Advance Contracting Notice

Date: 20 April 2015
Country/Borrower: People’s Republic of China
Title of Proposed Project: PRC (46063): Xinjiang Tacheng Border Cities and Counties Development Project

Name and Address of Executing Agency:

Tacheng Prefecture Government
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Brief Description of the Project:

1. The project will take a multisector and integrated approach to urban development where outdated infrastructure and municipal services and the critical constraints to economic development, improved environment, and enhanced living conditions. The project will include some special features which considering the economic development context of the region will bring significant innovation to the current urban development practices in the project cities. Most of these features also derive from good practices implemented under ADB urban development projects in other provinces of the PRC: (i) Enhanced border trade capacity; (ii) Integrated flood risk management: the project will produce a set of structural (riverbank stabilization with enhancement of green spaces, roadside stormwater retention and infiltration) and nonstructural measures (flood forecasting and early flood warning, emergency response, and raising public awareness of flood risk) that will allow Tacheng City to develop an integrated management approach to urban flood risks; (iii) MSW management best practices: the project will pilot MSW best-practices based on 3R principles in selected communities by introducing integrated sorted- at-source collection systems, community participation and optimization of organic and non-organic waste disposal; (iv) Enhanced border trade capacity: In addition to resourcing Baktu Land Port with goods and equipment, the project will also provide capacity building on border trade development to all project cities and counties by introducing advanced and innovative policy-making and training on trade facilitation and logistics.

2. The project has five outputs:

(i) **Output 1: Improved urban infrastructures and municipal services in Tacheng City.** The component will improve the urban infrastructures and
municipal services in the existing and new urban areas, including: (i) rehabilitation of 15.2 km of Kalangguer River and expansion of 37 hectare of public and green spaces; (ii) construction of 29.5 km of urban roads (for people-centered urban transport system with emphasis on developing pedestrian/bicycle and public transport); (iii) construction of 47.7 km water supply piping network and 48.8 km of sanitary sewer piping network; (iv) construction of 40.6 km primary hot water heating pipe network and 21 hot water heat exchange stations; (v) rehabilitation of 14.1 km urban alleys; (vi) introduction of integrated MSW management for sorting and collection in selected communities; (viii) upgrading of city operation and maintenance (O&M) equipment; and (ix) upgrading of equipment for Baktu Land Port.

(ii) Improved urban infrastructures and municipal services in Emin County. The component will improve the urban infrastructures and municipal services in the existing as well as new urban areas including: (i) rehabilitation of a 3.2 km urban road and construction of 5 urban roads with combined total length of 10.1 km; (ii) installation of a 7.7 km water supply piping network; (iii) installation of a 8.8 km sanitary sewer piping network; and (iv) upgrade of maintenance equipment.

(iii) Improved urban infrastructures and municipal services in Tuoli County. The component will improve the urban infrastructures around the existing urban areas by the construction of the outer ring road with a total length of 14.1 km, and the upgrade of city maintenance equipment.

(iv) Improved urban infrastructures and municipal services in Yumin County. The component will improve the urban infrastructures and municipal services in the existing as well as new urban area including, (i) rehabilitation of three urban roads with total length of 4.9 km and construction of three new urban roads with a total length of 9.7 km for people-centered urban transport system with emphasis on developing pedestrian/bicycle and public transport, and (ii) upgrade of maintenance and MSW equipment.

(v) Improved and inclusive capacity and project management. The component will strengthen capacity and institutions for the project’s management and operation. It will provide expert support and advice on ADB policies and procedures for project implementation including contract management, financial management, safeguard and social monitoring, and capacity development activities. The component will also include three specific features to strengthen the capacity of the executing agency (EA) and implementing agencies (IAs) such as (i) MSW management capacity; (ii) border trade and logistic development; and (iii) people-centered urban transport planning, traffic management, and safety.

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1 The irrigation demand has been reviewed in the project initial environment examination (IEE). The water demand will amount to 325,900 cubic meter (m³) per annum in the first three years of operation, which is 0.3% of the total annual runoff of the river. Due to its size and type of vegetation used, the supply of irrigation water will not have negative impact on water resources.

2 Includes street cleaning vehicles, landscaping equipment, and MSW collection and transport trucks.
3. ADB has approved advance contracting and retroactive financing for smooth project implementation. Advance contracting include (i) prequalification of contractors, tendering, and bid evaluation for civil works contract packages; (ii) awarding of contracts; and (iii) recruitment of consultants. The issuance of invitations to bid, the draft prequalification, and bidding documents under advance procurement action will be subject to ADB approval. The government was informed that as a general rule, retroactive financing is permitted only if (i) it is specifically agreed by ADB and the Borrower; (ii) the goods, works, services, and consultants for which it is requested are procured in accordance with ADB’s Procurement Guidelines (2013, as amended from time to time) and ADB’s Guidelines on the Use of Consultants (2013, as amended from time to time); (iii) the amount to be retroactively financed does not exceed 20% of the loan amount; (iv) the due diligence on the proposed contracts for advance contracting and retroactive financing on engineering, environmental, financial, social and other safeguard requirements has completed to the satisfactory of the project preparation requirements; and (v) the expenditures must have been incurred before the loan effectiveness of the relevant loan but, generally, no earlier than 12 months before signing of the Loan Agreement. In either instance, detailed assessments (due diligence) on each retroactive financing proposal must demonstrate that (i) the expenditures incurred are genuine, reasonable, and material to getting the project off the ground; and (ii) they were incurred for proper reasons, in a transparent manner over a reasonable period of time. The government has been advised that approval of advance contracting and retroactive financing does not commit ADB to finance the project.

Date of Advance Contracting and Retroactive Financing Approval: 26 February 2015