



China, People's Republic of: Hunan Xiangxi Rural Vitalization and Special Industry Development

Project Name	Hunan Xiangxi Rural Vitalization and Special Industry Development	
Project Number	53050-001	
Country	China, People's Republic of	
Project Status	Proposed	
Project Type / Modality of Assistance	Loan	
Source of Funding / Amount	Loan: Hunan Xiangxi Rural Vitalization and Special Industry Development	
	Ordinary capital resources	US\$ 200.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth	
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development	
Sector / Subsector	Agriculture, natural resources and rural development - Agricultural production - Agro-industry, marketing, and trade - Rural market infrastructure - Rural sanitation - Rural solid waste management	
Gender Equity and Mainstreaming	Effective gender mainstreaming	
Description	The Asian Development Bank (ADB) and the government have agreed to adopt a framework approach to support the plan, with a focus on: (i) institutional strengthening and policy reform; (ii) ecosystem restoration and environmental protection; (iii) green industrial transformation; and (iv) construction of an integrated multimodal transport corridor. The project is included in the country operations business plan for the People's Republic of China, 2019-2021	

Project Rationale and Linkage to Country/Regional Strategy

As one of the three key economic growth engines in the People's Republic of China (PRC), the Yangtze River Economic Belt (YREB) and its nine provinces and two specially administered municipalities account for more than 40% of the population and freshwater resources, and 45% of the country's economic output. While the YREB has benefited from extensive development since the 1980s, economic growth in the middle and upper reaches of the Yangtze River Basin significantly lags the coastal areas and face particular challenges from: (i) weak institutional coordination; (ii) increasing pollution and pressure on natural resources; (iii) slow transformation into green development; and (iv) limited integration of waterways, ports, and intermodal logistics. To manage these challenges, the Government of the PRC formulated the YREB development plan 2016 2030. The Asian Development Bank (ADB) and the government have agreed to adopt a framework approach to support the plan, with a focus on: (i) institutional strengthening and policy reform; (ii) ecosystem restoration and environmental protection; (iii) green industrial transformation; and (iv) construction of an integrated multimodal transport corridor.

In many rural areas of the YREB, agricultural production and rural livelihoods have lagged behind industrial production and urban livelihoods and income inequality and poverty are still persistent, with the majority of rural wastewater and wastes directly discharging to waterways. Against this backdrop, the government of the PRC formulated a rural vitalization strategy to promote poverty reduction, rural development, and green and inclusive growth, which focuses on agriculture modernization, rural wastewater and wastes management, rural-urban integration, ecosystem services protection, rural health and education services development, and rural governance reform.

Xiangxi Tujia and Miao Autonomous Prefecture is located in Hunan Province in the YREB, and between the Yangtze River and special economic zones. It is also at the border between the central and western PRC and is the only part of Hunan targeted for China Western Development. Xiangxi has one city and seven counties, with a land area of 15,462 square kilometers, of which the urban area is 556 square kilometers. The land area is dominated by mountains. 70.2% of the mountainous area is forest, making Xiangxi one of the designated green cities. At the end of 2018, the total population of Xiangxi is 3.0 million, 54% are rural residents; with ethnic population mainly Tujia and Miao people accounts for 80% of the total population of Xiangxi. The total production value in Xiangxi is CNY58.3 billion, of which CNY8.4 billion is by the primary industry, CNY17.9 by the secondary industry, and CNY31.9 billion by the tertiary industry; and the per capita gross domestic product (GDP) is CNY22,094.

Xiangxi is one of the poorest regions in the PRC. All of its seven counties are designated as national poor counties. At the end of 2018, rural and urban poverty incidences in Xiangxi are 5.2% and 4.3%, respectively. Of about 13 million cubic meters per year of wastewater, only about 2,000 cubic meters per year is treated in rural areas in Xiangxi. About 25% of rural villages do not have solid waste collection or processing facilities and about 62% of rural households do not have sanitary toilets. Inadequate wastewater and solid waste management and unsanitary toilets severely affect rural residents' living environment and increase their health risk.

The mountainous landscape in Xiangxi makes farming less suitable and profitable. Arable land is 135,000 hectares, only 8.7% of total land area. The region boasts of a rich list of local featured vegetation and livestock species. Agricultural GDP is CNY14 billion, or 14.4% of the total GDP. About 60% of the agricultural GDP is from local featured products given its unique climate and biosphere. These include citrus, kiwi fruit, camellia, tea, and herbal medicine. However, low quality of seeds and seedlings, inadequate modern agricultural production and management system, and inadequate cold chains make the yields highly variable with low value.

The unique combination of natural and cultural diversity gives Xiangxi high conservation value with national significance. The PRC central government designated Xiangxi as a Tujia and Miao cultural and ecological protected area and a key national ecological function area. There are three national nature reserves, three national forest parks, three national geological parks, two national scenic spots, one national wetland park, and one UNESCO world heritage site (Laosicheng Site in Yongshun County). All of these provide very high ecological and cultural value, attracting 44.9 million visitors in 2017. Seven expressways connecting local cities and counties have been opened successively in Xiangxi.

Jishou City has become one of the 18 highway expressway cities in the PRC. By being involved in the four-hour economic circle of Changsha, Chongqing, Guilin, and Guiyang, with the construction of new Zhang-Jihuai highspeed railway and Xiangxi Airport, Xiangxi will enter the high-speed rail era and aerospace era. Xiangxi also has zones for the integration of the primary, secondary, and/or tertiary industries such as a national agricultural technology zone in Huayuan County and a national primary, secondary, and tertiary industry integration pilot zone in Yongshun County. Xiangxi plays a leading role in industrial integration in the PRC.

However, value addition to agricultural products is still low in Xiangxi and the poverty ratio is still high. Women comprise an increasing proportion of agriculture population in the rural areas due to out-migration of men. There are limited job opportunities for women. To enhance rural industrial productivity in Xiangxi to reduce poverty and inequality between urban and rural areas and to empower women and enhance gender equality, Xiangxi is required to improve socially-inclusive agricultural value chain (production, processing, and marketing) that increases jobs for women and the poor, by fully utilizing its unique tourism resources and environmental and transportation advantages and integrating the primary, secondary, and tertiary rural industries.

The Xiangxi Tujia and Miao Autonomous Prefectural Government (XPG) takes rural vitalization as core of its development agenda. The Xiangxi Tujia and Miao Autonomous Prefecture Rural Vitalization Strategy adopts a targeted poverty alleviation approach. The Xiangxi Autonomous Prefecture Accelerated Three Year Action Plan to Improve Rural Environment and Build Beautiful Villages 2018 2020 outlines rural environmental improvement as its basic principle. The key growth engines are high value agricultural products and ecotourism backed with research, technology, and value chain development. The XPG has set up detailed targets to improve the living environment, grow special industries, and enhance service delivery for comprehensive rural vitalization. Key interventions are agricultural modernization and integration with ecotourism.

Xiangxi is an appropriate demonstration area for rural vitalization and special industry development, since it (i) is one of the poorest regions in the PRC; (ii) is an important area to connect the central and western regions of the PRC and Yangtze River and special economic zones in south provinces; (iii) has local featured agricultural products which have potential for further development; (iv) has unique tourism resources and environmental and transportation advantages; and (v) plays a leading role in industrial integration in the PRC, with the two national-level industrial integration zones.

Impact	Rural vitalization in the Yangtze River Economic Belt realized (Rural Vitalization Plan, 2018 2022 and Yangtze River Economic Belt Development Plan, 2016 2030)
Outcome	Rural living environment and industrial productivity in Xiangxi enhanced
Outputs	Rural waste and sanitation management facilities and services in Xiangxi improved Local featured agricultural products in Xiangxi developed Agricultural value chain in Xiangxi improved through industrial integration
Geographical Location	Nation-wide, Xiangxi Tujiazu Miaozu Zizhizhou

Safeguard Categories	
Environment	B
Involuntary Resettlement	A
Indigenous Peoples	B

Summary of Environmental and Social Aspects	
Environmental Aspects	
Involuntary Resettlement	
Indigenous Peoples	
Stakeholder Communication, Participation, and Consultation	
During Project Design	
During Project Implementation	
Responsible ADB Officer	Yoshiaki Kobayashi
Responsible ADB Department	East Asia Department
Responsible ADB Division	Environment, Natural Resources & Agriculture Division, EARD

Executing Agencies

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Timetable	
Concept Clearance	23 Oct 2019
Fact Finding	17 Aug 2020 to 26 Aug 2020
MRM	15 Oct 2020
Approval	-
Last Review Mission	-
Last PDS Update	30 Oct 2019

Project Page	https://www.adb.org/projects/53050-001/main
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