

PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE

Report No.: PIDA47262

Project Name	Hubei Jingzhou Historic Town Conservation Project (P148523)
Region	EAST ASIA AND PACIFIC
Country	China
Sector(s)	Urban Transport (50%), General water, sanitation and flood protection sector (50%)
Theme(s)	Cultural Heritage (60%), Other urban development (40%)
Lending Instrument	Investment Project Financing
Project ID	P148523
Borrower(s)	People's Republic of China
Implementing Agency	Hubei Jingzhou PMO
Environmental Category	A-Full Assessment
Date PID Prepared/Updated	30-Nov-2015
Date PID Approved/Disclosed	13-Oct-2015
Estimated Date of Appraisal Completion	09-Oct-2015
Estimated Date of Board Approval	21-Dec-2015
Appraisal Review Decision (from Decision Note)	The Decision Meeting held on June 23, 2015 concluded that once the pending safeguards issues are satisfactorily addressed, the pre-appraisal mission could be upgraded to appraisal mission.

I. Project Context

Country Context

China's rapid urbanization over the past three decades has facilitated impressive economic and social gains. It catalyzed China's brisk gross domestic product (GDP) growth and pulled more than 500 million people out of poverty. Further transition is projected to add another 300 million to China's urban population by 2030 and continue boosting economic growth. With rising living standards, the public's awareness and appreciation of cultural heritage assets have been increasing, leading to an expansion of the cultural tourism sector. Cultural heritage is considered not only to be an essential element of national history and pride, but also an asset for local economic and social development.

Historic cities in China have been facing multiple challenges in leveraging heritage assets, as they strive to: (a) conserve heritage assets under technical and financial constraints; (b) upgrade dilapidated infrastructure in a densely populated urban context; (c) modernize without completely losing each city's distinctive features and indigenous culture; and (d) develop the tourism sector in a sustainable manner that stimulates job creation and local economic development. Without a sound

understanding of the local historic urban fabric and a proper and efficient regulatory framework, investments for new constructions might be made inappropriately, imitating ancient architecture or copying development patterns in other cities. This may jeopardize the value of existing historical relics as well as the potential for tourism development. It may also lead to the loss of the uniqueness of such cities.

Sectoral and institutional Context

Cultural heritage conservation is incorporated into national development strategies. China's National 12th Five-Year Plan highlights the conservation of historic relics, listed historic cities, and intangible heritage as ways of enhancing inheritance and expanding the utilization of cultural capital for local economic development. The national urbanization strategy, called the National New-type Urbanization Plan (2014-2020), identifies inadequate conservation of heritage assets and the loss of cities' uniqueness as two critical challenges that require immediate attention. The conservation of distinctive historic urban landscapes, environmental improvement, and enhanced resource management are key goals.

Tourism is a high-priority sector in China's National 12th Five-Year Plan, which attaches great importance to balancing conservation and development of tourism resources. The government's main measures to promote tourism development include (a) strengthening tourism infrastructure; (b) promoting the development of key tourism regions and travel routes; (c) facilitating markets and diversifying tourism products; and (d) designing in-depth cultural tourism experiences. Recently, the State Council issued a number of guidance notes to promote tourism reform and development. By 2020, total tourism spending is expected to reach RMB5.5 trillion (US\$887 billion), accounting for more than 5 percent of national GDP.

Jingzhou Municipality, located in south-central Hubei Province, is endowed with rich cultural heritage assets. It is the center of the Jing-Chu culture. It has a long and fabled past in Chinese history and in the imagination of the people. Many of the well-known episodes in Three Kingdoms, an ancient novel and a part of the national literary canon, take place there. Jingzhou was among the first set of cities listed as a national historic city in 1982. Within and in the proximity of the Jingzhou Historic Town (JHT), there are three heritage sites listed at the national level (ancient City Wall, Kaiyuan Temple, and Xuanmiao Temple), eight provincial and municipal registered heritage sites, and more than 70 identified historic buildings and other relics. JHT is surrounded by a 12 km City Wall, one of the best preserved and complete city walls in China. Recognized as a national cultural heritage asset since 1996, it is now on the tentative list-along with other walled cities in China-for nomination to be submitted to the United Nations Educational, Scientific, and Cultural Organization (UNESCO) as a World Heritage Site. The water environment is a distinguishing feature of the historic town, with its series of inner and outer lakes, outer canals, moat, and numerous smaller ponds. Historically, the town's water bodies were interconnected and subsequently flowed into the nearby Yangtze River. Another heritage asset of immense value is the recently excavated Xiongjiazhong Graveyard, 45 km northwest of the historic town, which is a high-level noble graveyard of the Chu Kingdom (until 223 BC). With its largest and grand horse-and-chariot chamber and an extraordinary jade article collection, the excavation site has been increasingly known as the "Terracotta Army in the South".

Unfortunately, lack of funds and limited asset management capacity have led to a piecemeal approach to restoration of the ancient City Wall, its moat, and other heritage sites within the historic

town, as well as a delayed implementation of a fully equipped Xiongjiazhong Archaeological Park. Rapid economic development and poor enforcement of planning and environmental regulations have put pressure on the conservation of heritage assets. The city moat along with other water bodies is now heavily polluted (worse than Class V) due to discharge of raw sewage, non-point source pollutants, and urban drainage runoff. Many of the linkages between the city moat and the water bodies have disappeared. The pressure for commercially driven large-scale urban redevelopment has left little of the historic buildings within the City Walls. The few surviving historic buildings and the historic streets where they are located are experiencing increasing degradation due to the lack of maintenance and continued pressure for gentrification. The degradation of heritage assets is an urgent challenge facing Jingzhou Municipality, in particular around the JHT which also serves as a densely populated city core.

According to the Western Hubei Eco-Cultural Tourism Circle Plan, Jingzhou is among the top 10 major tourist destinations in Hubei Province. Jingzhou also considers tourism as one of the pillar industries for local economic development, with the Chu, Three Kingdom, and Water cultures being major tourism assets. However, the tourism sector of Jingzhou is underdeveloped, signaled by the limited contribution of tourism to local economic development. A majority of the tourists stay for a short period and revenues generated from the tourism industry accounted for only about 6.2 percent of Jingzhou's GDP in 2010, which is much less than the provincial level of 9.2 percent. Recent surveys of tourists to Jingzhou Municipality have indicated that the lack of variety in tourism products, the limited attraction of cultural heritage assets (partially the lack of adequate interpretation and exhibition), inadequate urban environment (not in harmony with the characteristics of the cultural heritage, poor water environment, and sanitation), and lack of tourism services have all contributed to the short stay of tourists in Jingzhou. While Water-culture-focused tourism (such as boating in the city moat) has the potential to add to the menu of tourism products, the current state of the water bodies is not suited for this purpose.

Access to the cultural heritage sites in Jingzhou has presented an increasingly significant challenge. The City Gates, an integral part of the national cultural heritage asset, cannot and should not be physically modified. During peak hours, there are long delays in the movement of vehicles in and out of the gates. Therefore, promoting non-motor transport (NMT) and public transport is a pivotal strategy for JHT to accommodate travel demand.

While NMT is still the dominant mode of transport for residents and tourists inside the historic town (85 percent and 59 percent, respectively), the space for NMT is often intruded by vehicular traffic and parking, which compromises the connectivity of NMT paths and threatens the safety and comfort of residents and tourists. Public transport is one of the important modes of transport for tourists for travel inside the historic town; 22 percent of tourists take buses to the different historic sites. The bus service currently has problems, including low frequency, no timetable, poor bus stop facilities, and long delays at junctions. Improvement in bus services will help keep public transport more attractive for both tourists and residents. Due to the lack of a tourism signage system, tourists have difficulty in understanding instructions on the transport mode to take to reach the destination as well as orientating themselves inside historic attractions.

A combination of the above factors has constrained the development of the tourism sector as a strong driver for local economic development and poverty reduction in Jingzhou. A number of well-targeted investments and interventions are urgently needed to gain regional competitiveness and to attract more visitors from major neighboring destination cities, such as Yichang (the Three

Gorges) and Wuhan (the capital of Hubei Province). The proposed project will support Jingzhou Municipality to address these key constraints in an integrated manner.

II. Proposed Development Objectives

To conserve cultural heritage and improve water quality and tourism services in selected areas in Jingzhou Municipality.

III. Project Description

Component Name

Component A: Cultural Heritage Conservation and Tourism Services Improvement (Total Cost US \$83.27 million, IBRD US\$45.58 million).

Comments (optional)

A1: Carrying out of conservation and restoration activities over selected segments of Jingzhou's Historic City Wall.

A2: Carrying out of conservation activities in the Kaiyuan Taoism Temple.

A3: Upgrading of the Jingzhou Museum.

A4: Carrying out of piloting interventions for the conservation and regeneration of selected historical buildings along Dongti and Nanmen streets in Jingzhou's Historic Town, and the conversion of a vacant lot into a tourism services facility.

A5: Provision of support to the Xiongjiazhong Archaeological Park.

A6: Construction of a tourist information center alongside Jingzhou's Historic Town, creation and/or improvement of green areas, and development of tourist signage and tour navigation systems in selected areas.

Component Name

Component B: Water Environment Improvement (Total Cost US\$55.10 million, IBRD US\$37.08 million).

Comments (optional)

B1: Dredging of the moat and lakes within and immediately around Jingzhou's Historic Town, including the removal and safe disposal of inorganic and organic deposits.

B2: Carrying out of infrastructure improvements of Jingzhou's Historic Town internal drainage and sewer network, including interceptor sewers along the Town's moat.

B3: Creation of wetlands along Jingzhou's Historic Town moat and lakes, including the construction of an ecology embankment.

B4: Carrying out of activities aimed at enhancing Jingzhou's Historic Town water bodies, including flow augmentation, construction and provision of culverts, conveyance pipes, rubber dams, pump stations, and ancillary facilities.

Component Name

Component C: Transport Improvement (Total Cost US\$21.35 million, IBRD US\$13.14 million).

Comments (optional)

C1: Improvement of urban roads, including the rehabilitation of Jingzhou's Historic Town inner ring road and optimization of key road junctions.

C2: Carrying out of activities aimed at improving non-motorized transportation (NMT).

C3: Improvement of public transportation through (i) upgrading the mini-bus tourism system (ii) establishment of new tourism bus lines, improvement of bus stops, and procurement of new hybrid buses.

C4: Installation and upgrade of signage systems, including the provision of static and variable

message signs at key locations in Jingzhou's Historic Town, as well as provision of real-time parking guidance signage.

Component Name

Component D: Assistance to Project Management and Capacity Building (Total cost US\$5.15 million, IBRD US\$3.95 million).

Comments (optional)

D1: Provision of support for project management, monitoring, and supervision and independent monitoring of environmental and social safeguards, including the provision of office equipment and supplies.

D2: Carrying out of capacity building activities, including training, organization of workshops and study tours for relevant staff and key stakeholders.

D3: Provision of technical assistance, including the realization of studies on conservation and restoration of historic sites and neighborhoods, as well as on traffic management for Jingzhou's Historic Town.

IV. Financing (in USD Million)

Total Project Cost:	170.51	Total Bank Financing:	100.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
Borrower			70.51
International Bank for Reconstruction and Development			100.00
Total			170.51

V. Implementation

A. Institutional and Implementation Arrangements

Jingzhou Municipal Government (JMG) will be responsible for the Bank loan and project implementation. JMG has established a complete institutional framework for project implementation. A PLG has been created, headed by the mayor of JMG and is composed of four municipal leaders and 14 directors from relevant municipal departments and composed of senior government officials from relevant departments (see Annex 3). The PLG will provide strategic guidance and oversight to the PMO and the Project Implementation Agencies (PIAs). The PMO, established under JMG, will be responsible for overall project coordination, management, and supervision. It will monitor implementation progress and will be responsible for implementation of Component 4. Six PIAs will implement the physical investment components of the project: (a) Jingzhou Culture Heritage & Tourism Bureau - cultural heritage conservation- and presentation-related activities; (b) Jingzhou Culture Heritage & Tourism Investment Company Limited - several tourism promotion activities; (c) Construction Management Center (CMC) of Jingzhou Housing and Construction Committee -water improvement component and road rehabilitation activities; (d) Jingzhou Public Transport Company Limited - public transport sub-component; (e) Jingzhou Transport Management Bureau - traffic signage sub-component; and (f) Jingzhou District Government - land acquisition and resettlement.

B. Results Monitoring and Evaluation

The M&E system has been established to monitor implementation progress and progress towards

achievement of the PDO indicators and intermediate results indicators, as well as safeguards compliance. The PMO, with inputs from the PIAs, will be responsible for data collection and reporting on progress and results. Independent specialized monitoring institutes will monitor and report on the implementation of, and compliance with, environment management plans and resettlement action plans (RAPs). An external implementation support consultant team will be involved to assist with overall project supervision as well as the M&E. The costs of M&E have been included in the costs of the three project components. See Annex 1 for more details on M&E arrangements

C. Sustainability

As evidenced in its various plans, JMG is committed to cultural heritage conservation, tourism development, and improving water environment. Under the leadership of the municipal government, the project has been designed with the intensive involvement of the implementation agencies, supported by a set of feasibility studies. Project design draws from international and local good practices, as well as lessons learned in cultural heritage conservation (and related tourism development) and urban infrastructure upgrading projects in general. Technical, economic, and financial analyses have been conducted to ensure that the required resources and capacities will be in place to construct, operate, and maintain the facilities. The concerned municipal line agencies that will take responsibility for implementing the respective project activities and the O&M of related project facilities after completion have been identified upfront. Technical assistance and capacity building in the sectors will contribute to the city's sustainable development. Continued involvement of the beneficiary communities and stakeholders throughout the project cycle will also contribute to project sustainability.

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)

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