

PROJECT INFORMATION DOCUMENT (PID) APPRAISAL STAGE

Report No.: PIDA13332

Project Name	Huainan Mining Area Rehabilitation Project (P133000)
Region	EAST ASIA AND PACIFIC
Country	China
Sector(s)	General water, sanitation and flood protection sector (50%), General agriculture, fishing and forestry sector (40%), Urban Transport (10%)
Theme(s)	Other environment and natural resources management (65%), Other urban development (35%)
Lending Instrument	Investment Project Financing
Project ID	P133000
Borrower(s)	People's Republic of China
Implementing Agency	Huainan Project Management Office
Environmental Category	A-Full Assessment
Date PID Prepared/Updated	03-Jan-2015
Date PID Approved/Disclosed	16-Jan-2015
Estimated Date of Appraisal Completion	30-Dec-2014
Estimated Date of Board Approval	29-Apr-2015
Decision	

I. Project Context

Country Context

China has seen a remarkable record of economic growth since the 1980s, lifting tens of millions of people out of poverty and making the country the second largest economy in the world. China's growth has been largely based on manufacturing and export, which are resource-intensive with massive environmental consequences. Going forward, the country must vigorously address issues of natural resource depletion, pollution, and environmental degradation, and create a more sustainable economy. These issues are now high on the government's agenda.

During the process of industrialization over the past decades, many brownfields were created, covering large areas of land in different regions of China and often highly contaminated, mainly due to mining and industrial pollution. Huainan Municipality is a typical example of this process, where around 200 km² of former mining subsidence areas exist, which account for about 7% of the total municipal land area. Many of these brownfields are now closed and are located within the city's build-up area, as a result of the rapid urbanization in the country. Because of the environmental damage they cause and the conflicts with ongoing urban expansion, there is an

increasing need to clean up and redevelop these contaminated and degraded areas. At the national level, several ministries are involved in industrial brownfield management, including the Ministry of Land Resources, Ministry of Environmental Protection, Ministry of Housing and Urban-Rural Development, and National Development and Reform Commission. While a regulatory framework for brownfield remediation and redevelopment is yet to be developed at the national level, some provinces and municipalities have rolled out policies and regulations, and started to clean up polluted industrial sites.

Sectoral and institutional Context

Huainan Municipality (City) is located in the north of Anhui Province at the middle reach of the Huai River. It has a population of 2.45 million people, including 1.18 million living in urban areas. The GDP per capita is US\$5,400 (2012), which ranks fifth among the fifteen municipalities in the province. However, the development level in different parts of the city is rather uneven. The average disposable income of families in the urban district is about RMB 20,733 (US\$3,400) in 2012. The income of the population in Datong District, where the proposed project is located, is much lower at about RMB 8,000 (US\$ 1,310) in the same year. This city has a history of coal mining that goes back to 1903. Coal mining has fueled the local economy, but also led to large areas of subsidence and environmental degradation. In an effort to clean up and remediate the subsided land for urban development, the municipal government has taken a series of major steps in recent years. The municipal decree “Coal Mining Subsidence Area Rehabilitation and Utilization” was issued in 2003. A special agency for comprehensive remediation of coal mining subsidence areas was created in 2009. The municipal government has also prepared the “Comprehensive Plan for Coal-mining Subsidence Areas in Huainan Municipality (2009-2020)”. Moreover, Huainan initiated a number of small scale activities to remediate selected subsidence areas to gain practical experience with rehabilitation of such sites.

Common challenges for the remediation and redevelopment of former mining sites and brownfields include, include: (a) lack of regulations defining the responsibilities and rights of responsible parties, particularly when there are historic or other obstacles to apply the ‘polluters pay’ principle; (b) the need for sustainable (institutional) mechanisms for financing of often costly remediation efforts; and (c) lack of established procedures and standards for (site) risk assessment and remediation management, including selection of appropriate remediation technologies; and (d) inexperience in strategic planning to tailor remediation approaches to the future use of the land after cleanup.

The strategy of the government is to make use of a World Bank loan to mobilize international know-how based on best practices of mining subsidence area remediation and redevelopment. The old mining area at JiuDa site in Datong District was selected as the Urban Master Plan (2010-2020) foresees the redevelopment of the mining area into an ‘green heart’ within the city boundaries where people can recreate and can undertake different social and economic activities. The government expects that the project will bring international best practices in the rehabilitation and redevelopment of mining subsidence areas, which can be replicated in other parts of China.

II. Proposed Development Objectives

The project development objective is to remediate and redevelop the JiuDa mining site in Huainan city.

III. Project Description

Component Name

Component 1: Environmental Remediation and Water Management

Comments (optional)

This component aims to remediate and preserve the overall environment at the JiuDa former coal mining (subsidence) site through cleaning up, controlling pollution sources, improving the storm water drainage system, greening and landscaping. It has three main sub-components.

Subcomponent 1.1. Environmental remediation

Subcomponent 1.2. Water Stream Rehabilitation

Subcomponent 1.3. Datong Dumpsite Closure

Component Name

Component 2: Infrastructure Improvement and Site Utilization

Comments (optional)

This component has two sub-components, and it is intended to help improve the accessibility of the project area and connection between the central district and the new Shannan district with an emphasis on increasing non-motorized transport (including walking and biking). It is also intended to utilize the remediated site and local resources available for community livelihoods development and generate revenues towards meeting the project O&M costs.

Sub-component 2.1. Urban Infrastructure Improvement

Subcomponent 2.2: Site Utilization for Community Development

Component Name

Component 3: Capacity Building and Technical Assistance

Comments (optional)

This component will finance technical assistance for project management and supervision, operation and maintenance of project financed facilities, and the long-term management of the mining subsidence areas. Main activities include: (a) project management, supervision support and related training and capacity building activities; (b) technical assistance for long-term management and redevelopment of coal mining subsidence areas in Huainan Municipality; and (c) support for the implementation of the Shungengshan Scenic Area Development Master Plan, including strategies to involve local communities in the process.

IV. Financing (in USD Million)

Total Project Cost:	168.40	Total Bank Financing:	100.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
Borrower			68.40
International Bank for Reconstruction and Development			100.00
Total			168.40

V. Implementation

Project implementation arrangements. HMG has established a Project Leading Group (PLG) chaired by the executive vice-mayor and comprising members from line bureaus concerned, to provide strategic direction and policy guidance for the project. A Project Management Office (PMO) headed by the director of the Huainan Municipal Finance Bureau has been set up within the

bureau to be responsible for project management and implementation coordination. Huainan Agriculture and Water Investment Company (HAWIC), a state-owned company under the HMG, and four other agencies - Huainan Municipal Construction Commission, Municipal Sanitation Bureau, Municipal Coal Mining Subsidence Management Office, and Datong District Government, have been designated as the project implementing agencies (PIAs) to implement all components of the project. The HMG and PIAs shall ensure an adequate management of the project site and facilities as well as the site utilization businesses throughout project implementation and after project completion. Detailed implementation arrangements can be found in the Project Implementation Plan.

Implementation support and quality assurance arrangements. Consulting firms and specialized individual experts will be hired to provide project implementation support, capacity building and quality assurance. Experienced firms will be employed to carry out detailed technical design and construction supervision for different project activities, professional entities will be engaged for planned specialized monitoring and evaluation. The sector advisory group comprised of senior technical staff from municipal line agencies (authorities) will be maintained to provide the PIAs with sector-specific advice and support coordination and synergy across inputs from the municipal agencies.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04		x
Forests OP/BP 4.36	x	
Pest Management OP 4.09	x	
Physical Cultural Resources OP/BP 4.11	x	
Indigenous Peoples OP/BP 4.10		x
Involuntary Resettlement OP/BP 4.12	x	
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)

VII. Contact point

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