

**China: Chongqing New Urbanization Pilot
And Demonstration Project**

Environmental and Social Impact Management Framework

**Chongqing Municipal PMO
CCTEG Chongqing Engineering**

May 2018

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1. Introduction

1.1. Project background

The “State New Urbanization Plan (2014-2020)” issued on 16 March 2014 sets forth the blueprint for China’s future urbanization and economic development. The new urbanization in Chongqing Municipality has a new path of “people first, spatial layout improvement, urban-rural interaction, city and industry integration, ecological civilization, and cultural inheritance”. It is to finally fulfill such four tasks as improvement of urban layout and morphology; improvement of cities’ ability of sustainable development; promotion of the number of former rural residents granted urban residency; and promotion of the integrated development of urban and rural areas. Nan’an and Jiulongpo districts have selected as pilots for the new urbanization initiative in Chongqing.

As a main urban district of Chongqing, Nan’an District is located on the south bank of the Yangtze River in Chongqing, with its west and north areas bordering on the Yangtze River, its east and south areas on Banan District, and Jiulongpo District, Yuzhong District, Jiangbei District, and Yubei District separated by river. The entire district covers a total area of 265km². It has jurisdiction over eight sub-districts and nine villages and towns, with a total permanent population of 873,900.00.

As a main urban district of Chongqing, Jiulongpo District is located on the west of the main urban area. Covering a total area of 432 square kilometers, and with jurisdiction over 8 sub-districts and 11 towns, and a total permanent population of 1,186,900.00, such district has Yuzhong District and Nan’an District on the east, Dadukou District on the south, Bishan District and Jiangjin District on the west and Shapingba District on the north.

See Figure 1 for the location of Chongqing in China and the two districts in Chongqing.

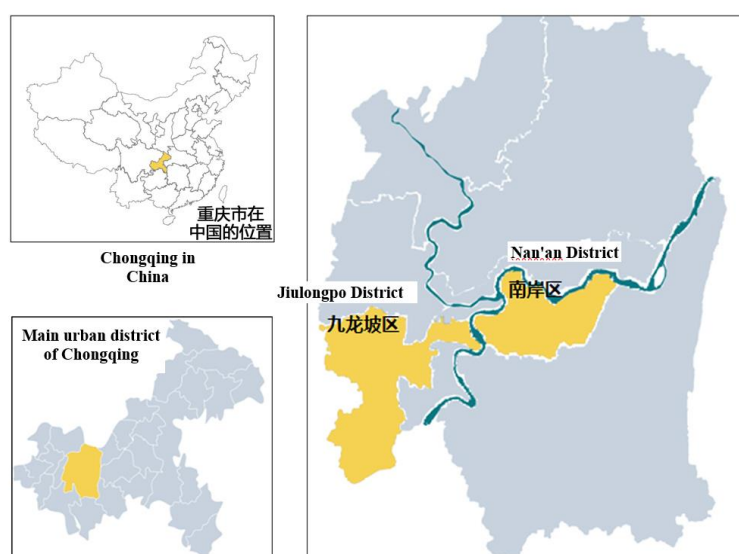


Figure 1 The geographic location of Nan’an and Jiulongpo District

1.2. Project Objective

The project development objective is to improve use of public space and increase pedestrian mobility in select districts of Chongqing's Central City.

The project interventions under this project development objective consist of four overall activities and components in the proposal should clearly fall in one of the four categories:

- (1) neighborhood public space improvements
- (2) parks and green public space improvements
- (3) pedestrian walkway improvements
- (4) urban regeneration technical assistance

1.3. Project Description

The project mainly includes following four components:

Component 1 - District Regeneration Planning and Implementation. Technical assistance to: (a) Nan'an and Jiulongpo Districts to (i) conduct urban regeneration demand survey and assessment, (ii) prepare District Urban Regeneration Plans and Implementation Guidelines, and (iii) assess and enhance institutional capacity in the Districts for planning and implementing urban regeneration; (b) carry out a Nan'an and Jiulongpo District Visioning 2035; (c) Nan'an District to conduct a *Green Buildings Study* to pilot a building assessment and labeling system for 100 existing buildings, which can be scaled-up to create a market-driven green building system (with guidance from IFC); (d) Nan'an District to develop an APP in connection with monitoring the district-wide pedestrian walkway network; and (e) Nan'an District to pilot a Community-Led Bottom-Up (CLBU) Approach for regeneration of three pilot neighbourhoods (Nanping, Huayuanlu and Nanshan).

Component 2 - Regeneration Interventions in Nan'an District. Investments in: (a) regeneration of 13 neighborhoods¹ (Dongxinglu, Jinzjie, Yangguang, Xiangshuilu, Jinshanlu, Jinyan, Gulouwan, Nanhu, Huangjiaya, Zhenwushan, Nanping, Huayuanlu, and Nanshan) of 29 Streets in connection with 16,133 households in 268 buildings in a built-up area 1,208,500 m² on 529 hectares of land in Nanping, Huayuanlu, and Nanshan Street Communities Neighborhoods; (b) improvement of District-Wide Pedestrian Walkway Networks of 29 pedestrian routines of total length of 88.32 km and 3m wide respectively, rehabilitation of Mountain Walkway Networks of 16 pedestrian routines of total length of 42.31 km; and upgrading of 3 missing road connections (i.e. Huanglonglu of 769 m, Huguilu of 1,403m and Tushanlu of 647 m); and (c) greening improvement of Nanhu Neighborhood, Guohuishan, Houbao, Nanping, Huigonglu and under the Dafoqiao Bridge public spaces and parks totaling 32.17 hectares.

Component 3 - Regeneration interventions in Jiulongpo District. Investments in: (a) construction of 5.3 km pedestrian walkway of average width 3 meters to complete a district-wide pedestrian walking loop; and (b) urban greening improvements of 9 parks (i.e. new construction of Kanglong, Aitao, Wutaishan, Longjingwan, Shimei, Taohuaxi, Jiulong and Tiaodenghe Parks and rehabilitation of Caiyunhu Wetland Parks) totaling 138.37 hectares.

Component 4 - Project Management and Capacity Building. Provision of project management, implementation support and capacity building activities for the two project districts of Nan'an and Jiulongpo and Chongqing PMO at the municipal level, including (i)

¹ Of the 13 neighborhoods in Nan'an District, specific locations and activities of 10 neighborhoods have been identified and assessed in the EA for Component 2; the remaining 3 neighborhoods' activities will be defined through Community-Led Bottom-Up (CLBU) Approach for regeneration to be developed under Component 1e.

project management, procurement and contract management, accounting and financial management and project reporting; (ii) construction supervision for Nan'an district and Jiulongpo district; (iii) independent monitoring of the implementation of the environmental management plans; (iv) training and workshops for strengthening the capacity of district government for urban regeneration; (v) performance evaluation & results sharing; and (vi) external resettlement monitoring.

2. Scope of the ESMF

The framework applies to the project Component 1 ***District Regeneration Planning and Implementation***, under which in addition to regular ‘soft’ activities, subcomponent 1e “*Nan'an District to pilot a Community-Led Bottom-Up (CLBU) Approach for regeneration of three pilot neighbourhoods (Nanping, Huayuanlu and Nanshan)*” intends to develop an innovative approach and apply it to three neighborhoods’ regeneration in Nan’an District. Budget of the three neighborhoods’ regeneration is included in Component 2.

The project Component 1 aims to build Chongqing Municipality’s capacity relating to urban regeneration assessment, planning, monitoring and green building. Such technical assistance shall follow World Bank safeguards policy requirements. Specifically, during the project implementation, 1) for upstream or macro-level technical assistance activities, environmental and social considerations will be incorporated into the scope of work and TORs; 2) for specific planning type of studies that may lead to downstream investment, a strategic level environmental and social assessment will be developed; 3) for feasibility study type activities, an ESIA and/or ESMP will need to be prepared.

Screening of the technical assistance activities has been carried out during the project preparation, it is concluded that these technical assistance activities are upstream or macro-level that are not directly linked to time-bound downstream investments. Further, the fundamental guiding principle of the “new urbanization approach” adopted by the project is not to conduct a traditional “green field” development that seeks to expand, demolish and build. Rather, it seeks to a “people-centered” urbanization pattern that aims to improve details of existing facilities and services, promote community participation in the process of planning and implementation. Thus, incorporating environmental and social considerations into the scope of work and TORs of these technical assistance activities is considered proper and adequate.

Since Subcomponent 1e *Nan'an District to pilot a Community-Led Bottom-Up (CLBU) Approach for regeneration of three pilot neighbourhoods (Nanping, Huayuanlu and Nanshan)* will be linked to physical works of 3 neighborhoods’ regeneration, during implementation environmental and social instruments shall be prepared.

In conclusion, this ESMF was prepared to ensure that environmental and social considerations are incorporated into the development of technical assistance activities under Component 1 and to guide the development of ESIA/ESMP for the 3 neighborhoods’ regeneration related physical works.

3. Legal and Regulatory Framework

3.1. Domestic Laws, Regulations and Policies Pertaining to Environment

The domestic regulatory framework applicable to the project includes five parts covering related national laws, regulations, departmental regulations and standard documents, technical guidelines and standards. *The Law of Environmental Protection* (Amended 2014) is the basis of environmental protection. Specific laws including *Prevention of Water Pollution* (June 2008), *Prevention of Air Pollution* (January 2016), *Environmental Prevention of Solid Waste Pollution* (June 2013), *Prevention of Noise Pollution* (March 1997) and *Protection of Cultural Relics* (December 2007) are applicable to the Project. This section focuses on the description of some newly issued laws or regulations related closely to the project.

Table 3-1 Domestic Environmental Regulations

Regulations	Summary
Environmental Impact Assessment Related	
<i>Environmental Impact Assessment Methodology of PRC</i> (effective since Sept. 2016)	<p>Based on the <i>Law of Environmental Protection</i> (came into effectiveness in Jan. 2015) and new requirements faced by environmental management in the new era, the new <i>Law of Environment Assessment</i> revised 9 contents, especially it cemented punishment measures to those who start construction before seeking approvals on EIRs. The new <i>Law of Environment Assessment</i> also streamlined administrative approval procedure for some projects but reinforcing planning environmental impact assessment; Reinforcing punishment to law-breakers. Projects starting construction without seeking approvals are to be fined by 1% -5% of the total project cost and may be ordered to restore the original status.</p> <p>1) Streamlining approving procedures and delegating power to lower levels. Approvals for environmental impacts from the administrative authorities are not deemed as a condition to approve FSR or projects. EA approval can be done with the FSR's approval or project's approval, but they must be done before construction. Meanwhile, approval on water conservation program from the administrative authorities is not a condition of approval for environmental impact assessment.</p> <p>2) Planning environmental assessment is an important basis of project environmental assessment; the Law reinforces punishment measures to planning authorities. It stipulates that if a planning authority doesn't organize an environmental impact assessment, or manipulates the assessment or there is dereliction of duties and this leads to false assessment results, the directly responsible officials or other related officials are to be given administrative punishment from higher level authorities or supervision authorities.</p> <p>3) Planning preparation authorities should revise draft planning based on EIR and comments from the review group, if any; and provide explanation for the actions to respond to the conclusions of the EIR and comments from the review group. If there are no actions taken, justification is required.</p> <p>4) To place planning environmental impact assessment as a rigid restriction for reviewing and approving project environmental impact assessment documents under planning.</p>
Notice on Issuing	1) To differentiate the focus under the strategy environmental

Implementation Program of “13th FYP Environmental Impact Assessment Reform” (Huanping (2016)95) Effective from July 15)	<p>assessment, planning environmental assessment and project environmental assessment, and build a seamless prevention system. Strategy Environmental impact assessment focuses on coordinating regional or cross-regional environmental issues, identifying red-lines, and providing the basis for Combining multi-planning into one, and planning environmental impact assessment as well. Planning environmental impact assessment focuses on optimizing industrial layout, scope, structure and proposing adverse lists to guide project environmental benchmark. Project environment impact assessment focuses on implementation of environment quality goals and management requirements, optimizing environmental protection measures, intensifying environmental risks prevention and control, linking with the pollution emission certificate.</p> <p>2) To place planning environmental impact assessment as a rigid restriction for reviewing and approving project environmental impact assessment documents under planning.</p> <p>3) Environmental impact assessment shall focus on environmental justification on alignment, location, environmental impact forecast and risk control rather than on those contents which can be decided by markets or by other authorities based on laws. Environmental impact assessment should be reviewed and approved with alignment location, land pre-review and water conservation program. The comments from departments-in-charge for those projects which are related to natural reserves, drinkable water source protection and scenic areas should not be a condition of reviewing and approving of EIRs as long as they meet the laws and regulations.</p> <p>4) Reinforcing supervision, deepening information disclosure and EIR, and guiding public consultation based on laws. The responsibilities of construction units should be identified and public opinion feedback system be set up. Making public opinions as an important measure to improve and strengthen project environmental protection. To punish those who manipulate public consultations. Construction units shall prepare public consultation notes and disclose it together with EIR.</p>
Information Disclosure and Public Consultation Related	
<i>Notice on issuing of Guideline of government Information disclosure of Environmental Impact Assessment of Construction Project</i> (for trail) Nov.14 ,2013)	A construction unit shall disclose whole information of EIR and Environmental Impact Assessment Table (EIAT) when it submits them to environmental protection authorities. At the same time, the construction unit shall provide an attachment explaining the deletion of any national confidential information and commercial confidential information along with the reports. The environmental protection authorities shall review EIR and EIAT together with the explanation report and disclose them wholly based on laws.
Public consultation and Method for Environmental Protection (No.35 decree of MOE) (Effective from Sept. 1, 2015)	It guarantees the right of the public, legal persons and other organizations to access environmental information, participate and supervise environmental protection, smoothen participation channels, promote the public consultation in environmental protection, and its lawful and order development; encourage the public, legal persons and other organizations to involve environmental protection related public matters such as participation and formulation of policies and regulations, performance of administrative permits or administrative punishment, supervision of law infringement activities, publication and education activities and so on.
<i>Announcement of Enhancing Environment Impacts Assessment with Environment Quality</i>	We are committed to environment management which takes environment quality improvements as the core. We will intensify environment impacts management through the implementation of the binding obligations of “three lines and one checklist”, establishment of

<i>Improvement as the Core (Environment assessment [2016]No.150),</i> October 26 2016	“three linkages” mechanism, as well as information disclosure and public consultation. Specifically, the “three lines and one checklist” means ecological protection red line, environment quality baseline and resources utilization limits and negative checklists of environment admission, whilst “three linkages” linkage mechanism means the linkage mechanism among the EIA approval and planning, current project environment management and linkage mechanism of regional environment quality. The local government and relevant departments, together with construction units, will raise awareness of environment protection and spread knowledge and information to schools, communities and households using innovative methods.
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3.2. Domestic Laws, Regulations and Policies Pertaining to Social Safeguards

There are no special laws or regulations on social impact assessment in China. However, related clauses or requirements are scattering in different specific Laws, Measures. For example, the public consultation, hearing and information disclosure are specified in resettlement related laws and environmental protection regulations. Some relevant laws and regulations that may applicable has been listed as the table below:

Regulations	Summary
Labour Law, January 1, 1995	Any work related to labour use should follow the Labour law to ensure the rights of the labour force.
Complaint/Grievance Measures of PRC, May 1, 2005	Article 4: The complaint work is under management of government on each level. It basically follows the localization management rule which means the local government where the complaint cases are raised should take the responsibility first to address it. The complaint regressing should follow the regulation policy and response in timely manner. Article 9: The government of each level are open to the public .
Amendments to The State Council's Decision on Amending the Property Management Regulation August 26, 2007 Chapter 11 (V)	Reconstruction of buildings and its ancillary facilities should be decided jointly by property owners.
Land Acquisition, Temporary Land Use and House Demolition	Despite the criteria has specified that no resettlement and no LA should be considered, if eventually any impact on this matter will be identified during the activities identification and implementation, the RPF must be followed.

3.3. World Bank Safeguards Policies and WBG EHS Guidelines

Of the World Bank Groups ten safeguards policies, the following are triggered: 1) OP4.01 Environmental Assessment; 2) OP4.04 Natural Habitats; 3) OP4.11 Physical Cultural Resources; 4) OP4.12 Involuntary Resettlement. *OP4.01 Environmental Assessment* is to be fully applied to the Project during implementation. Given the location and nature of the activities to be covered by the ESMF, it is highly unlikely that other safeguard policies will be triggered. Screening must be carried out for the activities to be covered by the ESMF. In case other safeguard policies may be triggered for proposed activities, such activity is not eligible for financing by the project.

The World Bank Group *Environmental, Health and Safety Guidelines* (General Guidelines), and other applicable industry specific guidelines will be applicable to the project where relevant. Those industry specific guidelines may include but not limited to ***Environmental, Health and Safety Guidelines for Water and Sanitation, Environmental and Environmental, Health and Safety Guidelines for Waste Management Facilities***

4. Environmental and Social Impacts

4.1. Screening of Proposed Technical Assistance

Activity Name	Summary of TORs	Env. and Social Impacts
<p><u>Subcomponent 1(a):</u></p> <p>Nan'an and Jiulongpo Districts to prepare District Urban Regeneration Plans and Technical Guidelines</p>	<ul style="list-style-type: none"> Overall objective-Nan'an District: To improve community, public space and non-motorized system in the old urban areas between the Yangtze River and Nanshan Mountain in Nan'an District, Chongqing city, so as to improve urban planning and management and respond to climate change. Overall objective-Jiulongpo District: Old urban regeneration practice was a process of dismantlement, newly building and upgrading parts by parts. Such model interrupts urban memories and causes difficulties for re-shaping urban memories. New urban regeneration concepts focus on upgrading and improving household living environment rather than changing usage functions. Namely, the priority is given to improving urban culture and public services rather than pursuing for urban scale, spatial expansion, dismantlement and rebuilding. These new concepts aim to develop cities into a livable place offering high quality of life, mainly reflecting as follows: 1). People-oriented, emphasizing land ownership and market bodies' morale and interests; 2). public welfare-focused, emphasizing public benefits and protecting and promoting urban history and culture; 3). planning and guidance, stressing on the scientific grounds and rationality of renovating unit development intensity; 4). intensive land using and saving, improving public facilities, improving the living environment and optimizing urban structure; 5). improving public transit and pedestrian system. Tasks: (i) conduct urban regeneration demand survey and assessment, (ii) prepare District Urban Regeneration Plans and Technical Guidelines, and (iii) assess and enhance institutional capacity in the Districts for planning and implementing urban regeneration; Deliverables: 1) Urban Regeneration Planning Documents for Nan'an and Jiulongpo Districts; 2) Technical Guidelines for Urban Regeneration Planning for both districts. 	<ul style="list-style-type: none"> Upstream level concept development and planning; Against the model of pursuing for urban scale, spatial expansion, dismantlement and rebuilding. Improve community, public space and non-motorized, public transit and pedestrian systems. People-oriented, emphasizing land ownership, emphasizing public benefits and protecting and promoting urban history and culture; intensive land using and saving, improving public facilities, soft side building such as community management, improving the living environment and optimizing urban structure. Public participation required in the development process. Subject to urban master planning and regulatory urban planning, thus may not be linked to direct downstream investments. Environmental and social considerations incorporated into TOR.
<p><u>Subcomponent 1(b):</u></p>	<ul style="list-style-type: none"> Aim to help Nan'an and Jiulongpo districts to compile a long-term plan of urban regeneration and development, in order to make it a 	<ul style="list-style-type: none"> Development of a macro-level and long-term strategy;

<p>carry out a Nan'an and Jiulongpo District Visioning 2035</p>	<p>competitive, inclusive, livable and sustainable district.</p> <ul style="list-style-type: none"> To recognize the opportunities and challenges from the view of stock regeneration, analyze and find out the development approach of urban regeneration suitable for the two districts. Tasks: 1) adopt the Global Sustainable Development Platform, analyze the economic growth, urban population growth, urban-rural integration, urban infrastructure development, social inclusion, urban morphology change, system efficiency, and resident happiness index, and attach importance to the positive and negative driving forces of maintaining urban growth; 2) Strategic scenario analysis for urbanization policies; select the similar cities in the world and make comparative study; 3) Study on strategic policies for urbanization quality, land utilization efficiency, environmental protection and inclusive development. 	<ul style="list-style-type: none"> Environmental and social considerations incorporated into TOR.
<p><u>Subcomponent 1(c):</u></p> <p>Nan'an District to conduct a <i>Green Buildings Study</i> to pilot a building assessment and labeling system for 100 existing buildings, which can be scaled-up to create a market-driven green building system (with guidance from IFC);</p>	<ul style="list-style-type: none"> Objective and tasks: Determine measures for assessing existing building energy efficiency, improving technology and newly built green building technology through investigating current status of existing buildings and new building construction conditions; investigate green building promotion and application mechanism assessment in Nan'an District, analyze urban construction trend and energy consumption structure of Nan'an District and propose the mechanism to promote and apply market-oriented green buildings in Nan'an District. 	<ul style="list-style-type: none"> Development of a specialized methodology; Environment and energy efficiency theme; With minimal social implications.
<p><u>Subcomponent 1(d):</u></p> <p>Nan'an District to develop an APP in connection with monitoring the district-wide pedestrian walkway network</p>	<ul style="list-style-type: none"> To develop a smart phone based app to monitor pedestrian walkway network 	<ul style="list-style-type: none"> No environmental and social issues
<p><u>Subcomponent 1(e):</u></p>	<ul style="list-style-type: none"> Objective and tasks: Recognizing in urban planning and governance sector that local participation will achieve a better result than 	<ul style="list-style-type: none"> Directly linked to physical works of three additional

<p>Nan'an District to pilot a Community-Led Bottom-Up (CLBU) Approach for regeneration of three pilot neighbourhoods (Nanping, Huayuanlu and Nanshan).</p>	<p>solely relying on the spatial planning by the functional layout;</p> <ul style="list-style-type: none"> • Under the project a set of routes for identification, design and implementation of community regeneration with certain public participation has been applied to the ten (10) neighborhoods (i.e. Component 2 investment). To further improve the result, to form a replicable and adoptable CLBU (Community-led bottom-up) community regeneration method. Nan'an District has reached an agreement with the World Bank team to select another three (3) communities to carry out a five-year plan for urban regeneration. • Advise on development technical proposal and provide support to implementation. 	<p>neighborhoods' regeneration.</p> <ul style="list-style-type: none"> • ESIA/ESMP preparation needed during the project implementation. • Environmental and social impacts see Section 4.2 and 4.3 • Environmental and social management procedures are presented in Chapter 5.
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4.2. Environmental Impacts

Rehabilitation of three old neighborhoods linked to Subcomponent 1e may include upgrading or adding of street furniture (such as bench, footsteps) and facilities, and water supply pipes and sewers. All the physical works are expected to be small scale and targeting necessary rehabilitation of the old facilities. Potential environmental concerns are associated with removal, excavation, building and installation activities in the densely populated neighborhoods, including social disturbance such as noise, dust and traffic disturbance, community safety and construction waste.

4.3. Potential Social Impacts and Risks

Intervention to the three old neighborhoods linked to Subcomponent 1e may have social impacts (positive and negative) and risks as well.

Main positive impacts of regeneration of the three old neighborhoods assessed include: improvements on residents' sense of security, residential comfort and living quality (for example better greening, better sanitation management etc), increase of property value, improvement of social communication within the communities, favoring the development of the community economic and providing more employment opportunities.

While potential negative social impacts associated with the construction and after regeneration include increase of traffic congestion, increasing of living cost and occupation of public resources, increase of community management stress.

The project implementation may increase the risk of road safety issue, community security issues and community conflicts due to improper communication and management. After project completion, the improved community living quality may result in denser population, and thus, will increase the occupation of public resources, and increase the stress of community autonomy. And, the improvement of living quality of the communities may also result in city gentrification.

5. Management procedures and requirements

5.1 Technical Assistance Activities

For the ‘soft’ technical assistance activities under Component 1, initial TORs were prepared during the project preparation. Environmental and social considerations have been incorporated into the TORs. During the project implementation, Jiulongpo and Nan’an district PMOs will be responsible for the refining of TORs, contracting and managing consulting service contracts. The refined TORs, intermediate and final deliverables will need to be reviewed by the municipal PMO and the World Bank to ensure environmental and social considerations will be properly incorporated into the TORs, scope of work and final deliverables.

5.2 Urban Regeneration Interventions Adopting Community-Led Bottom-Up (CLBU) Approach

Three old neighborhoods in Nan’an District have been identified to pilot a Community-Led Bottom-Up (CLBU) Approach for urban regeneration, namely Nanping, Huayuanlu and Nanshan. Since specific activities in the three street committees will be determined during the project implementation through this new community-driven planning approach, the ESMF will be used to guide the development of safeguard documentation and ensure compliance with World Bank safeguard policies and domestic regulatory requirements.

Under the project component 2, urban regeneration activities in ten old neighborhoods in Nan’an District were determined during the project preparation and safeguard documents prepared. The safeguards documents provided useful resources for the screening, assessment and mitigation of potential environmental and social impacts for the three additional old neighborhoods.

The management procedure for the urban regeneration adopting CLBU approach consists of the following steps.

1. Screening of Environmental and Social Impacts (Step 1)

Specific urban regeneration activities (subprojects hereafter) in the three old neighborhoods will be determined during the project implementation period. A Community-Led Bottom-Up (CLBU) Approach for planning and implementing the neighborhood regenerations will be adopted. Type of investment eligible and non-eligible for the regeneration interventions have been agreed and included in an Bottom-Up Approach Handbook (Annex 2) prepared during the project preparation, as is shown in below Box 5.1

Box 5.1 Subproject Selection Criteria

1. Type of investment eligible for regeneration interventions

- Landscaping, greening, tree planting and community faring
- Pockets of neighborhoods public space
- Pavement with associated drainage/storm/wastewater pipeline
- Lights
- Signage
- Street furniture
- Improvement and facility for elderly and handicaped
- Safety improvements

- Footpath within neighborhood
- Investments planned and prepared can be fully implemented within the WB project implementation phase

2. Type of non-eligible investment:

- No Physical works to buildings
- No Knock down of non-conforming structures
- No Resettlement
- No Land acquisitions
- No Heritage sites
- No environment sensitive or social sensitive sites (forests, temples, churches)

A work group responsible for (i) coordinating the implementation of neighborhood rehabilitation investments and (ii) piloting the CLBU approach in neighborhood regeneration will be established and operated within the Nan'an District PMO. Old neighborhoods supported by the Project for regeneration investments concentrated in the area of three street-committees² (Nanping Jiedao has 4 project neighborhoods, Huayuanlu Jiedao has 4 project neighborhoods, Nanshan Jiedao has 2 project neighborhoods). Working with the project neighborhoods (社区), the three street-committee will be the implementation agencies (PIU) for the proposed neighborhood regeneration investments.

Under the guidance of Chongqing Municipal PMO, Nan'an district PMO and the street-committee PIUs will be responsible for carrying out the screening of environmental and social impacts to identify the category of proposed subprojects, propose safeguard policies triggered and safeguard documents to be prepared. A screening form of potential environmental and social impacts (Annex 1) should be filled and filed in the PMOs and PIUs.

According to the selection criteria, it is not expected that selected neighborhood regeneration interventions will be of high risk from environmental and social perspective. Category B type of projects is expected.

2. Environmental and Social Documentation (Step 2)

The PIUs are required to prepare Environmental and Social Management Plans (ESMPs) to address environmental, health and safety issues for physical works associated with the regeneration interventions in the three neighborhoods.

Since the specific regeneration activities will be determined through community-driven planning process and implemented over a 3-5 years period of time, it is expected that several batches of activities will be packaged for financing. For each package, ESMP will be prepared.

3. Information Disclosure and Public Consultation (Step 3)

Public consultation and information disclosure of the environmental and social documents of subprojects determined during implementation period will need to be carried out following OP4.01 and domestic regulations.

PIUs are responsible for information disclosure and public participation, and submit the records of public participation and environmental and social documents to district and

² **Street-Committee: jie dao (街道), a statutory administration area of sub-district level**

municipal PMOs. PMOs and PIUs shall file the records, which can be one of the indicators of the monitoring and evaluation.

Content of sub project information disclosure and public participation should include:

- When shall the public be informed to participate? Sufficient time should be given to the public to participate (not less than two weeks). The documents should be publicized in sub project areas, such as community center and information center of the local government;
- How and where shall public participation be undertaken? Meetings, interviews and questionnaires. And why the forms of public participation are going to be taken;
- Who shall lead and who can be selected to implement the public participation? Who will be involved?
- Main environmental and social issues;
- Agreed measures to address the above environmental and social issues.

The above records of public participation should be together with environmental and social environment documents publicized at local level

4. Review and Approval of Environmental and Social Documents (Step 4)

The Chongqing Municipal PMO is responsible for review and approval of all environmental and social documents. The World Bank will prior-review the first batch of environmental and social documents and provide non-objection should they meet the Bank safeguard policy requirements satisfactorily.

If a subproject, according to the domestic EIA Law and other regulations, is required to submit safeguards documents to local environmental protection department or other government agencies for review and approval, the owner of the subproject must submit for the domestic review and approval.

5. Implementation, Monitoring and Reporting (Step 5)

Environmental and social documents must be implemented. PIUs must make sure the environmental and social management plan, and social actions plans are implemented. Provincial, City and County PMOs supervise sub project owners to make sure the measures are implemented.

In designing sub projects, PIUs must make sure environmental protection and selection of locations and other environmental protection instruments are included in detailed activity design. Mitigation measures should be integrated into bidding documents and construction contracts, to make sure contractors or implementing agencies implement environmental protection instruments and social related regulations, e.g. laws relevant to labour force and grievance redress.

When implementing subprojects, PIUs will regularly report to district and municipal PMOs on project progress. Progress reports should include implementation progress of environmental and social documents, including environmental and social issues and instruments adopted. If problems are found, PMO at all levels should be called for meetings with related departments to identify and address the problems. Field visit to identify solutions should be undertaken if necessary.

Municipal PMO should submit to the Bank 6-month report on project progress, including implementation progress of environmental and social action plans of all sub projects, main problems and solutions and schedule.

6. Institutional Arrangement and Capacity Building

6.1 Institutional Arrangement

For the 'soft' technical assistance activities under Component 1, initial TORs were prepared during the project preparation. Environmental and social considerations have been incorporated into the TORs. During the project implementation, Jiulongpo and Nan'an district PMOs will be responsible for the refining of TORs, contracting and managing consulting service contracts. The refined TORs, intermediate and final deliverables will need to be reviewed by the municipal PMO and the World Bank to ensure environmental and social considerations will be properly incorporated into the TORs, scope of work and final deliverables.

For the three old neighborhoods in Nan'an District that will implement a Community-Led Bottom-Up (CLBU) Approach for urban regeneration, roles and responsibilities are described in below,

- **Management responsibility:** The Chongqing Municipal PMO will take overall responsibility for the implementation of this ESMF. Nan'an district PMO, through the street-committee PIUs, will manage the ESMF implementation on a day-to-day basis. The World Bank provides implementation support in the manner of providing advices and training, and carrying out regular field missions, review documents and progress reports.
- **District PMO: A WORKGROUP** responsible for (i) coordinating the implementation of neighborhood rehabilitation investments and (ii) piloting the CLBU approach in neighborhood regeneration will be established and operated within the Nan'an District PMO. Chaired by Nan'an district DRC and jointly established by key district government agencies including the District Urban Planning Bureau, District Construction Bureau, District Urban Utility Bureau, District Housing Bureau, and the Street Committees, the neighborhood regeneration Workgroup within Nan'an PMO is expected to be a multi-stakeholder and streamlined platform.
- **Project Implementation Unit (PIU):** Old neighborhoods supported by the Project for regeneration investments concentrated in the area of three street-committees³ (Nanping Jiedao has 4 project neighborhoods, Huayuanlu Jiedao has 4 project neighborhoods, Nanshan Jiedao has 2 project neighborhoods). Working with the project neighborhoods (社区), the three street-committee will be the implementation agencies (PIU) for the proposed neighborhood regeneration investments.
 - The PIU will be responsible for carrying out initial environmental and social screening and submit the screening form to the district and municipal PMOs for review and agreement;
 - The PIU will be responsible for the preparation of environmental and social documentation (assisted by consultants), including public consultation and information disclosure;
 - Domestic review and approval of environmental and social documents should be reviewed and approved by the government where appropriate.

³ **Street-Committee: jie dao (街道), a statutory administration area of sub-district level**

The World Bank will prior-review the first batch of the documents and provide non-objection should they are satisfactory to the Bank safeguards policy requirements.

- The PIU will be responsible for the implementation, supervision and reporting of the environmental and social action plans.
- Technical Supporting Team: Urban regeneration and the CLBU approach for neighborhood rehabilitation are new to Chongqing's local government at district level. A specific technical supporting service tailored for enhancing the technical capacity of the neighborhood regeneration workgroup is arranged under the project. A group of multi-sectoral professionals and expertise will be contracted for a five-year period during project implementation to serve as the technical, agile arm of the Nan'an PMO.
- External Monitoring. The Chongqing PMO will engage external environmental management and resettlement/social monitoring consultants during the project implementation to monitor the implementation of environmental and social actions plans.

6.2 Staffing and Training

Capacity building is critical to the successful implementation of the ESMF and environmental and social action plans.

Assessment of the management capacity of project management entities show that

- Chongqing Municipal PMO has implemented several Bank-financed projects and has a strong track record in safeguard management. It has designated environmental and social management officers;
- Jiulongpo and Nan'an district PMOs have no prior experiences in World Bank financed projects. Through the preparation of the project preparation and the ESIA's and ESMPs of the project component 2 and 3, both have gained a good understanding of Bank safeguards policy requirements; and
- PIUs at street-committee level lacks experiences lacks technical capacity for supervising environmental and social management procedures.

Thus the following capacity building plan has been recommended,

- Chongqing Municipal PMO will remain its safeguard management capacity and staff throughout the project implementation. The municipal PMO's safeguards management officers will responsible for overseeing, coordinating and guiding district PMO and PIUs on subproject screening, documentation, review and approval, monitoring and reporting with assistance from the municipal PMO's external environmental and social monitoring consultants.
- District PMOs and PIUs will assign dedicated safeguard management staff to coordinate with the municipal PMO and to fulfill their responsibilities on environmental and social management during project implementation. They need to receive training and familiarize themselves with the ESMF, domestic environmental and social requirements, the World Bank safeguards policy and WBG EHS Guidelines. During project implementation, as an integral part of the ESMF implementation, they need to closely work with the PMOs/PIUs to process related documents and procedures.

- Municipal PMO will engage qualified external environmental management and resettlement/social monitoring consultants who will provide technical support to the PMOs and PIUs to in fulfilling their environmental and social management responsibilities during the project implementation.
 - S/he will provide training to PMOs and PIUs' staff (primarily the environmental and social management officers)wer so that they are fully familiar with their obligations and responsibilities under the ESMF;
 - During project implementation, the external monitoring consultants will assist in PMOs and PIUs' environmental and social management officers in carrying out sub-project screening, environmental and social documentation, review and approval, monitoring and reporting.

7. Public Consultation and Information Disclosure

During preparation of the project, public consultation and information were carried out following OP4.01 and domestic requirements. Draft full safeguard documents were disclosed as summarized in below,

Social safeguards documents:

Instrument	Local Disclosure	WB Website Disclosure
Social Assessment (SA) Nan'an District	11 May 2018	14 May 2018
Resettlement Policy Framework (RPF) Nan'an District	11 May 2018	14 May 2018
Resettlement Action Plan (RAP) Nan'an District	11 May 2018	14 May 2018
Social Assessment (SA) Jiulongpo District	11 April 2018	14 May 2018
Resettlement Policy Framework (RPF) Jiulongpo District	17 May 2018	18 May 2018

Environmental safeguards documents:

Instrument	Local Disclosure	WB Website Disclosure
Nan'an District EIA and EMP	Dec 21 2017	May 7, 2018
Jiulongpo District EIA and EMP	Jan 11 2018	May 7, 2018
Environmental and Social Management Framework	Jan 28, 2018	May 7, 2018

The updated EA documents were re-disclosed locally on May 11, 2018.

During preparation of this ESMF and TORs for technical assistance, the PMO, SA/RAP and EIA consultants consulted stakeholders including district governments, street-committees, communities municipal planning bureaus, housing and construction and environmental protection bureaus. Their opinions and concerns have been incorporated into the this ESMF. Further, public opinions gathered through the development of specific safeguard documents (i.e. EIAs and RAPs) were taken into account during preparation of this ESMF.



Figure 7-1 Public consultation with communities.

Annex 1: Potential Environmental and Social Impact Screening Form

This form is to be used by the Implementing Agency to screen potential environmental and social safeguards issues of a subproject, determine World Bank policies triggered and the instrument to be prepared for the sub project.

1. Subproject name	
2. Subproject location	
3. Subproject proponent	
4. Fund subproject type	
5. Start/completion date	

Questions	Answer		If Yes WB Policy triggered	Documents requirement if Yes
	yes	no		
Are the subproject impacts likely to have significant adverse environmental impacts that are sensitive, diverse or unprecedented? Please provide brief description:			OP 4.01 Environmental Assessment Category A	It will not be included in the scope of the project support.
Do the impacts affect an area broader than the sites or facilities subject to physical works and are the significant adverse environmental impacts irreversible? Please provide brief description:			OP 4.01 Environmental Assessment Category A	
Is the proposed project likely to have minimal or no adverse environmental impacts? Please provide brief justification:			OP 4.01 Environmental Assessment Category C	No action needed beyond screening
Is the project neither a Category A nor Category C as defined above? Please provide brief justification:			OP 4.01 Environmental Assessment Category B	Site-specific ESIA and/or ESMP
Are the project impacts likely to have significant adverse social impacts that are sensitive, diverse or unprecedented? Please provide brief description:			OP 4.01 Environmental Assessment Category A	It will not be included in the scope of the project support.
Will the project adversely impact physical cultural resources? Please provide brief justification:			OP 4.11 Physical Cultural Resources	It will not be included in the scope of the project support.
Will the project involve the conversion or degradation of non-critical natural habitats? Please provide brief justification:			OP 4.04 Natural Habitats	It will not be included in the scope of the project support.
Will the project involve the significant conversion or degradation of critical natural habitats?			OP 4.04 Natural Habitats	It will not be included in the scope of the project support.
Does the sub-project construct a new dam or rely on the performance of an existing dam or a dam under construction?			OP 4.37 Dam Safety	It will not be included in the scope of the project support.

Does the project procure pesticides (either directly through the project, or indirectly through on-lending, co-financing, or government counterpart funding), or may affect pest management in a way that harm could be done, even though the project is not envisaged to procure pesticides?			OP4.09 Pest Management	It will not be included in the scope of the project support.
Does the sub-project involve involuntary land acquisition, loss of assets or access to assets, or loss of income sources or means of livelihood? Please provide brief justification:			OP 4.12 Involuntary Resettlement	Resettlement Action Plan
Are there any ethnic minority communities present in the sub project area and are likely to be affected by the proposed sub-project negatively or positively? Please provide brief justification:			OP 4.10 Indigenous People	It will not be included in the scope of the project support.
Will the project have the potential to have impacts on the health and quality of forests or the rights and welfare of people and their level of dependence upon or interaction with forests; or aims to bring about changes in the management, protection or utilization of natural forests or plantations? Please provide brief justification:			OP4.36 Forestry	It will not be included in the scope of the project support.
Will the project have the potential to have significant impacts or significant conversion or degradation of critical natural forests or other natural habitats?			OP4.36 Forestry	It will not be included in the scope of the project support.
Is there any territorial dispute between two or more countries in the sub project and its ancillary aspects and related activities?			OP7.60 Projects in Disputed Areas	It will not be included in the scope of the project support.
Will the sub project and its ancillary aspects and related activities, including detailed design and engineering studies, involve the use or potential pollution of, or be located in international waterways?			OP7.50 Projects on International Waterways	It will not be included in the scope of the project support.

Conclusion and Safeguards Instruments Required:

The sub project is classified as a Category _____ project as per World Bank OP4.01, and the following safeguards instruments will be prepared:

1. _____
2. _____
3. _____
4. _____
5. _____

Signature of Subproject Office:

Name: _____

Position and Date: _____

A copy of this form and related documents shall be kept by the Chongqing Municipal Bureau for Urban Planning, and the other set shall be sent to the World Bank.

Notes on Filling in the Screening Form

The subproject environment and social screening form is shown in above. This should be used henceforth for screening all the sub projects in the Project. This section should describe the screening process to determine:

- (i) the potential environment and social issues of a sub project;
- (ii) sub project environment category based on the environment and social issues;
- (iii) the sub project-specific action plan/s that has/have to be prepared as part of the sub project preparation but prior to its approval.

According to the results of the above screening form, to determine sub projects belong to Category A, B, or C, will respectively has the following three procedures:

- (i) Category C projects do not require Environmental and social management plan or any Environmental protection measures to mitigate negative impacts.
- (ii) Category B projects will apply a environmental and social management plan.
- (iii) Category A projects will not be included in the scope of the project support.

Category A sub projects are those that have potential significant adverse environmental and social impacts that are:

- (i) sensitive (i.e., a potential impact is considered sensitive if it may be irreversible - e.g., lead to loss of a major natural habitat, or raise issues covered by OP 4.04, Natural Habitats; OP 4.36, Forests; OP 4.10, Indigenous Peoples; OP 4.11, Physical Cultural Resources; or OP 4.12, Involuntary Resettlement; or in the case of OP 4.09, when a project includes the manufacture, use, or disposal of environmentally significant quantities of pest control products);
- (ii) diverse, or unprecedented;
- (iii) affecting an area broader than the sites or facilities subject to physical works (e.g., a dam that may affect downstream and the nearby forestry and natural habitats.

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Annex 2 Draft Handbook of a Community-led Bottom-up Approach for Neighborhood Regeneration

1. Project Innovation:

One element of the Project's innovations is to support the Project Districts to apply a Community-Led Bottom-Up (CLBU) Approach for planning and implementing neighborhood regenerations. An initial handbook of this approach is drafted during project preparation. It will be applied and further developed through project implementation of neighborhood regeneration interventions funded by the Project in selected project district (Nan'an District). Piloted and fully demonstrated during project implementation, an operational Handbook of the CLBU Approach for neighborhood regeneration will be finalized. The handbook will contribute to establish a mainstreamed process and practice of neighborhood regeneration at local level and enhancing the process's resilience against future institutional changes. The CLBU approach handbook developed under the project will facilitate disseminating and scaling-up the Project's innovations and best practice of planning and implementing neighborhood regeneration activities to other urban districts in Chongqing and other cities in China.

2. Institutional Decentralization:

Chongqing has formulated a comprehensive package of urban regeneration plans, policy framework and technical guidelines at municipal level, including the city's first ever regeneration plan of the central city under the city masterplan. Although Chongqing has not finalized the institutional arrangement and allocation of responsibilities among various level of local government (city government, district government, street committee) for implementing the urban regeneration plans, it can be expected that the district and county government will be responsible for implementing urban regeneration activities under the guidance of the municipal urban regeneration authority (the municipal urban planning bureau). This is consistent with an emerging trend observed in many other major cities in China (Shanghai, Guangzhou, Shenzhen): decentralization of urban regeneration implementation responsibilities to lower level government of districts and counties. Aligning to this responsibility decentralization trend, project design of Component One (Technical Assistance) focused on enhancing institutional and technical capacity of planning and implementing urban regenerations at the DISTRICT LEVEL, including developing and piloting the innovative Community-Led Bottom-Up (CLBU) Approach for neighborhood regeneration.

3. *Institutional Arrangement at District level:*

Nan'an District has a relatively large stock of old residential communities with substantial rehabilitation needs, and has demonstrate its keen interests and commitment to community regenerations. Therefore, Nan'an District is selected to pilot the Community-led Bottom-up (CLBU) Approach for Neighborhood Regeneration. Nan'an District Government has established a Nan'an District PMO under the district's Development and Research Commission (DRC) for leading the preparation and implementation of the Nan'an subproject.

The Project will support three package of urban regeneration interventions in Nan'an district, including (i) neighborhood rehabilitation; (ii) pedestrian walkway improvements; (iii) public space and parks improvement. Specific project implementation unit (PIU) has been designated for implementing each of the three packages.

A **WORKGROUP** responsible for (i) coordinating the implementation of neighborhood rehabilitation investments and (ii) piloting the CLBU approach in neighborhood regeneration will be established and operated within the Nan'an District PMO. Chaired by Nan'an district DRC and jointly established by key district government agencies including the District Urban Planning Bureau, District Construction Bureau, District Urban Utility Bureau, District Housing Bureau, and the Street Committees, the neighborhood regeneration Workgroup within Nan'an PMO is expected to be a multi-stakeholder and streamlined platform.

Project Implementation Unit (PIU): Old neighborhoods supported by the Project for regeneration investments concentrated in the area of three street-committees⁴ (Nanping Jiedao has 4 project neighborhoods, Huayuanlu Jiedao has 4 project neighborhoods, Nanshan Jiedao has 2 project neighborhoods). Working with the project neighborhoods (社区), the three street-committee will be the implementation agencies (PIU) for the proposed neighborhood regeneration investments. This is also the implementation arrangement that Nan'an district adopted for similar community improvements investments with local funding.

4. *Technical Supporting Team:*

Urban regeneration and the CLBU approach for neighborhood rehabilitation are new to Chongqing's local government at district level. Supplemented to the capacity building and training provided to project districts during project preparation and to be continued during

⁴ **Street-Committee: jie dao (街道), a statutory administration area of sub-district level**

project implementation, a specific technical supporting service tailored for enhancing the technical capacity of the neighborhood regeneration workgroup is arranged under the project. A group of multi-sectoral professionals and expertise will be contracted for a five-year period during project implementation to serve as the technical, agile arm of the Nan'an PMO, which will provide the following services:

- i. Help the client (District DRC) develop and update multi-year-rolling schemes of neighborhood regeneration interventions (long list)
- ii. Advisory support to neighborhoods (or the planners/designers they hired) to conduct neighborhood surveys using the methods and requirements recommended in draft CLBU handbook, including (i) needs mapping to identify, assess and prioritize the key issues and major negative aspects in local neighborhoods that need immediate rehabilitation interventions; (ii) asset mapping of neighborhood (five key assets of individuals, associations, institutions, physical assets, and connections) to inventory and assess the abilities, skills, potentials and strengths that could be potentially utilized for building neighborhood's future, and to encourage the neighborhoods' transition from needs-based neighborhood rehabilitation to a more sustainable approach of assets-based neighborhood development.
- iii. Advisory support to neighborhoods to help them formulate their neighborhood development plans on basis of the neighborhood surveys works completed.
- iv. Provide technical advisory for assisting neighborhoods to prepare their neighborhood rehabilitation proposals;
- v. Support the client (District DRC) to review neighborhoods' application, and to select the proposals for support each year (short list)
- vi. Technical advisory service to the client (street-committees) for the selected neighborhoods to further improve their proposal and technical designs (selected for the year)
- vii. Help the client (street-committee) to monitor and supervise the implementation process of neighborhood regeneration projects.
- viii. Help the client (district DRC) to conduct the post completion reviews for neighborhood regeneration projects implemented every year.
- ix. Annual update and revision to the CLBU handbook, incorporating the findings and lessons learned from completion reviews. Deliver a finalized operational Handbook of the Community-Led Bottom-up Approach for Neighborhood Regeneration (CLBU approach handbook) before Project completion for dissemination and scaling-up.

5. Selection Criteria for Neighborhoods

The project district of Nan'an has a large stock of old residential neighborhoods concentrated in the area of three street-committees (jie dao: Nanping Jiedao, Huayuanlu Jiedao, Nanshan Jiedao) which is part of the densely built and populated old urban area of Chongqing. Initial neighborhood assessments conducted during project preparation shows

that among the total 124 old neighborhoods in Nan'an built before year 2000, 24 old neighborhood has the rehabilitation needs, of which 10 old neighborhoods were prioritized to be supported by the Project for neighborhood rehabilitations. Initial technical designs of rehabilitation interventions for these 10 selected neighborhood were prepared during project preparation, and to be implemented later during project implementation with loan funding from the project.

In addition to these 10 prioritized neighborhoods selected and prepared during project preparation, the project is designed with an arrangement to support another 3 old neighborhood to be selected (from the list of 26 old neighborhood) in the three targeted street-committees during project implementation. Implementation of the rehabilitation interventions for the 3 additional neighborhood will be funded by a budget allocated under the project loan (US\$ 2 million for 3 neighborhoods). The purpose of such a project design arrangement is to:

- Encourage more local neighborhoods to participate the project and embark on the community-led bottom-up approach in planning and implementing their neighborhood regeneration schemes.
- To further develop and full-step demonstrate the CLBU approach and process for neighborhood regeneration, which are needed for finalizing the CLBU approach handbook.

Selection of the neighborhoods will follow the criteria formulated during project preparation, including:

- Should be within the three street-committee of Nanping Jiedao, Huayuanlu Jiedao and Nanshan Jiedao that the social and environmental safeguards implications have covered and assessed during project preparation.
- neighborhoods built before 2000 (1998)
- percentage of low-income (---%)
- percentage of elderly (---%)
- not planned to be resettled
- established self-management organization

The *Technical Supporting Team*, to be contracted for a five-year period of project implementation, will provide full-step technical supports to Nan'an district PMO for the three additional neighborhoods following the CLBU approach: from neighborhood screening, technical designs, implementing, to post completion review (service tasks i ~ ix). For implementation of the 10 selected neighborhoods rehabilitations, the Technical Supporting

Team will focus on the service tasks of xi, xii, xiii and ix.

6. *Type of investment eligible for regeneration interventions*

- Landscaping, greening, tree planting and community faring
- Pockets of neighborhoods public space
- Pavement with associated drainage/storm/wastewater pipeline
- Lights
- Signage
- Street furniture
- Improvement and facility for elderly and handicaped
- Safety improvements
- Footpath within neighborhood
- Investments planned and prepared can be fully implemented within the WB project implementation phase

7. *Type of non-eligible investment:*

- No Physical works to buildings
- No Knock down of non-conforming structures
- No Resettlement
- No Land acquisitions
- No Heritage sites
- No environment sensitive or social sensitive sites (forests, temples, churches)
- No brownfield

8. *Financing Arrangement:*

The Project have arranged the budget under Nan'an component to finance the following activities using project loan, including:

- Estimated budget of US\$ 800,000 for the consulting services of Technical Supporting Team, a five-year contract during the full period of project implementation;
- Estimated budget of US\$ 15 million for construction cost of rehabilitation activities for the 10 selected neighborhoods in Nan'an
- Estimated budget of US\$ 3 million for construction costs of another 3 neighborhood rehabilitations to be selected and applied with CLBU approach during project implementation
- Estimated budget of yyy million for construction supervision costs

Funded by Nan'an district's counterpart funding, the following costs will not be covered by the project loan, including:

- Costs for neighborhood survey works of needs/assets mapping, capacity inventory,

- Costs for preparing neighborhood regeneration proposals (for the three additional neighborhood to be selected)
- Costs for preparing the technical designs of neighborhood rehabilitation investments (for both the 10 neighborhood selected and additional 3 to be selected)
- Costs for preparing the bidding documents (for both the 10 neighborhood selected and additional 3 to be selected)

9. Design and Appraisal Process:

- Technical Design: Qualified designing institutes (DI) will be selected and contracted through open bidding process (domestic process for using counterpart funds) for preparing the technical designs.
- Technical Supporting Team: as a technical supporting arm of the Nan'an PMO, the team will provide technical review and comments to the designs developed by the DIs. Served for enhancing the quality of designs, the technical supporting team will provide their technical review comments to the project owners (Nan'an PMO and the project street committees) to support the decision making and approval to the designs by the related administrative agencies. The technical supporting team itself has no authorization for approval of any technical designs.
- Approval Agencies: Technical designs for the neighborhood regeneration investments supported by the project need the review, clearance and approval from the related administration agencies following the standardized domestic process, including the technical review and appraisal by the expert commissions designated by the District Government, and need formal approval by the district bureaus of urban planning, construction, housing, and landscaping.
- Environmental and social safeguards: Safeguards assessment completed during project preparation on environmental and social implications for the proposed neighborhood rehabilitation covered the entire project area of the three street-committees (Nanping Jiedao, Huayuanlu Jiedao and Nanshan Jiedao) in Nan'an. Implementation of the neighborhood rehabilitation investments should fully comply with the safeguard policies, guidelines and requirements finalized at appraisal and are subject to the external safeguard monitoring. The scope and nature of the regeneration investments for the three additional neighborhoods will be similar to what were implemented for the 10 selected neighborhoods.
- Bank Team Prior Review: The Project procurement plan finalized by the project appraisal will selectively define some key contracts that needs the Bank team's prior review during project implementation. Nan'an PMO is expected to submit the technical designs and bidding documents to the Bank team for review and comment for those priori-review contracts of neighborhood rehabilitation investments (if any).

10. Procurement

Guided by the Bank's new Procurement Regulations for IPF Borrowers (2016), the Project provided four methods for the procurement of Goods, Works and Non-Consulting Services contracts under the project: Request for Proposal (RFP), Request for Bids (RFB), Request for Quotations (RFQ); and Direct Selection.

The Project will support Nan'an District to rehabilitate 13 old neighborhoods (社区, including 10 neighborhood already selected, 3 neighborhood to be selected and implemented under CLBU approach) in the three targeted street-committee (街道) with a total number of 35 old residential estates (居住小区). FSR's costs estimation indicated that the average costs of rehabilitation investments is around US\$ 460,000 (or 3 million RMB) for each residential estate (居住小区) with the typical simple civil works of improvements for neighborhood public space, backstreets, drainage, footpath and neighborhood landscaping. It is suggested that the regeneration interventions to be prepared and implemented under the CLBU approach should be prioritized and focus on the key investments, and the cost for each residential estate (居住小区) should be budgeted lower than US\$ 500,000 which is the threshold for procurement options of Request for Quotations (RFQ, <US\$ 500,000 for Goods, Works and non-consulting services).

Similar to "Shopping", RFQ is a competitive method that is based on comparing price quotations from firms. This method may be more efficient than the more complex methods for procuring simple civil Works of small value. Procurement procedure of a RFQ will include:

- Quotations should be obtained through advertisement or through a request for quotation (RFQ) to a limited number of firms. To ensure competition, the PIUs should request quotations normally from not fewer than three firms.
- Firms shall be given sufficient time to prepare and submit their quotations. RFQs shall include the description, quantity, delivery period, location of the Goods, Works and Non-Consulting Services, including any installation requirement, as appropriate.
- The evaluation of the quotations and contract award shall be carried out according to the criteria specified in the RFQ. The terms of the accepted quotation shall be incorporated in a contractually bidding document. The PIUs shall keep records of all proceedings regarding RFQs.

For procurement of civil work contracts of neighborhood rehabilitation under the CLBU approach, it is subject to the decisions made by Nan'an District PMO and PIU's in consultation with the municipal PMO and the Bank team to select the procurement method among the Bank's four approved selection methods, including the RFQ method that is recommended.

11. FM/disbursement arrangement

As a component of the Nan'an subproject, FM and disbursement procedures and requirements for implementation of the neighborhood regenerations will comply to the FM/disbursement arrangements finalized at the project appraisal for the Nan'an subproject. The funds flow likely will be:

- The Bank loan proceeds will flow from the Bank into the project Designated Account (DA) to be set up at and managed by Chongqing Municipal Finance Bureau (CMFB).
- CMFB will be directly responsible for the management, maintenance and reconciliation of DA activities.
- Supporting documents required for Bank disbursements will be prepared and submitted by each PIU to Nan'an District Finance Bureau and then CPMO for review before sending to CMFB for further disbursement processing.
- CMFB will withdraw funds from the DA to reimburse PIUs for the payment of the Bank financed portion made by PIUs first or disburse the funds directly to contractors.

Initial estimation shows that the project likely will have an average bank-financed-portion (disbursement percentage) of 70% for all the Good and Civil Works under the project, and 100% for Consulting services. To mitigate the risks of implementation progress for neighborhood regeneration interventions being constrained by the counterpart fund not being timely arranged, it is suggested that the client and Bank team might discuss and consider the possibility of increasing the disbursement percentage to 100% for neighborhood rehabilitation investments under the Project. The proposed neighborhood regeneration activities supported by the project concentrated in the three street-committee of Nan'an district, have a total estimated civil works cost around RMB 100 million (US\$ 18 million), accounting for a very small portion (6%) of the Project's total civil work costs. Even with 100% disbursement percentage, loan used for neighborhood rehabilitation will account for 18% of the total project loan (US\$100 million).

12. Approaches for selecting, analyzing, designing and implementing neighborhood regeneration interventions (Annex)

A package of survey methods, analytical tools and design approaches were applied to support the project preparation in selecting, analyzing, designing, and implementing the neighborhood regeneration interventions. These methods and tools will be further piloted and tailored to the district's needs during implementation of the neighborhood rehabilitation interventions in Nan'an district, and will be incorporated into the final Handbook of CLBU Approach for Neighborhood Regeneration for dissemination and knowledge sharing. See *Annex of Approaches for selecting, analyzing, designing and implementing neighborhood regeneration interventions.*

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