

Report No: I070191 <--Please check for duplicates!
Integrated Safeguards Data Sheet (Updated)

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Section I - Basic Information

A. Basic Project Data

Country: CHINA Project ID: P070191
Project: Shanghai Urban Environment Project Task Team Leader: Geoffrey Read
Authorized to Appraise Date: March 11, 2002 IBRD Amount (\$m): 150.00
Bank Approval: June 25, 2002 IDA Amount (\$m):
Managing Unit: EASUR Sector: US - Urban Environment
Lending Instrument: Adaptable Program Loan (APL) Status: Lending

I.A.2. Project Objectives:

The development objective of the proposed project is to enhance the economic, financial, trade and manufacturing stature of Shanghai, assisting it in becoming a sustainable global competitive city-region and an international economic, trade and shipping center at the heart of the important Yangtze Delta Economic Region. In this context, the Shanghai Municipal Government (SMG) would expect to redefine its role from that of a direct service provider towards that of a regulator and facilitator. The objectives would be pursued through improving Shanghai's environmental conditions to enhance the quality of life of its citizens by (a) providing facilities for the collection, treatment and disposal of wastewater; (b) providing environmentally secure solid and hazardous waste disposal facilities; (c) supporting urban redevelopment and rehabilitation of infrastructure in Shanghai City; (d) improving municipality-wide water resources management; (e) strengthening of institutions with responsibility for environmental management; and (f) implementing sustainable financing of environmental infrastructure.

The Shanghai Municipal Government, with the support of the central government, has proposed that the above objective be achieved through an Adaptable Program Loan (APL) facility in at least three phases commencing about July 2002 and ending about December 2007. The aggregate amount of loans under the APL is expected to be about \$700 million, with tranches of \$250 million, \$250 million and \$200 million. The first phase would concentrate on urban and rural environment, including wastewater collection, treatment and disposal, improvements to solid and hazardous waste management, and information technology. The second phase would focus on peri-urban environment improvements, especially in solid waste management. This phase would also introduce innovative approaches to the financing of environmental infrastructure. The third phase would address urban redevelopment, supporting the rehabilitation of antiquated wastewater infrastructure and redevelopment of large industrial communities, including housing. SMG expects to formalize its Letter of Development Program by December 2001.

Shanghai has already received support from the World Bank for (a) urban wastewater investments (First and Second Shanghai Sewerage Projects); (b) urban water supply and solid waste management (Shanghai Environment Project). The success of these projects in terms of institutional,

financial and physical performance improvements forms a solid base for Shanghai to proceed now in pursuing more innovative ways of providing services to its citizens, and to extending such services to its less affluent citizens living outside the city core.

I.A.3. Project Description:

The overall APL is conceived as three phases. The first Phase of the APL would comprise three components. The first component would address the key wastewater-related issues facing Shanghai through targeted wastewater collection investments for three low income areas of the city together with wastewater treatment facilities for part of the urban area wastewater flow. In addition there would be investments in water resource protection in the Upper Huangpu River Catchment Area to ensure sustainability of the river as the key water supply source for Shanghai. The second component would address solid waste management, in particular the expansion and upgrading of a strategic landfill, and the hygienic collection and disposal of municipal wastes. The third component would support the expansion of Shanghai's urban management information system, the strengthening of the industrial pollution control system managed by the Shanghai Environmental Protection Bureau (SEPB) through on-the-job and management training, and the design and implementation of an urban growth monitoring system for suburban districts. The specific wastewater and solid waste management sector investments and policy interventions would be supported by technical assistance and training and by broader studies on infrastructure financing including public-private partnership in the provision of urban infrastructure facilities and pollution permit trading.

The second Phase of the APL would also comprise three components. The first component would further address solid waste management issues including separation, recycling, containerization, transport, composting and incineration. The second component would involve the establishment of non-state and/or public/private participation in the financing and operation of urban services and pollution control. This could include service contracts, the commercialization of services, e.g., water, wastewater and solid waste management, the establishment of revolving funds for pollution control, and pooled financing for sub-municipal investments in environmental infrastructure. The third component would involve the possible issue of long term bonds on the domestic market for the financing of environmental infrastructure investments. All three components would be supported by the provision of technical assistance and training.

The third Phase of the APL is expected to comprise three principal components. The first component would involve the rehabilitation of obsolete existing wastewater and related infrastructure and the possible relocation, consolidation or closure of old wastewater treatment facilities in the city with a view to maximizing the value of the land. The second component would consist of sub-projects to redevelop a large industrial community in the city, large tracts of land of municipally-owned enterprises, and sub-standard residential areas throughout the city. The third component would address the financing needs of large and medium sized state-owned-enterprises for remediation of industrial land assets. The financing needs would be met from an industrial site redevelopment revolving fund. The phase would be supported by technical assistance and training as needed.

I.A.4. Project Location: (Geographic location, information about the key environmental and social characteristics of the area and population likely to be affected, and proximity to any protected areas, or sites or critical natural habitats, or any other culturally or socially sensitive areas.)

The project is located within the boundaries of Shanghai Municipality. The first phase will be focused on improvements in the main urban area of Shanghai, where there are no relevant protected habitats or other natural areas that would be affected. Works in urban and agricultural areas of the Municipality will affect inhabitants temporarily or permanently and these potential impacts will be addressed in project preparation. To date, no culturally or socially sensitive issues have been identified in the proposed area of the project.

B. Check Environmental Classification: A (Full Assessment)

Comments: A full EA will be prepared, providing both a general overview of the 3 phases of the APL, and a specific evaluation of Phase 1, in accordance with Chinese regulations and to meet the Category A requirements of the Bank. Extensive background information is available from previous environmental activities in Shanghai.

C. Safeguard Policies Triggered

Policy Applicability

Environmental Assessment (OP/BP/GP 4.01)	Yes
Forestry (OP/GP 4.36)	No
Natural Habitats (OP/BP 4.04)	No
Safety of Dams (OP/BP 4.37)	No
Pest Management (OP 4.09)	Yes
Involuntary Resettlement (OP/BP 4.12)	No
Indigenous Peoples (OD 4.20)	Yes
Cultural Property (OP 4.11)	No
Projects in Disputed Territories (OP/BP/GP 7.60)*	No
Projects in International Waterways (OP/BP/GP 7.50)	No

*By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

Section II - Key Safeguard Issues and Their Management

D. Summary of Key Safeguard Issues. Please fill in all relevant questions. If information is not available, describe steps to be taken to obtain necessary data.

II.D.1a. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts.

The type and scale of investments that will be supported under this project are similar to previous projects supported by the Bank. There will be site specific impacts, which will be addressed by the EA and the associated EMP but no major irreversible impacts are foreseen. The principal ongoing environmental impact of the project will be the generation of very substantial quantities of sludge at the various wastewater treatment plants. It is unlikely that significant quantities of sludge can be economically beneficially used in agriculture and therefore the principal disposal route for sludge will probably be by landfill. This would impact upon the landfill resources of Shanghai, both

in terms of capacity and of secondary impact (landfill gas and leachate). The implementation of an effective Catchment Management Plan for the Upper Huangpu would reduce pollution of the Huangpu from the Shanghai Municipality area and contribute very substantially to safeguarding water quality in the Huangpu and the sustainability of the Da Qiao intake as the water supply for Shanghai.

II.D.1b. Describe any potential cumulative impacts due to application of more than one safeguard policy or due to multiple project component.

None anticipated

II.D.1c Describe any potential long term impacts due to anticipated future activities in the project area.

This project is in a very dynamic urban area and would not significantly affect the development patterns. Failure to implement an effective Catchment Management Plan for the Upper Huangpu would result in increasing levels of pollution which would seriously threaten the sustainability of the Da Qiao intake from the Huangpu as the key strategic water supply source for Shanghai. Ultimately, without the necessary controls, supply from the Huangpu would either need to be abandoned in favor of other costly new resources, principally the Yangtze, or would need to be associated with more extensive, sophisticated and costly methods of water treatment. Failure to adopt water conservation measures would result in progressively increasing water demands in Shanghai. The present abstraction of water from the Upper Huangpu at Da Qiao represents the maximum realistic level, and further demands would need to be met from the Yangtze; investments in water conservation would enable the postponement of the costly new investment necessary to exploit the Yangtze as a water resource.

II.D.2. In light of 1, describe the proposed treatment of alternatives (if required)

The works are being carried out within a strategic planning framework prepared by Shanghai which has addressed broad alternatives. Alternatives for individual components will be discussed in the EAs. In particular opportunities to minimize sludge generation will be evaluated.

II.D.3. Describe arrangement for the borrower to address safeguard issues

Full EA and RAP (where applicable) will undergo statutory review and clearance in China and will be reviewed and cleared by the Bank.

II.D.4. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Consultation will continue, particularly with communities in the areas most directly affected by the works.

E. Safeguards Classification. Category is determined by the highest impact in any policy. Or on basis of cumulative impacts from multiple safeguards. Whenever an individual safeguard policy is triggered the provisions of that policy apply.

- [] S1. - Significant, cumulative and/or irreversible impacts; or significant technical and institutional risks in management of one or more safeguard areas
- [X] S2. - One or more safeguard policies are triggered, but effects are limited in their impact and are technically and institutionally manageable
- [] S3. - No safeguard issues
- [] SF. - Financial intermediary projects, social development funds, community driven development or similar projects which require a safeguard framework or programmatic approach to address safeguard issues.

F. Disclosure Requirements Environmental Assessment/Analysis/Management

Plan:	Expected	Actual
Date of receipt by the Bank	2/15/2002	
Date of "in-country" disclosure	12/31/2001	
Date of submission to InfoShop	2/28/2002	
Date of distributing the Exec. Summary of the EA to the ED (For category A projects)	2/15/2002	
Resettlement Action Plan/Framework:	Expected	Actual
Date of receipt by the Bank	2/15/2002	
Date of "in-country" disclosure	12/31/2001	
Date of submission to InfoShop	2/28/2002	
Indigenous Peoples Development Plan/Framework:	Expected	Actual
Date of receipt by the Bank	Not Available	
Date of "in-country" disclosure		
Date of submission to InfoShop		
Pest Management Plan:	Expected	Actual
Date of receipt by the Bank	Not Available	
Date of "in-country" disclosure		
Date of submission to InfoShop		
Dam Safety Management Plan:	Expected	Actual
Date of receipt by the Bank	Not Available	
Date of "in-country" disclosure		
Date of submission to InfoShop		

If in-country disclosure of any of the above documents is not expected, please explain why. Dam safety, Pest Management, and Indigenous Peoples Development Plans are not relevant in this instance.

Signed and submitted by	Name	Date
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