

INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

Report No.: ISDSC13911

Date ISDS Prepared/Updated: 26-Jul-2015

Date ISDS Approved/Disclosed: 17-Aug-2015

I. BASIC INFORMATION

A. Basic Project Data

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|------------------------------------|--|------------------------------|------------------------------|
| Country: | China | Project ID: | P151281 |
| Project Name: | CAPACITY STRENGTHENING FOR IMPLEMENTATION OF MINAMATA CONVENTION ON MERCURY PROJECT (P151281) | | |
| Task Team Leader(s): | Jiang Ru, Ms. Anisi | | |
| Estimated Appraisal Date: | 15-Apr-2016 | Estimated Board Date: | 30-Sep-2016 |
| Managing Unit: | GEN02 | Lending Instrument: | Investment Project Financing |
| GEF Focal Area: | Persistent Organic Pollutants | | |
| Sector(s): | Central government administration (80%), Other Mining and Extractive Industries (10%), Other industry (10%) | | |
| Theme(s): | Climate change (10%), Environmental policies and institutions (80%), Pollution management and environmental health (10%) | | |
| Financing (In USD Million) | | | |
| Total Project Cost: | 16.00 | Total Bank Financing: | 0.00 |
| Financing Gap: | 0.00 | | |
| Financing Source | | | Amount |
| Borrower | | | 8.00 |
| Global Environment Facility (GEF) | | | 8.00 |
| Total | | | 16.00 |
| Environmental Category: | B - Partial Assessment | | |
| Is this a Repeater project? | No | | |

B. Project Objectives

The proposed project development objective is to improve China's capacity to address its mercury issues in priority sectors under the Minamata Convention on Mercury.

C. Project Description

The proposed project will have three components: Component 1: Development of National Strategy for Minamata Convention implementation; Component 2: Capacity Building for Mercury Management and Monitoring; and Component 3: Project Management.

Component 1: Development of National Strategy for Minamata Convention implementation. This component will support: (a) the development of an institutional set up for the preparation and implementation of the National Strategy (NS); and (b) supplemental inventory exercises to develop a reliable baseline for (i) production and trade (including import and export) of primary and recycled mercury; (ii) import and export of mercury-added products; (iii) four key sources of mercury emission - cement, waste incineration, boilers, and coal-fired power plants; and (iv) mercury wastes and contaminated sites, including mining areas; (c) Strategy Development. The inventory results of this project, as well as from the Mercury Initial Assessment (MIA) Project and the UNEP-led GEF Pilot Project on the Development of Mercury Inventory in China, analyses of national policy and regulations, and broader consultations with domestic and international stakeholders will feed into the development of China's Mercury National Strategy. Under the strategy, sector specific priorities will be identified for short-, medium- and long-term interventions, based on cost benefit analyses of various interventions and taking into account potential co-benefits and multi-pollutant control approaches. Based on the result of gap analysis under the MIA Project, policy revisions needed will be proposed for key sectors. The completed strategy will be submitted for government approval during project implementation. Along with preparation of this strategy, media campaigns will be organized to improve the public and stakeholders' awareness on mercury issues and mobilize their participation and support to the development and implementation of the national strategy.

Component 2: Capacity Building for Mercury Management and Monitoring. This component will help improve China's capacity for implementation of the National Strategy through the following activities: (a) development of a National Mercury Information Reporting and Management System with data on mercury production, trade (including import and export), use, recycling, releases and disposal; (b) development of a monitoring and certification system for national, provincial and municipal laboratories, and strengthening capacity of pilot laboratories; (c) assessment of potential environmental health risks of non-operational and operational mercury mines and take institutional control measures at priority sites if identified and deemed necessary (such as set up fencing and warning signs, and carry out public awareness building activities in the surrounding areas); (d) assessment of technical, financial, social, environmental and institutional feasibility of mercury recycling in non-VCM priority sectors; and (e) collection and dissemination of project implementation information and lessons. Site level assessment will identify affected population, including less prosperous communities. Given the project's limited development objective and grant resources, the project will not support any investment activities related to clean-up of any contaminated sites.

Component 3: Project Management. This component will support the MEP to manage proper implementation of this project.

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

This is a national capacity building project to be implemented in Beijing, supporting China develop a sound national strategy on mercury management to comply with the international environmental treaty on mercury. It will not involve on-site investments, but the development of a national strategy on sound mercury management will involve policy revisions that may have downstream

environmental and social impacts and implications for sites and communities living on and/or close to mercury contaminated areas.

E. Borrowers Institutional Capacity for Safeguard Policies

Foreign Economic Cooperation Office (FECO) under the MEP will serve as the overall national implementing agency for the Project. FECO will manage and coordinate project activities at the national level, and also supervise project implementation at the local level and consolidate project progress and financial reports. FECO has been managing several World Bank financed GEF projects, preparing one on PFOS, and currently implementing three projects: China Dioxin Reduction from Pulp and Paper Sector Project, China Contaminated Site Management Project, and China Solid Waste Management Project. FECO is familiar with Bank financed projects and their safeguards and fiduciary requirements.

F. Environmental and Social Safeguards Specialists on the Team

Chongwu Sun (GENDR)

Songling Yao (GSURR)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

| Safeguard Policies | Triggered? | Explanation (Optional) |
|--|-------------------|---|
| Environmental Assessment OP/BP 4.01 | Yes | <p>This project will support China to develop a sound national strategy on mercury management to comply with the international environmental treaty on mercury. Its development will be based on international best practices. Successful implementation of this project will have positive impacts on reducing mercury pollution in the country and globally.</p> <p>This capacity building project will not support any physical investments but its output – the national strategy – will cover the full ranges of mercury issues (e.g. mercury waste disposal and contaminated site management). As China has a relative robust environmental management system and is gradually improving its enforcement efforts, potential environmental risks associated with downstream activities for the implementation of the national strategy beyond this project will be modest. Based on these considerations, the environmental category of this project is proposed as Category B.</p> <p>The proposed instrument is an environmental and social management framework (ESMF) to be developed during project implementation. Prior to appraisal, a TOR for ESMF preparation will be developed and agreed upon.</p> |

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| | | <p>As the preparation of the national strategy will collect detailed information on overall mercury issues in China from sectoral and strategic perspectives, benefits and risks of available alternative technologies, standards and requirements for all potential mitigation measures, and treatment and disposal technologies, the ESMF will focus on (a) potential environmental and social risks associated with key actions of the national strategies; (b) a framework for environmental and social assessment and related management of mercury contaminated sites; (c) guidelines for the preparation of site specific environmental and social management plans, including any specific environmental code of practice (ECOP); and (d) key steps and institutional arrangements for carrying out such site assessment and management activities. ESMF will be prepared based on international best practices and the Bank's safeguard policies, including the Bank's Environmental, Health and Safety Guidelines.</p> <p>Preparation and implementation of this project, including preparation of the ESMF, will be consulted broadly among mercury related industrial associations, concerned national and local government agencies, and interested research institutes and universities.</p> |
| Natural Habitats OP/BP 4.04 | No | This capacity building project will not include on-site investments and is not expected to have any impacts on natural habitats. However, potential impacts and risks from future investments will be assessed during the preparation of the ESMF, and the ESMF may include procedures for screening for impacts on natural habitats. |
| Forests OP/BP 4.36 | No | This capacity building project is not expected to have any impacts on forestry. Additional screening will be performed during the preparation of the ESMF. |
| Pest Management OP 4.09 | No | This capacity building project will not have any activities related to pest management. |
| Physical Cultural Resources OP/BP 4.11 | No | This capacity building project is not expected to have any impacts on physical cultural resources. Screening will be performed during the preparation of the ESMF and the ESMF may include procedures for screening for impacts on physical cultural resources. |

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| Indigenous Peoples OP/BP 4.10 | Yes | <p>The project aims to improve China's capacity to address its mercury issues, reducing pollution and benefiting the population. As such, it will have positive social impacts, including on ethnic minorities living on or near mercury contaminated areas.</p> <p>Component 1 activities on the development of the national strategy on sound mercury management will involve policy revisions that may have downstream impacts on ethnic minority communities living on and/or close to mercury contaminated areas. As such, OP 4.10, Indigenous Peoples, is triggered. To mitigate such potential impacts, an EMPF will be prepared as part of the ESMF during project implementation as a project output.</p> <p>Prior to appraisal, the agreed ESMF TOR will include the requirements on the preparation of the EMPF.</p> |
| Involuntary Resettlement OP/ BP 4.12 | Yes | <p>The national strategy to be developed under Component 1 may require policy revisions that affect land use or resettlement issues at mercury contaminated sites. As such, OP 4.12, Involuntary Resettlement, is triggered. To mitigate such potential risks, a RPF will be prepared as part of ESMF during project implementation as a project output.</p> <p>Prior to the appraisal, the agreed ESMF TOR will include the requirements on the preparation of the RPF.</p> |
| Safety of Dams OP/BP 4.37 | No | This capacity building project will not involve dams. |
| Projects on International Waterways OP/BP 7.50 | No | This project will not involve any international waterways. |
| Projects in Disputed Areas OP/ BP 7.60 | No | This project will not involve any disputed areas. |

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 15-Mar-2016

B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing¹ should be specified in the PAD-stage ISDS:

The TOR for the preparation of the ESMF (including the RPF and EMPF) will be prepared prior to appraisal. The draft TOR will be publicly disclosed and consultations will be held with key and interested stakeholders. The ESMF, including the RPF and EMPF, will be prepared during implementation, and will involve public disclosure and consultations.

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.

IV. APPROVALS

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|-------------------------------|-----------------------------|-------------------|
| Task Team Leader(s): | Name: Jiang Ru,Ms. Anisi | |
| <i>Approved By:</i> | | |
| Safeguards Advisor: | Name: Surhid P. Gautam (SA) | Date: 06-Aug-2015 |
| Practice Manager/ Manager: | Name: Iain G. Shuker (PMGR) | Date: 17-Aug-2015 |