

Project Summary

Project Overview	
Project Name	Hunan Ecological Development Project
Country	The People's Republic of China
Sector	Sustainable Development
Approval Date (by the Board)	30 August 30 2017
Closing Date	3 September 3 2021
Total Project Cost	CNY 3.1 billion
Loan Amount	CNY 2.0 billion
Borrower	The People's Republic of China
Implementation Agency	Hunan Provincial Chang-Zhu-Tan Resource-Conserving and Environment-Friendly Society Management Commission

I. Introduction

In China, NDB is helping Hunan Green Heart Area to restore the local ecological environment through a comprehensive ecological development project for water resource management and flood control. Contamination of water in the Xiang River is the most pressing environmental issue in the Green Heart Area. Pollutants from discharges and wastes of households, farms and industries, are flushed through rain and floods into the Xiang River, the province's most important water source. Deterioration of the water quality severely impacts the life of the residents and the development of the local economy. In Hunan, the local government has set Xiang River's restoration the most important agenda. China's National Five-Year Plan (2016-2020) has made water a central aspect of the country's environmental priority. In order to maintain economic growth and urbanization without extensive damage to important natural resources, ecological preservation has become an important priority of the Chinese government. In this context, the Hunan Ecological Development Project (the Project) is designed for the Green Heart Center of the Hunan Chang-Zhu-Tan City Cluster, supported by the New Development Bank's (NDB) financing. The Project is in alignment with the NDB's mandates, to promote sustainable development through ecological reservation.

II. Project Description

The objective of the Project is to improve the ecological environment in Hunan Green Heart Area by improving water quality and flood control, and restoring the local ecological environment. The NDB will support the Project through a Project Financing Facility loan up to CNY 2 billion to the People's Republic of China, and subsequently to the People's Government of Hunan Province. The loan will be on-lent to eligible subprojects that aim to improve flood control, restore integrated ecosystem, rehabilitate river courses and improve sewage treatment in the watershed of the Xiang River.

The Project comprises subprojects located in the Project Area of three cities: Changsha, Zhuzhou and Xiangtan. The Project components are designed to improve wastewater treatment by building wastewater pipelines, enhance flood control and drainage through rehabilitation of river courses, promote afforestation, and improve water quality and quality of life for people in the area.

III. Environmental and Social Aspects

The successful implementation of the Project will bring inclusive social benefits, including significantly improving the water quality and flood control in the main streams and tributaries of Xiang River and benefiting the residents who depend on the water supply from Xiang River. Improvements in wastewater disposal and drainage, and nonpoint source pollution control will reduce the prevalence of water-related infections and diseases. The Project's positive impact on restoring environment will be long term and sustainable. Another aspect of positive impacts is the demonstration effect of collaborated efforts by the city cluster of Changsha, Zhuzhou and Xiangtan with the support from NDB, to combat environmental problems that pose a threat to their people and economy.

The Project is assigned as Category "B". Impacts on resettlement are not significant. Prior to the each subproject's approval, environmental and social impact assessments will be diligently conducted to assure compliance, according to the legal and regulatory requirements of environmental and social frameworks prevailing in China.

IV. Financials

The total estimated cost of the Project is CNY 3.08 billion. NDB's loan to the Project is provided through a lending modality of Project Financing Facility (PFF), with an amount

up to CNY 2 billion. Considering the timing, readiness and fitness of different subprojects, PFF is chosen to give flexibility to the subprojects and to make NDB's financing more efficient and need driven.

Financier	Amount (¥ billion)
New Development Bank	2.0

V. Implementation

The first four subprojects are expected to be implemented over a period of 42 months ending in December 2020. Suppliers for the Project will be selected through a competitive and transparent bidding process.

The Loan will be repayable in 32 semi-annual equal principal installments over 16 years.

VI. Contact

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