

# INTEGRATED SAFEGUARDS DATA SHEET

## CONCEPT STAGE

**Report No.:** ISDSC13207

**Date ISDS Prepared/Updated:** 16-Dec-2015

**Date ISDS Approved/Disclosed:** 21-Dec-2015

### I. BASIC INFORMATION

#### A. Basic Project Data

|   |  |                       |                              |
|---|--|-----------------------|------------------------------|
| Country:  | China  | Project ID:           | P154694                      |
| Project Name:   | Fiscal Technical Assistance (P154694)  |                       |                              |
| Task Team Leader(s):                                  | Karlis Smits   |                       |                              |
| Estimated Appraisal Date:                             | 18-Dec-2015  | Estimated Board Date: | 25-Feb-2016                  |
| Managing Unit:  | GMF02  | Lending Instrument:   | Investment Project Financing |
| Sector(s):  | General public administration sector (100%)  |                       |                              |
| Theme(s):   | Social Protection and Labor Policy & Systems (20%), Debt management and fiscal sustainability (20%), Public expenditure, financial m anagement and procurement (20%), Analysis of economic growth (20%), Tax policy and administration (20%) |                       |                              |
| Financing (In USD Million)                            |  |                       |                              |
| Total Project Cost:                                   | 66.01  | Total Bank Financing: | 50.00                        |
| Financing Gap:  | 0.00   |                       |                              |
| Financing Source                                      |  |                       | Amount                       |
| Borrower  |  |                       | 16.01                        |
| International Bank for Reconstruction and Development |  |                       | 50.00                        |
| Total   |  |                       | 66.01                        |
| Environmental Category:                               | C - Not Required   |                       |                              |
| Is this a Repeater project?                           | No   |                       |                              |

#### B. Project Objectives

The development objective of this proposed project is to establish a comprehensive, transparent and efficient fiscal system.

To achieve this objective the overall approach in this proposed operation would include the following

activities:

- a. facilitate formulation, design and implementation of policies, institutional modifications and a legal framework required to support a modern fiscal system in China with due consideration to changing economic structures domestically and internationally;
- b. develop a pool of skilled management talent and broaden international knowledge exchange and dialogue on fiscal issues based on generally accepted international rules to facilitate reform implementation;
- c. develop an integrated and shared management information system (MIS) for the social security fund management to manage social insurance fund balance sheet and optimize fiscal risk management associated with social security liabilities.

### **C. Project Description**

Project activities are structured in three interrelated thematic components:

Component 1: Strengthening key elements of China's public finance system: financing consultancies, supporting policy research, designing analytical tools, implementation support and capacity building activities in (i) establishing the basic framework of a modern public finance system, (ii) developing a modern budget management system, (iii) developing a road map for tax policy reforms, (iv) conforming inter-governmental fiscal relationships, (v) implementing accrual-based financial reporting, including developing central government and state balance sheets, (vii) formulating appropriate legal framework for China's fiscal and tax laws.

Component 2: Fostering Sustainable Development: financing consultancies, undertaking policy research, designing analytical tools and capacity building activities in (i) facilitating a transition towards a green growth strategy, (ii) unlocking technological innovation as a driver for growth, (iii) analyzing medium and long-term economic growth prospects, (iv) creating business climate for small and medium-sized enterprises (SMEs), (v) China's rights, obligations and development strategies in the system of global economic governance, (vi) collecting information on bilateral and multilateral rules on investment, trade, finance, taxation, environmental protection and human development.

Component 3: Strengthening sustainability and fiscal risk management of China's social security system: financing consultancies, undertaking policy research, designing analytical tools and capacity building activities related to strengthening fiscal sustainability of China's social system covering pension insurance system, medical insurance and medical services system, and social assistance system while prioritized the analysis of the pension insurance system at the beginning. In addition, the thematic component will support provision of IT hardware and software systems to develop MIS for the social insurance fund management to improve budget management, information flow and oversight.

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

The proposed project is a fiscal TA project to be implemented by MOF.

### **E. Borrowers Institutional Capacity for Safeguard Policies**

The implementation agency for this project is MOF. General speaking, MOF is familiar with Bank's safeguard policies and requirements. Before this project, there have been series of similar TA

projects conducted successfully and there were no outstanding safeguards issues found during project implementation.

## **F. Environmental and Social Safeguards Specialists on the Team**

Aimin Hao (GSURR)

## **II. SAFEGUARD POLICIES THAT MIGHT APPLY**

| <b>Safeguard Policies</b>              | <b>Triggered?</b> | <b>Explanation (Optional)</b>   |
|--|-------------------|---|
| Environmental Assessment OP/BP 4.01    | No                | <p>The proposed project is a fiscal TA project and main project activities are policy research and institutional Capacity building.</p> <p>The project will not finance any civil works, nor any TA such as feasibility studies which may lead to future investments. The project likely has minimal or no adverse environmental impacts. As such it is classified as a Category C project. Beyond screening, no further EA action is required for the project.</p> |
| Natural Habitats OP/BP 4.04            | No                | The project does not have the potential to cause significant conversion (loss) or degradation of natural habitats, whether directly (through construction) or indirectly (through human activities induced by the project).   |
| Forests OP/BP 4.36                     | No                | The project will not have impacts on the health and quality of forests, nor affect the rights and welfare of people and their level of dependence upon or interaction with forests, nor aim to bring about changes in the management, protection, or utilization of natural forest or plantations.  |
| Pest Management OP 4.09                | No                | The project will not include any procurement of pesticides or pesticide application equipment; nor introduce any new pest management practices, or expand/alter existing pest management practices; nor lead to substantially increased pesticide use and subsequent environmental and health risks.  |
| Physical Cultural Resources OP/BP 4.11 | No                | The project will not have impacts on physical cultural resources, or designed to support the management or conservation of physical cultural resources.   |
| Indigenous Peoples OP/BP 4.10          | No                | The project will focus on national level research and capacity building activities, and will contribute to holistic fiscal policy making serving the general public. No ethnic minority issues will be specifically related. No ethnic minority group presence identified.  |
| Involuntary Resettlement OP/ BP 4.12   | No                | Project activities are limited to national level research and capacity building, and will not finance   |

|  |    |   |
|--|----|---|
|  |    | any civil works, nor any TA such as feasibility studies which may lead to future investments. The project will not involve any land acquisition and resettlement, nor will cause any negative livelihoods impact to any people. |
| Safety of Dams OP/BP 4.37                      | No |   |
| Projects on International Waterways OP/BP 7.50 | No | The project is not associated with an international waterway  |
| Projects in Disputed Areas OP/BP 7.60          | No | The project is not located in disputed areas.   |

### III. SAFEGUARD PREPARATION PLAN

**A. Tentative target date for preparing the PAD Stage ISDS:** 18-Dec-2015

**B. Time frame for launching and completing the safeguard-related studies that may be needed.**  
**The specific studies and their timing<sup>1</sup> should be specified in the PAD-stage ISDS:**

December 2015

### IV. APPROVALS

|                               |                                |                   |
|-------------------------------|--------------------------------|-------------------|
| Task Team Leader(s):          | Name: Karlis Smits             |                   |
| <b><i>Approved By:</i></b>    |                                |                   |
| Safeguards Advisor:           | Name: Peter Leonard (SA)       | Date: 17-Dec-2015 |
| Practice Manager/<br>Manager: | Name: Mathew A. Verghis (PMGR) | Date: 21-Dec-2015 |

<sup>1</sup> 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.