Guangxi Beibu Gulf Cities Development Project

China, People's Republic of: Guangxi Beibu Gulf Cities Development Project

**Project Name**
Guangxi Beibu Gulf Cities Development Project

**Project Number**
43023-013

**Country**
China, People's Republic of

**Project Status**
Active

**Project Type / Modality of Assistance**
Loan

**Source of Funding / Amount**
Loan 2821-PRC: Guangxi Beibu Gulf Cities Development Project

| Ordinary capital resources | US$ 200.00 million |

**Strategic Agendas**
Environmentally sustainable growth
Inclusive economic growth
Regional integration

**Drivers of Change**
Governance and capacity development

**Sector / Subsector**
Transport - Urban roads and traffic management
Water and other urban infrastructure and services - Urban sewerage

**Gender Equity and Mainstreaming**
Effective gender mainstreaming

**Description**
The project will support PRC's balanced socio-economic development and poverty reduction goals by urban development of three key coastal cities in the southern part of the Guangxi Zhuang Autonomous Region - Beihai, Qinzhou, and Fangchenggang. The project will significantly improve urban infrastructure services and polluted environment, enhancing three coastal cities' potential to fully capture economic benefits by (i) industrialization and urbanization for the local poor including ethnic minorities, (ii) improved investment climate, and (iii) increasing regional and subregional trade activities. The project will have five investment components and one capacity development component in three cities. They include: (i) two urban roads of 16.2 km with related urban utility facilities to guide urban expansion by providing safe and efficient access for new industrial workers and trade logistics to the port area in Beihai; (ii) 16.2 km urban road network with related urban utility facilities in the port area to open up opportunity of employment and better quality of life for local poor and migrating workers and their families in Qinzhou; (iii) a new centralized wastewater treatment plant with a treatment capacity of 30,000 m³/day and associated sewerage network of 24 km to equip the city with appropriate industrial and municipal wastewater treatment technology and prevention of environmental pollution, and 16.1 km urban road upgrading with appropriate urban facilities to accommodate boosting border city trade activity, urban expansion needs and increasing mobilization of people for rapid regional economic integration in Fangchenggang; and (iv) training and capacity development.

**Project Rationale and Linkage to Country/Regional Strategy**
Guangxi Zhuang Autonomous Region (GZAR) is one of the 12 less-developed provinces and autonomous regions under the People's Republic of China's (PRC) Western Development Strategy (WDS). GZAR has a distinct advantage in supporting balanced socioeconomic development compared to other WDS provinces and autonomous regions because of its pivotal role in promoting the subregional economic integration between the PRC and countries in Greater Mekong Subregion (GMS) as well as Association of Southeast Asian Nations (ASEAN). Located in the southwestern doorway to the GMS and the ASEAN countries, GZAR aims to promote not only the region's economic and social development but to share its development benefits with the neighboring landlocked provinces of Guizhou, Yunnan, and Hunan as well as Sichuan and Chongqing farther in the west. Urban development in Beihai, Qinzhou and Fangchenggang is a high priority in GZAR's development agenda. These three coastal cities could provide access to sea ports and trading bases connecting to international markets for GZAR and other inland provinces. However, such enormous development potential is stifled due to inadequate basic urban infrastructure and services in addition to poor urban environment in three cities. This significantly slows down urban development, GZAR's socioeconomic development, and economic integration at the subregional level. The objectives of the Guangxi Beibu Gulf Cities Development Project are to build basic urban infrastructure in three coastal cities to promote environmentally sound urban development, to ensure sustainable socioeconomic development, and to improve the investment climate, accelerate international trade and commerce. Major investment components include: (i) road and bridge construction with auxiliary facilities of street lighting, signage and storm water drainage pipes, (ii) wastewater treatment and connecting sewage pipeline network, and (iii) capacity development. The project is consistent with the ADB Country Partnership Strategy for the PRC (2008 2010) and the PRC's national and regional strategies for growth which identify urban development as the main focus of improving infrastructure. They also emphasize environmental sustainability for improving the residents' standard of living as one of its key themes. Further, the project is consistent with ADB's urban sector strategy and will assist the PRC to achieve Millennium Development Goal (MDG) 7, Target 10. The PPTA will define the scope of the proposed project and scope of ADB financing in the three cities in order to optimize the development potential based on prioritization of required investments in basic urban infrastructure and services. The project is supportive of promoting regional cooperation among the PRC, GMS, and ASEAN.

**Impact**
Improved basic living conditions and socio-economic development in three port cities to support the PRC-ASEAN regional cooperation.

**Project Outcome**
Improved urban infrastructure services and environment of five project areas in three project cities.

**Progress Toward Outcome**
As of 15 September 2019, contract award is $182.4 million and disbursement $135.5 million.
Description of Project Outputs
Beihai Zhulin Urban Road and Related Infrastructure. Urban road, storm water drainage ditch, street lighting and landscaping
Beihai Eastern District Urban Road and Network and Related Infrastructure. Urban road network, sewerage pipelines, storm water drainage pipelines, street light and signage, and landscaping
Qinzhou Port Xincheng Urban Road Network and Related Infrastructure. Urban road network, sewerage pipelines, storm water drainage pipelines, street light and signage, and landscaping
Fangchenggang Urban Road and Related Infrastructure. Urban road rehabilitation and construction, storm water drainage ditch, traffic signage, and landscaping
Fangchenggang-Maoling WWTP and Sewerage Network. WWTP, sewerage network, pump station, sludge treatment facility, power system, office and other plant ancillaries
Project management support and separate technical studies in developing universal design and climate proofing guidelines

Status of Implementation Progress (Outputs, Activities, and Issues)
Beihai Shi, Fangchenggang Shi, Qinzhou Shi

Geographical Location
Beihai Shi, Fangchenggang Shi, Qinzhou Shi

Safeguard Categories
Environment A
Involuntary Resettlement A
Indigenous Peoples C

Summary of Environmental and Social Aspects

Environmental Aspects
The project is classified under environmental category A. Environmental impact assessments (EIAs) were prepared for each of the five investment components and reviewed and approved by the respective environmental protection bureau. GZARG disclosed relevant environment information to environmentally affected people through consultations in April-October 2010 and the results and findings were reflected in the EIAs and the project design. A project EIA, including an environmental management plan (EMP) and environmental monitoring program, assessed potential adverse environmental impacts of the road network and the WWTP during construction and operation of project facilities. The main identified environmental impacts relate to air, water and noise pollution, solid waste disposal, and borrow and spoil management during project construction. The EMP fully addresses these impacts as well as occupational health and safety issues to ensure the residual environmental impacts are insignificant. In addition to addressing common environmental protection issues, the project also demonstrates good environmental due diligence practice by pursuing measures to enhance environmental management on an existing nature reserve. The municipal environmental protection bureaus will support the municipal governments and the project implementing companies (PICs) in implementing the EMPs. Capacity building in environmental management will be provided for GZARG, the municipal governments, and the PICs. An environmental monitoring report will be prepared by GZARG and submitted to ADB semiannually during implementation and annually for 2 years after project completion. A grievance redress mechanism was established under GZARG, the municipal governments, and the PICs to receive and redress public grievances related to environment. The EIA was circulated to the ADB Board of Directors and made publicly available through the ADB website on 10 December 2010. The external environment monitoring was engaged in April 2014.

Involuntary Resettlement
The project is classified under involuntary resettlement safeguard category A. Five resettlement plans were approved by ADB on 7 January 2011, disclosed to affected persons, and uploaded to the ADB website on 25 January 2011. Overall, the project will acquire 5,288.6 mu of land permanently, of which 30.4% is classified as farmland. Permanent land acquisition will affect 4,555 persons. Temporary acquisition of 469 mu of land will affect 3,173 persons. A total of 3,045 persons will be relocated and about 34,804 square meters of residential and non-residential buildings will be demolished. Removal of 546,6 mu of shrimp aquaculture ponds will affect the livelihoods of 155 persons. In addition, associated productive assets, ground attachments, and basic infrastructure facilities will also be affected. The levels of compensation are based on the relevant PRC regulations, which were confirmed to be adequate after consultation with local governments and those affected, and considering general practice in project cities. The implementation of the project's five resettlement plans will be monitored and evaluated internally and externally. The municipal governments will report implementation progress regularly to GZARG, which in turn will summarize the land acquisition and resettlement progress in the quarterly progress report to ADB. The Guangyi project management office will also engage an independent external monitor who will (i) review resettlement progress and the general welfare of affected persons, (ii) make recommendations to resolve any issues or problems, and (iii) provide advice to GZARG and the municipal governments. The external monitor will pay special attention to vulnerable groups, including the poor, women, and the ethnic minorities, to assess whether they have fully benefited and to assess whether any adverse impacts other than those anticipated are being experienced and addressed. Monitoring and evaluation reports will be prepared semiannually during implementation and annually for 2 years after resettlement is completed. They will be submitted to ADB and published on ADB's website. The project has also established a transparent grievance channel that will (i) provide a meaningful consultation mechanism and (ii) trigger remedial action by GZARG and the municipal governments. The external resettlement and social monitor was engaged in April 2014 and the first semi-annual external monitoring report was submitted in August 2014.

Indigenous Peoples
The project is classified under indigenous people safeguard category C. Ethnic minorities, predominantly from the Zhuang ethnic group, make up 23.7% of the urban population. The poverty and social assessment survey and consultations concluded that all urban beneficiaries, including ethnic minorities in the project areas, will benefit from the infrastructure improvements. There will be no adverse impacts other than those anticipated. This will be addressed under the resettlement plan for the Fangchenggang Fangcheng Jiangshan road and related infrastructure component. The overall project design includes prioritization of ethnic minorities for construction jobs and O&M activities and the use of the local language, where necessary, in communication and outreach for involuntary resettlement consultations.

During Project Design
Based on the findings of the PPTA, major stakeholders include (i) persons directly affected by the project in a positive or negative manners, including agricultural workers and their families, and urban residents in the project areas, other local communities living adjacent to the development areas; (ii) national municipal, district and county government agencies; (iii) project implementing companies (PICs), and operation and maintenance entity of the project facilities; and (iv) industries and local commerce. The PPTA consultants, the countylistrict governments and PICs undertook public consultations and ensure participation in project design components. Public consultation included: (i) socio-economic baseline survey of selected components to establish socio-economic profile and needs assessment of potential beneficiaries; (ii) focus group discussions of both women and men, ethnic minorities in ethnic minority counties; and (iii) district/country level and village level key informant interviews of various local government agencies, women's federations and village leaders on their knowledge of local issues and opinions on project design and impacts.

Stakeholder Communication, Participation, and Consultation
**Loan 2821-PRC**

### Business Opportunities

**Consulting Services**

An estimated 164 person-months (35 international, 129 national) of consulting services are required to (i) facilitate project management and implementation, (ii) strengthen the institutional and operational capacity of the GZARG, BMG, QMG, and FMG, (iii) strengthen capacity to develop universal design guideline for public facilities and urban infrastructure and (iv) strengthen capacity to combat climate change for climate proofing urban infrastructure design, (v) initial project implementation start-up support and (vi) implementing external monitoring for environment, resettlement and social issues. Consulting firm for project implementation and detailed compensation plan to ensure APs’ interests are protected and to provide employment opportunities for the APs’ livelihoods as a result of project implementation.

Consultations with communities will take place at different points in the preparation and implementation of the GAP and SAP within the subprojects, and will be designed not only to inform people about the subproject or specific activities related to its preparation and implementation, but also to enable people in the community to ask questions, make suggestions, state preferences and express concerns. Special attention will be made for the participation of women and any other vulnerable groups, such as the poor. The GAP and SAP indicators are monitored and reported annually through consolidated annual reports and verified by external resettlement and social monitoring reports. These reports will be disclosed to the public. Public disclosure of all project documents will be undertaken through the city PMOs, and on the ADB website since 25 January 2011. Resettlement information booklets have also been distributed to affected households. This booklet contains information such as the affected project area, proposed land acquisition and relocation implementation progress and procedure, compensation standards for land acquisition, relocation assistance and livelihood restoration strategy. The respective PICs have established project resettlement units for supervision of implementation, continual public consultation, monitoring of progress, and response to grievances. The grievance redress procedures have been established and explanations are included in the resettlement information booklets, GAP, and SAP. Consultations with communities will place at different points in the preparation and implementation of the GAP and SAP within the subprojects, and will be designed not only to inform people about the subproject or specific activities related to its preparation and implementation, but also to enable people in the community to ask questions, make suggestions, state preferences and express concerns.

During Project Implementation

The project became effective on 20 August 2012. During the project implementation, project information will be communicated through public consultation and information disclosure mechanisms in ADB’s and government’s website, meetings, interviews, focus group discussions, and community consultation meetings, in accordance with ADB’s requirements of information disclosure policy. Environment. During the project preparation, comments and responses from the public have been finalized in the EIA documents. Future public consultation will include involvement in monitoring impacts and mitigation measures during the construction and operation stages; evaluating environmental and economic benefits and social impacts; and interviewing the public after the project is completed. The city EMUs maintain hotlines for environmental complaints, which will also be made available for continued public inputs for the project. The Grievance Redress Mechanism described in the section VII para. 10 will be maintained by GPMO and the PICs throughout project implementation to ensure that public complaints related to environmental issues will be timely addressed and solved. Resettlement. All of the affected persons (APs) and municipal governments have been involved in the project impact and social-economic survey. Through meetings, interviews, focus group discussions, public consultation workshops, and community consultation meetings, local representatives have participated in the planning and concerns have been integrated into the APs. Before implementation, the GPMO, the city PMOs, and the PICs will further discuss and consult with the representatives of the APs the impacts and detailed compensation plan to ensure APs’ interests are protected and to provide employment opportunities for the APs’ livelihoods as a result of project implementation.

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### Timetable

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<td>Fact Finding</td>
<td>01 Nov 2010 to 10 Nov 2010</td>
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<td>MRM</td>
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<td>Approval</td>
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<td>Last Review Mission</td>
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### Loan Utilization

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