

## China: Guangxi Chongzuo Border Connectivity Improvement Project

### 1. Project Information

Project ID:	P000357	Instrument ID:	L0357A
Member:	China	Region:	Eastern Asia
Sector:	Transport	Sub-sector:	Roads
Instrument type:	<input checked="" type="checkbox"/> Loan:249.00 Euro million <input type="checkbox"/> Guarantee	Co-financier(s):	
ES category:	A	Borrowing Entity:	Ministry of Finance, China
Implementing Entity:	Municipal Government of Chongzuo, China		
Project Team Leader:	Anzheng Wei		
Responsible DG:	Supee Teravaninthorn		
Responsible Department:	INF2		
Project Team Members:	Bernardita Saez, Project Counsel; Christopher Damandl, Alternate Counsel; Yi Geng, OSD - Financial Management Specialist; Susrutha Goonasekera, OSD - Social Development Specialist; Chongwu Sun, OSD - Environment Specialist; Xiaowei Guo, OSD - Procurement Specialist; Yuyou Guo, Project admin		
Completed Site Visits by AIIB:	Aug, 2020 Jul, 2020 Oct, 2020 Mar, 2021		
Planned Site Visits by AIIB:	Plan to have one implementation mission in 2nd half of 2022, upon (i) construction of Component B starts; (ii) procurement of Component A work contracts in progressing or completed; (iii) COVID regulation allows.		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2021/12		

### 2. Project Summary and Objectives

The project will comprises four components:

1. Component A: Construction of the last section of the Wuzhou - Shuolong Expressway with a total length of 17.679 km, starting from the Neitun Interchange, which is the crossing point with the existing Chongzuo-Jingxi Expressway, and ending at the Shuolong Port bordered with Viet Nam.
2. Component B: Improvement of an existing border road with a length of 13.632 km connecting Shuolong Port to the Detian (Pan Gioc) Waterfall scenic spot, which is a Cross-border Tourism Cooperation Zone.
3. Component C: Construction of the Shuolong Port (Shuolong Main Gate-Phase 2), including the approaching road, parking space, inspection service buildings and relevant facilities and landscaping at the Shuolong Main Gate.
4. Component D: Technical support and project management, including the pilot based Infratech application

in the project.

Project targets to expand economic and trade activities in the border area between China and Viet Nam through improvement of the connectivity and enhancement of transport capacity and services around the Shuolong port area in Chongzuo.

### 3. Key Dates

Approval:	Jun. 24, 2021	Signing:	Aug. 17, 2021
Effective:	Dec. 09, 2021	Restructured (if any):	
Orig. Closing:	Apr. 30, 2027	Rev. Closing (if any):	

### 4. Disbursement Summary (EUR million)

Contract Awarded:	22.71	Cancellation (if any):	0.00
Disbursed:	0.00	Most recent disbursement (amount/date):	0.00
Undisbursed:	249.00	Disbursement Ratio (%) <sup>1</sup> :	0.00

### 5. Project Implementation Update

Due to the COVID restrictions in the 1st half of 2022, Project Team (PT) could not launch the planned implementation mission to the field. However, PT has been providing continuous support the implementation through:

(i) regular team meeting (biweekly) with PMO, and day to day communications through emails and calls, particularly regarding the procurement and government internal approval process.

(ii) specific meetings/workshops, including:

1. Resettlement monitoring inception meeting (May 18, virtual meeting),
2. Resettlement and procurement matter for Component B (May 24, virtual meeting), and
3. Infratech component inception meeting (June 24, virtual meeting)
4. Disbursement/FM training (rescheduled to Aug. 2022, before 1st disbursement)

Project Team plans to have one implementation mission in 2nd half of 2022, upon (i) commencement of Component B construction; (ii) procurement of Component A work contracts in progressing or completed; (iii) COVID regulation allows.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component A: Construction of the last section of the Wuzhou - Shuolong Expressway with a total length of 17.679 km, starting from the Neitun	Not yet start.	Some preliminary land measuring works has started, under the monitoring of the third-party Resettlement Consultant.	It takes more time than expected for the client to complete the procedures of engineering design, mainly due to the impact from covid restrictions. Now it is in the budget review by the Chongzuo Municipal

<sup>1</sup> Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

Interchange, which is the crossing point with the existing Chongzuo-Jingxi Expressway, and ending at the Shuolong Port bordered with Viet Nam.			Finance Bureau. The Tender documents is ready and once the budget has been approved, the two major packages (GCBCIP-Works-01 and GCBCIP-Works-02, accounting for 90% Cost of Component A) will go for tendering. It was estimated in end of Q3 and contract awarded in end of the year. Supervision Contract of Component A (GCBCIP-Supervision-01) started tendering in May 2022 and the proposed shortlist and drafted RFP have been sent to the Bank for review and no objection on July 18, 2022. It was expected to award the contact in Oct. 2022.
Component B: Improvement of an existing border road with a length of 13.632km connecting Shuolong Port to the Detian (Pan Gioc) Waterfall scenic spot, which is a Cross-border Tourism Cooperation Zone.	N/A	The resettlement is ongoing. PT is monitoring the progress closely and the PMO is reporting to PT every two weeks. The 3rd party Resettlement Monitoring consultant is in place and starts to perform its duty. 75% of detailed measurement survey for land acquisition (LA) has been completed and LA compensation payment to affected persons (APs) are ongoing; the left 25% of total area of land acquisition (about 79 mu of land in two sections) is pending and local government is working actively to resolve remaining issues caused by the previous domestic projects on the sections.	The procurement of works contact (GCBCIP-Works- 04) for Component B has completed and the contract is to be awarded in July 2022 with contract price of 20.75 million EUR. The procurement of supervision contact (GCBCIP-Supervision-02) has completed and the contract was awarded in May 2022 with price of 0.38 million EUR.
Component C: Construction of the Shuolong Port (Shuolong Main Gate-Phase 2), including the approaching road, parking space, inspection service buildings and relevant facilities and landscaping at the Shuolong Main Gate.	N/A	N/A	The engineering design has been approved. The tendering for both works and supervision is scheduled in the later stage of the implementation period, after the major contacts (Component A) have started and achieved certain progress.

<p>Component D: Technical support and project management, including the pilot based Infratech application in the project.</p>	N/A	N/A	<p>Infratech Service Contract (GCBCIP-MTP) was awarded in April 2022, with contract price of 1.37m EUR. PT had virtual meeting discussing of the inception report with the PMO and consulting firm in June. The Infratech Platform is under development and the component B is expected to be online in end of Q3. ES Monitoring and Evaluation Contact (GCBCIP-Supervision-04) was awarded in July 2022. Contract price is of 0.21m EUR. The contact was just signed and the consultant company is preparing the inception report. PT will start the discussion once the inception report is ready. Procurement contract for consulting services of Component D(GCBCIP-MIP) has published tender invitation on August, 2021 and awarded contract on April of 2022 with contract price of 1.37m EUR and contract period targets 60 months.</p>
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**Financial Management:**

The on-lending agreement has been signed. The PT has prepared to provide a FM and disbursement training to the relevant staffs from PMO/PIO, Guangxi Financial Department, Chongzuo Financial Bureau and the contractors virtually before the disbursement starts. Along with project implementation/procurement progress, major expenditures will incur from the second half of 2022 and the PT will review the readiness of the initial project financial management system.

**6. Status of the Grievance Redress Mechanism (GRM)**

Building on existing complaints handling systems, a multi-tier Project Grievance Redress Mechanism (GRM) has been established in accordance with the requirements of AIIB's ESP. Locally appropriate public consultation and disclosure process have been used to disseminate information about the GRM. A separate GRM will be established to address workplace complaints and concerns. No complaints have been received as to this report period.

**7. Results Monitoring**

The PMU has been fully established as designed, which is one of the loan effectiveness conditions. All the required ES instrument are in place and subject to further updating along the progress.

1. Component A is in the final stage of the design/budget approval process internal of the government. The major works procurement are estimated to be completed in Q4 2022.
2. Component B has completed all relevant procurement. The resettlement is on going and civil works are expected

to commence very soon.

3. Component C is in good track, and in sequence, the procurement and construction will be scheduled in 2023 and beyond.

4. Master Tech Partner (Infratech Component) is in place and start to structure the platform.

5. Resettlement Monitoring Consultant is on board and start to work in the field (particularly for Component B resettlement).

6. ES Monitoring Consultant is to on board (contact just awarded).

7. 1st disbursement is expected in Q3 2022. The delay of the disbursement (more than 12 months after approval) is because (i) prolong government internal process, 6 months from approval to effectiveness; (ii) travel restrictions from the unexpected COVID outbreak in China and associated regulations in the 1st half of 2022. Particularly, the project was located in the border county, where applies the strictest COVID regulations. From Feb. to April this year, most of the time, even if PIO staff travelled from Chongzuo city to Daxin county (the project location, belong to Chongzuo City) would be required quarantines. These regulations caused delay of the approval process of the engineering designs of both Component A and B (some technical verifications need field visit), which results in the postponed procurement and disbursement. A bi-weekly meeting mechanism has been established between PT with PMO/PIO, which is used to monitor the progress of the project in general. Besides that, the PT also arrange separate discussions/meetings with PMO/PIO and other government agencies through call and other virtual means.

#### Project Objective Indicators #1

Heavy trucks travel time between Neitun Interchange and Shuolong Port (Yanying Gate)

Year	Target	Actual	Comments, if any
Dec. 31, 2030	≤40	>55	Unit: Minutes; Frequency: Every year after completion of Component A.

#### Project Objective Indicators #2

Increase in the annual volume of cross-border trade between China and Viet Nam at Shuolong Port

Year	Target	Actual	Comments, if any
Dec. 31, 2030	≥250	19	Unit: 1,000 tons Frequency: Every year after completion of Component A.

#### Project Objective Indicators #3

Number of In /Out travelers at Shuolong Port

Year	Target	Actual	Comments, if any
Dec. 31, 2030	≥250	NA	Unit: 1,000 persons; Frequency: Every year after completion of Component A, B & C.

#### Project Objective Indicators #4

Passenger customs passing time at Shuolong Port (Main Gate)

Year	Target	Actual	Comments, if any
Dec. 31, 2030	≤20	NA	Unit: Minutes; Frequency: Every year after

			completion of Component C.
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**Project Objective Indicators #5**

Passengers travel time between Neitun Interchange and Detian Waterfall Scenic Spot

Year	Target	Actual	Comments, if any
Dec. 31, 2030	≤37	>60	Unit: Minutes; Frequency: Every year after completion of Component A and B.

**Project Objective Indicators #6**

Number of the tourists to the Detian (Pan Gioc) Cross-border Tourism Cooperation Zone

Year	Target	Actual	Comments, if any
Dec. 31, 2030	>3.00	1.34	Unit: Million persons; Frequency: Every year after completion of Component A and B.

**Project Objective Indicators #7**

Reduction in the average IRI for Component B

Year	Target	Actual	Comments, if any
Dec. 31, 2030	≤4.2	6.2	Unit: IRI; Frequency: Every year after completion of Component B.

**Intermediate Result Indicators #1**

Kilometers newly-constructed expressway/Class-1 highway connecting to Shuolong Port

Year	Target	Actual	Comments, if any
Dec. 31, 2030	12.2/5.4	0	Unit: Kilometers; Annually after the construction completion of Component A.

**Intermediate Result Indicators #2**

Kilometers improved national road connecting Shuolong to Detian Water Fall

Year	Target	Actual	Comments, if any
Dec. 31, 2030	13.6	0	Unit: Kilo-meters; Annually after the construction completion of Component B.

**Intermediate Result Indicators #3**

Parking lots in the Shuolong Main Gate

Year	Target	Actual	Comments, if any
Dec. 31, 2030	283	0	Unit: Number; Annually after the construction completion of Component C.

**Intermediate Result Indicators #4**

Application of the Digital Platform system in the project implementation

<b>Year</b>	<b>Target</b>	<b>Actual</b>	<b>Comments, if any</b>
Dec. 31, 2030	Yes	No	Unit: Yes/No; Annually.

**Remarks:**

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