

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	Lead 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:	Gregory Liu		
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; Guoping Yu, OSD - Procurement Specialist; Yuyou Guo, Project admin		
Completed Site Visits by AIIB:	Jul, 2020 Aug, 2020 Oct, 2020 Mar, 2021 Apr, 2023		
Planned Site Visits by AIIB:			
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2022/07		

2. Project Summary and Objectives

The project 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 Vietnam.
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 Vietnam 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:	27.52	Cancellation (if any):	0.00
Disbursed:	29.00	Most recent disbursement (amount/date):	29.00/Nov. 03, 2022
Undisbursed:	220.00	Disbursement Ratio (%) ¹ :	11.65

5. Project Implementation Update

(i) Procurement progress: There are 10 contracts in the latest Procurement Plan, 5 of which have been signed and are under implementation, including the works contract of GCBCIP-Works-04 under Component B, and the 4 consulting services contracts of GCBCIP-Supervision-01, GCBCIP-Supervision-02, GCBCIP-Supervision-04 and GCBCIP-MTP. The Tender Documents for GCBCIP-Works-01 and GCBCIP-Works-02 under Component A to be procured by IOCT are being issued and the deadline for submission of tenders is May 5, 2023; and procurement for the remaining 3 contracts is under preparation.(ii) The civil work contract of Component B was signed and the construction started in August 2022. Currently, there are two major construction activities are ongoing, one is the tunnel construction and the other is an 1.6km section at the end of the project road. The field office, concrete mix plant, material storage site, lab and camps have been established and checked by Bank Team's visit in April. The physical progress is around RMB 10million, which is slower than the original plan, mainly due to the covid regulations last year (2022). According to the plan made by PIO together with the contractor, it is estimated that RMB 100million of physical works will be completed in 2023, including: RMB 50million for the works in the first 8-KM section near the starting point of the road (the land acquisition and resettlement are cleared); RMB 17million for works of the tunnel and RMB 20-30million for the works of 1.6km section at the end of the road. (iii)The MTP (digital platform) contract is signed and the platform is currently under construction. Its progress is on track. Bank team has discussed with PIO, Contractor and Engineer during the April visit, the digital platform has been well accepted by the relevant stakeholders.(iv) The land acquisition and resettlement process is still underway. As informed by PMO/PIO, the total cost for the land acquisition is around RMB 135million, including around RMB 110million for the basic farmland quota purchasing used for Component A and around RMB20million for Component B (not farmland). Out of the total RMB 135million, RMB 50million is in place and the remaining RMB 85million is still in processing. During the Bank team's visit in April, Chongzuo Finance Bureau confirmed that the remaining

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

fund is sourced and currently going through the approval process inside of the Fin Bureau. For the basic farmland to be acquired and used under Component A, the preliminary review of land usage has been completed by the Provincial Natural Recourse Department. After the fund for the quota purchasing is in place, it will be submitted to the National Natural Recourse Ministry for approval. PMO and PIO are closely following up the progress. It is estimated as aligned with the procurement process of Component A.

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 Interchange, which is the crossing point with the existing Chongzuo-Jingxi Expressway, and ending at the Shuolong Port bordered with Vietnam.	Not yet start.	By the end of February 2023, Shuolong Town, Daxin County, LA is signing the compensation agreement and fund payment, and the DMS data was being compiled and verified. Xinfu Town, Tiandeng County, LA area is being verified, and LA compensation agreements will be signed after verification. On December 29, 2022, Component A has got approval of using forest land. For the reports of project through scenic spots and also the natural reserve both were being approved. The land using request has been submitted to municipal departments for further approval. The External consultants for E&S monitoring and RP implementation had undertaken field visits during the months of June & August 2022, January 2023, and February 2023.	On March 23, 2023, Supervision Contract for Component A (GCBCIP-Supervision-01) has been signed. The Procurement Notice is being published on March 2, 2023, for the construction of section I, and II. The bid opening is scheduled on May 5, 2023.
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.	By August 2022, construction for Component B is started. Currently, is constructing the K0+00~K8+600 (Detian Scenic Sport to Tourist Service Center, and K11+500~K12+800. Under the impact of 2022 Covid-19 pandemic, the construction value is of 11million RMB. Progress of 7%. During the April's visit, it was observed that contract performance, contractor management	By the end of February 2023, LA is signing the compensation agreement and fund payment, the DMS data is being verified. The External consultants for E&S monitoring and RP implementation had undertaken field visits during the months of June & August 2022, January 2023, and February 2023. Construction started and the contractor has their own staff to be assigned for management of environmental, safety and labor aspects. Workers are trained for safety matters and equipped with adequate personal protective equipment (PPE). The contractors have confirmed no accidents registered since construction starts.	GCBCIP-Works-04: The contract was signed on August 15, 2022, with the contract amount of 20.75 million EUR equivalent and the construction duration of 20 months. The Bank team was informed in the April visit that about CNY 11 million of works has been completed. 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 equivalent.

	personnel, supervisor personnel, equipment investment, laboratory construction, temporary works and construction technology equipment basically meet the requirements of contract and construction. It is estimated that RMB 100million of physical works will be completed in 2023.		
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 bill of quantities for construction of Component C has been sent to Chongzuo municipal finance investment assessment center for review on March 7, 2023. The tendering for both works and supervision will start in H2 2023.
Component D: Technical support and project management, including the pilot based Infratech application in the project.	N/A	N/A	1) External Agency for Environmental and Social Monitoring has come to the site for supervision survey, the first draft report is ready; 2) In April 2022. The contract for digital platform has been signed with contract value at CNY 9.85million. In October 2022, signed the contract supplementary agreement, the contract value was adjusted to CNY 6.98million. Functional module is being developed by R&D unit.

Financial Management:

Key project financial staff were in place since project inception to maintain project accounts and financial statements. The first project audit was conducted by Guangxi Provincial Audit Office and the audit report including audited project financial statements covering the period from project start till December 31, 2022 will be submitted to the Bank by June 30, 2023. According to the project financial statements for period ended March 31, 2023, total expenditures and prepayment to contractors were RMB64.7 million, including RMB35 million land acquisition/resettlement and RMB10.5 million prepayment to contractors. Total counterpart funds received was

RMB110 million including RMB106.5 million appropriation from local government. The PIU will coordinate with related agencies to mobilize sufficient counterpart funds in a timely manner to support due payment for land acquisition and resettlement work to support the investment plan of totally RMB740 million for year 2023. Project Designated Account in EUR is managed by Guangxi Provincial Finance Bureau, an initial advance of EUR29 million (RMB211 million equivalent) was released in 2022. Up to now, only one application of RMB10.73 million was disbursed to contractors. The disbursement cycle from application submission till PIU receiving the funds is around one and half month, and the efficiency will be further improved with all concerned agencies getting more familiar with procedures.

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.

In the April Visit, Bank team noted that the disclosure of project information was missing. Discussions with affected communities also pointed to their lack of understanding of a Project grievance redress mechanism. While there was a notice of the GRM at the contractor's office, it was found to be inaccurate, and the Bank team recommended that the external monitor works with PIO to revise the GRM based on the RP and ESMP.

7. Results Monitoring (please refer to the full RMF, which can be found on the last page of this PIMR)

On track.

Remarks:

Due to the impact of COVID-19, Shuolong Port was not opened in 2021 and 2022. During the April visit, Bank team is informed that the Shuolong Port is to reopen after completion of relevant domestic procedures.

Project Objective Indicators	Indicator level	Unit of Measure	Cumulative Target Values																			Frequency	Responsibility	Comments			
			Baseline		2020		2021		2022		2023		2024		2025		2026		2027		End Target						
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year				Target	Actual	
Heavy trucks travel time between Neitun Interchange and Shuolong Port (Yanying Gate)	Project	Minutes	2020	>55	>55			NA	56	NA	56	NA	NA	NA	NA	NA	≤40	≤40	≤40	≤40	≤40		≤40		Every year after completion of Component A.	IU	
Increase in the annual volume of cross-border trade between China and Vietnam at Shuolong Port	Project	1,000 tons	2020	19	19			NA		NA	0	NA	NA	NA			>15% YOY growth in average	>15% YOY growth in average	>15% YOY growth in average				≥250		Every year after completion of Component A.	IU	
Number of In /Out travelers at Shuolong Port	Project	1,000 persons	2020	90	90			NA		NA		NA	NA	NA			>15% YOY growth in average	>15% YOY growth in average	>15% YOY growth in average				≥250		Every year after completion of Component A, B & C.	IU	
Passenger customs passing time at Shuolong Port (Main Gate)	Project	minutes	2020	NA	NA			NA		NA		NA	NA	≤20			≤20	≤20	≤20				≤20		Every year after completion of Component C.	IU	
Passengers travel time between Neitun Interchange and Detian Waterfall Scenic Spot	Project	minutes	2020	>60	>60			NA	60	NA	60	NA	NA	NA			≤37	≤37	≤37				≤37		Every year after completion of Component A and B.	IU	
Number of the tourists12 to the Detian (Pan Gioc) Cross-border Tourism Cooperation Zone	Project	Million persons	2020	1.34	1.34			NA	0.70	NA	0.2	NA	NA	NA			>10% YOY growth in average	>10% YOY growth in average	>10% YOY growth in average				>3.00		Every year after completion of Component A and B.	IU	

Reduction in the average IRI for Component B	Project	IRI	2020	6.2	6.2		NA		NA		NA		≤4.2		≤4.2		≤4.2		≤4.2		≤4.2		≤4.2		Every year after completion of Component B.	IU	
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Project Intermediate Indicators	Indicator level	Unit of Measure	Cumulative Target Values																				Frequency	Responsibility	Comments	
			Baseline		2020		2021		2022		2023		2024		2025		2026		2027		End Target					
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual
Kilometers newly-constructed expressway/Class -1 highway connecting to Shuolong Port	Project	Kilometers	2020	1.34	1.34	0	0		0						12.2/5.4		12.2/5.4		12.2/5.4			12.2/5.4		Annually after the construction completion of Component A	IU	
Kilometers improved national road connecting Shuolong to Detain Water Fall	Project	Kilometers	2020	0	0		0		0				13.6		13.6		13.6		13.6			13.6		Annually after the construction completion of Component B	IU	
Parking lots in the Shuolong Main Gate	Project	Number	2020	0	0		0		0				0		283		283		283			283		Annually after the construction completion of Component C	IU	
Application of the Digital Platform system in the project implementation	Project	Yes/No	2020	No	No		Yes		Yes		Yes		Yes		Yes		Yes		Yes			Yes		Annually	IU	