



Completion Report

PUBLIC

Project Number: 49307-001
Technical Assistance Number: 9141
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People's Republic of China: Xinjiang Hetian Comprehensive Urban Development and Environmental Improvement Project

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TECHNICAL ASSISTANCE COMPLETION REPORT

TA Number, Country, and Name: TA 9141-PRC: Xinjiang Hetian Comprehensive Urban Development and Environmental Improvement Project		Amount Approved: \$750,000.00	
		Revised Amount: Not applicable	
Executing Agency: Xinjiang Uygur Autonomous Region Government	Source of Funding: Technical Assistance Special Fund (TASF-other sources)	Amount Undisbursed: \$52,243.48	Amount Used: \$697,756.52
TA Approval Date: 25 July 2016	TA Signing Date: 16 August 2016	TA Completion Date	
		Original Date: 1 May 2017	Latest Revised Date: 31 January 2020
		Financial Closing Date: 6 February 2020	Number of Extensions: 4
TA Type: Project preparatory TA			

Description

Xinjiang Uygur Autonomous Region (XUAR) is one of the least developed regions in the People's Republic of China (PRC) because of its harsh climate and remote location in the far west. Hetian is a county-level city, located on the south route of the ancient Silk Road between the Kunlun Mountains and Taklimakan Desert. It has a high population growth rate and rapid urbanization with inadequate urban infrastructure and poor-quality municipal services. The city is severely arid and water stressed with low to moderate water services coverage for about 80% of the population. This means all water resources need to be protected, conserved, and used wisely. Only 65% of people have access to wastewater services, resulting in localized pollution of the aquifer. About 15% of households own a vehicle, with the rest relying on crowded walkways or irregular bus services to travel to work. Road improvements have allowed for higher traffic flow but negatively impacted the historic core of the city. The historic residential core is a cultural asset that is under pressure from nearby industry, traffic, and poor municipal service standards. With a long history as an oasis town on the southern silk route and as a newly emerging transport hub, it is difficult for Hetian to preserve its unique cultural heritage while addressing urban challenges and facilitating sustainable growth. The PRC Government requested the Asian Development Bank (ADB) for a \$100 million loan to address these issues, and this technical assistance (TA) was approved to prepare the loan project.

Expected Impact, Outcome, and Outputs

The TA had three outputs: (i) design a project suitable for ADB financing, identifying appropriate project components to achieve desired results; (ii) review proposed components based on detailed due diligence assessment of technical, resettlement, social, economic, financial, environmental, public finance, procurement, and other institutional aspects and risks; and (iii) improve capacity on project development and implementation and increase involvement of affected persons. The expected outcome of the TA was the Xinjiang Hetian Comprehensive Urban Development and Environmental Improvement Project, which aims to improve the living conditions in line with a revised and inclusive urban development master plan of Hetian City Government (HCG). The expected impacts of the TA through the ensuing project were: western PRC developed with environmental and social conditions improved; and a well-off and harmonious society in Hetian city with environment, society, and economy sustainably developed.¹

Implementation Arrangements

XUAR Government was the TA executing agency, which provided guidance and support in preparing the ensuing project through its project leading group chaired by the vice-governor and, at the city level, chaired by the mayor. Two project management offices (PMOs) were established under the Hetian Development and Reform Commission: (i) XUAR Government Department of Housing and Urban-Rural Development (XPMO) at the regional level—in charge of the overall organization, coordination, project management, and guidance and support for city level implementation; and (ii) Hetian PMO (HPMO) at the city level—responsible for project implementation. The four project implementing units were Hetian Housing and Construction Bureau, Hetian Transportation Bureau, Hetian Environmental Sanitation Division, and Hetian Water and Wastewater Company. XPMO and HPMO provided guidance and support to the

¹ Project preparatory technical assistance does not have its own design and monitoring framework because it is part of the outputs, inputs, or activities in the design and monitoring framework of the related ensuing project.

consultants engaged under the TA and involved all relevant institutions during TA implementation. The government provided in-kind contributions in the form of staff, office space, assessments, and plans.

The Asian Development Bank (ADB) engaged (i) the Tongji University College of Architecture and Urban Planning, through single-source selection method, for phase 1 of the TA; and (ii) NAREE International Limited, using fixed-budget selection method and simplified technical proposal, for phase 2. Phase 1 of the TA had a three-person team of consultants with a total of 6 person-months of national inputs to provide advice on revising the urban master plan; while phase 2 had 18 person-months of international inputs and 22 person-months of national inputs to support the preparation of the project through technical, sector, and industry assessments; economic and financial analyses; financial management and procurement capacity assessments; and poverty, social, and gender analysis. Both firms used output-based, lump sum contracts. To build the capacity of HCG to implement the project and to ensure project readiness, ADB engaged three consultants (financial management, procurement, and resettlement specialists with total 8 person-months of national inputs) through individual consultant selection and output-based lump sum contracts to (i) update the resettlement plan following the completion of detailed design; (ii) provide capacity building trainings for HPMO staff; and (iii) provide technical advice and support to prepare bid evaluation reports and conduct other procurement-related tasks.

Conduct of Activities

The two consulting firms were mobilized in February 2017 to support the project design, prepare the project, and conduct due diligence assessments. However, in May 2017, the contract of Tongji University College of Architecture and Urban Planning was terminated as it was determined during inception mission that there will be no further review of the urban development plan. In September 2017, a variation in the international consulting firm's contract added an international water sensitive cities expert in response to a request from the Government during the interim mission.

Through subsequent assessments conducted by the TA consultants, the project design incorporated international and national best practices and was based on feedback from the majority of Uyghur population who were (or had the opportunity to be) fully involved in the planning discussions. During the TA interim mission in September 2017, the project scope was developed based on interim findings and a planning workshop with HPMO. Output 1 of the loan project was enhanced to (i) deliver water supply to 100% of the population (many of whom had less than 2 hours of running water per day), (ii) provide options for gray water reuse for agriculture and gardens, and (iii) reduce nonrevenue water. The international water sensitive cities expert conducted an assessment for adopting a water sensitive design including a water balance assessment and use of new technology for groundwater reinjection, all of which were subsequently added to the project scope. The water resources improvements and recycling would result in a zero-water discharge scenario in this desert oasis city. Output 2 of the loan project was dropped as the waste-to-energy plant was considered an associated facility under ADB's Safeguard Policy Statement (2009). Output 3 of the loan project was enhanced to include traffic management, a parking strategy and alterations in road alignments, and control systems to (i) increase citywide walkability and pedestrianize the historic city district and markets; (ii) improve traffic flow between major economic and transport hubs while retaining local traffic zones; and (iii) install utility ducting in new business districts. Funds were provided by ADB Transport Sector Group to assess output 4 of the loan project which was enhanced to include an intelligent transport management system that would be integrated with output 3. Output 4 was designed to (i) service 85% of the community who do not own a vehicle, (ii) provide more electric buses to reduce waiting and transit times, and (iii) provide more bus stops to reduce walking distances. Output 5 of the loan project was also modified to strengthen the PMOs' capacity to (i) manage project implementation (particularly in financial management, procurement, safeguards monitoring, and project reporting); (ii) develop a livelihood support program; and (iii) undertake nonrevenue water management activities, an intelligent transport system training program, and sustainable water capacity building. An additional output was added during the interim mission to finance the Tuancheng traditional city center housing following extensive community consultations and the lessons learned from an earlier Hetian city-financed Tuancheng redevelopment pilot. The proposed improvements in the Tuancheng city core were requested by the Uyghur community to allow improved utility and community services and access. Although it would require resettlement, the long process of household surveys and extensive community engagement prepared a masterplan that ensured an inclusive redevelopment (urban land pooling) that would accommodate and resettle all existing households, yet still improve service and infrastructure delivery.

Loan fact-finding mission was held in October 2017 and involved further refinement of the project implementation design through a series of planning workshops with the TA consultants, ADB project team, PMO staff, and the executing agency design consultants. An additional \$800,000 financing was sourced from the Office of the Director General, East Asia Department (subsequently dropped due to East Asia Department's limited TA envelope) and Sustainable and Climate Change Department's transport, urban, and water sector groups, and gender thematic group to form the basis of an attached TA which would implement water-sensitive city innovations and deploy evidenced-based gender and development communication actions to catalyze existing and project-financed investments. This resulted in a decision to delay the approval of the feasibility study report to ensure high project implementation and design readiness with advance action proposed for 15% of contract packages, preliminary design for 50% of remaining packages, and front-loading arrangements that would result to 40% loan disbursement by the first year of loan implementation. At the

government's request, processing was delayed and endorsement of the foreign capital utilization plan was issued in December 2018. A mission was fielded in March 2019 to update the loan fact-finding appraisal, particularly the proposed implementation schedule and expected contract awards and disbursements.

Loan negotiations were held in April 2019, with Board consideration planned for Quarter 3 2019. The project did not proceed and the TA was closed in February 2020.

Technical Assistance Assessment Ratings

Criterion	Assessment	Rating
Relevance	The TA met the government's needs to design an integrated suite of infrastructure that would benefit the majority of Uyghur population and address critical water, transport, and livability in this desert oasis city. With the support of the TA, the project was designed with a complete set of project and safeguards documents disclosed on the websites of ADB, HMG, and XUAR. The TA design, therefore, was considered sound. The TA helped ADB and HCG assess and adopt international and national best practices as part of the project outputs and activities. The project was fully aligned with ADB's Strategy 2030 and its country partnership strategy for the PRC, 2016–2020.	Relevant
Effectiveness	The TA outputs were effectively achieved with safeguards planning and documentation, due diligence, and project design completed; and technical and bidding documents for advance contracting (works and consulting services) prepared. Best design and implementation practices were shared and adopted by the executing agency and project implementing units who became fully engaged partners.	Effective
Efficiency	All planned TA outputs and activities had been completed within budget by October 2017 without substantial implementation delay. There were no issues with financial reporting and procurement. However, the TA completion date was extended by 32 months to provide support on advance procurement action, and project start-up activities.	Efficient
Overall Assessment	The TA rationale and design were sound. Without any cost overruns, the TA outputs were effectively achieved with the ensuing project fully prepared in line with ADB's strategies. The project incorporated international and national best practices and the piloting of key national policies in water sensitive cities, road and public transport, urban historic precinct planning, gender, technical and vocational education and training, and community communications.	Successful
Sustainability	The TA outputs are unlikely to be fully sustained because the project was dropped from the list of projects for Board consideration. However, the process of interactive participatory planning and people-centered development was fully embraced by the executing agency and project implementing units as a valuable approach.	Less than likely sustainable

Lessons Learned and Recommendations

Design and/or planning	A detailed project implementation spreadsheet (including detailed contract awards processing and disbursement milestones) was developed early in the design and was used and updated throughout the TA. This enhanced project readiness and PMO's focus on logistics to deliver early and for rapid implementation.
Management of staff and consultants	The use of missions as extended interactive planning workshops with key stakeholders, decision makers, and designers resulted in increased innovation, client ownership, implementation readiness, and potential sustainability.
Knowledge building	No knowledge product was produced. However, the use of a water sensitive cities approach to extend the work done in the PRC on sponge city design by embracing the whole of basin assessment, integrated solutions, and broader stakeholder considerations (gender, poverty, and procurement) has been adopted in subsequent transaction TA projects.
Stakeholder participation	There was extensive and prolonged stakeholder participation, particularly in the integrated design and redesign of the Tuancheng historic urban core redevelopment involving land pooling and master planning.

Other lessons	The TA proposed the use of front-loaded disbursement (with adequate financial and loan safeguards) to ensure rapid start-up and accelerated disbursement. Output terms of reference using annually phased, fixed-budget selection were proposed for the loan implementation consultants which would have provided the PMO with improved ability to manage inputs and budget. The detailed project implementation schedule (for contract awards processing milestones and expected disbursements) was shared with the PMO in both MS Project and MS Excel and was updated online for transparency, operational efficiency, and in advancing project actions.
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Follow-up Actions

No follow-up actions are required.

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TECHNICAL ASSISTANCE COST

Table A.1: Technical Assistance Cost by Activity
(\$'000)

Item	Amount		
	Original	Revised ^a	Actual
1. Consultants	657.0	693.0	646.7
2. Equipment	5.0	5.0	4.9
3. Workshops and training	7.0	9.0	6.4
4. Surveys	35.0	35.0	39.8
5. Miscellaneous administration costs	5.0	5.0	0.0
6. Contract negotiations	5.0	0.0	0.0
7. Contingencies	36.0	3.0	0.0
Total	750.0	750.0	697.8

^a Reallocation approved on 12 July 2018.
Source: Asian Development Bank.

Table A.2: Technical Assistance Cost by Fund
(\$'000)

Item	TASF-Other Sources	Total Cost
1. Original	750.0	750.0
2. Actual	697.8	697.8
3. Unused	52.2	52.2

TASF = Technical Assistance Special Fund.
Source: Asian Development Bank.