ASIAN DEVELOPMENT BANK

China, People's Republic of: Yunnan Chuxiong Urban Environment Improvement Project

Project Name	Yunnan Chuxiong Urban Environment Improvement Project
Project Number	45507-003
Country	China, People's Republic of
Project Status	Approved
Project Type / Modality of Assistance	Loan
Source of Funding / Amount	**Loan 3115-PRC: Yunnan Chuxiong Urban Environment Improvement Project** Ordinary capital resources — US$ 150.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration
Drivers of Change	
Sector / Subsector	**Agriculture, natural resources and rural development** - Water-based natural resources management **Transport** - Urban roads and traffic management **Water and other urban infrastructure and services** - Urban sanitation - Urban solid waste management
Gender Equity and Mainstreaming	Effective gender mainstreaming
Description	The project will support socially inclusive and environmentally sound development in three small and medium-sized cities in Chuxiong Municipality, Lufeng County, and Wuding County in Yunnan Province. It will (i) reduce flood risks and enhance public amenities, (ii) improve sanitation and public health, (iii) expand urban road networks, and (iv) promote public participation in urban development. By supporting the development of three cities comprising the central Yunnan city cluster, the project will contribute to regional economic integration between the PRC and the other countries of the Greater Mekong Subregion (GMS).

Project Rationale and Linkage to Country/Regional Strategy	Yunnan, one of the 12 less-developed municipality, provinces and autonomous regions targeted under the PRC's Western Development Strategy, is landlocked, mountainous, and hilly. Sharing 4,060 kilometers of border with the Lao People's Democratic Republic, Myanmar and Viet Nam, its location provides it with a particular geographical advantage of emerging as an important national transport and trade gateway for the western inland PRC to connect with the neighboring countries of the GMS. Because of this, Yunnan is endowed with an opportunity to support the PRC's greater geographical balance in social and economic development across the country. Since 2001, it has added 55,099 km of national roads and highways to expand the transportation links within Yunnan as well as with those neighboring GMS countries. Despite its development potential, Yunnan's economy has grown more slowly than those of the other Western inland provinces and autonomous regions. The provincial per capita gross domestic product in 2012 was $3,505, only 58% of the PRC average of $6,093. Although the provincial capital of Kunming is strategically located at the junction of three major GMS transport corridors, Yunnan's share in the PRC's trade with the other GMS countries declined steadily from 20% to 16% during 2001 2012. A key constraint on Yunnan's socioeconomic growth and economic integration into the GMS is its low urbanization rate and the poor competitiveness of its second- and third-tier cities. Despite rapid development in the capital city of Kunming, many of the province's small and medium-sized cities suffer from inadequate basic infrastructure and remain isolated economically. Under its 12th five-year plan covering 2011 2015, Yunnan aims to stimulate its socioeconomic growth by developing clusters of cities with a variety of industries and commercial activities to create economic growth poles. Yunnan needs a strong support to develop economically and commercially competitive second- and third-tier cities and their city clusters to transform the regional transport corridors already established through the province'srapid highway expansion program into corridors of economic development. The three project cities are key centers of the Chuxiong Yi autonomous prefecture, which lies 165 km west of Kunming. The prefecture is especially important to government efforts to (i) strengthen socioeconomic links between Kunming and the surrounding small and medium-sized cities and thereby enhance the overall economic competitiveness of the central Yunnan city cluster, and (ii) promote regional economic cooperation between Yunnan and the other GMS countries, since the prefecture is a western gateway to Myanmar. However, urban expansion has been limited in the three cities by their predominantly hilly and mountainous terrain. Like other small and medium-sized centers in the province, living conditions and their business and investment environments have been degraded by inadequate flood management and poor sanitation services. Their weak urban infrastructure is holding back not only socioeconomic development for their residents but also wider regional economic integration across the province. The Yunnan Chuxiong Urban Environment Improvement Project will provide Asian Development Bank (ADB) lending for second- and third-tier city development of the province through various new approaches. It will include measures to address the frequent flooding in three cities and their surrounding agricultural lands that currently restricts their city expansion and economic development. Although the PRC generally relies heavily on engineering measures to contain flooding, the project will adopt an ecologically sound, climate resilient design that will balance engineering measures with river ecosystem conservation and the enhancement of public amenities. Based on international good practice, it will also introduce the use of storm water detention ponds in Yunnan to mitigate downstream impacts and pollution from storm water runoff. The poor sanitation in the project cities results from their inability to handle the growing amounts of solid waste and their inadequate sewage pipeline networks. The project will help each city develop comprehensive solid waste management plans and will raise public awareness of the need to reduce, reuse, and recycle waste. The project will also demonstrate how construction of city roads with added functions of harvesting rainwater and intercepting sewage from surrounding villages can improve the city environment. The roads will also be equipped with energy-saving streetlights. The project will strongly encourage the public to participate in river landscaping and city planning to reflect public priorities. The project is in line with ADB's country partnership strategy, 2011 2015 for the PRC. It aligns with ADB's water operational plan by incorporating socially inclusive and integrated water resource management principles. It is also in line with the aims of ADB's urban operational plan to enhance the competitiveness and livability of cities through urban development.11 By promoting sustainable urbanization and a better balance in the currently uneven growth and development of the PRC's regions, the project also supports the PRC's 12th Five-Year Plan,2011 2015 for national economic and social development, as well as related provincial, prefecture, and municipal plans. The project will contribute to Yunnan's sustainable development strategy for 2008 2020, particularly its goal of promoting urban environmental management and expanding environmental infrastructure.
Impact	More competitive, green, and inclusive city development in Chuxiong Municipality, Lufeng County, and Wuding County that will support the development of the central Yunnan city cluster

Project Outcome	
Description of Outcome	Urban infrastructure services and environment improved in cities of Chuxiong Municipality, Lufeng County, and Wuding County
Progress Toward Outcome	The project start-up has made a good progress. As of May 2015, the CPPMO and IAs (i) has engaged external monitor for resettlement; (ii) started updating three resettlement plans; (iii) completed recruitment of consultants for project management and capacity building; (iv) completed preparation of the first bidding documents and submitted for ADB review; and started process of engaging external monitor on environment.
Implementation Progress	

Description of Project Outputs	Chuxiong urban infrastructure and environment improved Lufeng urban infrastructure and environment improved Wuding urban infrastructure and environment improved Capacity and institutional strength of the executing and implementing agencies increased
Status of Implementation Progress (Outputs, Activities, and Issues)	In preparation. BER for Wuzheng Road is being prepared. IFB for Beicheng Road will be published. 2015 training plan has been approved by ADB. 2015 training plan has been approved by ADB. 2015 training plan has been approved by ADB. 2015 training plan has been approved by ADB. 2015 training plan has been approved by ADB.
Geographical Location	

Safeguard Categories	
Environment	A
Involuntary Resettlement	A
Indigenous Peoples	B

Summary of Environmental and Social Aspects	
Environmental Aspects	The project is classified category A for environment. An environmental impact assessment was drafted in compliance with ADB s Safeguard Policy Statement (2009) and posted on the ADB website on 18 July 2013. The environmental impact assessment concluded that the anticipated environmental impacts and risks can be mitigated to acceptable levels through the implementation of the environmental management plan. During construction, the focus will be on proper earthwork management, soil erosion and water resources protection, and sound construction site management. During operation, special attention will be paid to mitigating traffic noise at sensitive sites and strengthening the early warning system for floods, traffic safety, and solid waste management in Chuxiong Municipality, Lufeng County, and Wuding County. Monitoring of the project s environmental performance will be conducted during project construction and operation by contractors, construction supervision companies, and local environmental monitoring stations. The monitoring will be verified by an independent external monitor. The CPG and the project municipal and county governments are committed to managing the identified environmental risks and have agreed on a comprehensive set of environment-related loan covenants and a training program with a strong emphasis on environment safeguards. Environment safeguard documents were disclosed to the affected people. Potential environmental complaints or disputes will be handled in accordance with the grievance redress mechanism established for the project.

Involuntary Resettlement	The project is classified category A for involuntary resettlement. Three resettlement plans and one resettlement and ethnic minority development plan were prepared in line with ADB s Safeguard Policy Statement and were approved by ADB and the government. The plans were disclosed to the affected persons and uploaded to the ADB website in October 2013. Overall, the project will affect 8,639 persons, including 652 who will be relocated. The project will permanently acquire 2,261 mu of collective and state-owned land, and demolish 40,814 square meters of residential and nonresidential buildings. The project municipal and county governments have assured ADB that funds for resettlement will be made available on a timely basis. The capacity development and institutional strengthening activities will include support for implementing resettlement. The implementation of the resettlement plans and the resettlement and ethnic minority development plan will be monitored and evaluated internally and externally. The three project municipal and county governments and PIUs have fulltime staff members responsible for land acquisition and resettlement who will regularly report implementation progress to the CPG and submit quarterly progress reports to ADB. The external monitor will review the progress and general welfare of affected persons to assess whether they have fully regained their standard of living. Monitoring and evaluation reports will be prepared semiannually during implementation and annually for 2 years after resettlement is complete. They will be submitted to ADB and publicly disclosed. The project has also established a transparent grievance mechanism that will provide meaningful consultation and trigger remedial action defined for the project.
Indigenous Peoples	The project is classified category B for indigenous peoples. The majority of the population in Yunnan and in the project cities belong to more than 25 ethnic minorities. Ethnic minorities in Chuxiong Municipality and Lufeng County are well-integrated socially and economically in the cities and do not live in distinct communities in the project areas. In Wuding County, a minority ethnic Hui village will be affected by the subproject s road construction, primarily through land acquisition and the resettlement of three households. Aside from the land acquisition and concerns over noise during construction activities, no negative impacts have been identified in the village during extensive consultations. The village population supports the project, which it expects to provide it with improved mobility and access to the city center. The education and household income levels of the ethnic minority and majority populations are the same in these project cities, and ethnic minorities benefit from many preferential policies that provide them with representation in politics and access to schools and programs in rural areas for poverty alleviation. A resettlement and ethnic minority development plan that outlines the issues and actions for ethnic minority integration in the resettlement plan for the Wuding subproject was approved, disclosed to the affected persons, and uploaded to the ADB website in October 2013.

Stakeholder Communication, Participation, and Consultation

During Project Design	Extensive consultations with project municipal and county government agencies took place during project design. A socioeconomic survey, an ethnic minority development survey, and focus group discussions covered 520 urban and rural households with 950 people in the project areas. During the preparation of resettlement and ethnic minority development plan, members of more than 460 affected households were interviewed, while 300 local affected people and more than 100 representatives from various institutions and local communities were consulted during the environmental monitoring plan preparation. Public participation during implementation will include such activities as (i) the public hearing process for tariff adjustments and urban design and planning; and (ii) advocacy on flood warning and evacuation, solid waste management and recycling, and road safety. These processes were reflected in the SAP, the gender action plan, the design and monitoring framework, and loan assurances.
During Project Implementation	

Business Opportunities

Consulting Services	Individual consultant selection - 9 person-months - $0.16 million Quality- and cost-based selection - 112 person-months - $1.84 million
Procurement	International competitive bidding - 7 contracts - $61.20 million National competitive bidding - 22 contracts - $125.00 million Shopping - 5 contracts - $0.05 million

Responsible ADB Officer	Chenglong Chu
Responsible ADB Department	East Asia Department
Responsible ADB Division	PRC Resident Mission
Executing Agencies	*Department of Finance of Yunnan Province* *YNSWC@126.COM* *Wuhuashan, Kunming Yunnan,* *Peoples Republic of China* *Chuxiong Prefecture Government* *CXWZ8117@126.COM* *No 91 of Huidong Road, Project Mgm't* *Office of ADB Chuxiong Project, Chuxiong* *Municipality, 675000, Yunnan, P.R.China*

Timetable

Concept Clearance	17 Oct 2011
Fact Finding	25 Jun 2013 to 04 Jul 2013
MRM	06 Nov 2013
Approval	21 Mar 2014
Last Review Mission	-
Last PDS Update	09 Sep 2015

Loan 3115-PRC

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
21 Mar 2014	22 Aug 2014	18 Nov 2014	30 Jun 2019	-	-

Financing Plan		Loan Utilization			
	Total (Amount in US$ million)	Date	ADB	Others	Net Percentage
Project Cost	410.40	Cumulative Contract Awards			
ADB	150.00	21 Mar 2014	1.90	0.00	1%
Counterpart	260.40	Cumulative Disbursements			
Cofinancing	0.00	21 Mar 2014	0.20	0.00	0%

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	-	-	-	-	Satisfactory	-

Project Page	http://www.adb.org/projects/45507-003/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=45507-003
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