

SBF Project Implementation Monitoring Report

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

1. Project Information

Project ID:	000323	Investment Number:	PD000323-CHN
Member:	China	Region:	Eastern asia
Sector:	Energy	Sub-sector:	Oil and gas transmission and distribution
AIB Financing Type:	Loan: 500 USD million	Co-financier(s):	None
E&S category:	A	Borrower:	People's Republic of China
Red Flags Assigned:	0	Monitoring Regime:	Regular Monitoring
Implementing Agency:	Beijing Gas Group Company		
Project Team Leader:	Hongliang Yang		
Project Team Members:	Chongwu Sun, Senior Environmental Consultant; Mengmeng He, Finance Associate; Somnath Basu, Principal Social Development Specialist; Yi Geng, Senior Financial Management Specialist; Youxuan Zhu, Senior Social Development Consultant; Yunlong Liu, Senior Procurement Specialist; Jiasi Liu, Project Assistant.		
Completed Site Visits by AIB:	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.		
Planned Site Visits by AIB:	Apr, 2021		

2. Project Summary and Objectives

The proposed 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. AIB 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 proposed 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 proposed Project is expected to bring substantial environmental benefits in the avoidance of CO₂, SO₂, NO_x and PM. 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)

a) Committed:	500	b) Cancellation (if any):	
c) Disbursed:	50	d) Most recent disbursement: (amount / date)	50, Dec. 21, 2020
e) Undisbursed:	450	f) Disbursement Ratio(%) ¹ :	10

¹ Disbursement Ratio is defined as the volume (i.e. the dollar amount) of total disbursed amount as a percentage of the net committed volume, i.e., $f = c / (a - b)$

5. Project Implementation Update

The Project has been implemented well. Despite the initial delays caused by the COVID-19 pandemic, the Project's construction is currently a little ahead of schedule due to the proactive measures taken by Beijing Gas and contractors after construction started. So far, the two contracts under AIB financing have been awarded and implemented well.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: construction of a liquefied natural gas (LNG) receiving, storage and regasification facilities	Construction of AIIB financed contract started in March 2020, and has been implemented smoothly. Per Beijing Gas' project progress report, physical progress of AIIB financed contract was about 32%, a little ahead of original schedule, and is expected to be completed in 2022.	Compliance with E&S documents and requirements. No issues were identified so far.	First contract was awarded in March 2020, with a contract amount of CNY1.9 billion. Second contract was awarded in December 2020, with a contract amount of CNY2.0 billion.
Component 2: construction of unloading wharf	Pre-construction preparation is ongoing, and construction will be started soon.	Compliance with E&S documents and requirements. No issues were identified so far.	Contract award was awarded in December 2020.

Financial Management:

So far sufficient counterpart funds have been timely provided to the Project by Beijing Gas and Beijing Finance Bureau. Key Project financial staffs have been working on the Project since beginning and there has been no major changes in the project financial management system. Additionally, financial staff from Beijing Gas headquarter has closely monitored and guided PMO's financial management work.

6. Status of the Grievance Redress Mechanism (GRM)

GRM has been established and functional. No complaint has been received since project implementation started.

7. Results Monitoring

The Project has been implemented well. But it is still too early to measure the designed results indicators.

Baseline Year: Dec. 31, 2019 End Target Year: Dec. 31, 2024

Project Objective Indicators	Year	Target	Actual	Others, if any
Annual coal consumption avoided	Dec. 31, 2020	0	0	
Annual CO2 emissions avoided	Dec. 31, 2020	0	0	
Annual PM avoided	Dec. 31, 2020	0	0	
Annual SO2 avoided	Dec. 31, 2020	0	0	
Annual NOx avoided	Dec. 31, 2020	0	0	

Intermediate Result Indicators	Year	Target	Actual	Others, if any
Increase in LNG unloading capacity	Dec. 31, 2020	0	0	
LNG storage tanks (200,000 m3 each)	Dec. 31, 2020	0	0	

Remarks: