



## China, People's Republic of: Xinjiang Integrated Urban Development Project

Project Name	Xinjiang Integrated Urban Development Project		
Project Number	45508-002		
Country	China, People's Republic of		
Project Status	Active		
Project Type / Modality of Assistance	Loan		
Source of Funding / Amount	<b>Loan 3017-PRC: Xinjiang Integrated Urban Development</b>		
	Ordinary capital resources		US\$ 200.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth		
Drivers of Change	Governance and capacity development		
Sector / Subsector	<b>Transport</b> - Urban roads and traffic management <b>Water and other urban infrastructure and services</b> - Other urban services - Urban flood protection - Urban policy, institutional and capacity development - Urban sewerage - Urban water supply		
Gender Equity and Mainstreaming	Effective gender mainstreaming		
Description	The project will improve urban infrastructure facilities and the environment in the cities of Kelamayi and Kuitun in the Xinjiang Uygur Autonomous Region (XUAR), which will contribute to sustainable economic growth and improve the quality of life for about 340,000 urban residents in the two project cities.		

Project Rationale and Linkage to Country/Regional Strategy

The development of XUAR, one of the poorest and most remote regions in the northwest with a large ethnic minority population of Uygur and other minority ethnic groups accounting for 46% and 15% of the total population, respectively, is one of the PRC's top priorities. XUAR is facing serious challenges regarding urbanization and remains poor in terms of economic growth. Water availability is a critical concern to the fragile ecology of XUAR, which is predominantly a desert territory characterized by strong winds, low rainfall, and a high evaporation rate. Infrastructure improvement and provision of basic urban services are needed to facilitate environmentally sustainable economic growth that is essential to improve urban living conditions.

Recognizing the need for greater national support, the Government of the PRC inaugurated a twinning scheme whereby assistance from other provinces will be used to strengthen the capacity in XUAR and improve local living standards. Nineteen nominated provinces and/or municipalities will provide financial contributions from 2011 to 2020. The domestic support complements Asian Development Bank's (ADB) growing strategic urban development partnership with the Xinjiang Uygur Autonomous Region Government (XUARG) and efforts of other international development partners. ADB is currently involved in three ongoing urban development projects in the region. The proposed project will be the fourth ADB-financed urban development project in XUAR.

The project will help XUAR address a common and major urban development constraint by enhancing water availability through strengthening wastewater reuse and improving water management in two medium-sized cities Kelamayi and Kuitun. The two cities located approximately 350 kilometers (km) and 220 km, respectively, to the northwest of the regional capital, Urumqi are severely water-stressed cities in the XUAR. Both cities suffer from a very harsh climate, with sub-zero temperatures between November and March, and annual precipitation of about 100 millimeters (mm) in Kelamayi and 180 mm in Kuitun. The water management problems created by lack of rainfall are compounded by high evaporation rates averaging over 2,000 mm per annum. The project aims to help promote balanced and environmentally friendly urbanization, improve living conditions in the two cities and play a demonstration role for cities under similar geographic and climatic conditions in the XUAR and elsewhere.

The proposed project aims to adopt an integrated approach to infrastructure development and environmental improvement. Both project cities have prepared integrated economic development plans and the selection of sub-projects has been made in accordance with the priorities identified in those plans, with improved water management being a common objective for most of the proposed investment. Municipal infrastructure investment, particularly focused on improved water resources conservation and management, is considered critical to enabling the sustainable development of the two cities.

The overarching justification for ADB intervention in these two cities is to demonstrate how improvements in water management can facilitate sustainable economic urban development, even in cities with an adjacent desert location, and arid and unfavorable climate for water resource management. The project will address two priority water related issues faced by the cities. These project components feature prominently in the local city development plans. In Kelamayi, the major project theme is to improve wastewater management to facilitate wastewater reuse as a substitute for freshwater in the irrigation of urban green space. Further, there is an urgent need to connect existing arterial roads and smaller roads to ensure optimal development of the new west town in Kelamayi. Inter and intra road network improvement in Kelayami and Kuitun is important given their proximity to Tacheng City, which has one of the largest land ports for trade with the Central Asia Republics. In Kuitun, the main theme is river rehabilitation to enhance flood protection standards, while at the same time creating a much improved urban environment that will promote economic growth and improve the living condition of local residents. During project preparation, the design of the Kuitun City component was adjusted to include environmental sanitation improvements targeting a particularly deprived part of the project area and significantly improving the inclusiveness of the project design. In each city, water management improvements will demonstrate the benefits to be obtained from active nonrevenue water management and optimized water distribution networks. The development strategy of Kelamayi, an oil rich city, and Kuitun focuses among others on their potential role in and contribution to Central Asia Regional Economic Cooperation.

Impact	Improved living conditions and environmental sustainability in the cities of Kelamayi and Kuitun
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## Project Outcome

Description of Outcome	Improved urban management and services, including upgraded water, roads, and flood control in the project cities
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Progress Toward Outcome	The loan became effective on 5 March 2014. The project implementation was delayed due to lengthy preliminary and detailed design, and the complicated land acquisition and resettlement in Kuitun. Kelamayi component is moving on track after the first round of procurement, and project implementation can be expedited in 2016-2017. The Kuitun municipal government is now giving special attention to the complicated LAR issues and is trying hard to coordinate with the local authority to seek solutions.
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## Implementation Progress

Description of Project Outputs	1. Improvement of Kelayami's Urban Infrastructure 2. Improvement of Kuitun's Urban Infrastructure 3. Project Management and Capacity Building
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Status of Implementation Progress (Outputs, Activities, and Issues)	<p>1. Kelamayi component. The detailed design for Nanjiao WWTP upgrading was completed. The BER for major equipment package KL-E01 was approved in Feb. 2017 and the contract is to be awarded soon after negotiation with recommended bidder. The BER of KL-E03 is being revised to incorporate ADB's comments. KL-E02 is being procured with bids opened and BER being prepared. The BD of KL-C01 has been approved in Mar. 2017. The detailed design for wetland will be finalized soon after several rounds review and revision. The BD of KL-C02 has approved in March 2017. It is expected that the Nanjiao WWTP upgrading and wetland construction will be completed by end of 2018 as originally Construction works for Xingfu Road will be completed within 2017. Consulting services for NRW management have been engaged.</p> <p>2. Kuitun component. The detailed design of the flood channel has been optimized to minimize the LAR impacts in TND. All packages are expected to be procured within 2017. The consulting services packages for NRW management are being procured.</p> <p>3. Project management and capacity building. XPMO recruited HJI Group Corporation (Consultant) to provide consulting services for project management and institutional strengthening support for the project, and the QCBS contract was signed on 11 September 2015. Since commence of the contract, consulting services of design and tendering document review, field inspection, contract management, training plan preparation, field training, etc were provided.</p>
Geographical Location	Xinjiang, Gansu Province

## Safeguard Categories

Environment	B
Involuntary Resettlement	A
Indigenous Peoples	B

## Summary of Environmental and Social Aspects

Environmental Aspects	The environmental safeguard category is "B". Environmental impacts were assessed in detail during project preparation and a project initial environmental examination, including environmental management plan, was prepared and disclosed on ADB's website in accordance with ADB's Safeguard Policy Statement (2009).
Involuntary Resettlement	The involuntary resettlement safeguard category is "A". Based on preliminary assessment more than 300 people will be affected by the project; majority of the displaced persons will suffer from house demolition impacts, including two brick factories. A labor re-employment plan will be prepared to ensure that the workers in the factories do not lose their jobs. It is expected that land acquisition will have minimal impacts on land-based livelihoods. Resettlement plans were drafted and disclosed in accordance with the ADB's Safeguard Policy Statement.
Indigenous Peoples	The indigenous peoples safeguard category is "B". In the two cities, there are 7% and 25% ethnic minority populations, and it is envisaged that the project's impact on ethnic groups will be positive. Detailed assessments were undertaken during PPTA implementation and an ethnic minority development plan was prepared for both cities in consultation with all ethnic groups and disclosed in accordance with the Safeguard Policy Statement.

## Stakeholder Communication, Participation, and Consultation

During Project Design	<p>The main stakeholders include the national government, XUAR provincial government, Kuitun and Kelamayi municipal governments, environmental protection bureau, land resources bureau, financial bureau, construction bureau, development and reform commission, water resources bureau, urban planning department, urban investment and construction company, industrial development zone, design institutes, project affected people, and project beneficiaries.</p> <p>The project preparatory technical assistance (PPTA) conducted a poverty and social analysis and addressed social safeguards. Socioeconomic survey, stakeholder workshops, focus group discussions, and informant interviews were conducted during the PPTA. This work was complemented by survey and consultations done under the resettlement and environment safeguards.</p>
During Project Implementation	Key documents such as the social action plan, gender action plan, resettlement plans, ethnic minority development plans, and environmental management plan outline consultation and participation for implementation. Loan assurances address implementation and monitoring of the plans.

## Business Opportunities

Consulting Services	All consultants will be recruited according to ADB's Guidelines on the Use of Consultants (2010, as amended from time to time). An estimated 124 person-months (9 international and 115 national) of consulting services are required to (i) facilitate project management and implementation, and (ii) strengthen the institutional and operational capacity of the executing agency. Consulting firms will be engaged using the quality- and cost-based selection method with a standard quality: cost ratio of 80:20 and a full technical proposal will be required for the bidding.
Procurement	All procurement of goods and works will be undertaken in accordance with ADB's Procurement Guidelines. International competitive bidding procedures will be used for civil works contracts estimated to exceed \$10 million, and goods contracts estimated to exceed \$1 million. Contracts for goods and for works estimated to cost less than the above international competitive bidding threshold values, but more than \$100,000 for goods and \$100,000 for works, will be procured on the basis of national competitive bidding procedures in accordance with the People's Republic of China (PRC) Tendering and Bidding Law (1999), subject to modifications agreed upon with ADB. Shopping will be used for contracts for procurement of works and equipment worth less than \$100,000 and \$100,000, respectively.

## Responsible Staff

Responsible ADB Officer	Wang, Lan
Responsible ADB Department	East Asia Department
Responsible ADB Division	PRC Resident Mission
Executing Agencies	<i>Xinjiang Uygur Autonomous Region Government XUAR Housing &amp; Urban-Rural Dev't Bureau No. 462 Zhongshan Road, Urumqi, Xinjiang, PRC</i>

## Timetable

Concept Clearance	10 Nov 2011
Fact Finding	15 Nov 2012 to 25 Nov 2012
MRM	08 Mar 2013
Approval	28 Aug 2013
Last Review Mission	-
Last PDS Update	23 Mar 2017

## Loan 3017-PRC

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
28 Aug 2013	07 Nov 2013	05 Mar 2014	30 Jun 2019	-	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	372.70	Cumulative Contract Awards			
ADB	200.00	28 Aug 2013	40.27	0.00	20%
Counterpart	172.70	Cumulative Disbursements			
Cofinancing	0.00	28 Aug 2013	24.96	0.00	12%

Project Page	<a href="https://www.adb.org/projects/45508-002/main">https://www.adb.org/projects/45508-002/main</a>
Request for Information	<a href="http://www.adb.org/forms/request-information-form?subject=45508-002">http://www.adb.org/forms/request-information-form?subject=45508-002</a>
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