China, People's Republic of: Xinjiang Changji Integrated Urban-Rural Infrastructure Demonstration Project

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Xinjiang Changji Integrated Urban-Rural Infrastructure Demonstration Project</th>
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<tbody>
<tr>
<td>Project Number</td>
<td>49029-002</td>
</tr>
<tr>
<td>Country</td>
<td>China, People's Republic of</td>
</tr>
<tr>
<td>Project Status</td>
<td>Active</td>
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<tr>
<td>Project Type / Modality of Assistance</td>
<td>Loan</td>
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<td>Source of Funding / Amount</td>
<td>Loan 3568-PRC: Xinjiang Changji Integrated Urban-Rural Infrastructure Demonstration USD 150.00 million</td>
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Strategic Agendas
- Environmentally sustainable growth
- Inclusive economic growth
- Regional integration

Drivers of Change
- Governance and capacity development
- Private sector development

Sector / Subsector
- Agriculture, natural resources and rural development
- Forestry
- Land-based natural resources management
- Education - Technical and vocational education and training
- Energy - Energy utility services
- Transport - Urban roads and traffic management
- Water and other urban infrastructure and services - Other urban services
- Urban policy, institutional and capacity development
- Urban sewerage - Urban solid waste management - Urban water supply

Gender Equity and Mainstreaming
- Effective gender mainstreaming

Description
Xinjiang Uygur Autonomous Region (Xinjiang) is located on the northwestern frontier of the PRC. It shares borders with eight countries and lies on the ancient Silk Road. Xinjiang’s rapid rate of economic growth (9.8%) and urbanization since the early 1990s has improved the overall economic well-being of its residents. Urumqi, the capital city of Xinjiang, serves as a regional transportation and logistics hub between the PRC and Central Asia. The value of Xinjiang’s international trade increased during 2001 –2013 at an average annual rate of 25.7%. However, Xinjiang remains one of the PRC’s least developed regions, and as such has been a beneficiary of the National Strategy for Development of the Western Region. The region also suffers from poor industrial performance and low educational attainment among workers. Changji Hui Autonomous Prefecture (Changji) covers an area of 73,140 square kilometers, and is situated on a narrow piedmont plain between the Tianshan mountain ranges in the south and the Gurbantunggut Desert in the north; the corridor (40 -80 kilometers [km] in width) contains settlements, agriculture, and industries. Changji surrounds Urumqi; Changji City (seat of the prefecture) is located 30 km from Urumqi. Changji is located at the center of the Northern Tianshan economic zone, the Urumqi –Changji –Shihezi city cluster, and the Urumqi –Changji economic corridor. This location gives Changji an important role, and some key service activities provided by Urumqi have been relocated to Changji. It is urbanizing rapidly reflecting the PRC’s strategy to accelerate the development of the western regions and its policy to promote regional economic cooperation with neighboring countries, but the Prefecture’s economic development is constrained by significant deficiencies in urban infrastructure and environmental management, including (i) inadequate connectivity of Changji’s cities and towns to the major corridor, (ii) poor service-level solid waste management, (iii) rapid depletion of groundwater supplies, (iv) soil erosion caused by geologic and severe climatic conditions, and (v) weak urban management capacity. Changji’s favorable location and its potential for economic growth encourages companies and industries to locate there, and has resulted in increased pressure on the environment and the inadequate, poorly performing urban infrastructure.

Project Rationale and Linkage to Country/Regional Strategy
Fukang City and Hutubi and Qitai counties of Changji, located in the Urumqi –Changji economic corridor, have experienced significant economic growth during 1994 -2014, driven mainly by growth in urban-based secondary and tertiary sectors, and rural-based primary sector. Consequently, an appropriate urbanization process - involving both physical and social aspects of urbanization - is needed to accommodate the rural urban shift of economic activities. An industrial demand analysis conducted during project preparation projected significant demand for employees and industrial land in Fukang, Hutubi, and Qitai. However, the current business environment and urban infrastructure facilities in Fukang, Hutubi, and Qitai are relatively weak. Many people living in the urban center, peripheries, and villages within the urban area - a large number of whom are rural migrants - still lack access to safe and reliable basic urban infrastructure services. Establishment of a sound economic base and livable environment requires that Fukang, Hutubi, and Qitai respond to economic and social development challenges, and take advantage of the economic growth opportunities available to cities and towns in the Urumqi –Changji economic corridor. Development prospects in the project areas are attracting rural migrants to industrial centers in search of employment opportunities. In line with the PRC’s National New-type Urbanization Plan, 2014-2020, the project aims to demonstrate a modern, innovative approach to urban rural development that creates integrated, liveable, green, and economically sustainable communities. In addition to physical infrastructure, the project’s integrated social infrastructure components seek to facilitate the transition of rural migrants to the urban environment by providing them with skills to take advantage of employment and income opportunities in emerging communities around the industrial zones. High economic growth together with improved business and living environments resulting from project investments could attract additional private sector investments, with spillover effects on small cities and county towns along the strategic economic corridor, including Fukang, Hutubi, and Qitai. The experience in Changji could serve as a demonstration project for other small cities and towns in Xinjiang and the PRC.

Impact
Changeji’s cities and counties’ urbanization and business environment enhanced
People’s living conditions in small cities and towns improved

Description of Outcome
Services provided by urban rural infrastructure and environmental features improved
The project became effective on 21 March 2019. A project inception was fielded from 28-31 May 2019. The project delegated to PRCM on

Roads and road ancillary facilities (including utility pipes) constructed or rehabilitated

In 2015, Changji had an ethnic minority population of about 437,800 accounting for 27.4% of the total residents, including Hui (8.8%), Kazakh (10.7%), and

Status of Implementation Progress (Outputs, Activities, and Issues) The first goods package (FK-G1) awarded on 31 July 2019. 14 BERs of works procurement packages submitted in August, in which 6 BERs are being revision by EA after ADB provided comments. The advertisement for recruitment of consultants (CS1 and CS2) was posted on 4 September 2019.

Fukang Shi, Hutubi Xian, Qitai Xian

PRC Resident Mission

11 Apr 2017

Xinjian Liu

XUAR Finance Bureau

Approval

25 Sep 2017

Safeguard Categories

Environment B

Involuntary Resettlement A

Indigenous Peoples B

Summary of Environmental and Social Aspects

Environmental Aspects An initial environmental examination (IEE), including an environmental management plan (EMP), was prepared and disclosed on the ADB website in April 2017. The IEE incorporated findings of the domestic feasibility studies and environmental impact assessments, climate risk and vulnerability assessment, and technical assessments. The IEE concluded that the anticipated environmental impacts and risks can be mitigated to acceptable levels through effective implementation of the EMP. Construction dust, noise, soil erosion, and local disruption to traffic and communities will be temporary and localized. During operation, special attention will be given to sustainable use of irrigation water, operational control of the proposed new sanitary landfill, and proper closure and rehabilitation of the current Qitai landfill site. The EMP defined a monitoring plan to verify the project’s environmental performance. The executing and implementing agencies are committed to managing the identified environmental risks. The climate risk and vulnerability assessment concluded that the project area is characterized by (i) low rainfall, which will increase by between 2% and 3% by 2040 with high yearly variability; and (ii) very low average temperatures, which will increase by between 10% and 20%. It recommended adaptation measures for the design of bridges, culverts, landfill leachate treatment, and shelterbelts to address these impacts. Reductions in greenhouse gas emissions through design and management of roads, irrigation, solid waste recycling plus the carbon sequestration of the project’s forests have been estimated at 68,934 tons of carbon dioxide equivalent per year in 2030. Environmental management is supported by a comprehensive set of loan covenants and capacity development and institutional strengthening activities under the project. Environment safeguards documents were disclosed to the affected people. Potential environmental complaints or disputes will be handled in accordance with the grievance redress mechanism established for the project.

Involuntary Resettlement Three resettlement plans were agreed to by ADB and the government and will be updated during project implementation. The key information in the resettlement plans was disclosed to the affected people and uploaded on the ADB website in March 2017. The project will permanently acquire an estimated 10,193 mu of land, consisting primarily (9,575.44 mu) of collective cultivated land, with the remainder residential, woodland, grassland, and construction land. Of the estimated 590 affected households (2,529 persons), about 304 households (1,557 persons) belong to minority groups (Kazak, Hui, and Uygur), accounting for 62% of the total affected population. About 199 households (724 persons) will be required to relocate; 58 of these households (254 persons) belong to ethnic minority groups, while 20 households have residential shops. In addition, there were 21 house renters identified. The project will affect the structures of one enterprise with six workers. During resettlement planning, the affected households, villages and communities, village or community leaders, and town and township and county or city governments actively participated in the meaningful consultations, risk assessment, and disclosure activities. A grievance redress mechanism has been established, internal and external monitoring will be carried out, and the required resettlement staff in each PMO has been identified and will be provided with the necessary training on resettlement implementation. The resettlement budget will be made available on a timely basis. All monitoring reports will be disclosed and uploaded on the ADB website.

Indigenous Peoples In 2015, Changji had an ethnic minority population of about 437,800 accounting for 27.4% of the total residents, including Hui (8.8%), Kazakh (10.7%), and Uygur (5.8%). Within the direct project areas, ethnic minorities comprise over 27% of the population. Although the urban communities are ethnically mixed, some differences—e.g., relating to culture, religion, and language—are maintained. Ethnic minorities will not be adversely affected, except for 1,557 persons who belong to ethnic minority groups affected by land acquisition and resettlement impacts. All households in the urban areas will benefit from the new and upgraded infrastructure services. An ethnic minority development plan (EMDP) has been prepared and endorsed by the PMOs. The EMDP focuses on measures to facilitate the inclusion of ethnic minorities in all project activities, and to ensure that their customs and beliefs are respected throughout project implementation. The EMDP was disclosed to ethnic minorities in the areas targeted by the project in their respective local languages, and uploaded on the ADB website in April 2017. EMDP implementation and monitoring is supported under output 5. Monitoring and reporting arrangements for the ethnic minority safeguard are included in the PAM and the project arrangement.

Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

Responsible ADB Officer Xinjian Liu

Responsible ADB Department East Asia Department

Responsible ADB Division PRC Resident Mission

Executing Agencies XUAR Finance Bureau 13325359111@189.cn

No 16 Mingde Road, Urumqi, Xinjiang Uygur Autonomous Region, P.R.C.

Xinjiang Uygur Autonomous Region Government

XUAR Housing & Urban-Rural Dev’T Bureau

No. 462 Zhongshan Road, Urumqi, Xinjiang, PRC

Timetable

Concept Clearance 06 Jul 2015

Fact Finding 09 Jan 2017 to 20 Jan 2017

MRM 11 Apr 2017

Approval 25 Sep 2017
Loan 3568-PRC

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<td>21 Mar 2018</td>
<td>30 Sep 2023</td>
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**Loan Utilization**

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