Xinjiang Hetian Comprehensive Urban Development and Environmental Improvement Project

**Project Name**: Xinjiang Hetian Comprehensive Urban Development and Environmental Improvement Project

**Project Number**: 49307-002

**Country**: China, People’s Republic of

**Project Status**: Proposed

**Project Type / Modality of Assistance**: Loan

**Source of Funding / Amount**: Loan: Xinjiang Hetian Comprehensive Urban Development and Environmental Improvement. Ordinary capital resources US$ 100.00 million

**Strategic Agendas**
- Environmentally sustainable growth
- Inclusive economic growth
- Regional integration

**Drivers of Change**
- Governance and capacity development
- Knowledge solutions
- Partnerships

**Sector / Subsector**
- Agriculture, natural resources and rural development - Water-based natural resources management
- Transport - Urban public transport - Urban roads and traffic management
- Water and other urban infrastructure and services - Renovation and protection of cultural heritage - Urban policy, institutional and capacity development - Urban sewage - Urban water supply

**Gender Equity and Mainstreaming**
- Effective gender mainstreaming

**Description**
Xinjiang Uygur Autonomous Region (XUAR) is one of the most remote and least developed regions in the PRC. Hetian, a desert oasis city in XUAR, is one of the least developed regions in the PRC because of its harsh climate and remote location in the far west. Its 2015 per capita gross domestic product and average urban disposable income were both much lower than national averages, despite significant support from the central government. Hetian is a county-level city, located on the south route of the ancient Silk Road between the Kunlun Mountains and Taklimakan Desert, with a population of 402,271 in 2018. With high population growth of 3.2% in 2018 and rapid urbanization, urban infrastructure and services are struggling to maintain adequate quality, and any new infrastructure needs to be robust and flexibly designed to accommodate the rapid urban expansion. This growth is expected to continue as several strategic development programs boost the city’s development, including the National Strategy for Development of the Western Region. Hetian’s population is expected to grow to 550,000 by 2030. It is envisaged to serve as a regional logistics center and play a leading role in driving southern XUAR’s regional development. Supporting sustainable urban development will significantly promote inclusive and sustainable growth, and support the goal to achieve a moderately prosperous society by 2020.

Hetian is a nationally-known poverty stricken area with more than 90% of its population comprised of ethnic Uygurs. The project will help improve essential urban infrastructure and municipal services, thereby enhancing the urban environment, raising livability standards for city residents, and ensuring that the city is able to prepare for and take advantage of future public and private sector investment opportunities as a regional logistics hub.

The project is aligned with the following impact: a well-off and harmonious society in Hetian with environment, society, and economy sustainably developed. The project will have the following outputs: (i) water sector services improved and use of reclaimed water introduced, (ii) urban road system upgraded, (iii) public transport services improved, (iv) Tuancheng urban upgrading program strengthened and implemented, and (v) planning and project management capacity strengthened.

**Project Rationale and Linkage to Country/Regional Strategy**
XUAR is one of the least developed regions in the PRC because of its harsh climate and remote location in the far west. Its 2015 per capita gross domestic product and average urban disposable income were both much lower than national averages, despite significant support from the central government. Hetian is a county-level city, located on the south route of the ancient Silk Road between the Kunlun Mountains and Taklimakan Desert, with a population of 402,271 in 2018. With high population growth of 3.2% in 2018 and rapid urbanization, urban infrastructure and services are struggling to maintain adequate quality, and any new infrastructure needs to be robust and flexibly designed to accommodate the rapid urban expansion. This growth is expected to continue as several strategic development programs boost the city’s development, including the National Strategy for Development of the Western Region. Hetian’s population is expected to grow to 550,000 by 2030. It is envisaged to serve as a regional logistics center and play a leading role in driving southern XUAR’s regional development. Supporting sustainable urban development will significantly promote inclusive and sustainable growth, and support the goal to achieve a moderately prosperous society by 2020.

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This will be the ninth urban development project supported by ADB in XUAR, and the first for a city located south of the Taklimakan Desert. The project will adopt and improve upon key principles successfully used in the past projects in XUAR to support the development of livable cities, including (i) focus on water reuse and efficiency; (ii) strengthening support for early capacity development with a focus on requirements to facilitate smooth implementation and strengthen the long-term sustainability of project-built facilities; (iii) innovative infrastructure, technology, and planning approaches to future-proof project investments; and (iv) emphasis on providing a conducive environment for stimulating further private and public investments to enable cities to move to a more socially and environmentally sustainable equilibrium.

The project will (i) significantly improve municipal services in the project area by increasing potable water supply coverage by 35% and wastewater management by 50%; (ii) introduce 100% reuse of reclaimed water for landscaping and watering, city windbreak forest plantation, and services to the power plant and industrial areas that will save almost 30% of additional groundwater resources; and (iii) provide new electric buses, bus stops, and routes that will reduce passenger waiting time by 30% and increase access to nearby stations by 50%, while reducing public transport greenhouse gas emissions by 45%. Road, traffic management, and housing improvements focused in the old city center will provide more flexible options to manage economic activity, urban mobility, and heritage preservation and ensure a more functional city environment.

**Impact**
A well-off and harmonious society in Hetian with environment, society, and economy sustainably developed.
Urban living conditions for residents in Hetian improved

30 Apr 2019

Open competitive bidding/Advertised internationally - 6 contracts

- 25 Jul 2016

McIntyre, Andrew J.

Xinjiang Uygur Autonomous Region Government

Urban and Social Sectors Division, EARD

15 Dec 2017

1. Water sector services improved and use of reclaimed water introduced

Hetian is comprised of 89.3% Uygurs, 10.3% Hans, and the remainder of other mixed ethnicities. The project will not adversely affect the Uygur population,

Hotan Airport

Outcome

Urban living conditions for residents in Hetian improved

Outputs

1. Water sector services improved and use of reclaimed water introduced
2. Urban road system upgraded
3. Public transport services improved
4. Tuancheng urban upgrading program strengthened and implemented
5. Planning and project management capacity strengthened

Geographical Location

Hetan Airport

Safeguard Categories

Environment

B

Involuntary Resettlement

A

Indigenous Peoples

B

Summary of Environmental and Social Aspects

Environmental Aspects

The project is expected to achieve significant environmental benefits by (i) using reclaimed water to partially replace groundwater extraction, (ii) improving traffic flow to save fuel and reduce emissions and air pollution, and (iii) improving public transport access and device quality. Impacts on the natural environment or environmentally sensitive habitat will be minimal, as most project activities are within built-up areas. An initial environmental examination, conducted following ADB’s Safeguard Policy Statement (2009), includes an environmental management plan with safeguards measures to mitigate identified impacts and monitor their implementation. Construction impacts (e.g., noise, dust, erosion, runoff, and traffic) will be temporary and are expected to be appropriately managed. Operational impacts have been carefully considered and are addressed in the initial environmental examination, together with measures in the environmental management plan, to ensure environmental compliance and operational safety. The plan lists design, site management, and mitigation measures for each impact for the attention and action of contractors and the Hetian project management office. Adaptation measures recommended by the climate risk vulnerability assessment have been incorporated in the preliminary design considerations and will be adopted during detailed design.

Involuntary Resettlement

Most of the infrastructure and facilities under the project will be built within existing rights-of-way. The Tuancheng urban upgrading program is the only output that will acquire state-owned land and involve house demolition to widen narrow lanes and improve urban infrastructure and service provision. Of the 401 Uygur households in the project area, 201 households with 773 persons (including 41 home-based small shops) will be affected. Total house demolition area is 12,000 square meters (m2), comprising 10,180 m2 of residential houses and 1,822 m2 of home -commercial structures (for 41 households whose affected persons are included in the total of 773). All affected houses will need partial demolition to allow space to build public infrastructure. Though the remaining land of 28 households will become unavailable, they are considered totally affected and will need to be relocated in the Tuancheng area. Some 39 poor affected households will require special support and assistance. The project team undertook meaningful consultations with the affected people and prepared a resettlement plan consistent with PRC regulations and ADB’s Safeguard Policy Statement (2009). The project will adopt replacement cost compensation principles, culturally appropriate mitigation measures, and special support and assistance to the poor and vulnerable households such as access to adequate housing and income sources. Key information in the resettlement plan was disclosed to the affected households.

Resettlement information booklets (in Uygur and Han languages) were distributed to the affected persons on 13-17 November 2017. Upon completion of the final design, the resettlement plan will be updated and submitted to ADB for review and concurrence before house demolition activities.

Indigenous Peoples

Hetian is comprised of 89.3% Uygurs, 10.3% Hans, and the remainder of other mixed ethnicities. The project will not adversely affect the Uygur population, except the 201 Tuancheng area households (773 persons) who are subject to involuntary resettlement impacts. All project area households will benefit from the new and improved infrastructure, which the poverty and social analysis has confirmed is well received by the Uygur ethnic community. The social and ethnic minority development plan has identified two potential risks: (i) affordability constraints limit voluntary urban upgrading by poor Uygur households, and (ii) project contractors’ lack of awareness of local culture and norms. Relevant mitigation measures have been discussed and agreed with HCG, which will provide individual financial support to ensure that poor families can more easily opt to participate in the program, and all contracts will have provisions ensuring compliance with local ethnic culture and norms. Project supervision and safeguards monitoring mechanisms, developed and agreed by Hetian project management office and project implementation units, are in the PAM and social and ethnic minority development plan.

Stakeholder Communication, Participation, and Consultation

During Project Design

The project team undertook extensive consultations with project beneficiaries and stakeholders during the poverty and social analysis and in the preparation of the social and ethnic minority development plan and resettlement plan. The team surveyed 601 households, interviewed 23 key informants, conducted 21 focus group discussions and 18 stakeholder workshops. The consultants discussed relevant issues with the executing and implementing agencies, design institutes, project implementation units, and local government institutions (e.g., women’s federation, Ethnic and Religious Bureau).

During Project Implementation

Business Opportunities

Consulting Services

For the loan will require the following:
(i) fixed-budget selection - 138 person-months
(ii) consultants’ qualifications selection - 24 person-months
(iii) individual consultants selection - 10 person-months

Procurement

Open competitive bidding/Advertised internationally - 6 contracts
Open competitive bidding/ Advertised nationally - 22 contracts

Responsible ADB Officer

McIntyre, Andrew J.

Responsible ADB Department

East Asia Department

Responsible ADB Division

Urban and Social Sectors Division, EARD

Executing Agencies

Xinjiang Uygur Autonomous Region Government

XUAR Housing & Urban-Rural Dev’t Bureau

No. 462 Zhongshan Road,

Urumqi, Xinjiang, PRC

Time Table

Concept Clearance

25 Jul 2016

Fact Finding

16 Oct 2017 to 27 Oct 2017

MRM

15 Dec 2017

Approval

- Last Review Mission

- Last PDS Update

30 Apr 2019
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