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Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 09-Oct-2019 | Report No: PIDISDSC25868

**BASIC INFORMATION****A. Basic Project Data**

Country China	Project ID P162178	Parent Project ID (if any)	Project Name China Food Safety Improvement Project (P162178)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date Sep 21, 2020	Estimated Board Date Mar 25, 2021	Practice Area (Lead) Agriculture and Food
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance	Implementing Agency State Administration for Market Regulation	

Proposed Development Objective(s)

The PDO of the proposed project is to improve food safety management at the national and targeted subnational levels and reduce food safety risks in selected value chains

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	350.00
Total Financing	350.00
of which IBRD/IDA	300.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	300.00
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Non-World Bank Group Financing

Counterpart Funding	50.00
Borrowing Agency	50.00



Environmental Assessment Category

B - Partial Assessment

Concept Review Decision

Other Decision (as needed)

B. Introduction and Context

Country Context

Like many countries worldwide, China is experiencing the effects of globalization and urbanization. Both of these trends have created new pressures on food systems, both domestically and internationally, with the supply chain becoming increasingly complex and harder to regulate. Advances in innovation in food technology have also enabled more food products to be offered that can last longer and be produced more cheaply, which carries both benefits and risks. For a country such as China, with its level of population and complex domestic food supply chains, food safety is an issue that spans all levels of government and food supply chains, from farm to fork.

Sectoral and Institutional Context

Historically, Chinese agricultural policies were primarily concerned about ensuring adequate supply of food for its vast population. More recently, food safety has become a significant public concern both domestically and externally and is causing significant anxiety among the general population and public officials. Consumer concerns appear to be primarily focused on food chemical contamination arising from misuse of agricultural chemicals, such as pesticides, fertilizers, growth hormones and antibiotics, plus heavy metal contamination of agricultural land and water. In addition, there is a concern about dangerous adulteration of food products, which have been reinforced by occasional high profile cases.

While the concerns of contamination of raw food with chemicals and other pollutants is justified in China, the public perception may have underestimated other risks to food safety that are equally serious. Even if food safety risks are minimized at the production stage, there are increasing risks along the supply/value chains as they become longer and more complex due to rapid urbanization. This means that China may be still susceptible to significant food safety risks, even if the safety of primary production were to reach the levels of developed countries.

China has been continuously modernizing its regulatory framework, both in terms of legislation and institutions. It has passed new Food Safety Law(s) in 2009 and 2015. In 2013, there was a streamlining of institutions that created the China Food and Drug Administration (CFDA) as a new Ministry-level body with similar streamlining of line agencies at the sub-national level under provincial or regional Food and Drug Agencies (FDAs). However, these bodies are still young and in the process of fully understanding their roles and building the institutional capacity to fulfill them effectively.

The new Food Safety Law of 2015 creates the framework for the establishment of a well-conceived and efficient food safety management system based on social co-governance. The latter means delivering food safety through partnership between the government, enterprises and consumers. However, there are challenges for China to implement its Food Safety Law successfully. These include: (A) uneven implementation and interpretation of the Law across provincial boundaries; (B) the focus of food safety systems on monitoring and testing to detect unsafe food versus the need to address more proactively prevention through a risk-based approach to ensure the delivery of safe food as it moves along supply/value chains; (C) excessive focus of food safety risk management systems on products rather than on businesses (with the primary focus on identifying and disposing of unsafe food rather than the generating and delivery of safe food);



(D) imbalance of the regulatory focus between the production stage versus the subsequent stages in the supply/value chain where could still become unsafe; and (E) need for greater attention on consumer engagement in an effort to rebuild consumer trust in Chinese food. The proposed project aims to address these challenges by realigning the current practices with international best practices.

Relationship to CPF

N/A

C. Proposed Development Objective(s)

The PDO of the proposed project is to improve food safety management at the national and targeted subnational levels and reduce food safety risks in selected value chains

Key Results (From PCN)

N/A

D. Concept Description

The proposed project would support implementation of the Food Safety Law at the national and subnational level. It will also support specific food safety improvement activities in Shandong Province and in the Municipality of Chengdu in Sichuan Province. The proposed project would consist of the following four components:

Component 1: National Regulatory Performance and Supervision. This component aims to establish practices to be applied in order to ensure the effective and consistent implementation of the 2015 Food Safety Law at all levels. It will improve the efficiency of national and provincial food safety regulatory agencies by introducing effective risk-based food safety control systems, laboratory testing, monitoring and analytical capacities. The project aims to upgrade the on-going national-level food safety capacity building activities administered by the CFDA, especially in the areas of risk-based food safety control systems, expand their coverage. Communication to the public will be included to promote the use of social co-governance approaches. Capacity building will be included to address identified needs amongst key stakeholders.

Component 2: Food Safety Supervision Process Model. This component aims to support regulatory authorities in Shandong, Chengdu and in participating counties within their jurisdiction, to develop a Supervision Food Safety Control model with the guidance from the CFDA. The component would support an effort towards harmonization of this model across project locations. This complements the national level capacity building program supported by Component 1, working directly with all staff involved in enforcement, both in the field and in laboratories. The component would also support the development of a traceability system that can be applied across Provincial/Municipal boundaries and across food value chains. It will develop a co-governance model across the selected value chains from farm to fork, linking the supervision of and support for all the actors at each stage in the chain.

Component 3: Whole Value Chain Food Safety Control Model. This component will support development of a Whole Value Chain Food Safety Control model in the selected value chains (i.e. pork in Chengdu and aquaculture in Shandong), which will be designed to be sustainable and replicable across other products. The component will use science and technology to build food safety into the production processes and will implement improvements such as traceability and cold chain systems in the selected value chains from farm to fork. It will also develop a consistent system of governance across major



producers, their supply chain partners and their retail outlets. Systems will focus on managing risks at each stage of the value chain. The project would aim to support and incentivize Small and Medium Enterprises (SMEs) and producers to reach compliance with the relevant food safety and product quality regulations in China.

Component 4: Public Participation in Risk Communication and Science Popularization. This component aims to increase public confidence in the food industry through establishment of the Public Participation in Risk Communication and Science Popularization program. Rebuilding public trust in food and in its food safety institutions is partly a matter of communications, in addition to actual improvements in the management of food safety. This component would support communication capacity building of stakeholders across the value chain. It will encourage a dialogue between partners, strengthening understanding of the issues and also strengthen the accountability of both producers and regulatory authorities.

Likely changes in the implementation arrangements

MOF/NDRC have informed that Ministry of Agriculture and Rural Affairs have been advised to lead the Component 1: National Regulatory Performance and Supervision. They will also identify another province/municipality to replace Sichuan after Chengdu expressed their inability to be pursued with the project preparation. PID/ISDS will be updated once the revised arrangements are confirmed.

SAFEGUARDS

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

Besides the capacity building program at both national and subnational levels, the proposed project will support specific food safety improvement activities mainly in Yantai Municipality of Shandong Province and in the Municipality of Chengdu in Sichuan Province. Yantai Municipality is located in the east of the Shandong Peninsula, which borders the Bohai Sea and the Yellow Sea with a total coastline length of 909km (corresponding to a sea area of 26,000km²). There are numerous seagoing rivers with abundant nutrients and high primary productivity, which makes the municipality an important fishery base for China. In 2016, the mariculture area in Yantai has developed to over 160,000ha with the yield of 1.23million tons at the output value of RMB16.1billion. The 2016 marine environmental quality bulletin indicated that the main marine farms of Yantai were generally featured by good environmental quality with abundant marine species and stable community structure. On the other hand, agriculture plays a key role in Sichuan Province, in particular, its pork production accounts for about 10% of the national amount. As the capital of Sichuan Province, Chengdu Municipality is also one of the important pig breeding bases. The city is located in the Chengdu Plain and featured by fertile soil, mild climate and plentiful rain. More relevant information on specific project counties will be provided once they are identified during project preparation.

B. Borrower's Institutional Capacity for Safeguard Policies

The lead agency at the central level for the proposed project will be confirmed by MoF, Based on the project design, two subnational Project Management Offices (PMOs) are also established respectively under the Yantai Municipality and the Chengdu Municipality responsible for the management and coordination of proposed sub-projects within their jurisdiction. Although it is the first time for the SAMR to participate in the World Bank-financed project, the management of SAMR, Shandong and Chengdu SAMR and the PMOs has expressed strong commitment to the project safeguards management. Experienced consultants will be hired to prepare the safeguard instruments for the project during the preparation, and the project will also develop and implement safeguard capacity building plan for the Borrower, which



will help to build and maintain a well-functional mechanism and strong capacity for safeguard management throughout the project preparation and implementation.

C. Environmental and Social Safeguards Specialists on the Team

Aimin Hao, Social Specialist

Xiaodan Huang, Environmental Specialist

D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>The project is designed to improve food safety management and to reduce food safety risk in selected value chains mainly through capacity building activities such as training, establishment of data platforms and traceability systems, and upgrading of testing equipment and labs at both the national and subnational levels. The whole value chain food safety control model under the Component 3 will support producers and processors to upgrade their facilities to meet required food safety standards (i.e. pork in Chengdu and aquaculture in Shandong for Small and Medium Enterprises). Based on the findings of project identification, the project will have apparent environmental and social benefits, and a clear exclusion list should be developed to exclude the projects with high environmental risks so that the expected environmental impacts will be site-specific and insignificant, which could be mitigated with appropriately designed measures. Hence, the OP 4.01 will be triggered and the project is proposed as Category is B - partial assessment.</p> <p>As the exact nature and location of investments may not be determined up front, the Environment and Social Management Framework (ESMF) is proposed as the appropriate safeguard instrument to guide the screening and assessment of environmental and social impacts of the subprojects to be identified during the project implementation. Accordingly, the ESMF will include procedures for subproject screening, environmental document preparation, public participation, review and approval. The application of the ESMF will ensure that all facilities supported by the project meet Chinese water quality standards. It will also include a PMO capacity building plan and a</p>



generic Environmental and Social Management Plan (ESMPs).

The ESMF will be prepared in parallel with the social impact assessment (SIA) of the project and will integrate the key findings from the SIA. The SIA will assess potential positive and negative impacts the project will bring to local communities, and identify whether land acquisition and resettlement will be needed to support project activities. The SIA will also assess potential impact to small producers who may not be able to accommodate strengthened regulations and control measures, and explore options to provide equitable benefits to these small producers. The SIA will also assess benefits to consumers from project activities.

Following the Bank's policy, the project ESMF will be consulted upon and validated in-country and at the World Bank during its preparation, and it will be publicly disclosed before project appraisal.

Performance Standards for Private Sector Activities OP/BP 4.03	No	Although private sector will be involved, the PIUs will still play a core role in the project implementation.
Natural Habitats OP/BP 4.04	Yes	During ESMF preparation, attention will be given to the ecological sustainability of proposed aquaculture projects in Yantai. Therefore, this policy would be triggered to ensure the conservation of marine habitats during project implementation. Necessary and adequate mitigation measures to avoid or minimize damage to natural habitats will be included in a separate chapter of the ESMF.
Forests OP/BP 4.36	No	The project is not expected to directly or indirectly impact forests.
Pest Management OP 4.09	Yes	The proposal on the construction and expansion of production facilities (pig farms in Chengdu and aquaculture farms in Yantai) would trigger OP4.09, and an integrated pest management plan would be needed as part of the ESMF to ensure the responsible use of veterinary drugs and vaccines under the project.
Physical Cultural Resources OP/BP 4.11	No	Based on the findings of project identification, the project investments are not expected to have any impact cultural and historical heritage sites. Clear exclusion criteria will be developed to exclude any subproject with potential impact on PCRs.



Indigenous Peoples OP/BP 4.10	TBD	Project activities will take place in Shandong’s coastal areas for aquaculture, and Chengdu city for pork. No ethnic minority concentrated community expected in these areas. The Social Assessment will further confirm this.
Involuntary Resettlement OP/BP 4.12	Yes	An initial impact assessment suggested that some project activities may involve land acquisition/involuntary resettlement or temporary restriction of access to livelihoods and income generating activities during civil works associated with the project, but the scale is very limited. Project preparation will avoid land acquisition through all possible means. It is expected that the main activities will focus on establishing food safety systems at national and subnational levels including protocols for testing and tracing, civil works will only be decided at implementation stage, therefore the Borrower will prepare a Resettlement Policy Framework (RPF) which will be consulted upon, validated in-country and at the World Bank, and publicly disclosed before project appraisal. Resettlement Action Plans (RAPs) will be prepared when land acquisition or restrictions to land use is identified during implementation, guided by the RPF.
Safety of Dams OP/BP 4.37	No	There are no dam-related activities in the project.
Projects on International Waterways OP/BP 7.50	No	This policy is not triggered as the project does not involve trans-boundary rivers.
Projects in Disputed Areas OP/BP 7.60	No	This policy is not triggered as the project does not involve any disputed areas.

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Apr 15, 2020

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 PID/ISDS

The preparation of SA, ESMF and RPF would be initiated in August 2017. It is expected that the first set of safeguards documents will be drafted by March 2020 for the preparation mission. All the documents related to safeguard policies would be available for pre-appraisal mission around March 2020. Associated information disclosure and public consultation activities would be conducted accordingly.



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APPROVAL

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The World Bank

China Food Safety Improvement Project (P162178)
