

## 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	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.		
Planned Site Visits by AIIB:	Nov, 2022 Tianjin		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2022/03		

### 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. 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 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, including annual reduction of CO<sub>2</sub> of 7.5 million tons, PM of 67,000 tons, SO<sub>2</sub> of 27,000 tons and NO<sub>x</sub> 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:	177.55	Most recent disbursement (amount/date):	8.60/Apr. 24, 2022
Undisbursed:	322.45	Disbursement Ratio (%) <sup>1</sup> :	35.51

### 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 on schedule due to the proactive measures taken by Beijing Gas and contractors. As of June 30, 2022, the overall progress of the four LNG storage tanks financed by AIIB loan was about 80%, and the receiving terminal about 70%. No major problems have been identified so far.

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. Contract one started in March 2020, and has been implemented well. Per Beijing Gas' project progress report, the physical progress of the contract one was about 80% by June 30, 2022. Construction of contract two was officially started in March 2021 and physical progress was around 70% by June 30, 2022. Both contracts are on schedule and planned to be physically completed by end 2022.	Compliant. No unusual things were identified during the reporting period.	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.

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

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.	Compliant. No unusual things were identified during the reporting period.	AIIB financing is not involved.
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**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.

Project accounts and financial statements have been maintained in the format agreed with the Bank to reflect project sources and usage of project funds. Sound internal control procedures are in place to conduct necessary review and segregation of duties. Cumulative disbursements of AIIB loan were about US\$177 million, about 35% of the loan amount.

**6. Status of the Grievance Redress Mechanism (GRM)**

GRM has been established and is functional. The details are disclosed in Chinese and English on its corporate website. As of 30 June 2022, no grievance has been registered.

**7. Results Monitoring**

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

**Project Objective Indicators #1**

Annual coal consumption avoided

Year	Target	Actual	Comments, if any
Dec. 31, 2021	0	0	

**Project Objective Indicators #2**

Annual CO2 emissions avoided

Year	Target	Actual	Comments, if any
Dec. 31, 2021	0	0	

**Project Objective Indicators #3**

Annual PM avoided

Year	Target	Actual	Comments, if any
Dec. 31, 2022	0	0	

**Project Objective Indicators #4**

Annual SO2 avoided

Year	Target	Actual	Comments, if any
Dec. 31, 2021	0	0	

**Project Objective Indicators #5**

Annual NOx avoided

Year	Target	Actual	Comments, if any
Dec. 31, 2021	0	0	

**Intermediate Result Indicators #1**

Increase in LNG unloading capacity

Year	Target	Actual	Comments, if any
Dec. 31, 2021	0	0	

**Intermediate Result Indicators #2**

LNG storage tanks (200,000 m3 each)

Year	Target	Actual	Comments, if any
Dec. 31, 2021	0	0	

Remarks: