



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

Project Name	Xinjiang Integrated Urban Development Project
Project Number	45508-002
Country / Economy	China, People's Republic of
Project Status	Closed
Project Type / Modality of Assistance	Loan
Source of Funding / Amount	Loan 3017-PRC: Xinjiang Integrated Urban Development Ordinary capital resources US\$ 200.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth
Drivers of Change	Gender Equity and Mainstreaming Governance and capacity development
Sector / Subsector	Transport / Urban roads and traffic management Water and other urban infrastructure and services / Other urban services - Urban flood protection - Urban policy, institutional and capacity development - Urban sewerage - Urban water supply
Gender	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	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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 Kelamayi 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.</p>
Impact	Improved living conditions and environmental sustainability in the cities of Kelamayi and Kuitun
Project Outcome	
Description of Outcome	Improved urban management and services, including upgraded water, roads, and flood control in the project cities
Progress Toward Outcome	The project physically closed on 30 June 2021. Liquidation of advance account is ongoing. As of 21 September 2021, cumulative contract awards are \$80.7million, and cumulative loan disbursement is \$85.2million.
Implementation Progress	
Description of Project Outputs	1.Improvement of Kelamayi's Urban Infrastructure 2. Improvement of Kuitun's Urban Infrastructure 3. Project Management and Capacity Building

Status of Implementation Progress (Outputs, Activities, and Issues) All works have been completed. Unused loan proceeds will be cancelled upon financial closing of the loan account.

Geographical Location Karamay, Kuytun

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	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. The project preparatory technical assistance (PPTA) will conduct a poverty and social analysis and address social safeguards. Socioeconomic survey, stakeholder workshops, focus group discussions, and informant interviews will be conducted during the PPTA. This work will be complemented by survey and consultations done under the resettlement and environment safeguards.
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 ADB Officer	Wang, Lan
Responsible ADB Department	East Asia Department
Responsible ADB Division	PRC Resident Mission (PRCM)
Executing Agencies	Xinjiang Uygur Autonomous Region Government

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	22 Sep 2021

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	30 Jun 2021	29 Dec 2021

Financing Plan		Loan Utilization			
Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	372.70	Cumulative Contract Awards			
ADB	200.00	17 Jun 2022	84.92	0.00	100%
Counterpart	172.70	Cumulative Disbursements			

Cofinancing		0.00	17 Jun 2022	84.92	0.00	100%
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Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	Satisfactory	Satisfactory	-	Satisfactory	Satisfactory	Satisfactory

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