PROJECT INFORMATION DOCUMENT / INTEGRATED SAFEGUARDS DATA SHEET (PID/ISDS)

CONCEPT STAGE

Report No.:PIDISDSC17897

Date Prepared/Updated: 16-May-2017

I. BASIC INFORMATION

A. Basic Project Data

Country:	China	**Project ID:**	P158142
		Parent Project ID *(if any)*:	
Project Name:	Chongqing New Urbanization Pilot and Demonstration Project (P158142)		
Region	EAST ASIA AND PACIFIC		
Estimated Appraisal Date:	20-Nov-2017	**Estimated Board Date:**	30-Jan-2018
Practice Area (Lead):	Social, Urban, Rural and Resilience Global Practice	**Financing Instrument:**	Investment Project Financing
Borrower(s)	People's Republic of China		
Implementing Agency	Chongqing PMO		

Financing (in USD Million)

Financing Source	Amount
Borrower	106.00
International Bank for Reconstruction and Development	100.00
Total Project Cost	206.00

Environmental Category:	A-Full Assessment
Concept Review Decision:	Track II - The review did authorize the preparation to continue
Is this a Repeater project?	No
Other Decision (as needed):	

B. Introduction and Context

Country Context

Despite the exponential growth of its cities and urban population, China is only part way through its urbanization process. Between 1978 and 2016, the number of Chinese cities increased exponentially from 193 to 662 and the percent of urbanites from 18% to 56%. Cities have become supersized, with at least six now classified as megacities of over 10 million people (Shanghai, Beijing, Chongqing,

Guangzhou, Shenzhen, and Tianjin) and around 130 have more than one million people. Yet the percentage of urbanites is still relatively low in comparison to the country's per capita income. Over the next 15 years this is projected to increase to 70%, with 250 million more people moving to cities, increasing the urban population to about 1 billion people. This next stage of urbanization, however, will occur under different conditions, including notably slower growth, a shrinking workforce, and a rapidly aging population.

The unprecedented urban sprawl, which accompanied the previous urbanization phase, is having an increasingly negative impact on the environment. Cities have gone through an extraordinary phase of physical expansion driven by a thirst for revenue from the conversion of rural land to urban land and the (increasingly short-lived) growth that accompanied the associated infrastructure build. These greenfield developments in the urban periphery have demolished, leapfrogged and absorbed settlements and villages. This inefficient mode of land development has come at an increasing cost to the environment, forests, natural habitats, rivers and waterbodies, air quality, agricultural land, and ultimately the global climate (through increased consumption of fossil fuels resulting from inefficient urban form).

Compounding this, top-down and uncoordinated city planning has created a disconnect between jobs, affordable housing, and transit reducing well-being in cities. The physical expansion of cities has been exacerbated by top-down, standards-based and aspirational urban plans and designs, which have created a monotonous urban vernacular made up of wide boulevards and large super-blocks leading to a dependency on private automobiles. Public transit planning has been done in isolation from, or out of sync with, land use planning and housing and employment strategies resulting in increasing distances between where people live, work, and access services, which is all decreasing quality of life for urban residents.

The ease of building outwards and the increasing cost and complexity of redevelopment within cities has led to decline in some inner city areas. In many cities, existing urban centers and older urban districts have not been prioritized for investment. Many large, more-established cities have seen a process of de-industrialization of their inner districts. This has all added to the view that inner cities are congested, unhealthy, and overcrowded and the best solution is to build anew or move out. Where development has happened in these areas, the general model has therefore been demolish-resettle-rebuild. However, the prohibitive costs, both social and financial, of this approach have begun to make it infeasible in many cities.

A series of central government plans and policy directives are pushing China towards a new urban paradigm in line with global Sustainable Development Goals (SDGs). The National New-Type Urbanization Plan (2014-2020) issued by the State Council in 2014, sets out a blueprint for China's future urbanization and economic development, one which is to be more environmentally sustainable and people-centered. Essentially the plan aims to: (i) convert more rural migrants to urban residents (at least 100 million by 2020); (ii) modernize industry and better integrate it with urban development; (iii) focus urban development in major urban agglomerations and better coordinate large and small cities within these; (iv) emphasize environmental protection and green lifestyles; (v) preserve the natural and cultural features of cities; and (vi) introduce reforms in urban management, including reforms in the management of labor, finance and land.

New State Level Guidelines for Urban Planning and Urban Development further expound the future direction of urban development. These guidelines, issued by the State Council in February 2015, include requirements to improve urban planning and urban development at different scales, from the territory of a city to its streets, blocks, and buildings. Key principles include: (i) narrow roads, dense

street networks; (ii) methods to control further urban sprawl; (iii) expansion of public and green space and pedestrian routes; (iv) increased use of public transit ; and (v) emphasis on historic preservation and building city character.

On the global scale, the Government of China has committed that by 2030 China will peak CO2 emission and lower CO2 emissions per unit of GDP (emissions intensity) by 60–65 percent from 2005 levels. The implementation of the targets has been cascaded to provinces and cities, with a number of Chinese cities also committing to peak by 2030, with some even committing to ear lier dates as part of a US-China Climate Smart/Low-Carbon Cities Initiative. These global targets and increasing aspirations towards sustainability make it more difficult to justify further urban sprawl.

In addition to this policy push, cities are facing a number of constraints that will ultimately force them into using existing land more efficiently and developing new sources of municipal finance, with growing inter-relationship between the two. Firstly, cities face increasing restrictions on rural to urban land conversion as well as limitations on new district construction. Secondly, local government off-budget borrowing by special purpose vehicles against land conversions is increasingly restricted under the new State Budget Law, which became effective in 2015. This means for urban infrastructure, cities must access local government bonds (issued by provinces) and corporate bonds or commercial bank loans (in the case of revenue-earning utilities and infrastructure services). Other debt-finance is under strict control. The law encourages PPPs and the development of revenue generating entities but these will take time and capacity to develop. These factors are all converging on a need for cities to better use existing land and identify ways of improving the sustainability of revenue streams coming from urban land.

Sectoral and Institutional Context

Decisions made now by China's cities for their next phase of development – either as compact dense cities or as sprawling metropolises – will determine the size of their carbon footprint. Evidence from cities around the world, including China, point to an inverse relationship between the level of compactness of a city and CO2 emissions, meaning that less compact, more sprawling cities emit more carbon emissions. Other studies confirm that cities that are compact and well planned have much lower emissions per capita. For example, New York City has the highest total greenhouse gas emissions in the US, but on a per capita basis, its emissions are much lower than other large cities - 40 percent lower than Houston's. Other studies show that the relationship between new urban land development and transport CO2 emissions is very strong; much stronger than other factors which might influence CO2 emissions, including population growth and per capita GDP growth. Sprawl also leads to greater energy use for transport and higher costs for energy and water services than in denser cities.

The path taken by cities now will determine the quality of life of urban residents for generations and have long term implications on poverty and inequality. The urban poor, who are unable to compete for scarce resources or protect themselves from harmful environmental conditions, are most affected by the negative impacts of urbanization and least able to cope. Experience from the USA has been that sprawl and central city decline are both manifestations of a metropolitan development process that leads to higher levels of economic segregation. Urban sprawl and the concentration of poverty can been viewed as two sides of the same metropolitan development process, one which continues under the current trends will likely increase urban poverty and limit equality of opportunity.
Thus, reversing the trend of urban sprawl in cities will not only reduce global environmental impacts but also improve future growth and shared prosperity in cities. China's cities can reverse the trend of sprawl if they act now. In the medium term, this will require changing a complex set of incentive structures that have perpetuated sprawl, such as uneven land reform, weak property rights of farmers,

tax rules, zoning rules, development subsidies etc. At the same time, Cities can start by making better use of existing urban land through flexible zoning, with smaller plots and more mixed land use, which could lead to denser and more efficient urban form in central city districts. Linking transport infrastructure with urban centers would encourage better management of congestion and pollution and better connection between jobs, affordable housing, and services. Doing all this well will take improved approaches to urban planning. The implementation of these plans will require new management structures, more sophisticated financing tools, cooperation across the public and private sector spheres, and communities who need to be involved in reshaping their urban environment, culture, and economy.

Chongqing, a mega-city located in South-West China, is one of the world's fastest growing cities in terms of GDP and commercial property development. The municipality had a total population of 29.7 million and an urban population of 17.33 million in 2013, accounting for 58.3% of the total population. The territory is subdivided into five sub-regions (according to Chongqing's Territory Development Strategy), including a densely built city core (181 km2); a Central City consisting of nine central urban districts (5,292 km2); suburban districts in a one-hour drive-time circle (23,100km2); a northeast wing dominated by the three-gorge dam area (33,900 km2); and a southeast wing made up of a vast mountainous area (19,800km2). (See Figure 1: Chongqing Municipality Subregions).

In terms of UNDP's urban human development ranking, Chongqing ranks low compared to other large and medium size cities in China. Of China's 35 large and medium size cities, Chongqing ranks second to bottom in terms of UNDP's urban human development index, and even lower than the provincial capitals of China's poorest provinces of Yunnan, Gansu and Guizhou. This is likely due to the municipality having many rural populations and migrants, compared to other major urban regions. The average disposable income of urban households in Chongqing in 2015 was RMB27,239, which is below the national average of RMB 31,195 and half that of developed cities such as Shanghai and Beijing, which are around RMB53,000.

Chongqing's population and economic activities have concentrated toward its central city (city core and 9 central districts). This central city area accounts for 7% of the land area of Chongqing municipality, accommodates 41% of the urban population, and produces 47% of Chongqing's urban GDP. Recognizing the benefits of the economic agglomeration that has emerged in the Central City, Chongqing Municipal Government has defined the Central City as the key hub leading the metropolitan urbanization process, and as the core of Chongqing's industrialization process and economic growth.

By 2020, the Chongqing Government estimates that it will have an urban population of 24.2 million (Chongqing Municipality Master Plan, 2007 – 2020). This will account for 71% of the total population of the municipality, which is expected to be 34 million by 2020. This means in a seven year period from 2014 to 2020, the municipality is expecting 6.8 million more people to migrate from Chongqing's vast rural areas to its urban areas and towns. It estimates that nearly 4.2 million of these newly urbanized people or two-thirds will move to the Central City.

Over the last fifteen years, the rate of expansion of Chongqing's built-up area has been substantially higher than the rate of urban population growth - higher than the national average and three comparable large-size, provincial-level municipalities of Beijing, Tianjin, and Shanghai. From 2000 to 2014, Chongqing converted 1,031 km2 of rural land for urban development to accommodate an additional 7.6 million urban people (or approximately 136m2 of land per person). For Chongqing's Central City to accommodate the expected additional 4.2 million urban residents by 2020, under the

business-as-usual scenario, Chongqing's Central City would need to convert and develop an additional 571 km2 of rural land (about the size of Chicago). (See Figure 2: Changes in Built-Up Urban Land - 2000 and 2010, Chongqing Municipality).

Based on the current trends of land development, Chongqing will double the built-up area of its Central City between 2015 and 2020. Chongqing Central City has an existing built-up area of 545 km2. The implication of developing an additional 571 km2 of greenfield land for the Central City to accommodate the expected additional 4.2 million urban population is that Chongqing will double the built-up area of its Central City in a five-year period. This ambitious scenario under Chongqing's business-as-usual model of conventional greenfield development will be a challenge. On the other hand, Chongqing has accumulated large stocks of greyfield (i.e. economically obsolete land) and brownfield land (post-industrial contaminated land) in its Central City that are underutilized and have been left vacant by closed State-owned industries and Town-Village Industries. This land is scattered in the periphery of Chongqing's Central City, particularly districts with an industrial heritage. Hence, to meet the needs of urban population growth, Chongqing needs to look inwards, towards the potential for urban regeneration through better use of its existing land to both partially address the demand for urban population growth in its Central City region, and at the same time develop the Central City towards a more compact, efficient and livable urban form capable of meeting cascaded targets for cities under China's global emissions targets.

Chongqing, under its 13th Five Year Plan (2016-2020) commits to reduce 19.5% in carbon intensity compared to 2015 levels. It is expected that Chongqing's emissions target will be progressively more stringent in its future Five Years Plans. Currently Chongqing's emission reductions are largely carried out by its major industries including power, iron and steel and electrolytic aluminum. However, further uncontrolled urban expansion, as proposed under the current Masterplan, could easily cancel out the emission reductions gained by low emission standards and technologies adopted by industry and transport. This is a general trend across cities, where recent studies in Chinese cities also suggest that gains in vehicle technology or fuel improvements have been overwhelmed by the underlying changes in travel behavior and urban lifestyles, which are exacerbated by auto-centric urban design and sprawl, leading to overall increases in energy use and GHG emissions.

The World Bank and Chongqing have a strong urban partnership, which presents an opportunity to engage with the city at a strategic and practical level on these important urban challenges. The Bank has a strong partnership with Chongqing on urban development spanning several decades and covering a range of urban issues and is a trusted partner. Like other development partners, including the Asian Development Bank, much of the Bank's recent lending to Chongqing has gone to the development of small cities and towns outside the Central City area. The municipality, however, is now turning to the Bank to set a strategic vision for the municipality towards 2040, particularly focused on the spatial development of the territory. Chongqing has also been working closely with Energy Foundation to introduce pedestrian routes in its inner core, and better integrate land use and transport planning or Transit-Oriented Development (TOD) in new Districts. The Project can draw on this and complement this through its TOD community of Practice to introduce these approaches in the context of urban regeneration. This all provides a sound basis for a potentially transformative project prioritizing urban regeneration in the Central City with practical relevance to other large cities in China.

What is the Bank's value added? The World Bank Group has great potential to accelerate the move to a new paradigm of urban development in Chongqing by building on: the decades long partnership between Chongqing and the Bank ; the Bank's recent role as a confidant in thinking through a new spatial strategy for the city toward 2040; and the first iteration of a city's regeneration plan, which is now under preparation. The overall policy environment is therefore favorable and the financing

constraints of local governments, and limitations on further urban expansion, all create an opportunity to engage, bring in international good practice in regeneration, and emphasize the environmental and social elements, which will be required for regeneration efforts to be sustained and inclusive. The Bank has the potential to draw on a cross-sectoral team of experts with urban regeneration experience and also advise from across public and private sector spheres. Rarely are urban regeneration projects implemented solely by the public sector. The need for massive financial resources is one factor. However, even if government could provide the necessary resources for regenerating urban land, the buy in from the community and business sector is needed to ensure the sustainability of any regeneration efforts.

What global lessons and innovations can the Bank bring? The World Bank Group has broad experience in urban regeneration across the globe, which culminated in the development of a Handbook in 2016 on Regenerating Urban Land (A Practitioners Guide to Leveraging Private Investment). This handbook draws on global cases of cities which have used their land assets and regulatory powers to leverage and incentivize private participation in urban regeneration. This handbook identifies the sequence of actions needed for a regeneration process and identifies four distinct phases: scoping, planning, financing, and implementation and three major assets that a city can use for urban regeneration: land, community, and the environment. A unique set of tools has been developed for each phase and asset and the further design of the proposed project design would aim to draw on these resources and wide knowledge across the World Bank Group.

Relationship to CAS/CPS/CPF

Country Partnership Strategy. The proposed project is in line with the World Bank's Country Partnership Strategy (CPS) for China for 2013 and 2016. Specifically, the project contributes to the CPS Strategic Theme 1 – Supporting Greener Growth, and Strategic Theme 2 – Promoting More Inclusive Development. Particularly, the project contributes to the CPS target 1.2 Enhancing Urban Environmental Services, target 1.3 Promoting Low-Carbon Urban Transport, and target 2.2 Strengthening Skills Development Programs, including for Migrants.

National Strategy and Joint China-World Bank Analytics. The proposed project is in line with China's National Plan on New Urbanization (2014-2020) and the country's new Guidelines on Urban Development and Management (2016). It also leads on from the World Bank and the State Council Development Research Center Report on Urban China: Toward Efficient, Inclusive, and Sustainable Cities (2014), which set out a reform agenda for the next phase of China's urbanization, including specific recommendations on reforming urban planning and design, better using urban land, and improving coordination of land use planning and transport infrastructure.

Twin Goals. The proposed project is aligned to the Bank's twin goals of eliminating extreme poverty and boosting shared prosperity. Rural to urban migration has played a big role in China's progress in reducing poverty in rural areas. Chongqing continues to attract large numbers of rural migrants from China's western region, who have moved to run-down areas within the central city districts or urban villages in the periphery of the central city. (See Figure 2: Concentration of Migrant Populations Sichuan-Chongqing Urban Region). The project aims to support urban regeneration efforts in exactly such areas that have high populations of rural-urban migrants and low-income communities ensuring better access to transit, an improved urban environment, and opportunities for skills training.

C. Proposed Development Objective(s)

Development Objective(s) (From PCN)

The project objective is to improve the urban environment, public space, urban mobility, and

regeneration planning in select Districts of Chongqing.

The planning and implementation of regeneration will emphasize integrated approaches that incorporate spatial optimization (i.e. market driven use of density, small blocks, mixed use, integrated public transit and land use planning), economic development (i.e., job creation and skills development), and social transformation (i.e., public space and services and urban vitality).

Project Beneficiaries. The primary beneficiaries are residents of project areas in selected Districts of Chongqing Central City who will directly benefit from better access to urban infrastructure and services, an improved neighborhood environment, and more efficient urban mobility, targeting specifically to low-income communities. Residents of participating districts are also expected to benefit from increased socio-economic opportunities. Other direct beneficiaries include agencies involved in planning and implementing urban regeneration efforts in the select Districts and at the Municipal Level. The indirect beneficiaries will be other Districts in Chongqing Central City and potentially other inner city districts across China looking for improved approaches for planning and implementing their urban regeneration efforts.

Key Results (From PCN)

Key results will include: (i) Number of new policies and guidelines on urban regeneration adopted by Chongqing Municipal Government; (ii) Number of District urban regeneration plans, detailed plans, and rezoning plans developed and adopted under the Project; (iii) Institutional mechanisms established operating at the Municipal and District Level for urban regeneration planning and financing; (iv) Reduced GHG Emissions compared to business as usual scenario or Decreased emission intensity in the project compared to its current emission intensity levels; (v) Direct Project Beneficiaries (number who are female) – Core Sector Indicator; and (vi) Participants in consultation activities during project implementation (number) – Core Sector Indicator.

D. Concept Description

The hilly, mountainous topography of Chongqing means it faces challenges in providing cost-efficient municipal services, which will only be further exacerbated if sprawl continues. The territory of Chongqing's Central City has unique geographic features including hilly land divided by two parallel strips of mountain ranges crisscrossed by the confluence of two major rivers (the Yangtze and Jialin Rivers). In between are small pockets of land, which are constrained by higher infrastructure costs (for constructing bridges, tunnels, road/pipes, subways etc.), and result in disadvantageous road networks and connection bottlenecks between land pockets. Based on data from the minimum living standards allowance (a measure of urban poverty), overall urban poverty has declined in the central city area relative to urban areas of peripheral counties, especially in the north. However, within Chongqing's Central City Districts, urban poverty has concentrated in those inner city residential areas that were associated with old or declining industries.

Chongqing City has an opportunity to redevelop land within the two mountain ranges as a priority over developing new greenfield sites to the east and west of these ranges. The proposed project would aim to demonstrate how Chongqing can redevelopment areas within the two parallel mountain ranges (Zhongliang mountain to the west, Tongluoshan mountain to the east) and within the central city or directly adjacent to it as a priority over the currently proposed business-as-usually model of greenfield development scattering developments over the mountain ranges and into the broader territory, which will ultimately undermine the competitiveness, efficiency and performance of the city. See Figures 4 and 5: Existing Built-up area of Chongqing (2013), and Future Land Use Plan for Chongqing (2020). The Project aims to demonstrate how Chongqing can look at the potential and space for improving land use efficiency and urban density through urban regeneration of peri-urban areas, old industrial

areas, and urban villages that currently surround the central city.

Chongqing has started the process of drafting its first Municipal Regeneration Plan (under the Municipal Masterplan). The first iteration of this plan is expected to be approved in mid-2017. It identifies an area of about 40km² across the 9 Central City Districts, which are to be earmarked for regeneration, with a focus on making urban improvements within existing communities rather than the traditional demolish-resettle-rebuild model (See Figure 6: Map of Sites for Regeneration). To accompany this plan, the Municipal government is developing for the first time more detailed guidelines and principles for urban regeneration (See Box 1 for General Principles). Many major cities in China, particularly maturing mega-cities, have been grappling with planning and policies for urban regeneration and looking to find workable models and approaches to implement them. While physical regeneration has occurred in many cities, the accompanying economic and social transformations have generally been harder to engineer.

Box 1. Chongqing City Government Principles for Urban Regeneration Planning
The principles for urban regeneration set out by Chongqing City government include: (i) efforts are to be led by government and guided by official plans; (ii) highest priority is to be given to public benefit, while encouraging private sector participation; and (iii) policy reforms are needed, and should be implemented in phases. Other parameters for urban regeneration planning include:
• TWO scales of plans are to prepared, one at the scale of street-committee (land area of 2-5 km2 for each street-committee), and at the scale of urban planning unit (land area typically of 2-10 ha, covering several blocks);
• THREE categories of existing land use are prioritized: old residential areas, old markets or commercial blocks, and old industrial or warehousing land.
• FOUR key issues are to be addressed and these include: (i) improving basic public services at neighborhood level (within service catchments of 10 minutes walking distance); (ii) promoting transit ridership by improving access to bus stops; (iii) improving public space; and (iv) improving urban utility connections (last stage connections to end users).

The project will support improved urban regeneration planning and finance the implementation of urban regeneration schemes in Dadukou a nd Jiulongpo Districts. The project sites cover the existing urban areas of the two project districts, with emphasis in a 10 km² of Funiuxi area (plus possiblly Yaxia area) and 4 Km² of Baishiyi Town area (plus possibly the old eastern part of Jiulongpo) in Dadukou and Jiulongpo Districts respectively. The project areas within these Districts are selected based on land which is within the responsibility of the two district governments, and the activities to be supported have been developed based on specific criteria that aim at old urban and town area regeneration. (See Figure 7: Potential Project Districts).

The preliminary total cost of the project is estimated at about RMB818 million (US$206 million). The proposed project would have the following three components.

Component 1: Chongqing Urban Regeneration Platform (Base cost of RMB 42 million; US$ 6 million), which covers both municipal level and district level. At municipal level, the Platform (US$ 2 million) will be chaired by Chongqing Municipal Urban Planning Bureau and operated at Chongqing Municipal Urban Planning & Design Research Institute (CUPDI). Aiming to provide technical guidance to the select Project Districts and also draw lessons for implementation of regeneration schemes, the municipal Platform supported by the Project will implement the following project activities:

(i) Develop policies and guidelines for municipal urban regeneration, including: city-wide inventory

and assessment of urban regeneration needs and potentials; Chongqing Municipal Urban Regeneration Guideline; Policy Handbook for Urban Regeneration; and Guidance for Preparing Multi-Year-Rolling Implementation Schemes for Urban Regeneration.
(ii) Develop urban regeneration plans for Project Districts, detailed plans and rezoning for project areas, including: Dadukou District-wide Urban Regeneration Masterplan; Jiulongpo District-wide Urban Regeneration Masterplan; Detailed Urban Regeneration Plan and Re-zoning for Project Area in Dadukou; Detailed Urban Regeneration Plan and Re-zoning for Project Area in Jiulongpo).
(iii) Establish and operate an Urban Regeneration Lab (and ultimately set up a mechanism to sustainably operate the lab beyond the project period). Stationed at Chongqing Municipal Urban Planning & Design Research Institute (CUPDI), this Urban Regeneration Lab will be a center of urban regeneration knowledge established jointly by key players and representatives, including Chongqing Municipal Urban Planning Bureau, universities (Chongqing University), urban designers, and local urban renewal practitioners to explore and apply best practice, experience-sharing in Chongqing's urban regeneration activities. The Lab will also be a focal point for consolidating international cooperation programs of urban renewal interventions in Chongqing. The Lab is also expected to provide the leadership, technical support to district-level urban regeneration platforms and supervise the operation of multi-year rolling schemes of old neighborhood regeneration in Project Districts.

At the level of the Project Districts, the Platform will be chaired by the District Urban Planning Bureau and jointly established by key related agencies at district level, including the District Construction Commission, Urban Utilities Bureau, and Street Committees in old urban areas that have urban renewal needs. This multi-stakeholder collaborative platform will be responsible for: (i) developing and updating the multi-year-rolling implementation schemes of neighborhood regeneration under guidance of the District's Urban Regeneration Plan prepared under the Project; (ii) assist the local communities to prepare their neighborhood rehabilitation proposals; (iii) reviewing neighborhoods' applications, selecting the proposals for support each year, improving the selected proposals and designs with technical support from the Municipal Urban Regeneration Lab; and (iv) implementing the selected neighborhood regeneration projects with financing from an earmarked funding pool supported by the Project (US$ 2 million for each of the two Project Districts). This aims to be a bottom-up participatory mechanism and rolling approach for urban regeneration at neighborhood level established and piloted in Chongqing bringing in good practices in citizen engagement. The proposed activities would also aim to develop a better understanding of gender dimensions of urban regeneration in the project districts to be able to employ more targeted strategies to men and women. The Districts would also be supported to identify strategies and approaches to prevent gentrification, drawing on global lessons.

Component 2: District Urban Regeneration Projects (2-3 Districts, tentatively Dadukou and Jiulongpo District; RMB1386 million; US$198 million). This component will finance urban regeneration investments meant to improve the economic, environmental, and social transformation of the districts and catalyze private investment. The urban planning and urban designs for the investments will be supported under Component 1 with technical inputs from the municipal level. Investments would have the aim to (i) revitalize and develop higher quality neighborhoods; (ii) improve access and make mobility improvements for low-income households; (iii) support urban environment improvements and land regeneration; and (iv) enhance skills and vocational training targeted to new opportunities as part of the regeneration plans. Best practices of urban regeneration planning, financing, and implementation will be reviewed and incorporated, and new approaches and measures for urban regeneration financing tailored to facilitate Chongqing's urbanization process will be explored in the Project design. A list of possible investments is in Table in Attachment 1. (See Figure 8 and 9 for related maps of the Project Areas).

Proposed urban regeneration schemes at the District Level will follow the framework and four phases set out in Regenerating Urban Land: A Practitioners Guide to Leveraging Private Investment (2016), including scoping, planning, financing, and implementation.

Component 3: Capacity Building and Project Management (RMB14 million; US$2 million). This component will provide capacity building and project management support required to implement the project. It would also provide opportunities for participating District and Municipal authorities to bring in, and learn from, good practices in urban regeneration from the Bank and globally. There would be opportunities for Chongqing to take forward work developed under the 2040 vision, particularly more broadly related to Chongqing's spatial expansion, urban footprint, and climate change. There would also be opportunities to participate as part of the Global Platform for Sustainable Cities, coordinated by the World Bank Group, which Chongqing has already begun by joining the launch in 2016.

II. SAFEGUARDS

II. SAFEGUARDS

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

The territory of Chongqing's central city has a unique geography of hilly land divided by parallel strips of mountains and major rivers (the Yangzi River and Jialin River), which include pockets of land space, constrained urban growth, higher infrastructure costs (for constructing bridges, tunnels, road/pipes, subways), disadvantageous road networks, and connection bottlenecks between land pockets. In order to generate urban agglomeration effects (benefits), spatial growth of Chongqing's central city should first focus in the area between the two parallel mountains (Zhongliang mountain to the west, Tongluoshan mountain to the east), followed by development of land pockets beyond the mountains.

Dadukou district is located in the southwest of Chongqing's central city and neighbors the Yangtze River. It has an area of about 100 km2 and population of about 333,000 (2015). Dadukou district was an old heavy industry base, the major industry being steel. In the past decade or so, many of the traditional state owned heavy industries were closed or moved out of the district. Much efforts and investment have been made to remediate the former industrial lands.

Jiulongpo district is also located in the southwest of Chongqing's central city and neighbors the Yangtze River. It has an area of 432 km2 and population of about 1.1 million. The district was also a traditional industrial base with the key industry being manufacturing. The district has been able to successfully upgrade its manufacturing industries and sustain economic growth. The district is also an important transport hub, housing a major waterway port and two railway stations.

B. Borrowers Institutional Capacity for Safeguard Policies

Chongqing Municipal PMO will take overall responsibility for project preparation and implementation. The PMO has rich experience in managing safeguard issues drawn from seven World Bank financed projects since the early 1990's. Dedicated environmental and social safeguard officers are assigned in the PMO, who will help coordinate the Districts and EA and Social consultants in preparing the environmental and social safeguards documents.

Component 1 is technical assistance and will be managed by the municipal PMO. Component 2 investment activities will be managed by district level government. These district level governments

are relatively new to the World Bank-financed project and have no experience preparing and implementing World Bank safeguards instruments. Therefore, the municipal PMO will provide guidance and support to the district level project implementation units (PIUs); and a capacity building plan, including institutional setup, staffing and training aspects, will be developed to ensure the PIUs have adequate capacity in managing safeguards issues for the project.

The PMO and district governments have made an agreement on hiring qualified environmental and social consultants to prepare environmental and social safeguards documents for the project.

C. Environmental and Social Safeguards Specialists on the Team

Jun ZengGSU06

Ning YangGEN2A

Shuang ZhouGSU02

D. POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered ?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	Based on initial project proposals, the proposed project will support technical assistance covering the municipality and physical activities in selected districts. The technical assistance (component 1 Chongqing Urban Regeneration Platform) will support development of policies, guidelines and plans pertinent to urban planning and regeneration and specific technical support to the project districts. Thus it will have environmental and social implications. Component 2 will support physical activities in select districts, including for example rehabilitation of drainage channels, creation of public spaces such as pocket parks and green paths, improvement of necessary urban environmental infrastructure such as drainage, garbage transfer stations and branch roads, and building of a secondary school. Overall, the project is anticipated to have significant environmental and social benefits as it aims to improve the urban environment and create more livable neighborhoods. The project is proposed as Category A primarily because of the potential environmental and social complexities associated with component 2 investment activities, namely: 1) rehabilitation of drainage channels in proposed project districts will entail dredging and disposal of sludge. Field visit suggests

		that the drainage channel has received wastewater for a long period; 2) there are potential legacy of contaminated sites in Dadukou District, which was a heavy industrial base for decades. Bank safeguard policies apply to Component 1 technical assistance activities. During the project preparation, an Environmental and Social Management Framework (ESMF) will be prepared for Component 1 to clearly define required safeguard documents that are tailored to the type of technical assistance activities, the environmental and social screening procedures, the requirements on safeguard documentation, and the review, implementation, supervision, consultation and disclosure and capacity building. Specifically, during the project implementation, 1) for upstream or macro-level technical assistance activities such as development of technical guidelines, 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. Under Component 2, physical works to be financed under the project are expected to be of medium to small scale. Anticipated environmental and social issues are associated with construction activities mainly, such as water pollution, soil erosion, construction wastes, noise and dust and social disturbance. Most can be well mitigated with readily available measures and good practices. It is proposed that a set of ESIA and ESMP will be prepared for each of the participating Districts. As a category A project, an ESA Executive Summary will be prepared as well. (This Executive Summary also needs to summarize the ESMF prepared for Component 1.) The following issues will receive special attention during the development of ESIAs

		and ESMPs for district activities under Component 2. Environmental and social baselines. Among other issues, the water quality and sediment contamination of the two proposed drainage channels (Liangtan River in Jiulongpo; Funiu Creek in Dadukou) will need to be reviewed in detail. In Dadukou District, a review of potential contaminated sites left from former industrial land will be needed. If any potential contaminated sites are identified within the project area, a detailed environmental site investigation will need to be carried out to assess potential environmental and human health risks. Alternative analysis. Alternative analysis taking into account environmental, social, technical and economic factors will be included in the ESIAs. Key alternatives considered may include: river rehabilitation technologies, disposal of dredged sludge, land uses relevant to brownfield remediation and redevelopment, location and alignment of transport infrastructure. Impact assessment and mitigation plans. Along the lines of identifying key environmental and social problems (e.g. poor water quality and sediment contamination) and recommended alternatives, comprehensive environmental and social impacts will need to be carried out and site-specific mitigation measures to be developed. Social issues covered by OP4.01 will be addressed in the EA documents as well. Public consultation and disclosure. Per OP4.01, during EA preparation two rounds of public consultation and information disclosure will be carried out through questionnaire survey, interviews and public meetings. Public opinions will be incorporated into the project design and EA. The Full EA will be disclosed locally and at the Bank InfoShop.
Natural Habitats OP/BP 4.04	Yes	Based on initial screening and site visits, the project areas are built-up or of mixed industrial, residential and commercial land use. There are no ecological sensitive areas

		identified within the project area. The policy is triggered because the river rehabilitation activities and other physical works will have both positive and potential negative impacts on common natural habitats.
Forests OP/BP 4.36	No	The project doesn't involve forest issues.
Pest Management OP 4.09	No	The project will not involve use or procurement of pesticides.
Physical Cultural Resources OP/BP 4.11	TBD	Initial site visit and screening suggests there is no physical cultural resources presence in the vicinity of the project sites. the project activities will take place in built-up or industrialized area, likelihood of PCR existence is not obvious. Further survey and consultation will be carried out during project preparation to determine whether the policy needs to be triggered. The ESIAs shall document surveys and consultation on the cultural relics, other types of PCRs such as cemetery, family temple in the project area of influence and determine whether the policy should be triggered. If the policy is triggered, assessment of impacts and PCR management measures should be included in the ESIA and ESMP. Chance-find procedure will be included in the project ESMPs.
Indigenous Peoples OP/BP 4.10	No	The proposed project activities will be conducted within urban areas of Chongqing Municipality, and the social specialist of the World Bank concluded that there is no indigenous community present in or have collective attachment to the project area. The population of the affected areas of the project are Han population. The Han population is identified as the majority population in China, based on its culture and populations. The Bank's Indigenous Peoples Policy OP 4.10 is not triggered.
Involuntary Resettlement OP/BP 4.12	Yes	The detailed land use area and number of Project Affected People was not known at the time of identification. As the current land use of those proposed proposals would cover collective owned land and demolish old buildings/attachments during the regeneration activities therefore land acquisition and physical resettlement cannot be avoided and the Bank's safeguard policy OP 4.12 on involuntary resettlement will be triggered.

		Component 1 of the project will a) develop policies, guidelines for urban regeneration including “city wide inventory and assessment or urban regeneration needs and potentials” and b) to develop urban regeneration plans and rezoning of areas. As a framework approach is required, an RPF will be prepared by appraisal which will guide the preparation of site specific RAPs when investments are selected. The investments to be supported at the District level such as transport infrastructure, wastewater treatment etc. will be selected by appraisal. In such cases, site specific RAPs will be prepared for each investment if land acquisition/resettlement is expected under the specific sub-project. Social assessment. A social impact assessment will be carried out to understand the socio-economic baseline, conduct initial public consultation to solicit opinions and different stakeholders’ needs at the early design stage and identify possible positive impacts and negative socio-economic impacts. The mitigation measures and recommendations shall be developed based on the consultation, engagement and assessment process. The social impact assessment will be a separate document at the project level. This report will contribute to the social development perspective of this project as well as for the ESMP development. Public Participation and Stakeholder Engagement. A participation approach will be introduced in the project under Component 1. Preliminary principles and recommendations will be applied in introducing a participatory approach in urban regeneration in Chongqing, aiming to provide a preliminary, general idea which will be integrated into the implementation of the Chongqing Urban Regeneration Platform. The detailed methodology will be further studied, developed, and discussed during project preparation.

		An initial public consultation will be conducted during the Social Impact Assessment process to broadly solicit understanding and comments from all segments of society and groups, including the poorest, most vulnerable, women etc. All key stakeholders will be identified during the Social Impact Assessment process and initial engagement will be conducted. Thus, a stakeholder participation framework plan will be included into the SIA report at the project level to guide implementation of public participation for each sub-project.
Safety of Dams OP/BP 4.37	No	The project doesn't involve any dams.
Projects on International Waterways OP/BP 7.50	No	The project is in hinterland areas and doesn't involve any international waterways.
Projects in Disputed Areas OP/BP 7.60	No	There project is not in disputed areas.

E. SAFEGUARD PREPARATION PLAN

1. **Tentative target date for preparing the Appraisal Stage ISDS:**

   15-Dec-2017

2. **Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal-stage ISDS.**

   An Environmental Assessment (including ESIAs, ESMPs, ESA Summary, ESMF referred to in this ISDS), Social Impact Assessment, a Resettlement Policy Framework and specific Resettlement Action Plans will be prepared. Terms of Reference for preparation of these documents are being prepared now. The safeguards related studies will be completed by December 2017.

III. Contact point

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[1] Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.

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