China, People's Republic of: Shanxi Small Cities and Towns Development Demonstration Sector Project

Project Name: Shanxi Small Cities and Towns Development Demonstration Sector Project

Project Number: 42383-023

Country: China, People's Republic of

Project Status: Closed

Project Type / Modality of Assistance: Grant

Source of Funding / Amount:
- Grant 0190-PRC: Shanxi Small Cities and Towns Development Demonstration Sector Project
  - Multi-Donor Trust Fund under the Water Financing Partnership Facility
  - US$ 250,000.00
- Loan 2606-PRC: Shanxi Small Cities and Towns Development Demonstration Sector Project
  - Ordinary capital resources
  - US$ 100.00 million

Strategic Agendas:
- Environmentally sustainable growth
- Inclusive economic growth

Drivers of Change: Partnerships

Sector / Subsector:
- Agriculture, natural resources and rural development - Water-based natural resources management
- Education - Pre-primary and primary - Secondary - Technical and vocational education and training
- Energy - Energy utility services
- Transport - Road transport (non-urban)
- Water and other urban infrastructure and services - Urban policy, institutional and capacity development - Urban sewerage - Urban water supply

Gender Equity and Mainstreaming: Some gender elements

Description:
The project aims to help promote balanced and environmentally sustainable urbanization; narrow the urban-rural gap; and improve production, employment, and living conditions in small cities and towns in Shanxi Province. It includes about seven subproject small cities and towns. The project is being processed as a sector loan to allow the Shanxi provincial government (SPG) to respond to rapidly changing needs of cities and towns across the province. Detailed assessment and analyses have been undertaken for the three core subprojects: Pingyao County, Wutong Town, and Youyu County. Subsequent subprojects will be selected, prepared, and appraised during implementation of the project following an agreed set of criteria and procedures. The Pingyao subproject includes the Huiji River improvement component, which will improve environmental quality, thereby support tourism development in the historic city center. The Wutong subproject has five components: (i) Caoxi road and associated services, (ii) heat supply, (iii) gas supply, (iv) wastewater treatment, and (v) education facilities. The subproject will provide basic infrastructure to improve environmental conditions and support expansion of the city towards the northwest, where air pollution levels are lower. The Youyu subproject has five components: (i) heat supply, (ii) water supply, (iii) drainage and wastewater collection, (iv) roads and associated services, and (v) river improvement. In addition to providing city-wide environmental improvements, this subproject will provide basic infrastructure to support the development of an urban expansion area to house workers migrating to the county seat to work in agro-processing and other light industrial jobs.

Project Rationale and Linkage to Country/Regional Strategy:
The Government of the People's Republic of China (PRC) is committed to developing small cities and towns as a way to generate jobs, narrow the rural-urban income gap, and increase national economic productivity. Growth of small cities and towns creates economic opportunities for farmers to move to urban areas and gain higher value-added employment; this is the key to realizing the PRC's vision of "harmonious society," in which the benefits of growth will be shared more equitably. The PRC's Eleventh Five-Year Plan posits small city and town development as a means to provide a higher standard of living to rural migrants without exacerbating infrastructure fatigue and other problems afflicting large cities. Building on the conclusions of the ADB-financed Towns-Based Urbanization Strategy Study, the national town development policy calls for strengthening the physical and economic linkages between major cities in metropolitan areas or development corridors and the smaller settlements at their periphery.

Impact:
Improved environmental quality and increased employment generation in small cities and towns in Shanxi Province.

Project Outcome:

Description of Outcome: Improved urban infrastructure and municipal services in about seven small cities and towns in Shanxi Province.

Progress Toward Outcome: The project has been physically completed and financial closure is expected by 31 October 2018.
Subproject 1: Pingyao County
Component 1: Huiji River Improvement
1.1 River bed is dredged and embankments are constructed.
1.2 Water storage reservoirs are built, rubber dams are installed.
Subproject 2: Wutong Town
Component 1: Caoxi Road and Associated Services
2.1 Road is widened and reconstructed, drainage channel is improved.
Component 2: Heat Supply
2.2 New heat exchange stations and distribution network operational.
Component 3: Gas Supply
2.3 New gas supply storage and distribution system operational.
Component 4: Wastewater Treatment
2.4 WWTP and collection network operational.
Component 5: Social Services Facilities
2.5 New schools and vocational training centers in use.
Subproject 3: Youyu County
Component 1: Heat Supply
3.1 New heat stations, heat exchange stations, and distribution network operational.
Component 2: Roads
3.2 New roads in the new town operational.
Subproject 4: Niangziguan Town
Component 1: Mian river improvement works
4.1 Mian river bed is dredged and embankments are constructed.
4.2 A rubber dam is built by local government financing.
4.3 A steel dam is installed
For all subprojects:
Infrastructure and service providers have increased capacity to plan, construct, operate, and maintain facilities.
Subproject 5: Xinxiaoxun Town
Component 1: Roads and associated services improvement
5.1 Xinxiaxi Road construction & associated services
5.2 Xinxiaxi Road & Xingzhuang Road construction & associated services
Subproject 6: Qinxin County
Component 1: River and lake rehabilitation and landscaping
6.1: Northern East lake rehabilitated and landscaping works completed
6.2: Bashii river rehabilitated and landscaping works completed
Subsequent subproject cities and towns: Urban infrastructure and services improved and operational.

Description of Project Outputs

Status of Implementation Progress (Outputs, Activities, and Issues)

Geographical Location
Jinsheng, Niangziguan, Pingyao Xian, Qingxu Xian, Shanxi Sheng, Wutong, Xinghua, Youyu Xian

Safeguard Categories

Environment
A
Involuntary Resettlement
A
Indigenous Peoples
C

Summary of Environmental and Social Aspects

Environmental Aspects
EMP for Pingyao updated and approved.

Involuntary Resettlement
Baseline survey Wutong Approved and Disclosed;
Baseline survey for Youyu Heating Component Approved and Disclosed;
Resettlement Plan and Baseline survey for Xinxiaoxun Approved and Disclosed (noncore subproject).
Due Diligence Reports for Youyu Heating Component Complete and Approved;
Due Diligence Report for Xinxiaoxun Completed and Approved.
M&E Reports for Pingyao, Xinxiaoxun, and Wutong, Youyu Heating Complete and disclosed.

Indigenous Peoples
Only 1.5% ethnic minorities in the beneficiary population of the 3 subproject areas. An EMF has been prepared for subsequent subprojects. No action required to assure compliance.

Business Opportunities
The Project will provide funding for 26.0 person-months of international consulting services and 222.5 person-months of national consulting services to support the PMOs and IAs in project implementation and management and institutional capacity building. A consulting firm will be recruited in accordance with ADB’s Guidelines on the Use of Consultants using the quality-and cost-based selection method. SPG has requested advance contracting and retroactive financing for recruitment of consultants.

All procurement to be financed under an ADB loan will be carried out in accordance with ADB’s Procurement Guidelines (2007, as amended from time to time). Contract packages have been formulated in consultation with the IAs and a procurement capacity assessment of the EA, PMOs, and IAs has been undertaken. Based on the assessment, it is recommended that prior review be applied for all ICB contracts, the first NCB contract for works and goods, and post-review for other procurement modes. SPG has requested for advance contracting and retroactive financing due to the short construction period in the North PRC. To support these efforts, relevant provisions of ADB’s Anticorruption Policy will be included in the loan regulations and the bidding documents for the Project.

### Responsible ADB Officer
Lan Wang

### Responsible ADB Department
East Asia Department

### Responsible ADB Division
PRC Resident Mission

### Executing Agencies
Shanxi Provincial Government
Mr. Li Jinsheng, szljzhfeng@sina.com
Shanxi, People’s Republic of China

### Timetable

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concept Clearance</td>
<td>10 Sep 2008</td>
</tr>
<tr>
<td>Fact Finding</td>
<td>18 Sep 2008 to 30 Sep 2008</td>
</tr>
<tr>
<td>MRM</td>
<td>12 Nov 2008</td>
</tr>
<tr>
<td>Approval</td>
<td>18 Dec 2009</td>
</tr>
<tr>
<td>Last Review Mission</td>
<td>-</td>
</tr>
<tr>
<td>PDS Creation Date</td>
<td>12 Sep 2008</td>
</tr>
<tr>
<td>Last PDS Update</td>
<td>18 Sep 2018</td>
</tr>
</tbody>
</table>

### Grant 0190-PRC

#### Milestones

<table>
<thead>
<tr>
<th>Approval</th>
<th>Signing Date</th>
<th>Effectivity Date</th>
<th>Closing</th>
</tr>
</thead>
</table>

#### Financing Plan

<table>
<thead>
<tr>
<th>Total (Amount in US$ million)</th>
<th>Grant Utilization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>ADB</td>
</tr>
<tr>
<td>ADB</td>
<td>0.25</td>
</tr>
<tr>
<td>Counterpart</td>
<td>0.00</td>
</tr>
<tr>
<td>Co-financing</td>
<td>0.25</td>
</tr>
</tbody>
</table>

#### Status of Covenants

- Category: -
- Sector: Satisfactory
- Safeguards: -
- Social: -
- Financial: -
- Economic: -
- Others: -

### Loan 2606-PRC

#### Milestones

<table>
<thead>
<tr>
<th>Approval</th>
<th>Signing Date</th>
<th>Effectivity Date</th>
<th>Closing</th>
</tr>
</thead>
</table>

#### Financing Plan

<table>
<thead>
<tr>
<th>Total (Amount in US$ million)</th>
<th>Loan Utilization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>ADB</td>
</tr>
<tr>
<td>Project Cost</td>
<td>265.90</td>
</tr>
<tr>
<td>ADB</td>
<td>100.00</td>
</tr>
<tr>
<td>Counterpart</td>
<td>165.90</td>
</tr>
<tr>
<td>Co-financing</td>
<td>0.00</td>
</tr>
</tbody>
</table>

#### Status of Covenants

- Category: -
- Sector: Satisfactory
- Safeguards: -
- Social: -
- Financial: -
- Economic: -
- Others: -
<table>
<thead>
<tr>
<th><strong>Project Page</strong></th>
<th><a href="https://www.adb.org/projects/42383-023/main">https://www.adb.org/projects/42383-023/main</a></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Request for Information</strong></td>
<td><a href="http://www.adb.org/forms/request-information-form?subject=42383-023">http://www.adb.org/forms/request-information-form?subject=42383-023</a></td>
</tr>
<tr>
<td><strong>Date Generated</strong></td>
<td>01 August 2019</td>
</tr>
</tbody>
</table>

ADB provides the information contained in this project data sheet (PDS) solely as a resource for its users without any form of assurance. Whilst ADB tries to provide high quality content, the information are provided "as is" without warranty of any kind, either express or implied, including without limitation warranties of merchantability, fitness for a particular purpose, and non-infringement. ADB specifically does not make any warranties or representations as to the accuracy or completeness of any such information.