China, People's Republic of: Heilongjiang Coal-Rich Cities Redevelopment Project

Project Name: Heilongjiang Coal-Rich Cities Redevelopment Project

Project Number: 49021-001

Country: China, People's Republic of

Project Status: Closed

Project Type / Modality of Assistance: Technical Assistance

Source of Funding / Amount:

<table>
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<tr>
<th>Source of Funding / Amount</th>
<th>Description</th>
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<tr>
<td>TA 8992-PRC: Heilongjiang Coal-Rich Cities Redevelopment Project</td>
<td>Technical Assistance Special Fund: US$ 800,000.00</td>
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<td>TA 8992-PRC: Heilongjiang Coal-Rich Cities Re-Development</td>
<td>Urban Environmental Infrastructure Fund under the Urban Financing Partnership Facility: US$ 300,000.00</td>
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<td>TA 8992-PRC: Heilongjiang Coal-Rich Cities Redevelopment Project (Supplementary)</td>
<td>Financial Sector Development Partnership Special Fund: US$ 225,000.00</td>
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Strategic Agendas:

- Environmentally sustainable growth
- Inclusive economic growth

Drivers of Change:

- Knowledge solutions
- Partnerships
- Private sector development

Sector / Subsector:

- Multisector - ADB’s corporate management, policy and strategy development

Gender Equity and Mainstreaming:

- Effective gender mainstreaming

Description:

The project will continue ADB’s long-term partnership with Heilongjiang Provincial Government and take a strategic, holistic, and long-term approach to further develop and implement the Transformation Development Plan of Coal Cities in Heilongjiang (2014 -2020), establishing a non-coal economic base, i.e., green food, pharmaceutical, renewable energy, and high-tech industries. The project will also contribute to the Songhua River Basin Water Pollution Control and Management Project by river rehabilitation and wastewater treatment along tributaries to the Songhua River.

The indicative project impacts are revitalized economy of East Heilongjiang subregion with non-coal industries in the cities of Hegang, Jixi, Qitaibe, and Shuangyashan; improved East Heilongjiang smart city cluster cooperation; and improved living environment, safety, and public health in the cities of Hegang, Jixi, Qitaibe, and Shuangyashan. The indicative project outcome is improved enabling environment for non-coal economic and industrial transformation.

Project Rationale and Linkage to Country/Regional Strategy:

The cities of Hegang, Jixi, Qitaibe, and Shuangyashan (project cities) are located in the east of Heilongjiang Province in the northeast of the People’s Republic of China (PRC), bordering the Russian Federation to the east and to the north. The total combined population is 5.4 million with urban populations of 870,000 (Hegang); 1,180,000 (Jixi); 540,000 (Qitaibe); and 860,000 (Shuangyashan). The East Heilongjiang subregion and the four project cities have been an important coal base and electricity production hub delivering a cumulative total of more than 3.2 billion tons of coal to the country’s economy. However, Heilongjiang and the project cities face serious economic decline and population loss due to severe price cuts of coal and changes in the PRC’s energy and climate policy, with reduced revenues in these coal mining dependent economies. Urban poverty has become serious with declining wages combined with poor and unsanitary living conditions due to lack of proper urban infrastructure and services. The project cities suffer from pollution of soil, water, and air caused by coal mining over the last 60 years. Risks to safety, health, and environment from mining impacts include (i) geohazard risk of subsidence from below-grade mining; (ii) waste rock dumpsites that wash out toxic heavy metals into soil, and ground and surface water; and (iii) carcinogenic dust particles that pollute the air. Substantial funding for monitoring of contamination levels and various physical remediation measures is needed. Many rivers are polluted with sediments from mining, industries, and households that discharge untreated wastewater, and from chemical fertilizers and pesticides used in agriculture. Some rivers overflow and cause floods during heavy storms and snow melt in the spring. The combination of inadequate infrastructure and environmental pollution compromise urban livability and pose serious risks to human safety and health.

There is an urgent need to revitalize and transform the economy towards a sustainable non-coal future through (i) strategic planning for non-coal industries and key investments that facilitate private investments in non-coal jobs; (ii) environmental cleanup and remediation of impacts from mining (not supporting mining itself); (iii) urban infrastructure, services, and environmental improvement that help attract and retain modern companies and qualified workers; and (iv) capacity development to plan and implement a strengthened subregion as smart, inclusive, competitive, and green East Heilongjiang Smart City Cluster with educated and skilled workers. Without the project, the economy will continue to decline, environmental safety and living conditions will worsen, and chances for improvements and investments will dwindle.

Through its strategic and holistic approach, the proposed project will support the (i) PRC’s National New-Type Urbanization Plan (2014 -2020), (ii) 13th five-year plans of Heilongjiang and project cities, (iii) Heilongjiang Provincial Government Master Plan for Economic Development (2014 -2020), and (iv) urban and economic development master plans of the project cities. The proposed project is included as a standby for 2017 in the country operations business plan of the Asian Development Bank for the People’s Republic of China and is aligned with (i) Strategy 2020 Midterm Review; (ii) upcoming country partnership strategy for the PRC, 2016 -2020; supporting socially inclusive, environmentally sustainable, and economically competitive development; and (iii) urban, water, and environment operational plans/directions.
Impact

Project Outcome

Description of Outcome

Progress Toward Outcome

Implementation Progress

Description of Project Outputs

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

Geographical Location

Hegang Shi

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design

A social survey and consultation meetings were conducted during the PPTA identifying views and concerns of beneficiaries and affected persons, especially vulnerable groups, informing the project design and developing measures for effective implementation of the project. City governments, local communities, and involved stakeholders were consulted and effective mechanisms were discussed to improve SME capacity development support, mining remediation assessment and investment planning, engineering design and implementation support, flood risk management, water supply and wastewater management, and district heating service delivery process. Willingness to pay surveys, accessibility and affordability of tariffs for water, wastewater, district heating have been assessed, and awareness raising campaigns were carried out during the PPTA. Documents prepared during the PPTA include environmental management plan, gender action plan, resettlement plans, and social and gender action plan that outline the program for consultation and participation of beneficiaries for actions during the implementation of the project. Loan assurances and consulting services address implementation and monitoring of these plans.

During Project Implementation

The project name was changed to “Heilongjiang Green Urban and Economic Revitalization Project” to acknowledge the aspect of diversification and SME development support while also cleaning up the environment from mining impact and investing in urban infrastructure and services, benefitting all residents of the four project cities. The city governments, financial intermediaries and guarantee companies involved were consulted during early stages of implementation on implementation details of the financial intermediary component. Two contracts were The beneficiaries, affected persons and communities in project locations will be further consulted during project implementation through surveys, stakeholder workshops, focus group discussions, and key informant interviews. Awareness raising campaigns will be carried out and preferences to employ local people during construction and operation have been included in the design. The financial intermediation component and the business development services subcomponent are designed to promote non-coal inclusive business, and gender balance of the support provided.

Business Opportunities

Consulting Services

The PPTA is being implemented in two phases. In accordance with ADB’s Guidelines on the Use of Consultants (2013, as amended from time to time), consulting firms were engaged through quality- and cost-based selection method, with a quality-cost ratio of 90:10 using simplified technical proposal procedure; and specialized individual consultants were engaged following individual consultant selection method. Proceeds will be disbursed in line with ADB’s Technical Assistance Disbursement Handbook (2010, as amended from time to time). A climate risk and vulnerability assessment was carried out simultaneously and in strong coordination with the PPTA. An additional SME development component was included as part of the ensuing loan, with a dedicated SME financing facility to be established using the financial intermediation loan modality, financed from the ADB portion of the loan. This additional component required the services of individual consultants with expertise on financial management and small- and medium-sized enterprises.

Responsible ADB Officer

Rau, Stefan

Responsible ADB Department

East Asia Department

Responsible ADB Division

Urban and Social Sectors Division, EARD

Executing Agencies

Heilongjiang Provincial Government
People’s Republic of China

Timetable

Concept Clearance -
Fact Finding -
MRM -
Approval 16 Nov 2015
Last Review Mission -
Last PDS Update 21 Mar 2018

TA 8992-PRC

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