

Supporting Environmental Conservation and Human Resource Development in China

--FY 2003 ODA Loan Package for China--

1. Japan Bank for International Cooperation (JBIC; Governor; Kyosuke Shinozawa) signed on March 31, loan agreements for a fiscal 2003 ODA loan package for China totaling 96.692 billion yen with the Government of the People's Republic of China. The package's priority areas are environmental conservation and human resource development.

2. The highlights of the ODA loan package for China are as follows:

(1) Support for environmental conservation

Of the 25 projects, 13 are environmental conservation projects, accounting for 53% of the total amount. Among the 13 projects, 10 are public health projects that are categorized in this section under the JBIC classification. Given that Severe Acute Respiratory Syndrome (SARS), which seriously threatened China in 2003 by infecting 5,327 people and killing 349, revealed vulnerabilities in the Chinese public health infrastructure, the Public Health Project aim at strengthening China's capacity to fight infectious diseases by improving public health facilities in 10 provinces such as Henan Province. The Afforestation Project aim at containing soil erosion and mitigating flood damage through foresting activities. The Projects will be undertaken in Jiangxi and Hubei Provinces against the backdrop of forest degradation and increasingly serious natural disasters such as floods caused by inflows of soil to the Yangtze River. Indeed, the most serious among them was a major flood in the Yangtze River that claimed two provinces' 873 lives in 1998. The Huhhot Environmental Improvement Project aims at improving the quality of water in Huhhot City's rivers by improving sewage treatment facilities.

(2) Support for human resource development

Of the 25 projects, 12 are human resource development projects, accounting for 47% of the total amount. In China, there is an urgent need to develop human resources in inland regions to reduce regional disparities. This is particularly true in the areas of information technology, finance, accounting and law, as there is a rising need to support increased adherence to market rule after China's recent accession to the WTO. Meanwhile, prevalent primary and secondary education has increased demand for higher education (university-level), while enrollment in higher educational institutions, including universities and graduate schools, remained at about 13% in 2001. The Inland Higher Education Projects thus aim at promoting university education in six inland provinces: Qinghai Province, Ningxia Hui Autonomous Region, Heilongjiang Province, Jiangxi Province, Hubei Province and Shanxi Province. The Projects also include a plan to offer training for the faculties of the targeted Chinese universities (expected to be as many as a few hundred) in Japanese universities and research institutes, thereby contributing to the promotion of mutual understanding between Japan and China. The Broadcasting Infrastructure Improvement Project aim at helping human resource development (by raising the level of education, knowledge and culture) in China through broadcasting services that make use of Japanese technology. For this purpose, TV and radio stations will be upgraded in rural five provinces and one city: Qinghai Province, Yunnan Province, Anhui Province, Jilin Province, Ningxia Hui Autonomous Region and Jinan City. The Project also include sending Chinese trainees to Japan and purchase of broadcasting rights of programs produced in Japan. This is the first project where the Special Term for Economic Partnership (STEP) was applied to make use of Japanese technologies since it had been introduced in July 2002. STEP is a system created to promote "aid with a distinct Japanese profile." While the application of STEP requires the procurement of equipment and materials from Japan, interest rate and other loan terms are concessional. STEP was applied upon the request of China.

3. In the ODA loan package, JBIC has collaborated with Japanese local governments and official agencies during the project formation stage in an effort to draw on Japanese experience and knowledge as it seeks to provide aid with a distinct Japanese profile. In the Afforestation Project to be undertaken in Jiangxi and Hubei Provinces, an expert from the Gifu Academy of Forest Science and Culture participated in the field study, providing advice on ways to reduce burdens on the farmers who engage in afforestation activities. In the Huhhot Environmental Improvement Project, environmental experts from Toyama Prefecture participated in the field study and provided advice, as well as presented Toyama Prefecture's experiences on the needs and design of environmental monitoring. In the Inland Higher Education Project, Niigata University, Shimane University, the University of Shimane, Okayama University and the Industrial Technology Center of Okayama Prefecture participated in project formation, including field study. The ODA loan package has incorporated increased public participation in line with the new ODA Charter approved in the Cabinet Decision in August 2003, which called for broader public participation in ODA activities.

4. The list of individual projects is shown below. See Appendix for detailed information on these projects.

Project Name		Amount (Mil. Yen)	Interest Rate (% per annum)		Repayment Period/Grace Period (Year)		Tying Status
			Project	CS	Project	CS	
Public Health Project	Henan Province	5,016	1.5	-	30/10	-	General untied
	Hubei Province	6,2,325	1.5	-	30/10	-	General untied
	Hunan Province	2,855	1.5 0.75* (Training)	-	30/10 40/10 (Training)	-	General untied
	Jiangxi Province	2,821	1.5 0.75* (Training)	-	30/10 40/10 (Training)	-	General untied
	Anhui Province	2,548	1.5 0.75* (Training)	-	30/10 40/10 (Training)	-	General untied
	Shanxi Province	2,442	1.5 0.75* (Training)	-	30/10 40/10 (Training)	-	General untied
	Jilin Province	1,649	1.5	-	30/10	-	General untied
	Heilongjiang Province	6,2,288	1.5 0.75* (Training)	-	30/10 40/10 (Training)	-	General untied
	Hebei Province	1,908	1.5 0.75* (Training)	-	30/10 40/10 (Training)	-	General untied
	Liaoning Province	2,366	1.5 0.75* (Training)	-	30/10 40/10 (Training)	-	General untied
Afforestation Project	Jiangxi Province	7,507	0.75*	-	40/10	-	General untied
	Hubei Province	7,536	0.75*	-	40/10	-	General untied

Huhhot Environmental Improvement Project		9,747	0.75*	-	40/10	-	General untied
Inland Higher Education Project	Qinghai Province	2,812	1.5 0.75* (Training)	-	30/10 40/10 (Training)	-	General untied
	Ningxia Hui Autonomous Region	2,636	1.5 0.75* (Training)	-	30/10 40/10 (Training)	-	General untied
	Heilongjiang Province	4,972	1.5 0.75* (Training)	-	30/10 40/10 (Training)	-	General untied
	Jiangxi Province	4,872	1.5 0.75* (Training)	-	30/10 40/10 (Training)	-	General untied
	Hubei Province	5,097	1.5 0.75* (Training)	-	30/10 40/10 (Training)	-	General untied
	Shanxi Province	5,093	1.5 0.75* (Training)	-	30/10 40/10 (Training)	-	General untied
Broadcasting Infrastructure Improvement Project	Qinghai Province	2,354	0.75**	0.75**	40(12)	40(12)	Japan tied
	Yunnan Province	3,008	0.75**	0.75**	40(12)	40(12)	Japan tied
	Anhui Province	3,301	0.75**	0.75**	40(12)	40(12)	Japan tied
	Jilin Province	4,375	0.75**	0.75**	40(12)	40(12)	Japan tied
	Ningxia Hui Autonomous Region	4,250	0.75**	0.75**	40(12)	40(12)	Japan tied
	Jinan City, Shandong Province	2,914	0.75**	0.75**	40(12)	40(12)	Japan tied
Total	96,692						

CS: Consulting Service

* Preferential Term

** Special Term for Economic Partnership (STEP)

Public Health Project

(i) Background and necessity of the project

Although the number of outbreaks of legally designated infectious diseases decreased sharply overall in China from 1985 to 1990, the country's infectious disease strategy has continued to be an important issue for the health and medical sector in China because of the appearance of new infectious diseases such as AIDS and the problem of public health in rural areas, where there is still a high incidence of infectious diseases. In this situation, Severe Acute Respiratory Syndrome (SARS), which is said to have originated in Guangdong Province, China in November 2002, wreaked havoc around the world. Within nine months of November 2002, the total number of victims worldwide had risen to 8,098, with 774 casualties. China had the largest number of victims at 5,327, with 349 casualties, exposing the weakness of the country's public health system, including its infectious disease strategy.

Through strengthening the emergency and disease prevention systems in urban areas, the Chinese government has set forth the control and monitoring of infectious and endemic diseases as a goal in its 10th Five Year Plan. Nevertheless, provinces across China have common problems, including: (1) insufficient medical facilities; (2) shortages and deterioration of equipment, and shortages and lack of competency of medical workers; (3) an insufficient information network; (4) an insufficient emergency system; and (5) a shortage of funds for investment.

In view of these issues, it is essential to establish basic public health facilities, provide equipment, and boost the competency of infectious disease personnel in order to establish a public health system that is focusing on controlling infectious diseases.

(ii) Purpose and description of the project

In order to improve China's weak public health system, which was exposed as such by the SARS calamity, the project covers 10 inland provinces (Henan Province, Hubei Province, Hunan Province, Jiangxi Province, Anhui Province, Shanxi Province, Jilin Province, Heilongjiang Province, Hebei Province, and Liaoning Province), which have the largest populations in China and are particularly in need of concessional funds. The project will distribute public health equipment in provincial and prefecture level cities (the administrative unit one level below the provincial level) and provide training in order to increase the competence of infectious disease personnel. The objectives are to strengthen infectious disease strategy in the regions and contribute to an improvement of the health of local residents.

This is in accordance with the concepts of "infectious disease strategy as one of the global issues" and "human resources development," which are priority areas in the Japanese government's Economic Cooperation Program for China and JBIC's Medium-Term Strategy for Overseas Economic Cooperation Operations.

The loan will provide: (1) funds for the procurement of equipment for the Centers for Disease Control and Prevention (CDC), infectious disease hospitals (infectious disease departments in general hospitals), and emergency centers; and (2) training programs for infectious disease personnel (including the dispatch of Chinese personnel to relevant organizations in Japan and the invitation of Japanese specialists to China).

The equipment to be procured under the project will be based on the public health-related equipment list prepared by the Ministry of Health in China,* which was modified by JBIC so as to limit the scope to basic equipment for infectious diseases.

* Lists that indicate the standard of equipment that should be in place at CDC (provincial and prefectural city level) and infectious disease hospitals (800, 400, 250, 150 beds).

Project executing agencies:

(1) Henan Provincial People's Government

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Department of Finance of Henan Province

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(2) Hubei Provincial People's Government

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Health Department of Hubei Province

TEL: 86-27-87822793, FAX: 86-27-87126590

(3) Hunan Provincial People's Government

Address: No.1 Chengnan West Road, Changsha, Hunan Province, P.O.Code 410015

Finance Department of Hunan Province

TEL: 86-731-5165181, FAX: 86-731-5165179

(4) Jiangxi Provincial People's Government

Address: 6 Xi'er Road, Nanchang City, Jiangxi Province, P.O.Code 330046

Public Health Department of Jiangxi Province

TEL: 86-791-6213617, FAX: 86-791-6213617

(5) Anhui Provincial People's Government

Address: 238 Funan West Street, Hefei, Anhui Province, P.O.Code 230061

Finance Department of Anhui Province

TEL: 86-551-5100287, FAX: 86-551-5100204

(6) Shanxi Provincial People's Government

Address: No.345 Yingze Street, Taiyuan, Shanxi Province, P.O.Code 030001

Financial Bureau of Shanxi Province

TEL: 86-351-4062572, FAX: 86-351-4043381

(7) Jilin Provincial People's Government

Address: No.1485 Renmin Street, Changchun City, Jilin Province, P.O.Code 130051

Health Department of Jilin Province

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(8) Heilongjiang Provincial People's Government

Address: 33 Shizi Street, Nangang District, Harbin, Heilongjiang Province, P.O.Code 150008

Health Bureau of Heilongjiang Province

TEL: 86-451-82737801, FAX: 86-451-82737801

(9) Hebei Provincial People's Government

Address: 48 Zhonghua South Street, Shijiazhuang, Hebei Province, P.O.Code 050051

Finance Bureau of Hebei Province

TEL: 86-311-7010247, FAX: 86-311-7010246

(10) Liaoning Provincial People's Government

Address: North 103 Nanjing Street, Heping District, Shenyang, Liaoning Province, P.O.Code 110002

Finance Department of Liaoning Province

TEL: 86-24-22704807, FAX: 86-24-22704087

Afforestation Project

(1) Background and necessity of the project

Jiangxi and Hubei provinces, the targets of this project, are located along the middle reaches of the Yangtze River, and enjoy a mild, moist climate. However, excessive

deforestation has taken place in the course of economic development, and the forests have declined and their multi-functionalities are being lost. The cumulative forest volume is at a low level, standing at 32.3 cubic meters/ha in Jiangxi Province and 33.1 cubic meters/ha in Hubei Province (national average: 83.9 cubic meters/ha, Japanese average: 118 cubic meters/ha). Moreover, about 20-30% of the land area in both provinces is classified as water and soil erosion areas, and natural disasters such as flooding caused by earth and sand entering the Yangtze River have become severe. At the time of the great Yangtze River flood of 1998, about 873 people lost their lives and economic losses reached about 623.3 billion yen in the two provinces. In this situation, the governments of both provinces plan to carry out a total of 1.8 million hectares of afforestation during the term of the 10th Five Year Plan (2001-2005).

(ii) Purpose and description of the project

This project will carry out afforestation (about 510,000 ha; about the size of Aichi prefecture), primarily of protection forest, in both provinces, with the aim of restoring the multi-functionality of the forests, including the conservation of ecology and the environment and the alleviation of soil erosion. This is in accordance with "environmental conservation," which is one of the priority areas in the Japanese government's Economic Cooperation Program for China and JBIC's Medium-Term Strategy for Overseas Economic Cooperation Operations.

The loan will be provided for seedlings, seeds, fertilizer, and labor costs needed for afforestation, the construction of necessary facilities including training centers, and training programs in Japan for Chinese experts.

Project executing agencies:

(1) Jiangxi Provincial People's Government
Address: 69 Beijing West Road, Forestry Building, Nanchang, Jiangxi Province, P.O. Code 330046
Department of Forestry, Jiangxi Province
TEL: 86-791-6293583, FAX: 86-791-6293583

(2) Hubei Provincial People's Government
Address: No. 335, Xiongchu Street, Wuhan, Hubei Province, P.O. Code 430079
Hubei Provincial Bureau of Forestry
TEL: 86-27-87382746, FAX: 86-27-87382746

Huhhot Environmental Improvement Project

(i) Background and necessity of the project

Huhhot (area: 17,000 square kilometers, population: about 2.44 million) is the capital city of the Inner Mongolia Autonomous Region. It is located along the middle reaches of the Yellow River, and has developed as the economic, transport, and trade center of the Inner Mongolia Autonomous Region. It is also positioned as a center of development in the Strategy for Western Region Development.

With the rapid industrialization and urbanization of recent years, the volume of domestic wastewater and industrial wastewater (230,000 cubic meters/day in 2000) has increased sharply in the center of the urban area (120 square kilometers, 1.16 million people). In contrast to this, there is only one existing sewage treatment plant (the Xinxinban sewage treatment plant, completed in 1988, secondary treatment capacity 100,000 cubic meters/day), and the sewage treatment rate is only 43%. The water quality in the rivers that flow through the city, such as the Xihe and Xiaoheihe Rivers, does not satisfy National Water Quality Standard V (water quality standard that may be used for agricultural water), and water quality will not be improved without this project.

The Inner Mongolia Autonomous Region government and the Huhhot City government have listed satisfying National Water Quality Standard V and reducing the discharge of the Chemical Oxygen Demand (COD) volume* by 10% compared with 2000 as objectives during the term of the 10th Five Year Plan (2001-2005). However, due to delays in the formulation of a specific plan and delays in fundraising, it is unlikely that the objectives will be achieved within the period mentioned above, and urgent measures are required.

A master plan for the establishment of sewerage facilities by 2030 was formulated in March 2003 as a specific plan for the city of Huhhot. The master plan projects that sewage volume will increase by an annual 1.1-2.4%, and the construction of new sewage treatment plants is planned to address this increase. This project is positioned as having the highest priority in the master plan.

* COD volume: The volume of oxidizing chemicals used when oxidizing organic matter and so on in water, converted into oxygen volume.

(ii) Purpose and description of the project

The objectives of this project are to improve the water quality in Huhhot's rivers and promote the city's sustainable development by providing sewerage facilities in Huhhot City in the Inner Mongolia Autonomous Region.

This project aims to create four sewage treatment plants (totaling 200,000 cubic meters/day), construct a network of sewage pipes, and provide training (train Chinese employees in Japan).

The project is in accordance with "environmental conservation," which is one of the priority areas of the Japanese government's Economic Cooperation Program for China, and JBIC's Medium-Term Strategy for Overseas Economic Cooperation Operations.

The loan will be provided for the civil engineering and materials required for the construction of sewage treatment plant pumping stations, as well as a sewage collection system, machinery and equipment, and training programs for Chinese employees in Japan.

Project executing agency:

Inner Mongolia Autonomous Region Government
Address: 1 Xin Hua Street, Huhhot, Inner Mongolia Autonomous Region, P.O. Code 010055
Finance Bureau of Inner Mongolia Autonomous Region
TEL: 86-471-6945263, FAX: 86-471-6945308

Inland Higher Education Project (Regional Vitalization, Market Economy Reform Support, and Environmental Conservation)

(i) Background and necessity of the project

Compulsory education has been popularized throughout China, with a primary school net enrolment rate* of 99% and a gross enrolment rate** for upper secondary schools of 90% in 2002. On the other hand, the need for tertiary education is increasing. The Chinese government's policy is to expand tertiary education in both quantity and quality. For example, it aims to increase the gross enrolment rate for higher education institutions (universities and graduate schools) to around 15% in 2005 (2001: 13%) under the 10th Five Year Plan.

(ii) Purpose and description of the project

The purpose of the project is to improve higher education in quantity and quality by providing support in facilities (construction and equipping educational/research facilities, etc.) and services (personal training, etc.) to 43 universities in six inland provinces (Qinghai Province, Ningxia Hui Autonomous Region, Heilongjiang Province, Jiangxi Province, Hubei Province, and Shanxi Province). This is in accordance with "human resources development," which is one of the priority areas of the Japanese government's Economic Cooperation Program for China and JBIC's Medium-Term Strategy for Overseas Economic Cooperation Operations. Moreover, in accordance with its strategy for the education sector in China, JBIC is focusing on the three below issues in its support for the development of human resources:

1) Regional vitalization: Supplying personnel with advanced skills to the key industries specified in the 10th Five Year Plan to each province and autonomous region will encourage economic growth in these provinces and autonomous regions. Support for reemployment at higher education institutions will also help to mitigate the unemployment problem generated by state-owned enterprise reform. Training teachers in rural areas will also help to promote education in those areas.

2) Market economy reform support: Human resources development in higher education institutions will promote the shift to market economics by enhancing the understanding of global standards and rules (including the World Trade Organization (WTO) Agreement) and strengthening governance (greater transparency and efficiency in the rule of law and

public administration).

3) Environmental conservation: Human resources development in higher education institutions and wider efforts in environmental and infectious disease research and other academic fields will help to strengthen China's action against its numerous environmental problems, such as atmospheric pollution, water contamination, and the prevalence of infectious diseases.

The proceeds of the loan will be applied to the construction of school buildings, the procurement of educational equipment, training Chinese teachers in Japan, etc.

* Net enrolment rate: Number of students enrolled (students of relevant age group enrolled)/school age population

** Gross enrolment rate: Number of students enrolled (including students outside the relevant age group)/school age population

Project executing agencies:

(1) Qinghai Provincial People's Government

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Financial Bureau of Qinghai Province

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(2) Ningxia Hui Autonomous Regional People's Government

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Finance Department of Ningxia Hui Autonomous Region

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(3) Heilongjiang Provincial People's Government

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Department of Finance, Heilongjiang Province

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Education Department, Hubei Province

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(6) Shanxi Provincial People's Government

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Broadcasting Infrastructure Improvement Project

(i) Background and necessity of the project

As of the end of 2001, China's broadcasting media consisted of 429 television stations and 296 radio stations, and the figure rose to more than 3,000 radio and television stations when cable television stations were included. The audience coverage rate in China is 94% for television and 93% for radio. The broadcasting field is diversified and has an extremely powerful influence over the Chinese people. The Chinese government has a policy that emphasizes radio and television projects. For example, the 10th Five Year Plan for Science and Technology of Radio, Film and Television aims to increase the audience coverage rate to at least 97% for television and at least 98% for radio in government administered villages by 2010. The 10th Five Year Plan also specifies the use of radio and television to disseminate the government's efforts and policies widely among the general public.

(ii) Purpose and description of the project

The project will improve facilities (satisfy broadcasting infrastructure, including broadcasting equipment), strengthen services (implement training in Japan for broadcasting station employees, purchase broadcasting rights for programs produced in Japan, and jointly produce programs with Japanese broadcasting stations), and enhance the quality and quantity of radio and television broadcasting in regional areas where the condition of broadcasting facilities trails the national average (Qinghai Province, Yunnan Province, Anhui Province, Jilin Province, Ningxia Hui Autonomous Region, and Jinan City in Shandong Province). The objectives are to raise the level of education, knowledge, and culture among the people through broadcasting, develop human resources, and promote mutual understanding between China and Japan. This is in accordance with "human resources development," which is one of the priority areas of the Japanese government's Economic Cooperation Program for China. At the same time, it will also promote the understanding of Japanese culture in China through the broadcasting of Japanese programs via China's radio and television media. Therefore, these actions are also in accordance with the objective of the "promotion of mutual understanding" between the citizens of Japan and China, which is one of the priority areas of the program.

The loan will be provided for the construction of broadcasting centers, the procurement of broadcasting equipment, training programs for Chinese employees in Japan, consulting services, etc. The Special Term for Economic Partnership (STEP) is applied to the project to introduce the outstanding broadcasting technology of Japanese corporations into China, as well as many Japanese companies and technicians' contributions to the process of project implementation.

Project executing agencies:

(1) Qinghai Provincial People's Government

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(2) Yunnan Provincial People's Government

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(3) Anhui Provincial People's Government

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