



Project Summary Information

Date of Document Preparation: 11/21/24	
Project Name	Hubei Global Air Cargo Logistics Project (Previously: Hubei Global Air Cargo Logistics Hub Project)
Project Number	P000770
AIIB member	China
Sector/Subsector	Transport
Alignment with AIIB's thematic priorities	Green infrastructure; Connectivity and Regional Cooperation; Technology-enabled Infrastructure
Status of Financing	Approved
Objective	To facilitate cross-border trade and to increase international air freight efficiency in Hubei, China.
Project Description	<p>The Project aims to develop a 134.9-hectare bonded logistics park adjacent to the Hubei Ezhou Huahu International Airport, Asia's first dedicated freight airport. This Climate Resilient, Low-Carbon, and Smart Comprehensive Bonded Zone will include infrastructure for customs operations and bonded logistics, such as customs checkpoints, international cargo stations, bonded processing and logistics centers, and perimeter fencing. Additionally, business centers for trade, offices, and exhibitions will be developed.</p> <p>The Project will also procure essential equipment for customs supervision, air cargo inspection, and logistics operations, as well as develop an integrated information platform for park-wide operations. Supporting infrastructure, including viaducts, access roads, and landscaping, will be constructed.</p> <p>Innovative customs supervision procedures will be introduced to enhance efficiency in import and export processes. By 2030, the Project is expected to handle over 487,400 tons of international air freight, positioning Ezhou as a major global air freight hub and a gateway for central China.</p>
Expected Results	<ul style="list-style-type: none"> i. Annual turnover of international cargo tonnage: This metric will measure the increase in cross-border trade volume. ii. Digitalized customs processing time: This indicator will gauge the improvement in operational efficiency for the importation of air freight. iii. Coverage of internationally and domestically recognized green building certifications and charging stations for electric vehicles (EVs): This measure will assess the low-carbon development of the Project.

	iv. Number of person-time for capacity building activities: This metric will track capacity-building activities for green logistics hub management and operation. It will integrate segregation by gender.
Environmental and Social Category	A
Environmental and Social Information	<p>Applicable Policy and Categorization. The Bank's Environmental and Social Policy (ESP) including the Environmental and Social Standards (ESSs) and the Environmental and Social Exclusion List (ESEL) is applicable to this Project. As per the Bank's ESP, the Project is classified as Category A, considering the significant land acquisition required for Project construction. ESS1 – Environmental and Social Assessment and Management and ESS2 – Land Acquisition and Involuntary Resettlement are applicable. ESS 3: Indigenous Peoples will not applicable, as per the Bank's ESP, due to no Indigenous People or Ethnic Minority groups are present in, or have a collective attachment to, the proposed area of the Project, and are likely to be affected by the Project.</p> <p>Environmental and Social Instruments. The Client has recruited environmental and social (ES) consultants to prepare an Environmental and Social Impacts Assessment (ESIA), an Environmental and Social Management Plan (ESMP), a Stakeholder Engagement Plan (SEP), a Resettlement Plan (RP), a Land Use Due Diligence (LUDD) and a Noise Management Framework (NMF) for the Project. Associated facilities have been identified for the Project, including: (i) Phase 1 of the logistics center, construction of which has been partially completed in December 2023 and the remaining civil works was tendered in August 2024; and (ii) Wuchu Road sections, construction of which is ongoing and expected to be completed in December 2024. An Environmental and Social Due Diligence (ESDD) was carried out by the Client's ES consultants to verify the ES compliance of these ongoing/completed civil works. On that basis, relevant ES requirements to contractor(s) have been incorporated into the civil works contracts of ongoing works. The ESMP has been incorporated into tendering documents and civil works contracts of the remaining civil works of Phase 1.</p> <p>Environment Aspects. According to the ESIA, the Project is in a habitat substantially modified by human activities and is unlikely to cause significant adverse impacts to biodiversity and natural habitats. The Project and its associated facilities' potential adverse environmental impacts during construction mainly include dust, air emissions from machine and vehicle, construction noise, soil erosion, construction and domestic wastewater and solid waste, and traffic related disturbance, which are limited to the Project affected area, temporary or short-term, reversible, and can be readily mitigated by adopting good civil work management practice as in the ESMP. Impacts during operation mainly include exhaust gases from laboratories and fumigation process, waste liquid and hazardous wastes, domestic wastewater and solid wastes, machinery and ground traffic noise, and road safety. In addressing these impacts, an emergency preparedness plan is prepared for dangerous and hazardous goods and chemicals management. The logistics center operation will not cause an increase in the number of</p>

cargo flights operated by Huahu Airport, which was determined when the feasibility study and domestic EIA was carried out for the Airport. The noise management framework (NMF) carried out forecast of air noise impacts from the cargo flights utilized by logistics center operation, adopting a noise prediction model calibrated from baseline noise monitoring results. The NMF describes appropriate mitigation and monitoring measures to be undertaken by the responsible parties depending on the level of predicted noise impact to affected people by the Project.

Social Aspects. An ESIA has been conducted which indicated that local communities will benefit from the Project through the employment opportunities created across multiple sectors, including warehousing, transportation, customs, administration, and maintenance, thereby boosting local jobs and income generation. Social risks or impacts on vulnerable groups or individuals have also been analyzed. Social risks from the Project are associated with construction and operation induced social disturbance due to dust, noise and vibration; occupational health and safety (OHS); temporary Project-induced labor influx; risk of Sexual Exploitation, Abuse and Sexual Harassment (SEA/SH); health and safety risks to Project workers and Project-affected communities, and Project induced land taken and resettlement. The logistics center will encompass a comprehensive bonded zone spanning 1,349,000 square meters (2,023mu) over two phases, but AIIB investment will focus on Phase 2 covering 622,000 square meters (933mu) the land acquisition area of batch 1 is 0.153 square kilometers (230.49 mu), which is expected to be completed by the end of December 2024. For identified associated facilities including Phase 1 of the logistics center and Wuchu Road sections (90mu) as associated facilities of the Project, a Land Use Due Diligence (LUDD) has been conducted and concluded that the completed land taken, and relocation activities are in line with AIIB's ESS2 and China's land laws and regulations, and the affected people have been compensated at replacement cost and relocated as scheduled. Therefore, land acquisition and resettlement impact are significant, whereas other impacts are assessed as limited. An ESMP including a Gender Action Plan (GAP), a RP, and a noise-induced relocation procedure under NMF, has been prepared to mitigate the potential social risks or impacts. In addition, Linkong Economic Zone Management Committee confirmed the resettlement cost has been budgeted, and the quota of the land use is highly prioritized since it is a key provincial-level project.

Occupational Health and Safety (OHS), Labor and Employment Conditions. The Project will involve typical construction work related OHS risks such as collision with moving machinery and vehicle, hazards associated with use of hazardous chemicals, electric shock, mechanical and load handling hazards, exposure to noise, dust and vapours. OHS hazards during operation include exposure to noise, dangerous or hazardous goods and chemicals, disease transmitted by live animals, etc. The ESMP has included the OHS management requirements. Additionally, the ESMP addresses various other issues such as labor influx, working conditions, labor payments, inadequate sanitation facilities for women, labor disputes or grievances, SEA/SH, and code of conduct. Furthermore, the Client will oversee the contractors' compliance with applicable labor laws and regulations, as well as the adoption and enforcement of codes of conduct for all workers. Compliance with

	<p>the ESMP is an essential part of the contract document with suppliers and contractors. This compliance and representations and warranties to be provided to the Client by suppliers and contractors will be reflected in relevant agreements and contracts.</p> <p>Stakeholder Engagement, Consultation and Information Disclosure. Consultations were done during development of the ES studies and instruments. Key stakeholders, including Project affected parties, other interested parties, and disadvantaged and vulnerable groups, have been identified and consulted during Project preparation. A SEP has been prepared by the Client’s ES consultants to assess the impacts to and influence by these various stakeholders, formulate differentiated approaches and strategies for engaging with them in a meaningful and culturally appropriate way, and specify the roles and responsibilities of Project management and implementation units in implementing the SEP throughout the entire process of Project preparation and implementation. The consultation process, including comments and suggestions received from stakeholders and how they are addressed, has been documented in the ES instruments. The ES instruments in English and Chinese have been disclosed by the Client¹ and the Bank² on their websites respectively.</p> <p>Project Grievance Redress Mechanism. The ESIA and SEP describe a Project-level Grievance Redress Mechanism (GRM) to receive and facilitate resolution of the concerns or complaints from Project-affected people and workplace people. GRMs for the ongoing Wuchu Road works and Phase 1 works have been established and disclosed, and GRM for other Project activities will be operational before any Project activities are implemented. The GRM will be further improved during the Project’s implementation. The information of established GRMs and the Project-affected People’s Mechanism (PPM) of the Bank in Chinese will be timely disclosed in an appropriate manner.</p> <p>Monitoring and Reporting Arrangement. The Client has established an ES management team composed of three staff and will recruit third-party ES monitoring agencies and submit ES monitoring reports in agreed format for Bank’s review quarterly in the first year of Project implementation, and semi-annually in the succeeding years. The Bank will monitor the Project’s ES management performance through these reports and during its implementation support missions in the field.</p>								
<p>Cost and Financing Plan</p>	<table> <tr> <td>Project Cost:</td> <td>USD528.88 million</td> </tr> <tr> <td><u>Project Financing Plan:</u></td> <td></td> </tr> <tr> <td>AIIB loan:</td> <td>USD400.00 million</td> </tr> <tr> <td>Counterpart Funding:</td> <td>USD128.88 million</td> </tr> </table>	Project Cost:	USD528.88 million	<u>Project Financing Plan:</u>		AIIB loan:	USD400.00 million	Counterpart Funding:	USD128.88 million
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¹ Client disclosure links: https://lkjjq.ezhou.gov.cn/xxgk/zc/gggs/202407/t20240723_637479.shtml

² AIIB disclosure links: <https://www.aiib.org/en/projects/details/2023/proposed/China-Hubei-Global-Air-Cargo-Logistics-Hub-Project.html>

Borrower/Investee Company/Counter party/Guaranteed entity	People's Republic of China		
Guarantor	Not Applicable		
Implementing Entity/Sponsor	Hubei Province, Ezhou Municipality, Ezhou Municipal Linkong Economic District, and Ezhou Linkong Group Co., Ltd.		
Estimated date of loan closing (SBF)	12/2029		
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Date of Concept Decision	08/09/23		
Date of Appraisal Decision	05/09/24		
Date of Financing Approval	11/20/2024		

Independent Accountability Mechanism	The Bank's Project-affected People's Mechanism (PPM) will be used for the Project. The PPM has been established by the Bank to provide an opportunity for an independent and impartial review for submissions from Project-affected people who believe they have been or are likely to be adversely affected by the Bank's failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through the project-level GRM or the processes of the Bank's management. For information on the Bank's PPM, please visit: https://www.aiib.org/en/policies-strategies/operational-policies/policy-on-the-project-affected-mechanism.html .
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