

**Project Summary for Public Disclosure**  
**(after approval of NDB financing)**

Project Name	Jiangxi Natural Gas Transmission System Development Project
Country	The People's Republic of China
Type	Sovereign
Area of Operation	Clean Energy & Energy Efficiency
Financing Approval Date	16 November 2018
Total Project Cost	USD 1,328 million
Initial Limit of NDB Financing	USD 400 million
Current Limit of NDB Financing	USD 400 million
Borrower	The People's Republic of China
Project Entity(ies)	The People's Government of Jiangxi Province Jiangxi Provincial Natural Gas Holding Co., Ltd (JPNGHCO)
Project Context	<p>After decades of rapid economic growth, China is endeavoring to transform its growth model from high-speed to high-quality growth. Environmental sustainability has been a growing focus on this path of economic transformation. While coal has been a cheap source for power generation for a long time in the past, heavy use of coal takes a toll on the economy's sustainability with negative impacts on the environment, including harmful pollutants such as CO<sub>2</sub>, NO<sub>x</sub> and SO<sub>2</sub>. To improve the environmental footprints and promote sustainable economic development, Chinese Government has set goals to reduce carbon emissions with a series of policies established in energy sector. In Jiangxi Province, the energy supply has long been a serious bottleneck for the province's economy with acute shortage of energy supply and unsustainable energy structure. Currently coal accounts for roughly 70% of the total generation capacity in the province, while the share of renewable energy is considerably lower than the national average. In this context, the Project is designed to help address the province's constraint to its economic growth and to rebalance the province's energy structure through the development of the natural gas transmission system. The Project is in close alignment with NDB's mandate of supporting sustainable development.</p>
Project Description	The Project consists of three components: (i) Component A: the construction of Jiangxi provincial natural gas transmission system and its supporting facilities to supply the natural gas

	<p>from the national pipelines to the distribution companies; (ii) Component B: the development of facilities for improving gas management system in the Province, including, Component B1 urban gas distribution infrastructure development and Component B2, emergency storage and peak demand management; and (iii) Component C: project management and capacity building to support construction supervision, studies, training, project preparation, and other project related costs. The outputs will be (i) gas transmission pipelines of about 2,134 km; (ii) the development of other natural gas infrastructure, such as the distribution infrastructure of gas energy in urban areas and gas storage facilities; and (iii) delivery of over 0.9 bcm of natural gas annually to industrial, commercial and residential users in 45 counties of Jiangxi Province</p>
<p><b>Project Objective</b></p>	<p>The objective of the Project is, through the provision of natural gas as a clean, efficient and convenient energy source, to promote sustainable economic development of Jiangxi Province with improved environmental footprints and to improve the local residents' quality of living with improved conditions of urban environment. In addition to achieving significant reduction of harmful emissions (CO<sub>2</sub>, NO<sub>x</sub>, SO<sub>2</sub>, solid particulates), the Project will help build the Province's capacity for developing and managing the natural gas supply system. The proposed NDB loan through the modality of Project Loan will be used by the Government of the People's Republic of China for on-lending to the People's Government of Jiangxi Province for development of the natural gas transmission system in Jiangxi.</p>
<p><b>Implementation Arrangements</b></p>	<p>The Project is estimated to be implemented over 5 years. Jiangxi Provincial Natural Gas Holding Co., Ltd (JPNGHCO) will be the Project Implementation Agency. Contractors for the Project will be selected through a competitive and transparent bidding process.</p>
<p><b>Environmental and Social Information</b></p>	<p>The Project contributes to (i) significant reduction of harmful emissions (CO<sub>2</sub>, NO<sub>x</sub>, SO<sub>2</sub>, solid particulates) in Jiangxi Province; (ii) enhanced living quality of the local residents from improved conditions of urban environment; (iii) greener energy mix of Jiangxi Province; (iv) filling the gap for the energy supply shortage; (v) promoting sustainable economic development of Jiangxi Province. The Project is classified as</p>

	<p>Category “A” in accordance with the NDB Environmental and Social Framework and China’s environmental impact assessment regulations for its environmental and social impacts on resettlement of local residents from the Project site, local ecology and the vibration and dust impacts on local communities. During operation, there is a potential community safety risk of facilities failure, gas leaks and potential explosions. Mitigation measures are in place to address the negative impacts and the risks. These impacts will also be mitigated by adherence to requirements of E&amp;S country system. NDB will monitor the Project closely and engage with the Project Implementation Agency during implementation.</p>														
Financing	<p>The total cost of the Project is estimated to be USD 1,328 million. The NDB will finance USD 400 million, accounting for 30% of the total cost. The remaining balance will be financed by loans of USD 299 million from commercial banks and funds of USD 629 million from the Jiangxi Provincial Natural Gas Holding Co., Ltd (JPNGHCO).</p>														
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