

China : Beijing-Tianjin-Hebei Low Carbon Energy Transition and Air Quality Improvement Project

1. Project Information

Project ID:	P000323	Instrument ID:	L0323A
Member:	China	Region:	Eastern Asia
Sector:	Energy	Sub-sector:	Gas processing, storage, transportation, and distribution
Instrument type:	<input checked="" type="checkbox"/> Loan:500.00 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier(s):	
ES category:	A	Borrowing Entity:	Ministry of Finance, China
Implementing Entity:	Beijing Gas Group Company Limited		
Project Team Leader:	Hongliang Yang		
Responsible DG:	Gregory Liu		
Responsible Department:	INF2		
Project Team Members:	Liu Yang, Project Counsel; Rui Xiang, OSD - Financial Management Specialist; Chee Wee Tan, OSD - Social Development Specialist; Chongwu Sun, OSD - Environment Specialist; Yunlong Liu, OSD - Procurement Specialist; Siyang Wang, Project admin		
Completed Site Visits by AIIB:	Sep, 2020 Project team visited the project sites in Tianjin during September 28-29, 2020. The team reviewed progresses in construction, procurement, and environmental and social safeguards, examined financial management arrangements, and conducted a Project implementation inception workshop. May, 2021 Project team visited the project sites of LNG tanks and the associated gas pipeline during May 18-19, 2021. Dec, 2022 Due to the pandemic situation, a virtual mission was arranged with Beijing Gas to review the project implementation on Dec. 17, 2022. Jun, 2023 Project team reviewed the implementation status of the project, visited the sites of the project and of a few important sections of the associated pipeline before the visit of the Board of Directors (BoD) planned on June 16, 2023.		
Planned Site Visits by AIIB:	Dec, 2023 Tianjin		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2023/03		

2. Project Summary and Objectives

The Project is to construct a liquefied natural gas (LNG) terminal in Binhai District, Tianjin Municipality, which includes two components: (i) construction of LNG receiving, storage and regasification facilities with an annual handling capacity of 5 million tons of LNG; and (ii) construction of unloading wharf. AIIB financing is planned to be used in the construction of LNG receiving, storage and regasification facilities under the first component. The second component will be financed by Beijing Municipality and Beijing Gas.

The objective of the Project is to increase the availability of natural gas to help reduce coal consumption and related emissions in the region of Beijing, Tianjin and Hebei (the BTH region). When in full operation, the Project is expected to bring substantial environmental benefits, including annual reduction of CO₂ of 7.5 million tons, PM of 67,000 tons, SO₂ of 27,000 tons and NO_x of 78,000 tons. The ambient air quality and the environment in the BTH region will improve once coal consumption is reduced, thus reducing the risk of respiratory, cardiovascular and ischemic heart diseases. Those most vulnerable to these impacts, such as children, the poor, the sick and the elderly, will benefit the most.

3. Key Dates

Approval:	Dec. 12, 2019	Signing:	Jun. 29, 2020
Effective:	Oct. 21, 2020	Restructured (if any):	
Orig. Closing:	Jun. 30, 2025	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	380.08	Most recent disbursement (amount/date):	48.50/Apr. 17, 2023
Undisbursed:	119.92	Disbursement Ratio (%) ¹ :	76.02

5. Project Implementation Update

The Project has been implemented well. Despite initial delays caused by the COVID-19 pandemic, construction remains largely on schedule due to proactive measures taken by Beijing Gas and its contractors. Physical construction of the four LNG storage tanks, LNG receiving and gasification facilities financed by AIIB has been completed.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: construction of a liquefied natural gas (LNG) receiving, storage and regasification facilities	There are two contracts under AIIB financing, including: (i) four LNG storage tanks and (ii) LNG receiving terminal. Construction of contract one started in March 2020, and that of	Contractors strictly followed the E&S requirements included in the Project ESIA/ESMP.	Contract one was awarded in March 2020, with a contract amount of CNY1.9 billion. Contract two was awarded in December 2020, with a contract amount of CNY2.0 billion.

¹ Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

	contract two was officially started in March 2021. Both contracts have been implemented well, and physical construction activities under AIIB financing have been completed.		
Component 2: construction of unloading wharf. Component 2 is not financed by AIIB loan.	Construction of unloading wharf was started in May 2021, and currently on schedule.	As per AIIB's E&S policy, component 2 is categorized as an associated facility. During its implementation, contractor followed E&S measures required in ESIA/ESMP.	AIIB financing is not involved.

Financial Management:

The project continues to have in place adequate FM arrangements which are deemed to be adequately functioning. During the recent mission review conducted and based on the financial reports timely submitted, there is evidence of proper review, authorization, and segregation of duties over the project's transactions. No significant internal control deficiencies were noted.

Project accounts and financial statements have been maintained in the format agreed with the Bank to reflect project sources and usage of project funds. Up to date, the cumulative disbursements of AIIB loan were about US\$380 million, about 76% of the loan amount.

6. Status of the Grievance Redress Mechanism (GRM)

Project-level GRM has been established and is functional. The details are disclosed in both Chinese and English on its corporate website. <http://www.bjgas.com/article/38090>.

As of September 2023, the project did not receive any grievance.

7. Results Monitoring (please refer to the full RMF, which can be found on the last page of this PIMR)

The Project has been implemented well. The physical construction of the four LNG storage tanks and receiving and regasification facilities have been successfully completed. The associated facility, i.e., gas transmission pipeline, has been implemented satisfactorily following AIIB's ES requirements. External ES consultants engaged by the client closely monitored the whole process. No major issues have been identified so far.

Remarks:

Project Objective Indicators	Indicator level	Unit of Measure	Cumulative Target Values																		Frequency	Responsibility	Comments		
			Baseline		2019		2020		2021		2022		2023		2024		2025		End Target						
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual	
Annual coal consumption avoided	Project	Million tons	2019	0	0	0	0	0	0	0	0	1.79	1.79	3.57	3.57	4.76		11.90			11.9		Annually	Beijing Gas	
Annual CO2 avoided	Project	Million tons	2019	0	0	0	0	0	0	0	0	1.13	1.13	2.25	2.25	3.00		7.50			7.5		Annually	Beijing Gas	
Annual PM avoided	Project	tons	2019	0	0	0	0	0	0	0	0	10,050	10,050	20,100	20,100	26,800		67,000			67,000		Annually	Beijing Gas	
Annual SO2 avoided	Project	tons	2019	0	0	0	0	0	0	0	0	4,050	4,050	8,100	8,100	10,800		27,000			27,000		Annually	Beijing Gas	
Annual NOx avoided	Project	tons	2019	0	0	0	0	0	0	0	0	11,700	11,700	23,400	23,400	31,200		78,000			78,000		Annually	Beijing Gas	

Project Intermediate Indicators	Indicator level	Unit of Measure	Cumulative Target Values																		Frequency	Responsibility	Comments		
			Baseline		2019		2020		2021		2022		2023		2024		2025		End Target						
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual	
Increase in LNG unloading capacity	Project	Million tons	2019	0	0	0	0	0	0	0	0	2.0	2.0	4.0	4.0	5.0		5.0			5.0		Semi-annually	Beijing Gas	
LNG storage tanks (200,000 m3 each)	Project	number	2019	0	0	0	0	0	0	0	0	4	4	8	8	10		10			10		Semi-annually	Beijing Gas	