms approved by I&G will be included in the annual monitoring reports; (b) EMDP, DDR and SCA (in English language) approved by I&G will be included in the annual environmental and social monitoring reports. For any subprojects where there are significant/sensitive legacy or outstanding issues that may put the project at risk, it will not be considered for financing.
VII. PUBLIC CONSULTATION AND INFORMATION DISCLOSURE

131. In order to engage with the community and enhance public understanding on the Project and address the issues, meaningful consultation\(^{30}\) shall be conducted. Various types of APs and other stakeholders will be consulted through group discussions, meetings and individual interviews by I&G. The opinions of the stakeholders and their perceptions will be obtained during these consultations and will be documented including stakeholders’ concerns and actions taken or to be taken. Documentation of consultations will be reflected in the safeguards documents and monitoring reports.

132. For information disclosure, I&G will submit to ADB the following documents for disclosure on ADB’s website:

(i) For environment category A subprojects, a full copy of the English EIA document. The English EIA must be disclosed at ADB website for 120 days prior to the subproject approval by I&G;

(ii) EMDPs, SCAs and DDRs in English language for the first five potential subprojects;\(^{31}\)

(iii) Annual consolidated environmental and social monitoring reports (Appendix 9) during the project implementation stage, including social safeguards, environmental performance and other social issues such as community concerns in English; and

(iv) Annual ESMS implementation reports (Appendix 10).

133. I&G will ensure that all the qualified subprojects will provide relevant environmental and social safeguards information, including information from the above documents, in a timely manner, in an accessible place and in a form understandable to AP, surrounding local communities, and other stakeholders before subproject approval and during subproject implementation.

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\(^{30}\) A process that (i) begins early in the project preparation stage and is carried out on an ongoing basis throughout the project cycle; (ii) provides timely disclosure of relevant and adequate information that is understandable and readily accessible to affected people; (iii) is undertaken in an atmosphere free of intimidation or coercion; (iv) is gender inclusive and responsive, and tailored to the needs of disadvantaged and vulnerable groups; and (v) enables the incorporation of all relevant views of affected people and other stakeholders into decision making, such as project design, mitigation measures, the sharing of development benefits and opportunities, and implementation issues.

\(^{31}\) For DDR and SCA prepared, it will require the review and clearance by ADB for the first five potential subprojects. In case there is change in staffing during implementation, i.e., after ADB’s review of all five subprojects, ADB may require the I&G to resume the submission of screening and categorization forms to ADB for ADB’s review and clearance if it is assessed that capacity of new staff to carry its own due diligence may be limited.
VIII. GRIEVANCE REDRESS MECHANISM

134. Public grievances will most likely relate to environmental and social issues encountered during the implementation of the subprojects, both in construction and operation phases. Therefore, I&G need to develop and operate the project level GRM to ensure that a proper GRM at all levels is established and operated so that all complaints under the FIL will be recorded and addressed systematically.

135. The GRM designated staff of the subborrowers and I&G will accept the complaints/grievances lodged by the APs free of charge. Any cost incurred in dealing with a complaint/grievance will be covered by the subborrowers.

136. The GRM process is presented in the paragraphs below. As much as possible, all grievances should be resolved at the first entry level, hence, it is essential that staff involved are familiar with complaints handling and resolution, adequate staff are in place, and necessary budget to operate the GRM is allocated. In accordance with ADB’s Accountability Mechanism Policy, if the complainants are not satisfied with the suggested solution/s related to environment, safeguards and other social concerns, the aggrieved person/s can submit their concerns or complaints to the ADB’s Project Team. If good faith efforts are still not successful, they can access ADB’s Accountability Mechanism through the ADB’s Office of Special Project Facilitator (OSPF) or Compliance Review Panel (CRP), or seek local legal address.

A. Grievances Related to Land Acquisition and Resettlement

137. There is an existing grievance redress mechanism as per Government laws and regulations. To ensure proper acknowledgement, recording, facilitation, and timely resolution of complaints sent directly to the concerned government agencies, village officials, or I&G, I&G shall establish a GRM tracking system, which will include the following activities: (i) preparation of tracking forms and procedures for gathering information from project personnel and complainant(s); (ii) regular updating of the GRM database by the safeguard staff; and (iii) a simple but effective filing system, so that data can be retrieved for reporting purposes. A GRM Reporting Form (Appendix 7) will be provided to the sub-borrowers, concerned villages, Natural Resources Bureau (NRB), and House Demolition Office (HDO) as appropriate. The form will be filled in by the sub-borrowers, village committees, Land Regulation Bureau (LRB), HDO to document and track the grievances/complaints/requests received and resolutions made by their respective offices. The ESMS staff will regularly meet and obtain the information from concerned staff and input them in the GRM tracking system. Summary of grievances in terms of nature of grievance, resolutions and status will be included in the annual environmental and social monitoring reports.

138. In line with PRC’s laws and regulations on complaints related to land acquisition, the following steps shall be followed. I&G will ensure that proper coordination and cooperation are in place for timely resolution of complaints. For each step or regardless of which agency or group is approached by the complainant (i.e., village official, NRB, HDO or subborrower), I&G should be informed immediately.
Step 1: The APs submit an oral or written petition/complaint to the village committee. For an oral complaint, the village committee must make written records properly and give a clear reply within 2 weeks32 (10 working days).

Step 2: If the complainant is not satisfied with the reply in Step 1, s/he can appeal to the township government/sub-district after receiving the reply in Step 1 and the township government/sub-district will deal with the grievance within 2 weeks33 (10 working days).

Step 3: If the AP is still not satisfied with the reply of township government, s/he can appeal to county/district Natural Resources Bureau or House Demolition Administration Office, and the Natural Resources Bureau or House Demolition Administration Office must give a reply within 2 weeks.34

B. Grievances Related to Environment and Social Impacts

139. At the subproject level, regardless of environmental categorization, all qualified subprojects must establish the following five main steps of GRM and implement them accordingly. At the subproject level, the designated ESMS manager at I&G will be the main focal person of the GRM and will ensure effective GRM implementation and GRM information disclosure through close cooperation and communications with the subborrowers.

140. If any grievance was not effectively solved at the subproject level, I&G will facilitate the development of a reasonable, effective, and satisfactory resolution. The following describes the five main steps of the subproject level GRM.

(i) **Step 1: Resolution at Subproject Level.** If a concern arises, the AP may try to resolve the issue of concern with the GRM designated staff at the subproject or complain to the local authorities, such as the local Ecology and Environment Bureau (EEB). If the concern is resolved successfully by the subproject, no further follow-up is required. Nonetheless, the GRM designated staff at the subproject shall record any complaint and actions taken to resolve the issues and report the results to the GRM designated staff at I&G. If no solution is found within 10 working days or if the complainant is not satisfied with the suggested solution, proceed to Step 2.

(ii) **Step 2: Official Complaint to I&G.** The AP will submit the grievance directly, or via the GRM designated staff at the subproject, to the GRM designated staff at I&G who must assess the eligibility of the complaint, including whether Step 1 has been implemented properly, identify a solution in conjunction with the subproject, and give a clear reply within 10 working days to the complainant and to the GRM designated staff at the subproject with the suggested solution. The subborrower shall implement the redress solution and convey the outcome to I&G within 7 working days.

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32 According to article 10 of Regulations on Letters and Visits (decree of the state council of PRC No. 431), adopted at the 76th Executive Meeting of the State Council on January 5, 2005, the local government has formulated village and township level letters and visits implementation system, normally, the village committee and township government must make written records properly and give a clear reply within 10 working days.

33 The same as the footnote above.

34 According to article 22 of Regulations on Letters and Visits of Land Resource (Decree of the Ministry of Land and Resources of the PRC No. 32), the department for letters and visits of the people's government at or above the county level shall, upon receiving a letter or visit, register the letter-or-visit matter presented and handle it on the merits of each case within 15 days. In article 10 of Simple Measures for Handling Letters and Visits (for Trial Implementation) (GXF(2016)No.8) issued by National Public Complaints and Proposals Administration in July 2016, the administrative units has the right to handle the simple complaint reporting matters within 10 working days from the date of acceptance. If a reply can be made immediately, the handling opinions shall be provided immediately.
(iii) **Step 3: Stakeholder Meeting.** If no solution is identified or if the complainant is not satisfied with the suggested solution under Step 2, the GRM designated staff at the subproject will organize, within 10 days, a multi-stakeholder meeting where all relevant stakeholders, including the complainant, the GRM designated staff at the subproject or other representative(s), the GRM designated staff at I&G, and local EEB will be invited. The meeting will aim to find a solution acceptable to all parties, and identify responsibilities and an action plan. The subborrower will implement the agreed-upon redress solution and convey the outcome to I&G within 7 working days.

(iv) **Step 4: Large Scale Stakeholder Meeting.** If the complainant is not satisfied with the suggested solution under Step 3, the subborrower, I&G, relevant EEBs, and other local government authorities, shall organize another multi-stakeholder hearing process within 10 days and shall find a solution acceptable to all parties. Based on the agreement, an action plan shall be developed and implemented by the subborrower within the agreed timeframe.

(v) **Step 5:** If complaint is still not addressed, AP may seek legal redress through local legal system.

141. **Figure 6** shows the project level GRM procedures on environment Safeguard-related complaints.
Figure 6: GRM Procedures on Environment Safeguard-related Complaints

**Step 1: Resolution at Local Level**
AP tries to resolve issue directly with the GRM designated staff of the subborrower within **10 days**.

- **Complaint Redressed**
- **Complaint Not Redressed**

**Step 2:** GRM designated staff at I&G assess the issues and respond the APs with solution within 10 days, which shall be implemented within 7 days.

- **Complaint Redressed**
- **Complaint Not Redressed**

**Step 3:** GRM designated staff of the subborrower organizes a multi-stakeholder meeting (I&G and local EEB participate) and develop a solution within 10 days, which shall be implemented within **7 days**.

- **Complaint Redressed**
- **Complaint Not Redressed**

**Step 4:** Larger scale multi-stakeholder hearing by the subborrower, I&G, local EEB, local governments, and the AP and finds solutions acceptable to all within **10 days**.

- **Complaint Redressed**
- **Complaint Not Redressed**

**Step 5:** If complaint is still not addressed, AP may seek legal redress through local legal system.

IX. INSTITUTIONAL RESPONSIBILITY, STAFFING AND TRAINING

142. I&G will exercise fiduciary oversight over the FIL and ensure adequate resources are available to undertake environmental and social management on all qualified subprojects.

143. The ESMS Manager (or other designated staff) at I&G will (i) oversee environmental and social issues on all qualified subprojects, (ii) undertake or ensure adequate resources are made available for undertaking environmental and social screening, categorization and due diligence on all qualified subprojects, including requirements for domestic EIA, EMDP, DDR, SCA and submit the required information to ADB as applicable; (iii) undertake or ensure adequate resources are made available for undertaking supervision and monitoring of environmental and social management performance of all qualified subprojects; (iv) ensure all the qualified subprojects fulfill environmental monitoring requirements in domestic EIA; and (v) submit consolidated environmental and social monitoring reports in English to ADB annually; and (vi) submit annual ESMS implementation report reports in English to ADB during the FIL implementation stage. I&G shall ensure that ADB is notified if and when the responsible staff at I&G has been changed or replaced with new staff.

144. I&G will still designate its existing ESMS Unit to implement the ESMS. The ESMS unit consists of four ESMS staff (two for environmental and two for social safeguard). PICs and ACEE will continue to be engaged to provide technical support to I&G so that the ESMS can be fully operational before the first disbursement of ADB loan. Trainings on SPS 2009 and the ESMS requirements have been conducted by ADB staff in January 2020 with around 10 participants. More trainings will be provided if needed during project implementation.

145. During the implementation of the existing Loan, I&G has gained sufficient capacity to conduct environmental and social safeguards due diligence for subprojects, especially with the support of PICs and ACEE.

<table>
<thead>
<tr>
<th>SDIC</th>
<th>I&amp;G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensures compliance with ADB SPS (2009) and other requirements relating to environmental and social safeguards.</td>
<td>Adopts the ESMS as part of its overall management system.</td>
</tr>
<tr>
<td>Duly and diligently implement and meet all the requirements of ESMS, which can be revised if necessary.</td>
<td>Ensure financial leasing companies and all subprojects to duly and diligently implement and meet all the relevant requirements of ESMS.</td>
</tr>
<tr>
<td>Takes ultimate responsibility for ESMS implementation.</td>
<td>Maintains a safeguard unit with suitably qualified and experienced full-time staff including an ESMS Manager.</td>
</tr>
<tr>
<td>Enters into long-term consulting services agreements with PICs and ACEE to provide expertise in environment due diligence assessment and monitoring on need basis.</td>
<td>Reviews subproject applications, appraises them, and selects subprojects in accordance with the selection criteria, due diligence and approval procedures that are described in the ESMS.</td>
</tr>
<tr>
<td>If any subproject is categorized as A for environment, ensure it meets SPS 2009 requirements, including submission and obtaining ADB clearance of environmental impact assessment reports (including environmental audits if required) and disclosing it for 120 days on ADB website before final approval.</td>
<td>For environment category B subprojects, I&amp;G will submit screening and categorization forms for the first five subprojects to ADB for clearance. For the subsequent subprojects, I&amp;G shall attach the environmental and social...</td>
</tr>
<tr>
<td>Bank of Beijing</td>
<td>Participate in subproject financial due diligence along with I&amp;G for subprojects with cofinancing.</td>
</tr>
<tr>
<td>---------------</td>
<td>-------------------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| Financial Leasing Companies | Adopts the ESMS policies and all the relevant requirements under their own version of this ESMS, including GRM, as part of its overall management.  
Diligently implement and meet all the requirements of ESMS for all their subprojects.  
Maintains a safeguard unit with suitably qualified and experienced full-time staff including an ESMS Manager.  
Prepares due diligence reports for subprojects and submits them to I&G for no-objection before final approval.  
Supervises and monitors the implementation progress of subprojects, including compliance with the terms and conditions of the agreements.  
Conducts regular site visits and safeguard review missions in accordance with ESMS requirements.  
Requests remedial actions in the event of noncompliance with the obligations under leasing agreement with respect to ESMS implementation.  
Ensures environmental and social safeguards compliance of all subprojects in accordance with PIAL, the PRC laws and regulations.  
Submits all required reports to I&G and retains supporting documentation for ADB to examine at any time. |
| Subborrowers (end borrowers of ADB loan, including financial leasing, and Clean Air Bond Issuers) | Provide information and reports required under the ESMS to I&G.  
Get required approvals from relevant authorities such as local EEBs in accordance with all the relevant PRC laws and regulations.  
Implement subprojects in accordance with the subloan agreements and subproject agreement, including financial leasing agreement.  
Ensure the subprojects comply with the requirements assigned to subborrowers under the ESMS.  
Provide monitoring and evaluation information and participate in the completion review of the subproject.  
Adhere to PRC laws and regulations and PIAL. |
| ADB | Supports I&G by providing training, advice, guidance, and supervision and monitoring on the ESMS implementation in accordance with SPS requirements so that ADB interests are safeguarded for all ADB’s investment.  
Conducts regular site visits and safeguard review missions in accordance with SPS requirements.  
Reviews EIA reports (including audit report if required) for environment category A subprojects, performs quality control of the EIA report, and clears it, while ensuring the subprojects to meet 120 days disclosure requirement before providing no objection to final subproject approval. |
The consolidated annual environmental and social monitoring reports and annual ESMS implementation reports will be disclosed on ADB website.
- Reviews EMDP, DDR and SCA for the first 5 potential subprojects and clears it before providing no objection to final subproject approval.
- Reviews project progress reports, environmental and social monitoring reports, and ESMS implementation reports.
- Monitors implementation of ESMS.
- Reviews and endorses applications of the first five new subprojects.
- Requires I&G to develop CAPs and act on any non-compliance issues in a timely manner.
- Organizes PCR jointly with various agencies and project stakeholders.


a For DDR and SCA prepared, it will require the review and clearance by ADB for the first five potential subprojects. In case there is change in staffing during implementation, i.e., after review of all five subprojects, ADB may require the I&G to resume the submission of the screening and categorization forms to ADB for ADB’s review and clearance if it is assessed that capacity of new staff to carry out safeguard due diligence may be limited.

Source: ADB Estimates.

146. I&G will also maintain a pool of qualified PICs who will then provide professional environmental and social support to: (i) screen potential subprojects to be financed under the FIL; (ii) review and evaluate the subprojects against SPS 2009; (iii) conduct site visits and perform environmental and social due diligence; (iv) conduct capacity training; and (v) monitor environmental and social performance and support I&G in preparing relevant reports.

147. **Estimated consulting services budget.** The estimated costs for implementing ESMS during the implementation phase as well as operation phase are summarized in Table 6. The total indicative estimated cost is about $163,000.

148. **Training.** The ESMS Manager (and/or designated staff) at I&G and subborrowers will take a series of capacity building measures on a needed basis. In addition, PICs will provide training on environment and social safeguard screening process to the ESMS manager and more training will be provided on SPS 2009 and ESMS requirements. Future qualified subborrowers will take these training courses before the first disbursement of their subloans.

149. **Table 7** presents the training program and associated costs.
Table 6: Indicative Estimated Budget for Implementing ESMS (is US Dollar)

<table>
<thead>
<tr>
<th>No.</th>
<th>Position</th>
<th>Person-month</th>
<th>Monthly salary</th>
<th>Per diem</th>
<th>Travel cost</th>
<th>Budget</th>
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</thead>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Start-up phase</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Environment safeguard and ESMS specialist</td>
<td>2</td>
<td>6,000</td>
<td>3,000</td>
<td>2,000</td>
<td>17,000</td>
</tr>
<tr>
<td>2</td>
<td>Social safeguard and ESMS specialist</td>
<td>2</td>
<td>6,000</td>
<td>3,000</td>
<td>2,000</td>
<td>17,000</td>
</tr>
<tr>
<td></td>
<td><strong>Subtotal</strong></td>
<td>4</td>
<td>6,000</td>
<td>4,000</td>
<td></td>
<td>34,000</td>
</tr>
<tr>
<td></td>
<td><strong>Implementation phase</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Environment safeguard and ESMS specialist</td>
<td>6</td>
<td>6,000</td>
<td>13,500</td>
<td>20,000</td>
<td>69,500</td>
</tr>
<tr>
<td>2</td>
<td>Social safeguard and ESMS specialist</td>
<td>6</td>
<td>6,000</td>
<td>13,500</td>
<td>20,000</td>
<td>69,500</td>
</tr>
<tr>
<td></td>
<td><strong>Subtotal</strong></td>
<td>12</td>
<td>27,000</td>
<td>40,000</td>
<td></td>
<td>139,000</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>16</strong></td>
<td><strong>33,000</strong></td>
<td></td>
<td></td>
<td><strong>163,000</strong></td>
</tr>
</tbody>
</table>

ESMS = environmental and social management system.
<table>
<thead>
<tr>
<th>Training Topic</th>
<th>Trainer</th>
<th>Attendees</th>
<th>Contents</th>
</tr>
</thead>
</table>
| ADB Safeguard Training - ADB safeguard policy, ESMS | PICs, I&G, PICs, subborrowers (Note: All subprojects must receive this training prior to subproject implementation) |  | ADB and PRC EHS laws, regulations and policies: 
  - The project's ESMS and requirements including links to ADB's SPS 2009, policy principles, policy delivery process, environmental and social safeguard requirements, and others,  
  - Subproject categorization and requirements of domestic EIA  
  - Environmental and social due diligence and compliance audit  
  - Applicable PRC EHS laws, policies, standards and regulations  
  - International environmental, health and safety management practice in civil constructions including World Bank EHS Guidelines  
  - Climate risk screening  
  - GRM:  
    - GRM structure, responsibilities, and timeframe  
    - Types of grievances and eligibility assessment  
  - Implementation of mitigation measures and environmental monitoring plan:  
    - Impacts and mitigation measures during construction, operation, and decommissioning  
    - Monitoring and auditing mechanism  
    - Reporting requirements  
  - Implementation of ESMS:  
    - ESMS objectives, contents, subproject criteria, other issues regarding ESMS |

<table>
<thead>
<tr>
<th>Time per person (days)</th>
<th>Period per time</th>
<th>No. of Persons per time</th>
<th>Budget ($)</th>
<th>Source of Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>2</td>
<td>50</td>
<td>$60,000</td>
<td>Counterpart Fund</td>
</tr>
</tbody>
</table>

Total $60,000

X. COMPLIANCE MONITORING AND REPORTING

A. Compliance Monitoring and Reporting

150. After a subproject with category A, B for environment, Category C for IR, and Category B3533 (positive impacts) on IP is approved, the ESMS manager of I&G (or other designated staff) with the support from the PICs (if needed), shall (i) make regular visits to the site to monitor the subproject on ESMS implementation; (ii) confirm quarterly that the subproject is undertaking the obligations of compliance with all applicable environmental and social safeguard requirements, including the PIAL, PRC regulations, ESMS, and GRM; and (iii) document and promptly report to ADB any actual or potential breach of the compliance requirements, and will work with the subborrower to bring the subproject back into compliance.

151. Environmental and social performance of all subprojects will be evaluated on a semi-annual basis by I&G during the project implementation stage. The benchmark for performance will be the ongoing compliance against the applicable environmental and social safeguard requirements in the subproject loan agreement, ESMS, and any other safeguard documents. The ESMS unit at I&G will ensure that category A and B for environment, Category C for IR, and Category B (positive impacts) on IP subprojects are complied with, and prepare and submit annual environmental and social monitoring reports (Appendix 9), and will review and assess the subproject’s performance on environmental and social safeguard issues.

152. All the subproject level environmental monitoring reports must contain a report on progress with the CAP (if any) and the environmental monitoring data required by the domestic EIA document, as applicable. In case any environmental incident related to subproject activities/area during reporting period, the subproject shall prepare an incident report and attach it to the environmental and social monitoring report using an incident report form including identification of corrective action. In the event of unanticipated impacts or major changes in subproject scope, the categorization will be reconfirmed and it may be necessary to update the domestic EIA document, and prepare a CAP in accordance with SPS 2009 requirements. At the subproject level, for social safeguards, activities related to screening, due diligence for subprojects, including confirmation that the subprojects are still Cat C for IR and Category B (positive impacts) on IP need to be included in the annual monitoring report.

153. Based on the review of the environmental and social monitoring reports for Category A and B for environment, Category C for IR, and Category B (positive impacts) on IP subprojects prepared by the subproject companies, the ESMS unit at I&G with support from the PICs will prepare (i) consolidated annual environmental and social monitoring reports in English during implementation stage until loan closure, and submit them to ADB; and (ii) annual ESMS implementation reports after the loan effectiveness during project implementation stage, and submit them to ADB. These reports will be disclosed on ADB website. A template form for the ESMS implementation report is attached in Appendix 10.

35 No adverse impacts on ethnic minorities will be supported. The project is not likely to have significant impacts (positive or negative) on ethnic minorities since none of the five key areas as per ADB SPS will be adversely affected (customary rights of use and access to land and natural resources; socio-economic status; cultural and communal integrity; health, education, livelihood and social security status; and indigenous knowledge) nor will the ethnic minorities experience change in any of the key areas.
XI. ASSURANCES

154. The following assurances of the project are agreed among I&G and ADB.

- I&G will make available all necessary funds and resources to the qualified subborrowers for the subprojects in a timely manner.
- I&G will ensure that all subprojects must meet the selection criteria presented in this ESMS.
- I&G will ensure that climate risk assessments will be conducted for all subprojects and the impacts of climate risks to the project will be taken into account during the subproject design.
- No subloan will finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS 2009 (Appendix 1), including subprojects that involve the production of or trade in any product or activity deemed illegal under the PRC laws or regulations or international conventions and agreements or subject to international phase outs or bans.
- I&G will have dedicated staff to provide supervision and management support to the subproject including sufficient dedicated suitable qualified and experience staff to ensure satisfactory ESMS implementation.
- I&G will ensure that all the subprojects will provide to the APs and other stakeholders relevant environmental and social safeguards information in Chinese, in a timely manner, in an accessible place and in a form understandable to the APs and other stakeholders.
Appendix 1: ADB Prohibited Investment Activities List
Appendix 2: Environment Screening Checklist and Categorization Form
Appendix 3: Involuntary Resettlement Checklist and Categorization Form
Appendix 4: Indigenous Peoples Checklist and Categorization Form
Appendix 5: Sample Outline for Ethnic Minorities Development Plan
Appendix 6: Sample Outline for the Due Diligence Report or Social Compliance Audit Report
Appendix 7: Labor Retrenchment Impact Checklist Form
Appendix 8: Sample Grievance Redress Form
Appendix 9: Sample Outline for Environmental and Social Monitoring Report
Appendix 10: Sample Outline of an ESMS Implementation Report
Appendix 1
ADB Prohibited Investment Activities List

The following do not qualify for Asian Development Bank financing:

(i) production or activities involving harmful or exploitative forms of forced labor\(^1\) or child labor;\(^2\)

(ii) production of or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements or subject to international phaseouts or bans, such as (a) pharmaceuticals,\(^3\) pesticides, and herbicides,\(^4\) (b) ozone-depleting substances,\(^5\) (c) polychlorinated biphenyls\(^6\) and other hazardous chemicals,\(^7\) (d) wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora,\(^8\) and (e) transboundary trade in waste or waste products;\(^9\)

(iii) production of or trade in weapons and munitions, including paramilitary materials;

(iv) production of or trade in alcoholic beverages, excluding beer and wine;\(^10\)

(v) production of or trade in tobacco;\(^10\)

(vi) gambling, casinos, and equivalent enterprises;\(^10\)

(vii) production of or trade in radioactive materials,\(^11\) including nuclear reactors and components thereof;

(viii) production of, trade in, or use of unbonded asbestos fibers;\(^12\)

(ix) commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests; and

(x) marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats.

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1 Forced labor means all work or services not voluntarily performed, that is, extracted from individuals under threat of force or penalty.
2 Child labor means the employment of children whose age is below the host country’s statutory minimum age of employment or employment of children in contravention of International Labor Organization Convention No. 138 “Minimum Age Convention” (www.ilo.org).
3 A list of pharmaceutical products subject to phaseouts or bans is available at http://www.who.int.
4 A list of pesticides and herbicides subject to phaseouts or bans is available at http://www.pic.int.
5 A list of the chemical compounds that react with and deplete stratospheric ozone resulting in the widely publicized ozone holes is listed in the Montreal Protocol, together with target reduction and phaseout dates. Information is available at http://www.unep.org/ozone/montréal.shtml.
6 A group of highly toxic chemicals, polychlorinated biphenyls are likely to be found in oil-filled electrical transformers, capacitors, and switchgear dating from 1950 to 1985.
7 A list of hazardous chemicals is available at http://www.pic.int.
8 A list is available at http://www.cites.org.
9 As defined by the Basel Convention; see http://www.basel.int.
10 This does not apply to project sponsors who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to a project sponsor’s primary operations.
11 This does not apply to the purchase of medical equipment, quality control (measurement) equipment, and any equipment for which ADB considers the radioactive source to be trivial and adequately shielded.
12 This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
Appendix 2
Environment Screening Checklist and Categorization Form

A. RAPID ENVIRONMENTAL ASSESSMENT CHECKLIST

Instructions:
(i) The subproject shall complete this checklist to support the environmental classification of the subproject.

(ii) This checklist focuses on environmental issues and concerns. To ensure that social dimensions are adequately considered, refer also to ADB’s (a) checklists on involuntary resettlement and Indigenous Peoples; (b) poverty reduction handbook; (c) staff guide to consultation and participation; and (d) gender checklists.

(iii) Answer the questions assuming the “without mitigation” case. The purpose is to identify potential impacts. Use the “remarks” section to discuss any anticipated mitigation measures.

Subproject Title:

<table>
<thead>
<tr>
<th>Screening Questions</th>
<th>Yes</th>
<th>No</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. SUBFIS SITING</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is the subproject area adjacent to or within any of the following environmentally sensitive areas? (Identify environmentally sensitive areas within the area of influence of the subproject area and state distance to subproject area)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) Environmental protection zone</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2) Cultural heritage site</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3) Legally Protected Area</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4) Wetland</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5) Mangrove</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6) Estuarine</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7) Coast</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8) Mountain</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9) Forest</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10) Buffer zone of legally protected area</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11) Special area for protecting biodiversity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12) Areas with high biodiversity value (critical habitat)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13) Densely populated area</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14) Locale in which ambient quality standards are already exceeded</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. POTENTIAL ENVIRONMENTAL IMPACTS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Will the subproject cause…</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15) impairment of historical/cultural monuments/areas, and loss/damage to these sites?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Sector-specific REA checklists will be provided to ESMS manager, staff and consultants.
<table>
<thead>
<tr>
<th>Screening Questions</th>
<th>Yes</th>
<th>No</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>16) disfiguration of landscape or potential loss/damage to physical cultural resources?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17) disturbance to precious ecology (e.g. sensitive or protected areas)?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18) degradation of land and ecosystems (e.g. loss of wetlands and wild lands, coastal zones, watersheds and forests)?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19) interference with other utilities and blocking access to buildings; nuisance areas due to noise and odor?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20) dislocation or involuntary resettlement of people?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21) disproportionate impacts on the poor, women and children, Indigenous Peoples or other vulnerable groups?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22) air pollution resulting from emissions of hydrocarbons or other pollutants from process equipment, fugitive emissions, venting or flaring, accidents, inadequate equipment maintenance, and poor planning?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23) dangers to a safe and healthy working environment due to physical, chemical, biological, and radiological hazards during subproject construction and operation?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24) noise and dust from construction activities or operation?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25) air pollution resulting from emissions from production process, accidents, and poor equipment maintenance?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26) pollution of water bodies and aquatic ecosystem resulting from chemical spillage, process wastewater, production wastes, utility operations, sanitary sewage, and miscellaneous discharges?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27) contamination of soil and groundwater from chemical spillage, solid wastes from water treatment sludges, cafeteria or lunchroom wastes, ashes and incineration residues, etc.?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28) large population influx during project construction and operation that causes increased burden on social infrastructure and services (such as water supply and sanitation systems)?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>29) social conflicts if workers from other regions or countries are hired?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30) risks to community health and safety during construction and operation caused by chemical spills, from road accidents and possible groundwater contamination?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31) risks to community health and safety (e.g. from fire, explosion or chemical leak) due to the transport, storage, and use and/or disposal of materials such as explosives, fuel and other chemicals during construction and operation?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Screening Questions

<table>
<thead>
<tr>
<th>Screening Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>32) community safety risks due to both accidental and natural hazards, especially where the structural elements or components of these are accessible to members of the affected community or where their failure could result in injury to the community throughout project construction, operation and decommissioning?</td>
</tr>
</tbody>
</table>

---

**SUBPROJECT DESCRIPTION AND ENVIRONMENTAL CATEGORIZATION**

**Subproject Title:**

---

**Detailed Subproject Description:**

---

**Overall conclusion on Environment Category (circle one):**

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
</tr>
</thead>
</table>

**Reason for conclusion:**


B. A Checklist for Preliminary Climate Risk Screening

<table>
<thead>
<tr>
<th>Subproject Title:</th>
<th>Screening Questions</th>
<th>Score</th>
<th>Remarks²</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Location and Design of subproject</strong></td>
<td>Is siting and/or routing of the subproject (or its components) likely to be affected by climate conditions including extreme weather related events such as floods, droughts, storms, landslides?</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Would the subproject design (e.g. the clearance for bridges) need to consider any hydro-meteorological parameters (e.g., sea-level, peak river flow, reliable water level, peak wind speed etc.)?</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Materials and Maintenance</strong></td>
<td>Would weather, current and likely future climate conditions (e.g. prevailing humidity level, temperature contrast between hot summer days and cold winter days, exposure to wind and humidity hydro-meteorological parameters likely affect the selection of project inputs over the life of project outputs (e.g. construction material)?</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Would weather, current and likely future climate conditions, and related extreme events likely affect the maintenance (scheduling and cost) of project output(s)?</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Performance of subproject outputs</strong></td>
<td>Would weather/climate conditions, and related extreme events likely affect the performance (e.g. annual power production) of subproject output(s) (e.g. hydro-power generation facilities) throughout their design lifetime?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Options for answers and corresponding score are provided below:

<table>
<thead>
<tr>
<th>Response</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Likely</td>
<td>0</td>
</tr>
<tr>
<td>Likely</td>
<td>1</td>
</tr>
<tr>
<td>Very Likely</td>
<td>2</td>
</tr>
</tbody>
</table>

Responses when added that provide a score of 0 will be considered low risk subproject. If adding all responses will result to a score of 1-4 and that no score of 2 was given to any single response, the subproject will be assigned a medium risk category. A total score of 5 or more (which include providing a score of 1 in all responses) or a 2 in any single response, will be categorized as high risk subproject.

Result of Initial Screening (Low, Medium, High):___________

Other

Comments: ____________________________________________

Prepared by: _____________(subproject)
Date: _____________
Reviewed by: _____________(consultants)
Date: _____________
Endorsed by: _____________(ESMS Manager)
Date: _____________

² If possible, provide details on the sensitivity of project components to climate conditions, such as how climate parameters are considered in design standards for infrastructure components, how changes in key climate parameters and sea level might affect the siting/routing of project, the selection of construction material and/or scheduling, performances and/or the maintenance cost/scheduling of project outputs.
**Appendix 3**

**Involuntary Resettlement Checklist and Categorization Form**

Name of Sub-project: _______________________________________
Location (city/county/township/village): __________________________

Subproject Description:

Nature of subproject, land area needed, location, etc.

<table>
<thead>
<tr>
<th>IR Safeguard Categorization: □ Category A* □ Category B* □ Category C</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>*Category A and B Subproject is not eligible for Financing.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>A. Permanent Land Acquisition</strong></th>
<th>Yes</th>
<th>No</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Will there be permanent land acquisition?</td>
<td></td>
<td></td>
<td>If the answer is no, please go to Section B, C, and D. For items 2-9 below, put “not applicable”</td>
</tr>
<tr>
<td>2. Is the site for land acquisition known?</td>
<td></td>
<td></td>
<td>Please indicate if the design document (project proposal/feasibility study report) is ready.</td>
</tr>
<tr>
<td>3. Is the ownership status and current usage of land to be acquired known?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Will there be loss of shelter and residential land due to land acquisition?</td>
<td></td>
<td></td>
<td>Please provide estimates</td>
</tr>
<tr>
<td>5. Will there be loss of agricultural and other productive assets due to land acquisition?</td>
<td></td>
<td></td>
<td>Please provide estimates</td>
</tr>
<tr>
<td>6. Will there be losses of crops, trees, and fixed assets due to land acquisition?</td>
<td></td>
<td></td>
<td>Please provide estimates</td>
</tr>
<tr>
<td>7. Will there be loss of businesses or enterprises due to land acquisition?</td>
<td></td>
<td></td>
<td>Please provide estimates</td>
</tr>
<tr>
<td>8. Will there be loss of income sources and means of livelihoods due to land acquisition?</td>
<td></td>
<td></td>
<td>Please provide type of income source/livelihood</td>
</tr>
</tbody>
</table>
9. Additional Information if the answer is yes. Based on initial screening, the following preliminary information has been obtained.

- Estimated households and persons and other entities affected by LA
- Total number of estimated households and persons and other entities affected by HD
- Estimated number of poor and vulnerable households identified
- Other information:

Other documents can be added as appendix:
- Design (project proposal/feasibility study report) approval
- Land Use Pre-examination;
- Site selection approval

<table>
<thead>
<tr>
<th>B. Temporary Occupation of Landa</th>
<th>Yes</th>
<th>No</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Will there be temporary occupation of land?</td>
<td>Yes</td>
<td>No</td>
<td>Remarks</td>
</tr>
<tr>
<td>2. Is the site of the land to be temporarily occupied known?</td>
<td>Yes</td>
<td>No</td>
<td>Remarks</td>
</tr>
<tr>
<td>3. Is the ownership status and current usage of land to be occupied known?</td>
<td>Yes</td>
<td>No</td>
<td>Remarks</td>
</tr>
<tr>
<td>4. Will there be loss of access for residents during temporary occupation?</td>
<td>Yes</td>
<td>No</td>
<td>Remarks</td>
</tr>
<tr>
<td>5. Will there be loss of agricultural and other productive assets?</td>
<td>Yes</td>
<td>No</td>
<td>Remarks</td>
</tr>
<tr>
<td>6. Will there be loss of crops, trees, and fixed assets?</td>
<td>Yes</td>
<td>No</td>
<td>Remarks</td>
</tr>
<tr>
<td>7. Will there be loss of access for businesses or enterprises during construction?</td>
<td>Yes</td>
<td>No</td>
<td>Remarks</td>
</tr>
<tr>
<td>8. Will there be loss of income sources and means of livelihoods during construction?</td>
<td>Yes</td>
<td>No</td>
<td>Remarks</td>
</tr>
</tbody>
</table>

9. For temporary occupation of land, please provide estimated timeframe (i.e. 6 months temporary occupation, 1 year etc.).

- Estimated number of households and persons and other entities affected by LA
- Villages to be temporarily affected by LA
- Type of structures that will be potentially affected (fences, waiting sheds, etc.)
- Other information
### C. Prior Land Acquisition

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Has there been any prior land acquisition for the sites?</td>
</tr>
</tbody>
</table>

Additional Information if the answer is yes. Based on initial screening, the following preliminary information has been obtained.

- When it was acquired and for what purpose
- Name of village/s and county where project is located and from whom land was acquired
- Total land area occupied by the project
- Total houses/structures demolished by the project
- Status of land acquisition for the facility/project
- Information on status of payment of compensation
- Type of land acquired (i.e. land classification prior to project construction)
- Amount paid by the government agency to original land users for land and/or fixed assets
- Name of local government agency who handled land acquisition and resettlement activities
- Number of persons/households affected by land acquisition and house demolition by the Government
- For the households affected by house demolition, have they been relocated well or still in transition?
- If the Certificate of State-owned Land Using Right has been issued by the government?

If during screening, outstanding or legacy issues were identified, please inform ADB immediately and seek guidance.

For any subprojects where there are significant/sensitive legacy or outstanding issues that may put the project at risk, it will not be considered for financing.

Other documents can be added as appendix:
- Design (project proposal/ feasibility study report) approval
- Land Use Pre-examination;
- Site selection approval
- Land Acquisition Approval (transferring the farmland to construction land)
- Certificate of State-owned Land Using Right

---

*For temporary occupation of state-owned land, it should include information on users of land (temporary allocation or encroachers). For example, farmers may be using the land temporarily or there may be structures on land.*
### D. Existing Facilities

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Remarks</th>
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<td></td>
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<td>If the answer is yes, please attach social compliance audit report or please state that social compliance audit will be carried out by ____ and the SCA report will be submitted to I&amp;G by ______</td>
</tr>
</tbody>
</table>

#### Additional Information if the answer is yes. Based on initial screening, the following preliminary information has been obtained.

- When it was acquired and for what purpose
- Name of village/s and county where project is located and from whom land was acquired
- Total land area occupied by the project
- Total houses/structures demolished by the project
- Status of land acquisition for the facility/project
- Information on status of payment of compensation
- Type of land acquired (i.e. land classification prior to project construction)
- Amount paid by the government agency to original land users for land and/or fixed assets
- Name of local government agency who handled land acquisition and resettlement activities
- Number of persons/households affected by land acquisition and house demolition by the Government
- For the households affected by house demolition, have they been relocated well or still in transition?
- If the Certificate of State-owned Land Using Right has been issued by the government?

If during screening, outstanding or legacy issues were identified, please inform ADB immediately and seek guidance.

For any subprojects where there are significant/sensitive legacy or outstanding issues that may put the project at risk, it will not be considered for financing.

Other documents can be added as appendix:
- Design (project proposal/ feasibility study report) approval
- Land Use Pre-examination;
- Site selection approval
- Land Acquisition Approval (transferring the farmland to construction land)
- Certificate of State-owned Land Using Right
Appendix 4

Indigenous Peoples Checklist and Categorization Form

Name of Sub-project: ____________________________________
Location (city/county/township/village): _______________________

Subproject Description:

Provide information on the presence of ethnic minority groups in the project area.

IP Safeguard Categorization: □ Category A* □ Category B** □ Category C

* The project is not likely to have significant impacts (positive or negative) on ethnic minorities since none of the five key areas as per ADB SPS will be adversely affected (customary rights of use and access to land and natural resources; socio-economic status; cultural and communal integrity; health, education, livelihood and social security status; and indigenous knowledge) nor will the ethnic minorities experience change in any of the key areas.

** Category B subproject with adverse impacts on ethnic minorities will be excluded from financing. Only positive impacts on ethnic minorities will be supported.

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<thead>
<tr>
<th>KEY CONCERNS</th>
<th>YES</th>
<th>NO</th>
<th>Remarks</th>
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<tbody>
<tr>
<td>(Please provide elaborations on the Remarks column)</td>
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</tr>
<tr>
<td>A. Indigenous Peoples Identification</td>
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<tr>
<td>1. Are there socio-cultural groups present in or use the project area who may be considered as ethnic minorities?</td>
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<tr>
<td>2. Are there national or local laws or policies as well as anthropological researches/studies that consider these groups present in or using the project area as belonging to &quot;ethnic minorities&quot;?</td>
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<td>3. Do such groups self-identify as being part of a distinct social and cultural group?</td>
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<td>4. Do such groups maintain collective attachments to distinct habitats or ancestral territories and/or to the natural resources in these habitats and territories?</td>
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<td>5. Do such groups maintain cultural, economic, social, and political institutions distinct from the dominant society and culture?</td>
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<td>6. Do such groups speak a distinct language or dialect?</td>
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<tr>
<td>7. Has such groups been historically, socially and economically marginalized, disempowered, excluded, and/or discriminated against?</td>
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</table>
### KEY CONCERNS
(Please provide elaborations on the Remarks column)

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
<th>Remarks</th>
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<tbody>
<tr>
<td>8.</td>
<td>Are such groups represented as ethnic minorities in any formal decision-making bodies at the national or local levels?</td>
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<tr>
<td><strong>B. Identification of Potential Impacts (positive or negative impacts)</strong></td>
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<tr>
<td>9.</td>
<td>Will the project directly or indirectly benefit or target Indigenous Peoples?</td>
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<tr>
<td>10.</td>
<td>Will the project directly or indirectly affect Indigenous Peoples' traditional socio-cultural and belief practices? (e.g. child-rearing, health, education, arts, and governance)</td>
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<tr>
<td>11.</td>
<td>Will the project affect the livelihood systems of Indigenous Peoples? (e.g., food production system, natural resource management, crafts and trade, employment status)</td>
<td></td>
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<tr>
<td>12.</td>
<td>Will the project be in an area (land or territory) occupied, owned, or used by ethnic minorities, and/or claimed as ancestral domain?</td>
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<tr>
<td><strong>C. Identification of Special Requirements</strong></td>
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<tr>
<td>Will the project activities include:</td>
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<tr>
<td>13.</td>
<td>Commercial development of the cultural resources and knowledge of Indigenous Peoples?</td>
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<tr>
<td>14.</td>
<td>Physical displacement from traditional or customary lands?</td>
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<tr>
<td>15.</td>
<td>Commercial development of natural resources (such as minerals, hydrocarbons, forests, water, hunting or fishing grounds) within customary lands under use that would impact the livelihoods or the cultural, ceremonial, spiritual uses that define the identity and community of Indigenous Peoples?</td>
<td></td>
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<tr>
<td>16.</td>
<td>Establishing legal recognition of rights to lands and territories that are traditionally owned or customarily used, occupied or claimed by indigenous peoples?</td>
<td></td>
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<tr>
<td>17.</td>
<td>Acquisition of lands that are traditionally owned or customarily used, occupied or claimed by indigenous peoples?</td>
<td></td>
<td></td>
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</table>

Prepared by: _____________________________________ Date: _________________
Reviewed by: _____________________________________ Date: _________________
Endorsed by: _____________________________________ Date: _________________
(ESMS Manager)
Appendix 5
Sample Outline for EMDP

An Ethnic Minority Development Plan (EMDP) is required for all subprojects that will result to positive impacts on ethnic minorities. Any adverse impacts on ethnic minorities will not be supported by the Project. The level of detail and comprehensiveness of the EMDP should be commensurate with the subproject and its positive impacts on ethnic minorities.

A. Description of the Subproject

This section provides a general description of the subproject and activities that may bring positive impacts on ethnic minorities.

B. Social Impact Assessment and Beneficial Measures on Ethnic Minorities

This section:
(i) lays out the brief principles and objectives in accordance with PRC laws and regulations and ADB safeguard policy requirements
(ii) describes the socio-economic profile of EM beneficiaries
(iii) describes the subproject activities of the subproject that will have positive benefits on ethnic minorities and corresponding targets and measures/actions to ensure that such benefits will be achieved
(iv) describes EMs’ perceptions about the subproject and its impact on their social, economic, and cultural status.

C. Information Disclosure, Consultation and Participation

This section:
(i) describes the information disclosure, consultation and participation process with the EM communities that was carried out during subproject preparation
(ii) summarizes their comments on the results of the social impact assessment and identifies concerns raised during consultation and how these have been addressed in subproject design
(iii) describes consultation and participation mechanisms to be used during implementation to ensure EM participation during implementation; and
(v) confirms disclosure of the draft and final EMDP to the EM beneficiaries.

D. Grievance Redress Mechanism

This section describes the procedures to redress grievances by EM beneficiaries. It also explains how the procedures are accessible to EMs that are culturally appropriate and gender sensitive.

E. Monitoring, Reporting and Evaluation

This section describes the mechanisms and monitoring indicators appropriate to the subproject for monitoring and evaluating the implementation of the EMDP, including participation of EMs in the preparation and validation of monitoring and evaluation reports, as appropriate.

F. Institutional Arrangements

This section describes institutional arrangement responsibilities and mechanisms for carrying out the various measures of the EMDP, relevant local organizations in carrying out the EMDP measures.

G. Budget and Financing, and Implementation Schedule

This section provides an itemized budget for all activities described in the EMDP and timeframe for EMDP implementation.
Appendix 6
Sample Outline for the Due Diligence Report or Social Compliance Audit Report

I. Introduction
A. Subproject Description
B. Objectives and Scope of the Report. (Please describe the purpose/objectives of this report.)
C. Methodology. (Please describe the methodology for conducting the due diligence. Please also describe what activities were undertaken to complete the due diligence - this can be a review of relevant policies, national laws, interviews with representatives of local government agencies responsible for land, interviews with local people from the village collective from whom lands were acquired and conduct site inspection. Please attach a list of persons met/interviewed and all secondary documents reviewed.)

II. DUE DILIGENCE FINDINGS
1. Scope of Land Acquisition and Resettlement Impacts. Please enumerate in matrix format all the subproject components requiring land acquisition, the amount of land required for each component. Provide information on whether acquisition of the land or right of way required any physical or economic displacement or affected any buildings or structures and required the payment of compensation. Please attach copies of pictures of the subproject site, maps of the subproject site showing the project and the locations of communities.
2. Applicable Laws and Regulations. Describe the national, provincial, prefectural laws, regulations, and policies related to land acquisition.
   • Please discuss how the land was transferred from previous owners/users to the subproject.
   • Information on whether prior land acquisition required any physical displacement from housing or economic displacement from land. Please provide information on amount of compensation paid and how the compensation rate was negotiated with the village collective or land user households.
   • Please provide information on the year land was acquired and by whom, type of land acquired (whether state owned or collectively owned). If collectively owned, indicate land classification - is it agricultural land, commercial land, residential, cultivated dry land, irrigated land, or wasteland, etc.
   • Please indicate number of villages and farmers from whom the land was acquired, the amount of compensation paid for the land and whether the compensation has been paid; whether affected village collective is satisfied with the compensation, whether compensation amount is equivalent to replacement value.
   • Please provide information on options for relocation, arrangement during transition, progress of relocation of AHs;
   • Please attach copies of documents in English related to land ownership to show that the Project has legal tenure over the land.
   • Please describe the detailed consultation procedures for land including who are participants, where and when the consultation took place, what issues were discussed? Please attach the documents, photos.
   • Information on any outstanding issues, complaints or grievances related to land acquisition and the actions proposed to address these issues/grievances.
4. Impacts on ethnic minorities

III. CONCLUSION
Please discuss whether (i) subprojects entailed any land acquisition, restricted access to land, relocation of housing or loss of livelihoods, crops, trees, etc.; (ii) all land acquisition and compensation complied with national laws; (iii) all mitigating measures implemented complied with ADB and national requirements; (iv) there is any outstanding non-compliance issue; and (v) there are no adverse impacts on ethnic minorities.

IV. CORRECTIVE ACTION PLAN
If the findings of the resettlement due diligence of subprojects identified any gaps in the entitlements of affected people as per national law and ADB’s requirements, what are the corrective actions required to ensure compliance with the SPS. Please provide information on corrective actions, budget and timing of implementation.
Appendix 7
Labor Retrenchment Impact Checklist Form

Name of Sub-project: ____________________________
Location (city/county/township/village): ____________________________

Subproject Description:

Nature of subproject, land area needed, location, etc.

<table>
<thead>
<tr>
<th>KEY CONCERNS</th>
<th>YES*</th>
<th>NO</th>
<th>Remarks</th>
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<tbody>
<tr>
<td>(Please provide elaborations on the Remarks column, if necessary)</td>
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<tr>
<td>Are there any labor retrenchment (labor lay-off) due to the project?</td>
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</table>

*If YES, the subproject is not eligible for financing.

Prepared by: ____________________________ Date: _________________
Reviewed by: ____________________________ Date: _________________
Endorsed by: ____________________________ (ESMS Manager) Date: _________________
Appendix 8
Sample Grievance Redress Form

**Reporting Period:** __________ to ___________

<table>
<thead>
<tr>
<th>Name of Subproject:</th>
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<tbody>
<tr>
<td>Location:</td>
<td></td>
</tr>
<tr>
<td>Name of Village/Community</td>
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</table>

<table>
<thead>
<tr>
<th>New Grievances Received this reporting period</th>
<th>See details as per table below</th>
</tr>
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</table>

### Grievances Received during the Reporting Period

<table>
<thead>
<tr>
<th>Number</th>
<th>Date of receiving the grievance</th>
<th>Name of the AP</th>
<th>Contact information (county/township/village/telephone number)</th>
<th>Agency which received the grievance</th>
<th>Nature of grievance</th>
<th>Proposed solution</th>
<th>If the AP is satisfied</th>
<th>Remark</th>
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**Additional Notes:**

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Appendix 8
Sample Grievance Redress Form

**Reporting Period:** __________ to ___________

<table>
<thead>
<tr>
<th>Name of Subproject:</th>
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<tbody>
<tr>
<td>Location:</td>
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<tr>
<td>Name of Village/Community</td>
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<table>
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<tr>
<th>New Grievances Received this reporting period</th>
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### Grievances Received during the Reporting Period

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<th>Agency which received the grievance</th>
<th>Nature of grievance</th>
<th>Proposed solution</th>
<th>If the AP is satisfied</th>
<th>Remark</th>
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**Additional Notes:**
Appendix 9
Sample Outline for Environmental and Social Monitoring Report

Consolidated Environment and Social Monitoring Report
-Reporting Period-

(Indicative Outline)

I. INTRODUCTION

1. Describe scope of report and reporting period, and overall subproject implementation progress.

II. PROGRESS IN IMPLEMENTING ENVIRONMENTAL MANAGEMENT PLAN/ENVIRONMENTAL MONITORING PLAN/ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM

III. COMPLIANCE WITH ADB LOAN COVENANTS AND APPLICABLE GOVERNMENT LAWS, REGULATIONS AND REQUIREMENTS

IV. SIGNIFICANT EVENTS OR ISSUES ENCOUNTERED, OR CHANGES IN PROJECT SCOPE AND CORRESPONDING SAFEGUARD MEASURES UNDERTAKEN, IF APPLICABLE

V. SUMMARY OF MONITORING REPORT FINDINGS

VI. HANDLING OF GRIEVANCES

VII. FOLLOW-UP ACTIONS REQUIRED (IF ANY)

VIII. SUMMARY/CONCLUSION

- The report should include the name, signature, position and contact address of the person submitting the report to ADB.

Notes:
- Above outline is indicative and could be tailored-fit to the subproject.
### Appendix 10
Sample Outline of an ESMS Implementation Report

<table>
<thead>
<tr>
<th>Item</th>
<th>Details, comments</th>
</tr>
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<tbody>
<tr>
<td><strong>Institutional Aspects:</strong></td>
<td></td>
</tr>
<tr>
<td>Whether there have been any changes to the ESMS, staffing of ESMS Unit at I&amp;G, budget available for ESMS implementation</td>
<td></td>
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<tr>
<td>Whether there have been any major difficulties in implementing ESMS and if so the remedial actions taken</td>
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<tr>
<td><strong>Due diligence and/or audits undertaken during the reporting period</strong></td>
<td></td>
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<tr>
<td>(List the number and type of investigations undertaken.)</td>
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</tr>
<tr>
<td><strong>Exclusion of any subprojects which have impact on involuntary resettlement and indigenous people</strong></td>
<td></td>
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<tr>
<td>(If there were subprojects assessed that have potential involuntary resettlement impacts or those with significant/sensitive outstanding or legacy issues; and and subprojects with adverse impacts on ethnic minorities that were excluded from financing.</td>
<td></td>
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<tr>
<td><strong>Non-compliance report (NCR) and corrective actions report (CAR)</strong></td>
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<tr>
<td>Whether the qualified subprojects regularly submit the environment and social reports and the status of compliance of subprojects with EMP and other relevant environment and social requirements.</td>
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<tr>
<td>If there are major gaps or defects, the remedial actions taken by I&amp;G.</td>
<td></td>
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<tr>
<td><strong>Environmental Incidents</strong></td>
<td></td>
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<tr>
<td>(Any incidents reported by qualified subborrowers, provide details)</td>
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</tr>
<tr>
<td><strong>Training delivered</strong></td>
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</tr>
<tr>
<td><strong>Other environmental including health and safety or social issues (if any)</strong></td>
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</tr>
<tr>
<td>(Describe any other issues arising)</td>
<td></td>
</tr>
</tbody>
</table>