China, People’s Republic of: Heilongjiang Green Urban and Economic Revitalization Project

Project Name: Heilongjiang Green Urban and Economic Revitalization Project

Project Number: 49021-002

Country: China, People’s Republic of

Project Status: Active

Project Type / Modality of Assistance: Loan

Source of Funding / Amount:
- Loan 3613-PRC: Heilongjiang Green Urban and Economic Revitalization Project - US$ 310.00 million
- Loan: Heilongjiang Green Urban and Economic Revitalization Project - US$ 220.00 million
- European Investment Bank
- TA 9436-PRC: Heilongjiang Business Development Services Support to Strengthen Financial Intermediation Component Implementation
- Financial Sector Development Partnership Special Fund - US$ 300,000.00
- Technical Assistance Special Fund - US$ 450,000.00

Strategic Agendas:
- Environmentally sustainable growth
- Inclusive economic growth

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

Sector / Subsector:
- Agriculture, natural resources and rural development
- Land-based natural resources management
- Energy - Energy efficiency and conservation
- Finance - Small and medium enterprise finance and leasing
- Industry and trade - Small and medium enterprise development
- Transport - Urban public transport
- Urban roads and traffic management
- Water and other urban infrastructure and services
- Urban flood protection
- Urban sewerage
- Urban water supply

Gender Equity and Mainstreaming:
- Effective gender mainstreaming

Description:
The project will continue ADB’s long-term partnership with HPG 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 indicative project impacts are revitalized economy of East Heilongjiang subregion with non-coal industries in the cities of Hegang, Jixi, Qitahe, and Shuangyashan; improved East Heilongjiang smart city cluster cooperation; and improved living environment, safety, and public health in the cities of Hegang, Jixi, Qitahe, and Shuangyashan. The indicative project outcome is improved environment for non-coal economic and industrial transformation. The project is expected to have four outputs: (i) key components facilitating economic diversification and industrial transformation towards a non-coal future in the project cities improved; (ii) remediation and environmental cleanup and safety of impacts from coal mining in the project cities improved; (iii) integrated basic urban infrastructure and services in the project cities improved; and (iv) capacity in project cities developed in areas of (a) economic diagnostic study and strategy, non-coal industry development planning, and smart city cluster cooperation; (b) prioritized investment program preparation; (c) project planning and management; (d) mining remediation management and environment cleanup; and (e) infrastructure and services delivered through public-private partnerships.

Project Rationale and Linkage to Country/Regional Strategy:
The cities of Hegang, Jixi, Qitahe, 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 (Qitahe); and 960,000 (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 (HPG) 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 (ADB) for the PRC 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
Economy revitalized and diversified, and non-coal industries in the cities of Hegang, Jixi, Qitaihe, and Shuangyashan developed
Living environment, safety, and public health in cities of Hegang, Jixi, Qitaihe, and Shuangyashan improved

**Project Outcome**

Description of Outcome
Non-coal economic activities and urban livability in project cities increased

Progress Toward Outcome
Project start up consultants have been contributing to implementation activities including review and commenting on engineering design as prepared by local design institutes, detailed environmental management plan preparation, updating of resettlement plans, and training on SME capacity development, training to SMEs, screening of candidate companies for the financial intermediation component, and others.

Hegang (HG2) and Shuangyashan (SY-RC-W9) contracts were signed and equipment has been fully installed and works are about 50% completed.
CS1, and CS2 consultants are being recruited.
Project inception mission was fielded in 6-9 November 2018.
Initial advance to the advance account amounting to $20 million was disbursed in December 2018, and retroactive financing facilitated by government.

**Implementation Progress**

Description of Project Outputs
Capacity in BDS and integrated project planning and management developed
Sustainable SME investment and access to finance in project cities improved
Key infrastructure and SME facilities in non-coal industrial parks in project cities constructed
Remediation and environmental cleanup from mining impacts in project cities improved
Integrated urban infrastructure and services in project cities improved

Status of Implementation Progress (Outputs, Activities, and Issues)
Some contracts for works and goods were awarded and are being implemented, preliminary and detailed engineering design and procurement activities for subcomponents in all four cities are ongoing; implementation of the FIL and BDS components have commenced.

Geographical Location
Hegang, Jixi, Qitaihe Shi, Shuangyashan

**Safeguard Categories**

| Environment | A |
| Involuntary Resettlement | A |
| Indigenous Peoples | C |

**Summary of Environmental and Social Aspects**

Environmental Aspects
Environment safeguard is category A due to potential adverse impacts on natural habitats, river morphology, sediment transport, downstream areas, and cultural resources. However, the project overall will generate positive impacts on the environment from (i) its overall objective of diversification away from coal mining and related industries, (ii) from mining remediation and environmental cleanup pilot projects, (iii) from river rehabilitation, ecological approach to flood risk management and river embankment design, and (iv) from wastewater and drainage systems improvements.

Involuntary Resettlement
Involuntary resettlement safeguard is category A due to potential impacts on land acquisition and house demolition of flood risk management and road construction components.

Indigenous Peoples
Indigenous peoples safeguard is category C and has been confirmed during PPTA implementation.

**Stakeholder Communication, Participation, and Consultation**

During Project Design
The beneficiaries were consulted during the PPTA implementation through social surveys, stakeholders’ workshops, focus group discussions, and key informant interviews. Documents prepared during PPTA, include the Environmental Impact Assessment, Environmental Management Plan, Social and Gender Action Plan, Resettlement Plans outline the program for consultation and participation of beneficiaries during the design and implementation period of the project. Loan assurances address implementation and monitoring of these plans. As the poor are the most vulnerable, they should benefit more from project improvement and design elements and project activities include social inclusive elements.

During Project Implementation
After project approval consultations with beneficiaries, communities, stakeholders and affected persons will be carried out and SMEs and SME associations will be consulted and strengthened. Inclusive business and gender balanced business has been included as a principle in the project design of the financial intermediation component and the business development services and training to women-owned and managed businesses and to inclusive businesses will be provided during implementation.

**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**

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**Loan 3613-PRC**
### TA 9436-PRC

#### Milestones

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#### Financing Plan/TA Utilization

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**Project Page**

https://www.adb.org/projects/49021-002/main

**Request for Information**

http://www.adb.org/forms/request-information-form?subject=49021-002

**Date Generated**

27 May 2019

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