

## DEVELOPMENT COORDINATION

### A. Major Development Partners: Strategic Foci and Key Activities

1. Yunnan Province in the People's Republic of China (PRC) has received financial assistance from a variety of international and bilateral financial institutions through the PRC government since 1984. As of January 2014, loan assistance from three international financial institutions—the Asian Development Bank (ADB), the International Fund for Agricultural Development, and the World Bank—totaled \$2.59 billion and SDR201 million. Most of the assistance during 1980–1990 supported the industry, energy, education, health, and agriculture and rural development sectors. Since 2000, international assistance projects have increasingly addressed urban and transport development. As of July 2013, bilateral financial assistance to the Yunnan provincial government (YPG) totaled the equivalent of \$1.48 billion from 16 countries and had gone to the industry, telecom, transport, urban, health, and education sectors.<sup>1</sup>

2. ADB has been one of Yunnan's most active development partners. Since 1995, it has provided 11 loans amounting to \$1.59 billion for projects to develop the province's agriculture, forestry, water resources, and transport.<sup>2</sup> During 1995–2010, five expressway development projects were approved by ADB. They have significantly improved transport connectivity within landlocked Yunnan and with the neighboring countries of the Greater Mekong Subregion.<sup>3</sup> ADB assistance is now shifting toward support for urban sector development to achieve balanced socioeconomic development and environmental improvement by reducing poverty and minimizing urban–rural development gaps. This will enable Yunnan to accelerate regional cooperation with the nearby countries of the Association of Southeast Asian Nations and distribute the benefits of the province's development to poverty-stricken autonomous prefectures and smaller cities. If approved, the Yunnan Chuxiong Urban Environment Improvement Project will be ADB's 12th loan to Yunnan and increase ADB's total lending to the province to \$1.74 billion, making it the YPG's largest international development partner.

3. Under ADB's 2009 project classification system, urban development is considered under water supply and other municipal infrastructure and services sector, energy sector and multisector. In the PRC, the urban sector requires a wide range of interventions to develop

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<sup>1</sup> The 16 countries were Australia, Austria, Canada, Finland, France, Germany, Israel, Italy, Japan, the Republic of Korea, the Netherlands, Norway, Saudi Arabia, Spain, Sweden, and Switzerland.

<sup>2</sup> The total loan amount excludes ADB's Comprehensive Agricultural Development Project, whose scope covers five other provinces in addition to Yunnan. ADB. 2012. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the People's Republic of China for Comprehensive Agricultural Development Project*. Manila.

<sup>3</sup> ADB. 1994. *Report and Recommendation of the President to the Board of Directors: Proposed Loans to the People's Republic of China for Heilongjiang and Yunnan Expressways Projects*. Manila (Loan 1325-PRC); ADB. 1999. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the People's Republic of China for the Southern Yunnan Road Development Project*. Manila (Loan 1691-PRC); ADB. 2003. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the People's Republic of China for the Western Yunnan Roads Development Project*. Manila (Loan 2014-PRC); ADB. 2004. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the People's Republic of China for Central Yunnan Roads Development Project*. Manila (Loan 2448-PRC); ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the People's Republic of China for Yunnan Integrated Road Network Development Project*. Manila (Loan 2709-PRC). Three project completion reports have been prepared so far. ADB. 2001. *Completion Report: Yunnan Expressway Project in the People's Republic of China*. Manila; ADB. 2006. *Completion Report: Southern Yunnan Road Development Project in the People's Republic of China*. Manila; ADB. 2011. *Completion Report: Western Yunnan Roads Development Project in the People's Republic of China*. Manila. The Yunnan Expressway Project was rated *highly successful* and two were rated *successful*.

urban transport, water supply and sanitation, waste management, urban roads and bridges, and the protection of urban river courses. Fifteen urban sector projects have been financed in Yunnan with approved assistance of about \$1.46 billion from ADB, the Australian Agency for International Development, the Government of Italy, the Japan Bank for International Cooperation, KfW, the Swedish International Development Cooperation Agency, and the World Bank. The World Bank became the province's largest urban development partner, with total lending of \$600 million, by financing the urban mass transit system in the provincial capital of Kunming in 2011. The Japan Bank for International Cooperation has financed four projects with assistance of \$569 million in the water and sanitation sector in Kunming. Twelve projects target Kunming, but the Government of Italy, KfW, and the World Bank have projects in eight other autonomous prefectures and cities (Table 1).

4. Before 2009, urban development projects focused mainly on water supply and sanitation in Kunming to address urban environmental degradation and socioeconomic challenges in the city. Since then, development partners have begun helping the province's small and medium-sized cities deal with their own urban development challenges. Solid waste management; urban transport development; integrated with urban development planning; and flood management are challenges that have attracted international assistance. Despite the economic and development importance accorded by the government to forming a Yunnan central city cluster around Kunming to achieve faster urbanization and better growth, the Chuxiong Yi autonomous prefecture in this city cluster region has not received any financial assistance from multilateral and bilateral donors, and its urban development has been lagging. The proposed ADB Yunnan Chuxiong Urban Environment Improvement Project to support urban development in three of the prefecture's cities will strengthen Yunnan's sustainable and environmentally sound urbanization process and improve the geographical balance in socioeconomic development.

**Table 1: Major Development Partners for Urban Sector**

Development Partner	Project Name	Year	Amount (\$ million)	Target Areas
World Bank	Kunming Urban Rail	2011 (ongoing)	300	Kunming
World Bank	Yunnan Urban Environment Phase II	2010 (ongoing)	60	Zhaotong
KfW	Shangri-la County Comprehensive Environmental Improvement	2010 (ongoing)	35	Deqen
World Bank	Yunnan Urban Environment	2009 (ongoing)	90	Kunming, Lijiang, Wenshan
KfW	Kunming City Economic and Technological Development Zone Environment Improvement	2009 (ongoing)	70	Kunming
KfW	Kunming City Economic and Technological Development Zone Sewage Treatment and Recycling	2009 (ongoing)	14	Kunming
ADB	Kunming Qingshuihai Water Supply	2008	80	Kunming
JBIC	Yunnan Kunming Sewerage Discharge Improvement (II)	2007	127	Kunming
JBIC	Yunnan Kunming Sewerage Discharge Improvement (I)	2006	155	Kunming
JBIC	Yunnan Kunming Drainage Company No.6 Water Supply	2000	255	Kunming
Government of Italy	Yunnan Dali Sewage Treatment Plant	1999	6	Dali
World Bank	Yunnan Environment Project	1997	150	Kunming, Qujing, Honghe
Sida	Yunnan Kunming Drainage Company No.2 Sewage Treatment Plant	1993	37	Kunming

Development Partner	Project Name	Year	Amount (\$ million)	Target Areas
AusAID	Yunnan Kunming Drainage Company No.3 Sewage Treatment Plant	1993	50	Kunming
JBIC	Yunnan Kunming Water Supply Company Zhangjiu River Diversion	1992	32	Kunming

ADB = Asian Development Bank, AusAID = Australian Agency for International Development, JBIC = Japan Bank for International Cooperation, Sida = Swedish International Development Cooperation Agency.  
Sources: Asian Development Bank and Yunnan provincial government.

## B. Institutional Arrangements and Processes for Development Coordination

5. ADB is committed to sharing sector information and experience with its developing member countries and other international development agencies. In support of the 2005 Paris Declaration and the 2008 Accra Agenda for Action, ADB has been harmonizing its policies, procedures, and practices with key development partners through parallel implementation structures, technical working groups, and joint missions. In addition, ADB has been supporting global and regional efforts to enhance aid effectiveness.

6. The central government is the principal development coordinator in the PRC. Development partners are requested to align their operations to support implementation of the national social and economic development strategy set out in the PRC's Twelfth Five-Year Plan, 2011–2015. ADB's resident mission in the PRC plays a central role in identifying lessons in project processing and implementation and in sharing knowledge and experience with other development partners.

7. Within Yunnan, the Yunnan Development and Reform Commission and Yunnan Finance Department are responsible for development coordination. They receive requests for development assistance from eight autonomous prefectures and eight cities under their jurisdiction, match needs to the priorities and programs of the different development partners, and make requests to the national government for projects to be included in the relevant support program. Three urban sector projects funded by the World Bank are ongoing in the province, and separate project management offices have been established in the relevant autonomous prefectures or cities. Under the Yunnan Development and Reform Commission and Yunnan Finance Department, these project management offices maintain close coordination and share their experiences with one another.

## C. Achievements and Issues

8. Since 1992, coordination among development partners such as the World Bank and bilateral development agencies to support the PRC's five-year plans has improved. This has been especially true in the areas of public awareness and education, financial and institutional strengthening, and the achievement of the Millennium Development Goals in the urban sector. ADB project teams communicate regularly with other development partners to share project processing and implementation experience.

## D. Summary and Recommendations

9. ADB will continue to strengthen its close coordination with development partners, especially in the sharing of lessons and innovative approaches in project processing and implementation. Strengthening development coordination in the PRC is expected to minimize transaction costs, maximize responsiveness, address policy issues more systematically, provide greater support for reforms and capacity building, and promote increased accountability to achieve better development impact.