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

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Gansu Baiyin Integrated Urban Development Project</th>
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<tr>
<td>Project Number</td>
<td>46062-002</td>
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<tr>
<td>Country</td>
<td>China, People's Republic of</td>
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<tr>
<td>Project Status</td>
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<tr>
<td>Project Type / Modality of Assistance</td>
<td>Loan</td>
</tr>
<tr>
<td>Source of Funding / Amount</td>
<td>Loan 3202-PRC: Gansu Baiyin Integrated Urban Development Project</td>
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</tbody>
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### Strategic Agendas

- Environmentally sustainable growth
- Inclusive economic growth

### Drivers of Change

- Governance and capacity development
- Knowledge solutions
- Private sector development

### Sector / Subsector

- Education - Technical and vocational education and training
- Transport - Urban public transport - Urban roads and traffic management
- Other urban infrastructure and services - Urban sewerage - Urban water supply

### Gender Equity and Mainstreaming

- Effective gender mainstreaming

### Description

Baiyin is a medium-sized city in Gansu province (Gansu), one of the 12 less-developed provinces and autonomous regions targeted under the Western Development Strategy of the People's Republic of China (PRC). The city was originally established as a national copper mining base in the 1950s but its socioeconomic development suffered major setbacks after continuous copper exploitation and depletion, and environmental degradation. Since the Eleventh Five-Year Plan 2006-2010, Baiyin received special support from the national and provincial governments to jumpstart its industrial transformation. The goal was to transform Baiyin from a resource-exhausted mining city into a new industrial center through technology upgrading and diversification of existing production chains, while achieving efficient use of resources and reducing adverse impacts on the environment. In 2008, the Gansu Baiyin Urban Development Project (Phase I project) was approved by ADB, providing timely assistance on urban road construction and district heating supply to support the initial stage of economic diversification in two urban centers Baiyin district and Pingchuan district.

The project will invest in key urban infrastructure and services to: (i) provide efficient water service for drinking and industrial processing; (ii) provide wastewater treatment to improve water management, environment, and locals’ quality of life; (iii) strengthen vocational education and training capacity; (iv) enhance road safety and traffic management in central urban district; and (v) enhance environmental management for industrial transformation. The main project area is located in the poverty-stricken Jingyuan county and includes one of the seven strategic industrial bases that comprise the Lanbai Core Economic Zone. The project will further scale up the outcome of the Phase I project by accelerating environment-friendly and human-centered industrial transformation in eastern Baiyin urban area.

The impact of the project will be inclusive and environmentally sustainable urban development in Baiyin. The expected outcome will be accelerated industrial transformation and economic diversification in Baiyin. Project outputs include: (i) basic urban infrastructures in the eastern Baiyin urban area comprising: (a) a new water supply facility with treatment capacity of 85,000 cubic meter per day, a 16-kilometer (km) water transmission pipeline, a 68.8-km water distribution pipeline network and other related facilities; (b) a new wastewater treatment facility with treatment capacity of 40,000 cubic meter per day, a 74.4-km wastewater collection pipelines network and related facilities; (c) leveling of 4-km² land with 5 new roads totaling 8 km; (ii) industrial training facility and related services to strengthen capacity building for local skilled/non-skilled workers in Jingyuan county; (iii) TS in the Baiyin district; and (iv) project management and institutional capacity building, including effective project management, environmental management of the industrial area, and the sustainable operation and maintenance of project facilities.

### Project Rationale and Linkage to Country/Regional Strategy

Baiyin's industrial transformation aims to facilitate inclusive and environmentally sustainable urban development. Gansu provincial government under its Twelfth Five-Year Plan 2011-2015, designates the Lanbai Core Economic Zone to accelerate the development of the industrial economic corridor from the provincial capital of Lanzhou to Baiyin. Although the Phase I project supported Baiyin to kick start its economic diversification, the city faces emerging urban development challenges. The water supply and wastewater treatment facilities are inadequate and land development cannot keep pace with the industrial transformation. Uneven urban rural development broadens income disparities between two urban districts and three rural counties, thereby undermining inclusive socioeconomic growth. Limited opportunities for vocational capacity development also hinder the surplus labor force and laid-off workers to develop skills in support of the transition. Frequent traffic congestion and road hazards in the urban district adversely affect logistics and people’s quality of life. Located in water stressed region of the PRC, Baiyin needs innovative approaches to support its industrial transformation and meet its sustainable socioeconomic growth targets.

The project supports the PRC’s Twelfth Five-Year Plan 2011-2015, which targets to attain the overarching goal of stable and relatively fast economic development by promoting livelihood improvement, environmental protection, and balanced socioeconomic development. The project also aligns with ADB’s country partnership strategy for the PRC 2011-2015, and is consistent with ADB’s water and urban operational plans which focus on inclusive and environmentally sustainable growth, improved quality of life for developing livable city, and mainstreaming efficiencies in water use.

The project design incorporates lessons learned from ADB’s five urban sector projects in Gansu. These are (i) keeping impacts of land acquisition and resettlement to a manageable level, and (ii) rigorously reviewing technical designs to avoid oversized infrastructures. Together with the Phase I project, the project will demonstrate a sustainable model of urban development through industrial transformation for other resource-exhausted cities in the PRC. Individual special features of the project include: (i) comprehensive support for skills training and vocational education for industrial transformation; (ii) enhanced environmental management in industrial areas; and (iii) installation of an intelligent transport system (ITS) to address bottlenecks on transportation management.

### Impact

Inclusive and environmentally sustainable development in Baiyin

### Description of Outcome

**Accelerated industrial transformation and economic diversification of Baiyin**
A loan midterm review mission was fielded during 25-29 November 2018. The BPMO, IA and the mission jointly reviewed the progress of Lan Wang.

All procurement of goods and works will be undertaken in accordance with ADB's Procurement Guidelines (2013, as amended from time to time). International competitive bidding (ICB) will be used for civil works contracts estimated to cost $10 million and above. National competitive bidding (NCB) will be used for civil works contracts estimated to cost below $10 million and for professional and non-professional services.

Subsequent procurements are subject to post review. All ICB contracts are subject to prior review. Prior review and approval of ADB of the procurement documents (prequalification, bidding, contract) is required.

The project environment category B. An initial environmental examination (IEE), including environmental management plan (EMP), was prepared based on three domestic environmental impact assessments prepared for the infrastructure components, and a planning environment impact assessment prepared for the LIP. The IEE complies with ADB's Safeguard Policy Statement (2009) and was disclosed on the ADB website. It confirms that construction-phase impacts will be localized, short term, and can be effectively mitigated through application of good construction practices and implementation of health and safety risk management plans defined in the EMP. Significant earthwork, which will disturb surface soils and could affect surface water in the project area, can be mitigated by adherence to the measures defined in the water and soil conservation plan. Dust and noise control will address the concerns of nearby residents during project implementation and operational phases. The sustainability of water extraction from regional water resources was confirmed through regional water balance analysis of the Yellow River and its water allocation plan. The effluent from the wastewater treatment plant will be reused for landscape irrigation and industrial process, contributing to increased resilience to climate variability and future climate change. The ISO 14001 certified EMS will ensure environmental management and emergency response capacity of LIP and minimize environmental risks within LIP during operational phase. BMG will be responsible for the overall environmental management and compliance with the EMP, including inspection, monitoring, reporting, and corrective actions and measures. Environmental management is supported by loan assurances and capacity development and institutional strengthening activities under the project. BMG conducted meaningful consultation with potentially affected persons and project beneficiaries. Environmental complaints will be handled in accordance with the grievance redress mechanism developed for the project. The outstanding environmental feature of the project is the development of the EMS for the LIP, attached to the IEE. It will ensure sustainable environmental path for LIP development.

The project is classified category A for involuntary resettlement. The project will occupy 1,158.3 mu of state-owned land, acquire 397.7 mu of collectively-owned land, and demolish houses of 35 households with 156 persons. Total of 67 rural households and 337 persons will be significantly affected due to the land acquisition and house relocation. Temporary land occupation of 135.5 mu will affect 46 rural households and 243 persons. A resettlement plan was prepared in line with ADB's Safeguard Policy Statement (2009), approved by ADB, disclosed to the affected persons, and uploaded to the ADB website on 16 June 2014. The resettlement plan will be finalized in line with detailed engineering design and detailed measurement survey, disclosed to affected persons, and submitted to ADB for approval. Compensation for lost assets and resettlement allowances will be paid to affected persons, and livelihood rehabilitation will be arranged in accordance with the resettlement plan. A due diligence report, prepared as an appendix of the resettlement plan, reviewed the collective land acquisition for the project completed in August 2012 and November 2013. The implementation of the resettlement plan will be monitored and evaluated internally and externally. Reflecting the first ADB project experience, BMG will have and cause LMC to have fulltime staff members responsible for land acquisition and resettlement who will ensure compliance of ADB safeguards requirements and regularly report implementation progress through periodic 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 has been completed. They will be submitted to ADB and publicly disclosed. The project has also established a transparent grievance redress mechanism that will provide meaningful consultation and trigger remedial action.

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The project is indigenous peoples category C. The project has no negative effect to the ethnic minority. There is no concentrated area of ethnic minorities in the project area. Ethnic minorities are scattered in all residential quarters and 1.8% of the total population are ethnic minorities and is primarily Hui minority. They will enjoy the benefits created by the project the same way as the Han people.

All consultants financed by ADB will be recruited according to ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). An estimated 131 person-months (14 international and 117 national) of consulting services are required to (i) facilitate project management and implementation, (ii) provide capacity building and institutional strengthening, (iii) conduct external monitoring, (iv) provide support for implementation of technical and vocational education and training (TVET), (v) design and install environmental management system.

Procurement documents (prequalification, bidding, contract) are required. Subsequent procurements are subject to post review. All ICB contracts are subject to prior review. Prior review and approval of ADB of the procurement documents (prequalification, bidding, contract) is required.
Loan 3202-PRC

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<tr>
<th>Approval</th>
<th>Signing Date</th>
<th>Effectivity Date</th>
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Financing Plan

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<th>Total (Amount in US$ million)</th>
<th>ADB</th>
<th>Others</th>
<th>Net Percentage</th>
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<td>ADB</td>
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<td>Counterpart</td>
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