China, People's Republic of: Study on the Coordinated Development of Beijing–Tianjin–Hebei

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<th>Project Name</th>
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<tr>
<td>Project Number</td>
<td>48462-001</td>
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<tr>
<td>Country</td>
<td>China, People's Republic of</td>
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<td>Project Status</td>
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<tr>
<td>Project Type / Modality of Assistance</td>
<td>Technical Assistance</td>
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<tr>
<td>Source of Funding / Amount</td>
<td>TA 9042-PRC: Study on the Coordinated Development of Beijing-Tianjin-Hebei Technical Assistance Special Fund US$ 750,000.00</td>
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Strategic Agendas
- Environmentally sustainable growth
- Inclusive economic growth

Drivers of Change
- Governance and capacity development
- Knowledge solutions
- Partnerships
- Private sector development

Sector / Subsector
- Public sector management - Public administration

Gender Equity and Mainstreaming
- No gender elements

Description
A. Impacts and Outcome
The impacts will be increased integrated, sustainable and inclusive economic growth, and reduced air pollution in the BTH region. The outcome will be better coordination of program outline implementation in Hebei and development in the BTH region.

B. Methodology and Key Activities
The TA will assess the Hebei provincial development experience, design the program outline implementation policies for Hebei, and enhance policy coordination within the BTH region to facilitate the implementation of the program outline and the Beijing Tianjin Hebei Air Quality Improvement Program. The program has three outputs:

Output 1: Formulation of Hebei program outline implementation policy supported. In the summary report, the consultants will review the experiences of Hebei economic development. They will also assess the economic integration status of the BTH region and identify main challenges Hebei is facing, such as limitations of the present industrialization strategy focusing on heavy industries, and comparative advantages of Hebei from the perspective of an integrated BTH region. The consultants will also analyze how Hebei can benefit from future integration and develop a plan for how Hebei can achieve more sustainable and inclusive growth. The effectiveness of the policy actions under the Beijing Tianjin Hebei Air Quality Improvement Program will be analyzed. Based on the summary report, this TA will provide policy notes for the HPG.

In addition to the summary report, there will be the following five thematic reports:
(i) Construction of world-class megalopolis area in BTH region; (ii) Upgrading of Hebei industries; (iii) Equalization of education, health care, and other basic public services; (iv) Creation of a regional science-technology innovation market; (v) Further study on elimination of the poverty belt around Beijing and Tianjin.

Output 2: Beijing Tianjin Hebei regional policy coordination enhanced. Five thematic reports under output 1 cover the main challenges three BTH regional governments facing during BTH region integration. To enhance BTH region-wide policy dialogue, when the draft thematic reports are completed, the consultants will arrange and conduct a series of consultation conferences led by the HPG, with support from ADB, to present the findings and recommendations to stakeholders concerned, including Beijing, Tianjin, and Hebei government agencies; private enterprises; and research institutes. Comments and feedback from conferences will be incorporated into the final reports and policy notes. After each consultation conference, the HPG will share discussion records and policy notes with the BTH region government agencies for further policy coordination.

Output 3: Effectiveness of the Beijing Tianjin Hebei Air Quality Improvement Program policy actions assessed. The Beijing Tianjin Hebei Air Quality Improvement Program supported by ADB’s PBL in strengthening Hebei’s framework for incremental policy and investment actions to improve the air quality in the BTH region (approved in December 2015), includes 17 key policy reform actions and 10 key performance monitoring indicators in three areas. The consultants will monitor the implementation of the program, assess the effectiveness of the HPG-agreed 17 key policy actions, and make suggestions regarding future medium- and long-term reform and investment needs. The output will be the basis for future dialogue between ADB and HPG to scale up the partnership in the BTH region.
**Project Rationale and Linkage to Country/Regional Strategy**

Beijing municipality, Tianjin municipality, and Hebei province make up an important economic region in the PRC. The region is home to 109.2 million people and generates a gross domestic product of about CN¥6.2 trillion, accounting for 10% of the national total in 2013. The region also has the world’s eighth largest urban agglomeration of Beijing (19.5 million inhabitants as of 1 July 2014) with the fastest average annual population growth rate of 4.6% among the top 10 city agglomerations in the world during 2010-2015. Even though the BTH region is geographically connected, the socioeconomic structure is disconnected. Beijing and Tianjin are two special municipalities directly under the central government and have advanced manufacturing capacity and strong tertiary sector. Hebei is less developed, with a vast peri-urban and rural hinterland, and lags in overall regional development. The gross domestic product per capita of Hebei was only 42% of that of Beijing and 39% of Tianjin in 2013. About 88% of the 3.1 million people in poverty in the BTH region live in Hebei. As a result of the available business opportunities, high-quality education, and health care resources, Beijing has attracted too many residents. Heavy smog, sprawling traffic, and notoriously long commutes downgrade the living standards of the residents. Beijing is facing the so-called megalopolis disease challenge.

For the BTH region as a whole, in addition to imbalanced economic and social development, air pollution is a huge health and environmental challenge threatening all BTH regional residents. As part of unprecedented rapid growth, the BTH region suffers from air pollution resulting from industrialization, urbanization, and motorization. The BTH region encompasses a large area with diverse sources of pollutants, including emissions from automobiles in metropolises such as Beijing, coal-based power plants and energy-intensive and polluting industries in Tianjin and Hebei, emissions from the vessels and equipment in Tianjin port, and coal-based boilers for residential heating and seasonal stalk burning on farm lands in Hebei. All three jurisdictions have adopted air pollution reduction strategies; for example, Hebei Provincial Government (HPG) has committed to reduce PM2.5 concentration by 25% by 2017 through reduction of industrial production capacities and other related methods. To help improve the air quality of Hebei and the BTH region, ADB prepared a policy-based loan (PBL) to Hebei, the Beijing Tianjin Hebei Air Quality Improvement Program. However, there has been a lack of coordinate effort to work jointly among the three areas. Against this backdrop, the Politburo of the Central Committee of the Communist Party of China approved the Program Outline for Coordinated Development of the BTH Region (the program outline) on 30 April 2015. The program outline aims to develop a more coordinated BTH region by 2030, mainly through transfer of some industry capacities and public service facilities out of Beijing to neighboring areas, including some energy-intensive industries, wholesale markets, public service entities, and state-owned enterprises and administrative institutions. However, the program outline does have some shortcomings: (i)The main focus of the program outline was to solve the megalopolis disease facing Beijing rather than achieve economic integration of the BTH region; (ii)Central government projects will be assigned to local governments using a top-down approach, where coordination among the same level of local governments is weak or even missing;(iii)The relocation of industry capacities and public service facilities from Beijing may create new environmental and social challenges in the relocating region, especially Hebei. The proposed TA will support the HPG to implement the program outline through (i) designing its own implementation policies related to creating a megalopolis in the BTH region, upgrading Hebei industri

| Impact | 1. BTH region integrated sustainable and inclusive economic growth increased (2015, Program Outline for Coordinated Development of the BTH Region, Beijing).  
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<td>Project Outcome</td>
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<td>Description of Outcome</td>
<td>The program outline implementation in Hebei and development in the BTH region better coordinated</td>
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| Progress Toward Outcome | Inception mission fielded.  
Inception report submitted. |
| Implementation Progress |  |
| Description of Project Outputs | Formulation of Hebei program outline implementation policy supported  
BTH region policy coordination enhanced |
| Status of Implementation Progress (Outputs, Activities, and Issues) | The contract was awarded to HBMRI on 15 July 2016  
Inception workshop held on 28 September 2016 in Shijiazhuang.  
The final dissemination workshop is scheduled in 21 October 2017, to be participated by ADB, EA, TA consultants and other stake holders. |
| Geographical Location | Nation-wide |

**Summary of Environmental and Social Aspects**

- **Environmental Aspects**
- **Involuntary Resettlement**
- **Indigenous Peoples**
- **Stakeholder Communication, Participation, and Consultation**
- **During Project Design**
- **During Project Implementation**

**Business Opportunities**

- **Consulting Services**
  Three international consultants (5 person-months), eight national consultants (32 person-months), and several resource persons will be recruited. The international consultants will provide international experience and organize an overseas study tour in ADB member countries on international megalopolis development. The national consultants will have expertise in economic development planning, urban planning, macroeconomics, as well as fiscal and taxation policies. The resource persons will participate in the consultation conferences and workshops to provide specific expertise and experience relevant to the issues addressed by the event.

- **Procurement**
  The consultants will be hired through a consulting firm in accordance with ADB’s Guidelines on the Use of Consultant (2013, as amended from time to time) using the quality- and cost-based selection method following the simplified technical proposal procedure. The weighted ratio of technical and financial proposal will be 80% and 20%.

| Responsible ADB Officer | Seung Min Lee |
| Responsible ADB Department | East Asia Department |
| Responsible ADB Division | Public Mgt, Financial Sector and Regional Coop Division, EARD |
| Executing Agencies | Hebei Provincial Finance Department  
48 South Zhonghua Street |

**Timetable**

- **Concept Clearance**
  30 Oct 2015
- **Fact Finding**
  19 Oct 2015 to 23 Oct 2015
- **MRM**
  -
- **Approval**
  14 Dec 2015
TA 9042-PRC

Milestones

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<th>Approval</th>
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Financing Plan/TA Utilization

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