

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: PIDA62356

Project Name	Lushan Earthquake Reconstruction and Risk Reduction Project (P153548)
Region	EAST ASIA AND PACIFIC
Country	China
Sector(s)	Other social services (20%), Rural and Inter-Urban Roads and Highways (40%), Sanitation (20%), Water supply (20%)
Theme(s)	Natural disaster management (35%), City-wide Infrastructure and Service Delivery (50%), Rural services and infrastructure (10%), Other environment and natural resources management (5%)
Lending Instrument	Investment Project Financing
Project ID	P153548
Borrower(s)	People's Republic of China
Implementing Agency	Sichuan Urban Environment Project Office (UPPMO), Sichuan Provincial Transportation Department Highway Bureau (TPPMO)
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	22-Mar-2016
Date PID Approved/Disclosed	09-Mar-2016
Estimated Date of Appraisal Completion	30-Mar-2016
Estimated Date of Board Approval	26-May-2016
Appraisal Review Decision (from Decision Note)	The Chair authorized the team to appraise the project in line with the recommendations of the meeting. The project is scheduled for Board Approval on May 26, 2016.

I. Project Context

Country Context

Over the past three and half decades, China has witnessed an unmatched progress in economic growth and poverty reduction. Between 1981 and 2012, the percentage of the population living below the US\$1.25 a-day international poverty line fell from 84.3 percent to 5.2 percent, while the absolute number of poor fell from 837.5 million to 70.4 million. Yet, with a population of 1.3 billion, China is also home to the third largest number of poor in the world. In 2011, China's gross national income per capita of US\$4,930 ranked 114th in the world. Further reducing poverty is essential for China's drive to become a modern, harmonious and high-income society.

China is heavily exposed to a range of natural hazards which pose a serious challenge to reducing poverty and promoting shared prosperity. In the recent decade, frequent natural disasters have caused high loss of life and damage to property in China, endangering the country's impressive

development gains. Between 2000 and 2015, disasters affected some 1.6 billion people and caused about US\$300 billion in damages. Between 2002 and 2011, China incurred damages due to natural disasters averaging US\$27.4 billion (0.4 percent of Gross Domestic Product, GDP) each year, peaking in 2003, 2008 and 2010. In the context of climate change, China's risk to hydro meteorological hazards is expected to increase. Increasingly, cities and urban centers are being exposed to climate and natural hazard risks that tend to impact a large proportion of economic assets and households.

The Lushan Region of Sichuan Province is one of the world's most geologically and meteorologically active regions. Located between Chengdu Plain and Qinghai-Tibet Plateau, the province sits on an intersection where three seismic fault zones (Longmen Mountain, Xianshui River, and Anning River) meet. Earthquake risk is particularly high in the region, with some of the largest historical events having occurred in densely populated locations. Many powerful earthquakes have struck in the past in China, and according to official records, more than 280 events exceeding 5.5 on the Richter scale have occurred in the country since 1970. The Wenchuan Earthquake of 2008 killed over 69000 people and caused direct economic losses of US\$123 billion. Flooding, landslides, rock falls, and rockslides are associated challenges and are likely to increase due the increase in built-up areas.

Sectoral and institutional Context

On April 20, 2013, almost five years after the 2008 Wenchuan earthquake, the Lushan earthquake struck China's Sichuan province. With its epicenter in Lushan County in Ya'an Municipality (some 70 miles west-southwest of Chengdu, the capital of Sichuan Province), several counties, prefectures and cities of Sichuan Province (including Ya'an, Chengdu, Leshan, Meishan, Ganzi, Liangshan, and Deyang) were hit and 2.2 million people were affected. The Lushan earthquake was smaller in scale compared to the Wenchuan earthquake; however, the Lushan earthquake caused similar types of damage, disruptions to infrastructure, and impact on the province's population. The earthquake resulted in 176 fatalities and over 12,000 injuries in the impact area. Qionglai City, located to the west of Chengdu, suffered serious damage to its road network (350 km of rural roads) resulting in economic losses of approximately US\$48.4 million. There were many landslides and rockslides in the Longmen Mountains, where Ya'an is located. Frequent aftershocks caused further damage.

Following the Earthquake, the Lushan Earthquake Reconstruction Master Plan was approved by the State Council in July 2013 as the guiding document laying out key policies and strategies for the recovery of the disaster-affected areas. The plan emphasizes preparedness for geological disasters, capacity building for integrated disaster prevention and mitigation, and improvement of the disaster relief and emergency rescue system in Sichuan Province. It covers a severely hit area of 10,706 square kilometers that includes six counties in Ya'an Municipality and six towns in Chengdu. In terms of ex-ante disaster risk management, the Master Plan includes: (i) establishment and improvement of a comprehensive emergency response system; (ii) improving monitoring, early warning and forecasting; (iii) improving disaster prevention; (iv) improving disaster information management; (v) introduction of an educational component to popularize the knowledge of disaster prevention and mitigation; (vi) reconstruction of meteorological observation stations and emergency response systems; (vii) construction of new emergency broadcasting platforms; and (viii) establishment of the Sichuan satellite disaster reduction application center. As of July 2015, 78 percent of the total estimated reconstruction costs associated with this Master Plan (CNY86

billion, equivalent to US\$13.87 billion) had been expended. The Bank's value added through this project would be contribute to the overall objective of the Lushan Earthquake reconstruction master plan by bringing in international best practice expertise for risk reduction and emergency preparedness at the sub-national level.

China has made considerable efforts to promote a proactive approach to disaster risk management; however challenges remain, particularly in terms of implementation at the local level. At the national level, China has shifted its focus from recovery and reconstruction to introducing risk reduction in socio-economic planning. Existing building codes in earthquake-prone areas have been upgraded since the 2008 Wenchuan earthquake, but challenges remain at the local level to implement and comply with the set policies and ensuring quality construction, maintenance and operations. There is also a need to improve synergies between the central and local levels by effectively using updated disaster risk information in development planning and investment processes.

Over the past two decades, World Bank support to natural disasters in China has shifted from a recovery to a risk reduction approach. In the late 1990s, the assistance for the 6.2 Richter scale earthquake in Zhangbei (Hebei province, on January 10, 1998) and a magnitude 7.0 earthquake in Lijiang (Yunnan Province, on February 3, 1996) focused on restoration of infrastructure and facilities (housing, health, education, agriculture and irrigation, water resource management, cultural heritage conservation and protection) and enhancement of economic activities for additional sources of income to vulnerable populations. In the 2000s, the Bank supported the Government through the Wenchuan Earthquake Reconstruction Project (WERP) to restore essential infrastructure, health, and education services, as well as in introducing seismic and flood risk reduction, and building capacity of local governments to manage recovery programs.

The proposed project focuses on risk reduction and disaster resilience in infrastructure and multi-hazard planning in Ya'an municipality and Qionglai City. Building on the lessons learnt during the past two decades, the proposed project focuses on strengthening critical infrastructure, including roads and emergency infrastructure that were prioritized in the Lushan Earthquake Reconstruction Master Plan. The project will promote knowledge transfer and capacity building at the local level by financing a pilot multi-hazard risk information platform in Shimian County. The pilot will provide an entry point for systematically integrating existing disaster risk management systems within socio-economic plans and investments, and will also provide a vehicle for knowledge sharing across districts/counties/municipalities in Sichuan. Through the successful engagement in disaster recovery in China, as well as global experience in earthquake reconstruction and multi-hazard risk reduction, the Bank can contribute to building long-term disaster resilience in Sichuan Province and to the long-term sustainability of infrastructure in the project areas.

II. Proposed Development Objectives

The project development objectives are to improve access to disaster resilient infrastructure and strengthen risk reduction in select municipalities of Sichuan Province and to improve emergency preparedness in Shimian County in Sichuan Province.

III. Project Description

Component Name

Upgrading and Risk Reduction of Rural Roads

Comments (optional)**Component Name**

Upgrading of Priority Urban and Emergency Infrastructure

Comments (optional)**Component Name**

Technical Assistance for Strengthening of Disaster Management and Preparedness in Shimian County

Comments (optional)**Component Name**

Project Management and Capacity Building

Comments (optional)**IV. Financing (in USD Million)**

Total Project Cost:	391.25	Total Bank Financing:	300.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
Borrower			91.25
International Bank for Reconstruction and Development			300.00
Total			391.25

V. Implementation

A Provincial Leading Group (PLG), headed by the Vice Governor of Sichuan Provincial Government and comprising all key Provincial Government agencies, provides high-level policy direction for the project. The Project will be coordinated by the Sichuan Province Development Reform Commission (SPDRC) and the Sichuan Finance Bureau (SPDF). Two Provincial Project Management Offices (PPMOs) are responsible for guiding and supervising project implementation in close cooperation with Chengdu and Ya'an municipalities. The Sichuan Provincial Transportation Department Highway Bureau (TPPMO), which is housed under the Sichuan Provincial Transportation Bureau (SPTB), will be responsible for overall coordination of Component 1. The Sichuan Urban Environment Project Office (UPPMO), which is housed in Sichuan Provincial Department of Housing and Urban Construction (SPDHUC), will be responsible for the overall coordination of Components 2 and 3. Component 4 will support the coordination efforts of UPPMO and TPPMO. Each of the seven project cities/counties/districts have set up respective City/County/District Project Management Offices and Project Implementation Units (PIUs).

The PPMOs are responsible for: (i) overall project coordination, management and monitoring; (ii) annual budget preparation; (iii) progress reporting to Sichuan Provincial Government and the Bank; (iv) inter agency coordination and procurement support; and (v) training and capacity-building

facilitation. The PMO would be responsible for: (i) project wide quality assurance; and (ii) project-wide management and; (iii) report progress to the PPMOs. The cities/counties/districts will be responsible for contracting, approval, implementation and completion of activities, with close support from the PPMOs.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04	x	
Forests OP/BP 4.36		x
Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11	x	
Indigenous Peoples OP/BP 4.10		x
Involuntary Resettlement OP/BP 4.12	x	
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)

VII. Contact point

World Bank

Contact: Madhu Raghunath
 Title: Sr Urban Spec.
 Tel: 5777+8374 /
 Email: mraghunath@worldbank.org

Contact: Ji You
 Title: Urban Specialist
 Tel: 5788+7765 /
 Email: jiyou@worldbank.org

Borrower/Client/Recipient

Name: People's Republic of China
 Contact: Yuanjie Yang
 Title: Acting Director of IFI Division I
 Tel: 86-10-68552064
 Email: yangyuanjie@mof.gov.cn

Implementing Agencies

Name: Sichuan Urban Environment Project Office (UPPMO)
 Contact: Yi Shi
 Title: Director
 Tel: 0082-28-86128880
 Email: suep2006@163.com

Name: Sichuan Provincial Transportation Department Highway Bureau (TPPMO)
 Contact: Yinghong Quan
 Title: Director

Tel: 0086-13880775963
Email: 34269407@qq.com

Public Disclosure Copy

VIII. For more information contact:

The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: <http://www.worldbank.org/infoshop>

Public Disclosure Copy