## Project Name
Zhengzhou-Xi'an Railway Project

### Project Number
37487-013

### Country
China, People's Republic of

### Project Status
Closed

### Project Type / Modality of Assistance
Loan

### Source of Funding / Amount
Loan 2182-PRC: Zhengzhou-Xi'an Railway Project

| Ordinary capital resources | US$ 400.00 million |

### Strategic Agendas
Inclusive economic growth

### Drivers of Change
Governance and capacity development
Private sector development

### Sector / Subsector
Transport - Rail transport (non-urban)

### Gender Equity and Mainstreaming
Some gender elements

### Description
The Project will remove a transport constraint to sustainable economic growth. Providing economic railway transportation in the unserved, less-developed, and poor areas will help create conditions necessary for developing local resources and generating employment and income-enhancing opportunities to raise living standards in the project area. The project comprises the following components: (i) construction of 459 km double-track electrified standard gauge Class I passenger dedicated railway between Zhengzhou and Xi’an, (ii) construction of 9 new railway stations complete with facilities, (iii) safety initiatives, including provision of modern technology and equipment for enhancing safety, (iv) e-governance and operating dispatch information system, (v) provision of training on the use and maintenance of modern equipment, (vi) land acquisition and resettlement, (vii) environmental protection and mitigation of adverse environmental effects, (viii) consulting services for construction supervision, monitoring and evaluation, and marketing and business development, and (ix) strengthening of institutional capabilities. The key inputs needed for project implementation include civil works, equipment, consultants, and staff of MOR and the Project Company.

### Project Rationale and Linkage to Country/Regional Strategy
The Project meets the railway sector operational strategy of ADB for the PRC to reduce railway network constraints and to promote sustainable economic growth in poor areas not served by railways. The Project is also 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 in the PRC have not benefited as much from economic growth and reforms as the east coast. The gap in economic and social development has increased. Transport constraints and high logistics costs are two of the factors contributing to regional economic disparities and are two of the constraints that prevent the western region from capitalizing on its comparative advantages. The proposed Project is one of the eight passenger dedicated corridors to be developed by 2020. The proposed alignment for the ZXR is 50 km shorter than the existing Longhai railway line. Traversing Henan and Shaanxi Provinces, the proposed railway line will connect with Beijing-Guangzhou, Shanghai-Xuzhou and Beijing-Wuhan main lines on the east and Xi’an-Baoji-Lanzhou, Xi’an-Baoji-Chengdu, Xi’an-Ankang, and Xi’an-Yan’an main lines on the west. This is the main east-west corridor linking Beijing, Shanghai, Lianyungang and other major cities and ports in the east, Xi’an, Baoji, Lanzhou, Urumqi, Chengdu, Chongqing, in the west. The Project will also help in promoting the regional cooperation as this is the main east-west corridor linking PRC to Central Asia and Europe. The Project, a joint-venture railway between the Ministry of Railways (MOR) and Henan and Shaanxi provincial governments (HPG and SPG), will have substantial managerial and financial autonomy. The Project will contribute to changing the railway enterprises from a cost center in a planned economy to a profit center in an increasingly competitive transport market. The components are formulated in line with MOR’s 2004 railway development plan.

As of end-2003, the PRC’s railway system comprised 72,000 route-km of local railways including 26,700 route-km railways in the western region. The railway system reached 75,000 route-km by 2005. Given the location of the population, natural resources, and industries in the PRC, the current size of the railway network does not provide adequate coverage. There are vast inland areas in the central and western parts of the country that do not have any rail transport. The lack of railway capacity to meet the increasing demand for transportation services is constraining economic growth. The Government’s Railway Development Plan for 1998-2004 gives priority to unserved areas, particularly railway lines that would improve links between the poor inland provinces in the western and central PRC and the more prosperous coastal areas. The Project will provide a vital link between the inland provinces to the eastern region.

### Impact
Improved transport system in the region that supports socioeconomic development and the Western Development Strategy

### Description of Project Outputs
1. Railway infrastructure and associated facilities improved along the Zhengzhou-Xian railway corridor
2. Employment opportunities generated for the poor and vulnerable groups to raise incomes and living standards, and reduce poverty
3. Corporate governance promoted
4. Institutional capacity of the Project Company strengthened

### Status of Implementation Progress (Outputs, Activities, and Issues)
Railway line and stations completed. Supply of equipment ongoing. This was complied with as confirmed in the external monitoring reports. This will be assessed at Project Completion.

During the Loan Review Mission in Aug 2012, the EA confirmed that trainings are ongoing and a marketing program was already developed and financed by the EA.
The ADB loan will finance 20 person-months of international consulting services for (i) strengthening institutional, marketing, and business development systems in the PRC. The consultants will be recruited in accordance with ADB's Guidelines on the Use of Consultants. Suitable domestic consulting services and informal consultations with local communities and government agencies through meetings and surveys. Although the total amount of land and people affected is large, these impacts are spread thinly over a long narrow corridor. Income loss from land acquisition is less severe because this corridor is developing rapidly and at least 70% of net income for more than half of rural households comes from nonagricultural employment and small businesses. Special assistance will be provided to vulnerable households that include the poor, widows, disabled, and ethnic minorities. Local government land administration bureaus, in conjunction with railway construction support offices, are responsible for implementing resettlement; many activities were carried out by township officials and village committees.

The project area has 52,527 residents from 11 ethnic minority nationalities, representing 0.65% of the total population of the project area (9.5 million). The main ethnic group (83.7%) is Hui, who are descendants of Muslim traders that settled in Xi’an and Zhengzhou. About 500 consultations with local officials, village leaders, and affected households. Investigations reveal the Hui villagers were integrated with the Han and shared the same socioeconomic conditions. Other ethnic minorities (such as Man, Mongol, Uygur) are not affected by land acquisition and resettlement, as they are either located in urban areas or remote villages far from the alignment. Specific provisions such as livelihood training, employment on construction, access to rural credit, assistance with house construction, and social security are included in the resettlement plan. Ethnic minorities are also included as a target group in the social development action plan (SDAP) to enhance benefits for poor or vulnerable people in the project area.

During Project Design
Various public consultation and participation activities for the Project have been conducted and the role of each stakeholder is identified. MOR, Fourth Survey Design Institute, the project preparation technical assistance consultants and ADB mission continues to have formal consultations with local communities and government agencies through meetings, surveys, household interviews, written communications, workshops, and such, involving about 10,000 people. The local county and township governments and communities will assist MOR in acquiring land, implementing the resettlement plan (RP), and organizing local labor for construction and local development including the station area to ensure the participation and benefit of the poor, women, and other vulnerable people.

During Project Implementation
CRC (former MOR), Fourth Survey Design Institute, the project preparation technical assistance consultants and ADB mission continues to have formal and informal consultations with local communities and government agencies through meetings and surveys.

Consulting Services
The ADB loan will finance 20 person-months of international consulting services for (i) strengthening institutional, marketing, and business development functions of the Project Company; and (ii) researching and strengthening the development, operation, and management of the passenger-dedicated railway systems in the PRC. The consultants will be recruited in accordance with ADB’s Guidelines on the Use of Consultants. Suitable domestic consulting services for project design, construction supervision, and construction quality control, environmental supervision, procurement, and monitoring and evaluation of the safeguard aspects of the Project will be engaged and financed by MOR in accordance with government procedures acceptable to ADB.

Procurement
ADB-financed components will be procured by MOR in accordance with ADB’s Guidelines for Procurement. Other items will be procured in accordance with government procedures acceptable to ADB.
# Loan 2182-PRC

## Milestones

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## Status of Covenants

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