China, People's Republic of: Lanzhou-Chongqing Railway Development Project (formerly Lanyu Railway)

**Project Name**
Lanzhou-Chongqing Railway Development Project (formerly Lanyu Railway)

**Project Number**
35354-013

**Country**
China, People's Republic of

**Project Status**
Active

**Project Type / Modality of Assistance**
Loan

**Source of Funding / Amount**
Loan 2471-PRC: Lanzhou-Chongqing Railway Development Project (formerly Lanyu Railway)
Ordinary capital resources
US$ 300.00 million

**Strategic Agendas**
- Environmentally sustainable growth
- Regional integration

**Drivers of Change**
- Governance and capacity development

**Sector / Subsector**
- Transport
  - Rail transport (non-urban)
  - Road transport (non-urban)

**Gender Equity and Mainstreaming**
Some gender elements

**Description**
The Lanzhou-Chongqing Railway (LCR) Development Project is in Chongqing municipality and the northwestern part of Sichuan and Gansu provinces, a relatively poor area. It is designed to promote sustainable economic growth by building 820 kilometers (km) of railway line from Lanzhou, the capital city of Gansu province, to Chongqing. The Project will (i) develop an efficient, safe, affordable, and environmentally sustainable railway transport system in the region; and (ii) help create more employment and income-generating opportunities, thus benefiting poor residents.

**Project Rationale and Linkage to Country/Regional Strategy**
The project reflects ADB's railway sector operational strategy for the PRC, which includes reducing railway network constraints and promoting sustainable economic growth in poor areas not served by railways. The project is in line with the Government's western development strategy to provide less developed regions with better infrastructure to facilitate economic growth, thereby increasing the opportunity for people to improve their living standards.

The interior regions of the PRC have not benefited as much from economic growth and reforms as the east coast; in fact, the gap between economic and social development has increased. Transport constraints and high logistics costs are two factors contributing to regional economic disparities, and two of the constraints preventing the western region from capitalizing on its comparative advantages.

**Impact**
Improved transport system in the region that supports socioeconomic development and the western development strategy.

### Project Outcome

**Description of Outcome**
An efficient, affordable, environment-friendly, and energy-efficient railway transport system in the region.

**Progress Toward Outcome**
To be assessed at project completion.

- Improved railway infrastructure and associated facilities along the Chongqing railway corridor.
- Employment opportunities for poor and vulnerable groups, to raise incomes and living standards, and reduce poverty.
- Improved corporate governance.
- Strengthened institutional capacity.

**Status of Implementation Progress (Outputs, Activities, and Issues)**
The project has been completed and has been under operation stage since 29 September 2017. The project is now at the final various domestic acceptance stages. Operation and maintenance equipment are being supplied, installed, and commissioned. The total length of the project railway from Lanzhou to Chongqing is 855.33 km. In addition, an extension line of 88.68 km from Nanchong to Gaoxiong via Guanyi an was built.

The total cumulative length of the project line is 1,171.05 km. The project consists of 226 tunnels with a cumulative length of 540.70 km, and 442 bridges with a total length of 205.35 km, which represents 74.9% of the total length of the railway main line. A total of 26 new railway stations were built along the main line plus another 8 stations for the extension line from Nanchong to Gaoxiong section. The IA briefed that the consulting services were financed by counterpart funds for engagement of 2 design institutes, 14 domestic supervision companies, and 82 specialized firms with total contract value of CNY2,633 million, for design and survey, supervision of the civil works contracts, supervision of electrification and signaling engineering, supervision of environmental protection measures, consulting services on various technical subjects, and independent monitors for environment and resettlement implementation.

The IA indicated that services offered by these design institutes and consulting firms enabled and supported a smooth project implementation. The project is now at the winding-up period for final disbursements and the loan will be closed after the final payment around Q2 2019.

**Geographical Location**
Chengdu, Chengdu Shi, Chongqing, Chongqing Shi, Gansu Sheng, Guiyang, Guizhou Sheng, Kunming, Kunming Shi, Lanzhou, Lanzhou Shi, Qinghai Sheng, Yinchuan, Yinchuan Shi, Yunnan

### Safeguard Categories

**Environment**
A

**Involuntary Resettlement**
A

**Indigenous Peoples**
B
### Summary of Environmental and Social Aspects

**Environmental Aspects**

The Project is classified as ADB environmental category A. The potential adverse environmental impact includes (i) noise and vibration impact on nearby residents; (ii) soil erosion from cut and fill activities; (iii) impact on the surface water quality of adjacent waterways; (iv) impact on public health and safety; and, (v) increased sedimentation in local waterways from spoil stockpiles. The alignment intersects (i) the Yuhe Provincial Nature Reserve, (ii) the Maizhai Provincial Nature Reserve, and (iii) the Jiling City-Level Wetland Nature Reserve. It mostly passes under these reserves in deep tunnels; however, protected flora and fauna in the nature reserves could be affected. The EIA concluded that the adverse environmental impact can be successfully mitigated through best practices and appropriate technologies. The implementation of the environmental management, mitigation, and monitoring programs included in the EIA will ensure compliance with the environmental guidelines and procedures of ADB and the Government. Internal and external monitoring and audits will see to it that standards and regulations are followed. An independent monitoring agency has been hired to carry out external monitoring and evaluation during implementation.

**Involuntary Resettlement**

The project railway alignment will cross 275 villages as it passes through 94 townships and 22 districts and counties. An estimated 1,646 hectares of land will be permanently acquired, of which about 83% is now under cultivation; the rest is predominately forest land, residential land, or wasteland. The loss of land will partially affect 81,400 persons. The impact is spread thinly over a long narrow corridor. The Project will temporarily require about 1,390 hectares. Also, the Project will affect 1.19 million square meters of structures, of which 94% are residential structures; 42,250 persons (12,070 households) will have to be relocated. Aligning the railway away from urban areas, village centers, and other facilities, where possible, on the basis of consultations with communities, has minimized the impact. MOR, in consultation with the local governments, has prepared a resettlement plan based on the feasibility study, surveys of most of the affected villages, 2,700 household surveys, and consultations with local officials, village leaders, and affected households. Local government land administration bureaus, in conjunction with railway construction support offices, will be responsible for implementing the resettlement; many activities will be carried out by township officials and village committees. The estimated resettlement cost is CN¥2.1 billion, including land taxes, administration fees, and contingencies. MOR and municipal-level land acquisition and resettlement offices, in collaboration with the county resettlement offices, will be responsible for internal supervision and monitoring. An independent monitor has been engaged to carry out the external monitoring and evaluation during implementation.

**Indigenous Peoples**

During the construction period, the county governments along the alignment will also raise public awareness among workers and communities on HIV/AIDS and STIs. MOR has experience in ensuring that contractors implement awareness and prevention programs during railway construction. Medical clinics were established in the area of construction camps, and HIV/AIDS awareness campaigns and preventive measures for workers and communities were organized during railway construction. These activities will continue during the construction and operation of the Project. Combined with increased awareness efforts by local government and the Department of Health, the potential risks of STI/HIV/AIDS transmission will be adequately managed. An SDAP has been prepared in consultation with local governments to enhance the project benefits: ensure the adverse impacts are avoided or mitigated; and increase economic development benefits to the poor, women, ethnic minorities, and the vulnerable; in an equitable and sustainable manner (Appendix 18). The SDAP will (i) enhance job opportunities for local people; (ii) provide training and vocational programs for the poor, women, ethnic minorities, and the vulnerable; (iii) support HIV/AIDS awareness and prevention programs; (iv) support income recovery programs for people affected by resettlement; (v) provide awareness and prevention programs for safety during construction and operation; and (vi) promote local economic development. This will be implemented with participation from relevant government agencies at the local level including poverty alleviation offices; All-China Women’s Federation; and health, civil affairs, labor, and ethnic affairs bureaus. Leading groups have been formed to continue the process of consultation and coordination among various agencies during implementation.

**Stakeholder Communication, Participation, and Consultation**

**During Project Design**

Extensive consultations including surveys-involved about 14,500 people, such as local villagers, tourists, businesspersons, transport users, and local governments. This helped to (i) understand public opinion about the proposed railway; (ii) conduct the environmental, economic, and social assessments; (iii) plan resettlement; and (iv) identify the role of various stakeholders. Leading groups have been formed in the prefectures with participation from relevant government agencies, including poverty reduction offices; All-China Women’s Federation; and health, civil affairs, and ethnic affairs bureaus. The local governments assured that the consultation process will be continued to finalize the design and implement social and environmental measures.

**During Project Implementation**

The consultation process will be continued to finalize the design and formulate appropriate land compensation, relocation, and rehabilitation measures during project implementation. The railway construction offices will play a significant role in this process.

### Business Opportunities

**Consulting Services**

The ADB loan will be used to finance 10 person-months of international consulting services to strengthen the institutional, marketing, and business development functions of the project company. The international consultants will be recruited through quality- and cost-based selection (at an 80:20 ratio) based on simplified technical proposals, according to ADB’s Guidelines on the Use of Consultants (2007, as amended from time to time). The provisions of ADB’s Anticorruption Policy will be included in all invitation documents and contracts for international consultants.

**Procurement**

All ADB-financed procurement will follow ADB’s Procurement Guidelines (2007, as amended from time to time). ADB will finance the procurement of materials and equipment as described in the procurement plan. Contracts valued at $1 million or more will be procured through international competitive bidding. MOR will select tendering companies on a competitive basis to handle international bidding. The relevant sections of ADB’s Anticorruption Policy (1998, as amended to date) will be included in all documents and contracts during the bidding for, and implementation of, the Project.

### Responsible ADB Officer

Zhang, Wen

### Responsible ADB Department

East Asia Department

### Responsible ADB Division

PRC Resident Mission

### Executing Agencies

China Railway Corporation (Formerly Ministry of Railways)
Mr. Liu Junfu
10 Fuxing Road, Beijing, PRC

### Timetable

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### Loan 2471-PRC

- **Approval**: 18 Nov 2008
- **Signing Date**: 26 Aug 2009
- **Effectivity Date**: 23 Nov 2009
- **Closing**: 30 Jun 2016
- **Original Closing Date**: 31 Dec 2018
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Request for Information: http://www.adb.org/forms/request-information-form?subject=35354-013
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