



## China, People's Republic of: Hunan Roads Development II

Project Name	Hunan Roads Development II								
Project Number	35338-013								
Country	China, People's Republic of								
Project Status	Closed								
Project Type / Modality of Assistance	Loan								
Source of Funding / Amount	<table border="1"> <tr> <td colspan="2"><b>Loan 2089-PRC: Hunan Roads Development II</b></td> </tr> <tr> <td>Ordinary capital resources</td> <td>US\$ 312.50 million</td> </tr> <tr> <td colspan="2"><b>Loan: Hunan Roads Development II</b></td> </tr> <tr> <td>Commercial Bank - Domestic</td> <td>US\$ 319.20 million</td> </tr> </table>	<b>Loan 2089-PRC: Hunan Roads Development II</b>		Ordinary capital resources	US\$ 312.50 million	<b>Loan: Hunan Roads Development II</b>		Commercial Bank - Domestic	US\$ 319.20 million
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Ordinary capital resources	US\$ 312.50 million								
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Commercial Bank - Domestic	US\$ 319.20 million								
Strategic Agendas	Inclusive economic growth								
Drivers of Change	Governance and capacity development Private sector development								
Sector / Subsector	<b>Transport</b> - Road transport (non-urban)								
Gender Equity and Mainstreaming	No gender elements								
Description	The project is located in the western part of Hunan Province, one of the poorest regions of the PRC. The project will (i) construct a 173 kilometer (km) expressway across hilly to mountainous terrain; (ii) improve 517 km of local roads servicing poor counties and townships; and (iii) provide consulting services and training to enhance construction quality, road safety, and project monitoring and evaluation.								
Project Rationale and Linkage to Country/Regional Strategy	The Project will support the Government's Western Region Development Strategy by supplying a link in the vital Changsha to Chongqing corridor, one of the eight prioritized western corridors included in 10th Five-Year Plan. The project area is largely rural and mountainous with limited accessibility. Around 56% of the rural population is defined as poor with an annual income of below CNY900. Road infrastructure is inadequate to support economic growth, a necessary prerequisite to tackle poverty in the project area. Some 86% of the roads in Hunan fall below class III. The national highway (NR319), which runs parallel to the project expressway and currently serves as an outlet to major trading destinations such as Chongqing, is a combination of class III and below roads with pavement in poor condition. Over 65% of the highway's length experiences frequent congestion and interference from nonmotorized traffic. Traffic on NR319 has grown at around 7.3% annually over the past few years and will exceed the highway's capacity at several points by 2008. A better road network in western Hunan is needed to facilitate economic growth and to integrate the poor, isolated western regions with the economic centers. The Project is expected to boost economic activities in western Hunan, encourage interregional trade, thus reducing poverty in the project area. Consistent with ADB's country operational strategy, the Project's approach integrates the construction of the expressway and improvement of local roads so that the benefits of the expressway are spread over a wider crosssection of local poor communities.								
Impact	Promoted economic development and poverty reduction in Hunan Province.								

### Project Outcome

Description of Outcome	Improved transport efficiency, accessibilities of rural areas to markets and social services, and road safety in the transport corridor.
Progress Toward Outcome	The project was completed by 31 December 2010. The outcome will be assessed during project completion review.

### Implementation Progress

Description of Project Outputs	Construction of a 173 km, four-lane access-controlled, toll expressway from Changde to Huaihua, including tunnels and bridges, interchanges and toll stations, and service areas. Upgrading or improving of 517 km of local roads. Procurement of equipment for road maintenance and safety, toll collection, surveillance and communications, tunnel ventilation and lighting, vehicle axle road testing, and environmental protection. Provide international consulting services on construction supervision and capacity building.
Status of Implementation Progress (Outputs, Activities, and Issues)	1. The Project Expressway: civil works for the Project expressway consisted of (i) 21 ICB subgrade packages, (ii) six ICB pavement packages, (iii) 17 NCB traffic engineering packages, and (iv) four NCB packages for buildings and ancillary facilities. The project expressway has been completed and opened to traffic on trial operation basis since December 2008. The overall implementation period for the project was shortened from 48 months envisaged at appraisal to actual 40 months. Government acceptance mission for the project expressway is expected to be conducted in 2011. 2. Upgrading or Improvement of Local Roads: Of the total of nine local roads, eight local roads (383 km) financed by domestic funds were upgraded or improved from 2004 to 2007. The 135 km Zhangjiajie-Yuanling Highway financed by loan was divided into two sections to implement and was opened to traffic in 2009 and 2010 respectively. 3. Equipment: There are four equipment packages, including toll collection, surveillance, communications, tunnel lighting and ventilation system (toll and tunnel system), equipment for accident management, and maintenance equipment. Procurement of equipment for toll and tunnel system started in July 2007. Contract awards were approved in April 2008. Toll and tunnel system was installed and is now under commissioning stage. All management and maintenance equipment were delivered and operational. 4. Consulting Services and Capacity Building: An international consulting firm was engaged to provide 49 person months consulting services. The international consultant was mobilized in October 2005 and concluded services in October 2008 with cumulative inputs of 40 person months. Inputs provided cover fields as highway construction, quality control, pavement design and construction, tunnel construction, road safety, and operation and maintenance concession. The EA has submitted its PCR report to ADB in May 2011.
Geographical Location	Hunan Province

## Safeguard Categories

Environment	A
Involuntary Resettlement	A
Indigenous Peoples	A

## Summary of Environmental and Social Aspects

Environmental Aspects	The Project is classified as environmental category A by ADB. The EIA report was prepared by HCD, under the supervision of HEPB, and approved by the State Environmental Protection Administration in November 2003. The EIA assessed environmental impacts of the selected alignment of the expressway and the local road component, and prescribed environmental protection and mitigation measures costing \$2.4 million. The proposed alignment does not cross or impinge on any protected areas. There are no known rare or endangered species in the project area, and no old growth forest, with the exception of one tree near Guanzhuang village. This tree is believed to be more than 400 years old, and has been tagged as a protected item. The alignment was diverted away from this area, thereby increasing its length by about 700 meters. The Project's major environmental impacts include soil and water conservation, erosion control, borrow and disposal site management, and revegetation. Borrow and spoil disposal sites were identified at 10 km intervals. An erosion control and protection plan was prepared separately from the EIA, and approved by the Water Resources Bureau. Environmental mitigating measures will be incorporated in the bidding documents and bills of quantities of the civil work contracts.
Involuntary Resettlement	Land acquisition and resettlement for expressway commenced in November 2003 and most activities finished by end 2004. According to resettlement completion report prepared by IA, a total 19,612 mu of land was permanently acquired for the project expressway, which decreased by 3% than 20,234 mu in the updated RP. A total of 4,917 mu of land was temporary acquired for construction purposes of expressway, which increased by 13% than 4,345 mu in the updated RP. In addition, a total of 404,120 square meters (m <sup>2</sup> ) of buildings was demolished, which increased by 79% than that in the updated RP, accordingly the affected households by house demolition is 1,970 and the amount of relocated persons is 8,280.
Indigenous Peoples	The minority population in the project area totaled 1.3 million in 2002 (41% of the total population), of whom 96% were Tujia and Miao. Of the total minority people in the area, 60% will benefit from the Project. The major benefits to the minorities include higher income from increased cash-crop farming, more cash income sources due to seasonal migration work, enhanced contract with urban centers, and better access to social services. Minorities comprise about 38% of the people affected by land acquisition and resettlement. Adverse impacts on minorities are addressed in the RP. <sup>32</sup> The EMDP was prepared based on RP, SAP, and ongoing government policies and programs for minority groups. In accordance with PRC regulations and ADB's indigenous peoples policy it provides special mitigation measures for the minority households identified as poor and vulnerable.

## Stakeholder Communication, Participation, and Consultation

During Project Design	During the feasibility study, environmental impact assessment (EIA), and resettlement planning, consultations were conducted with government agencies, villagers, other people likely to be affected by the project, and local groups to discuss environmental concerns, land acquisition and resettlement issues, and economic development potential. Village investigations and surveys were conducted in the project area to assess the potential adverse effects and benefits to the project. Over 3,370 people were interviewed in public opinion surveys, social assessment, environmental assessment, and resettlement planning. For the RP, consultation meetings were held with the affected counties, townships, and villages. The project was well known by the rural people and public support for it was high. The local officials explained the policies and regulations for land compensation and housing removal to those who would be adversely affected by the loss of farmland or housing. These concerns were considered in (i) determining the alignment to reduce adverse social, resettlement, and environmental impacts; (ii) designing connector roads and pedestrian access; and (iii) completing a detailed RP. The consultation process was expanded to finalize the design and formulate appropriate compensation standards and rehabilitation measures for people displaced by land acquisition or house demolition. Villagers participated in the discussions and decisions on village resettlement.
During Project Implementation	The expressway construction had directly employed around 4,643 local labors along the alignment, mostly in Yuanling County. In addition, the locally procured construction materials and supplies have also provided a large amount of employment opportunities in project areas, a total of 6,150 local labors worked for materials and supplies for the expressway construction.

## Business Opportunities

Consulting Services	The Project will provide 49 person months of international consulting services and about 5,184 person-months of domestic consulting services. International consulting services will be provided under the Project to (i) assist in project management during the construction period; (ii) provide expertise in tunnel and bridge construction; (iii) assist in preparing the operation and maintenance concession framework and bidding documents; (iv) enhance the provision of transport services; (v) conduct a safety audit of the project design and make recommendations on improving the safety of completed construction works; (vi) help set up and implement quality control procedures; (vii) assist in formulating a human resource development and training program; and (viii) help establish and implement a project performance management system, including the assessment of the impact on poverty reduction. Of the 5,184 person-months of domestic consulting services, 300 person-months will be allocated to the local road component for ensuring proper design and supervision, project monitoring and evaluation, training of the engineering staff, and managing the Project.
Procurement	Goods and services financed by the ADB loan will be procured in accordance with ADB's Guidelines for Procurement. Civil works for the expressway will be procured through international competitive bidding. Procurement for the local roads financed by the \$12.5 million ADB local will use local competitive bidding, while procurement for the local roads under government financing will follow government procedures acceptable to ADB. Equipment will be procured through international competitive bidding. ADB approved advance action for procurement of civil works in May 2004.

## Responsible Staff

Responsible ADB Officer	ADB Disclosure
Responsible ADB Department	East Asia Department
Responsible ADB Division	PRC Resident Mission
Executing Agencies	<i>Hunan Provincial Department of Transport (HPDOT) 649 Yuandayilu Road, Changsha, Hunan Province, People's Republic of China 410001</i>

## Timetable

Concept Clearance	19 Jun 2004
Fact Finding	06 Nov 2003 to 12 Nov 2003
MRM	04 May 2004
Approval	09 Sep 2004
Last Review Mission	-
PDS Creation Date	30 Nov 2006
Last PDS Update	09 Dec 2011

## Loan 2089-PRC

### Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
09 Sep 2004	26 May 2005	16 Aug 2005	30 Jun 2010	31 Dec 2010	06 May 2011

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	778.10	Cumulative Contract Awards			
ADB	312.50	09 Sep 2004	295.23	0.00	95%
Counterpart	146.40	Cumulative Disbursements			
Cofinancing	319.20	09 Sep 2004	312.29	0.00	100%

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	Satisfactory	Satisfactory	Satisfactory	Satisfactory	-	Satisfactory

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