



MINISTRY OF ENVIRONMENTAL PROTECTION THE PEOPLE'S REPUBLIC OF CHINA

中华人民共和国环境保护部

中文版

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Circular on Strengthening EIA Management of Construction Projects Financed by International Financial Organizations

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(Promulgated by the National Environmental Protection Agency, the State Planning Commission, the Ministry Finance and the People's Bank of China on June 21, 1993) □□

Utilization of foreign funds has been increasing with the deepening of reform and open policy in recent years.

Utilization of the credits and loans from international financial organizations (IFO), including the World Bank (WB) and the Asian Development Bank (ADB), has been important for the economic development in China.

Both WB and ADB has definite environmental protection requirements for their lending construction projects and submission of environmental impact assessment (EIA) reports is one of the necessary procedures to apply for their lending. Some documents published by WB and ADB describe their EIA requirements and its review procedures, which are basically consistent with the EIA requirements and its review procedures based on the existing laws and administrative regulations in China. In order to do a good EIA management for IFO lending construction projects, to utilize the IFO funds better, and to promote environmentally sound economic development, the administrative authorities for environmental protection (AAEP) at all governmental levels should, by close coordination with the administrative authorities for planning, finance and bank at all governmental levels and the sectoral authorities, strengthen EIA management for IFO lending construction projects according to the Environmental Protection Law of People's Republic of China, to the Chinese regulations

concerned for environmental protection management of construction projects, as well as the regulations, issued by the State Planning Commission, for IFO lending projects. For this purpose, the following provisions are set out.□

I. IFO lending construction projects should be subject to environmental protection laws, regulations and standards in China and be subject to EIA system in China. On the basis of being subject to Chinese EIA regulations, IFO's technical requirements for EIA should be incorporated.

II. Review and approval of EIA reports for IFO lending construction projects should be subject to the limits of environmental review and approval authorities for construction projects in China and should follow Chinese EIA review and approval procedures. The terms of reference (TOR) for EIA for IFO lending construction projects should be reviewed by the corresponding AAEP responsible for review and approval of the EIA reports for the project. The EIA reports should be pre-reviewed by the corresponding sectoral authority and submitted to the corresponding AAEP for formal review and approval. EIA reports for IFO lending construction projects reviewed and approved by local AAEP should be submitted with local AAEP's written comments to the National Protection Agency (NEPA) for the record.□

III. EIA categorization of each construction project in China is based on its type, scale, the nature and magnitude of its potential environmental impacts, and the environmental sensitivity of the project location area. Each construction project is assigned to one of the following three categories:

Category A: Construction projects with significant adverse environmental impacts. A full-scale EIA is required.

Category B: Construction projects with limited adverse environmental impacts in scope and severity. The adverse environmental impacts can be mitigated by using advanced technologies and proven mitigation measures.

A full-scale EIA is not required, but special analysis focusing on adaptation and specification of mitigation measures to local circumstances and the project itself is required.

Category C: Construction projects unlikely to have or with negligible adverse environmental impacts.

EIA or special analysis is not be required, but formalities for environmental protection management for the record the record is required.

Categorization of IFO lending construction projects should be made in the project proposal phase or project preparation phase by the corresponding AAEP responsible for review and approval of the EIA reports after opinions are solicited from the lender. □

IV For a IFO lending project with several sub-projects, say sector loans or program loans, the EIA reports for the whole project and for some sub-projects can be prepared. The limits of environmental review and approval authority for these projects should be conformed with Provision II. □

V The organizations conducting EIA can prepare TOR for EIA, EIA reports and summary of EIA reports by making reference to Annex 1, Annex 2 and Annex 3 respectively.

VI The timing link-up between the Chinese EIA Procedures and IFO's procedures should be noted. Preparation of TOR for EIA for IFO lending projects and its review and approval should be completed in the preparation phase. The project owner must submit TOR for EIA to AAEP for review and approval and should send TOR to the lender for its comments and recommendations. The feed-back comments and recommendations from the lender should be reported to the same AAEP for its consideration during review and approval.

Preparation, review and approval of IEA reports for IFO lending projects should be completed before the review and approval of project feasibility study or foreign fund utilization plan by the administrative authorities for planning and before of lender' formal appraisal mission. Preparation, review and approval of EIA reports for IFO lending projects should be completed at least 4 months before IFO' s official consideration of the project. Formal EIA reports should not be submitted to the lender before the approval of the project proposal by the administrative authority for planning or without their approval by AAEP. □

VII Public participation is important in EIA process and its purpose is to consider and compensate the interests of the affected people or social groups. There should be a special section in EIA reports to describe the public participation associated with each IFO lending projects. Public participation can be induced in the phase of TOR preparation, review and approval, and in the phase of review and approval of EIA reports. On the basis of the actual situations in China, public participation can be carried out in the following ways:

(1) Project owner and AAEP can solicit directly opinions and suggestions from the representatives of local People's Congress, local Political Consultative Conference, local mass organizations or academic groups, or other public representatives in the affected areas; or

(2) Local People's Congress, local Political Consultative Conference or mass organizations can inquire and collect public opinions in the affected areas.

Public participation could be undertaken by sending questionnaire, holding Public forum, or by inviting representatives to participate in the meetings hold to review TOR and EIA report.

AAEP and sectoral authority should consider public opinions in the process of TOR review and approval, pre-review and approval of EIA reports. Public opinions should be transferred to project owners. □

VIII According to Chinese regulations concerned for construction projects involving resettlement, there should be special sections in feasibility study dealing with resettlement. However, the impacts and solutions associated with resettlement should be summarized in EIA reports. □

IX When submitting TOR, EIA reports and other environmental documents, the project owner should follow the following two principles:

(1) For the IFO lending construction projects for which the domestic funds and repayments are provided by the Central Government, the project owner should not submit TOR, EIA reports or other environmental documents to

the lender without the permission of the technical review committee of the corresponding central sectoral government agency and all the materials submitted to the lender should be reported to NEPA for the record; and

(2) For the IFO lending construction projects for which the domestic funds and repayments are provided by the local government, the project owner should not submit TOR, EIA reports or other environmental documents without the permission of the technical review committee of the same local government and all the materials submitted to the lender should be reported to a higher level AAEP. □

X For sectoral loans of which the details of sub-projects are not identified at the time of project appraisal, EIA reports for the sub-projects identified could be prepared, and the environmental criteria for the sectoral loans and some guidelines for EIA, which should be followed during sub-project selection, design and appraisal, should be developed. □

XI For the former domestic-fund construction projects for which the EIA reports has been reviewed and approved, if they become IFO lending projects, the project owners should report this fact to the corresponding AAEP reviewing and approving their EIA reports as early as possible. If the components, location, scale and process technology of the project changes greatly, or if the former EIA reports are not qualified in terms of the IFO lending projects, the project owners should have the former EIA reports revised on the basis of consulting the corresponding AAEPs and should have the revised EIA reports to be re-reviewed and re-approved by following the necessary procedures. The former EIA reports may not be send to the lender without permission. □

XII In order for the preparation of IFO lending projects to go smoothly, EIA for IFO lending projects should be conducted by the domestic organizations with a Class A certificate for conducting EIA and familiar with the IFO's EIA requirements for lending projects. If a foreign consulting firm is invited by the project owner to conduct EIA for IFO lending projects, the firm should be qualified by NEPA. □

XIII The EIA for the projects listed in the Plan for Candidate Projects Utilizing IFO Funds and listed in Reserve Project Plan approved by the State Planning Commission, should be conducted as early as possible if conditions permit. Project owners and local AAEPs should report the EIA progress for IFO lending projects to the AAEP and

sectoral authority responsible for review and approval of the EIA reports. For the IFO lending projects not listed in the Plan for Candidate Projects Utilizing IFO Funds of the contingency projects, project owners should report to the AAEP responsible for review and approval of the EIA reports as early as possible and if the AAEP agrees, the EIA for the project should be subject to this Circular.

(This English version is for your reference only. In case any discrepancy exists between the Chinese and English context, the Chinese version shall prevail.)

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