



China, People's Republic of: Chongqing Integrated Logistics Demonstration

Project Name	Chongqing Integrated Logistics Demonstration	
Project Number	48024-001	
Country	China, People's Republic of	
Project Status	Closed	
Project Type / Modality of Assistance	Technical Assistance	
Source of Funding / Amount	TA 8689-PRC: Chongqing Integrated Logistics Demonstration	
	Technical Assistance Special Fund	US\$ 600,000.00
Strategic Agendas	Inclusive economic growth	
Drivers of Change	Private sector development	
Sector / Subsector	Transport - Multimodal logistics	
Gender Equity and Mainstreaming	Some gender elements	
Description	<p>The proposed project seeks to improve the condition of the logistics network and services within Chongqing Municipality in the People's Republic of China (PRC) to create an integrated and multimodal logistics system. It will focus on developing logistics parks and related infrastructure to accelerate the development of the logistics industry in Chongqing. It will also improve and upgrade the logistics services and logistics information system.</p> <p>A TA in the amount of \$600,000 will be provided to assist the EA and the IA in preparing the project for ADB financing. The TA will (i) produce a mutually agreeable project design and scope, schedule, and implementation plan that is justified by the project's expected merits, (ii) ensure that the project's benefits are commensurate with its costs to clarify the rationale for ADB's intervention, (iii) provide the EA and the IA access to high level international expertise on logistics development and ensure capacity to successfully implement the project, (iv) ensure that the project supports the PRC's development strategies and ADB's PRC country partnership strategy (2011-2015), and (v) ensure that the EA and the IA adhere to ADB's Safeguard Policy Statement (2009).</p>	

Project Rationale and Linkage to Country/Regional Strategy

In the PRC, the logistics sector, while stronger than many Asian countries, trails behind several developed nations. According to the World Bank's logistics performance index, PRC has a global ranking of 26 (1 is the best and 155 is the worst). PRC's ranking indicates a significant potential for improvement. On 11 June 2014, the State Council approved a plan to develop the logistics industry. This reaffirms the government's continued emphasis on improving and reforming the logistics sector. It is expected that the reforms of the logistics sector will continue during the 13th Five-Year Plan of the PRC. Chongqing is a major city along the upper reaches of the Yangtze River in southwest PRC, and one of the five national central cities. Covering a total area of 82,400 square kilometers and with a population of 30 million, it is the largest directly administered municipality, and comprises 19 districts, 15 counties, and 4 autonomous counties. It is an important industrial and commercial center and transport and logistics hub, with a railway network of 1,450 kilometers (km) which includes five trunk lines and two branch lines, an expressway network of 1,900 km with two ring roads and eight trunk expressways, and an inland waterway network with a freight traffic throughput of 145 million tons annually. Further development of the city as a regional transport and logistics hub will facilitate further economic growth in the central and western region of the PRC, which remains relatively under-developed compared to eastern PRC.

Presently, 20 of the logistics terminals in Chongqing are located within the inner city region and ring road. This has resulted in heavy freight traffic, mostly large trucks, moving on the inner city roads and causing traffic congestion and air pollution. Since April 2014, the government has restricted the movement of big trucks in parts of the inner city area during certain times of the day. It is expected that these restrictions will need to be further tightened in the future to cope with growing traffic congestion in the inner city. To provide a lasting solution to the congestion problem, the logistics facilities need to be moved to areas beyond the inner ring road. There is also a need to expand and improve the infrastructure of logistics terminals in Chongqing to enable more efficient logistics services. Many of these terminals cannot provide all the required logistics services in one location resulting in unnecessary freight movements.

A number of new developments that will increase the freight traffic to and from Chongqing will require additional logistics infrastructure support. The new developments include the creation of the Liangjiang New Area. This is expected to attract many new manufacturing and service industries to Chongqing. Another new development is the establishment of the Chongqing-Xinjiang-Europe International Railway Corridor which offers a faster way to transport freight from the PRC to Europe than transport by sea, and in only a fraction of the cost of air transport. This provides an attractive option for shippers of high value cargo or moderately perishable cargo that cannot tolerate 40 days transit time by sea or cannot afford the high cost of air transport. This corridor, with a total length of 11,200 km, takes 16 days from Chongqing to Duisburg, Germany through Kazakhstan, Russia, Belarus, and Poland. This new route is called the 'New Silk Road,' and is expected to become a major freight carrier in the future. The growing demand for this route needs to be supported by providing matching logistics infrastructure to handle trans-shipment and related processes such as sorting, packaging, storage etc.

Logistics processes are becoming ever more complex, while demands for flexibility are constantly increasing. This needs real time and updated information which can be shared with all the logistics service providers. Current information systems which rely on bilateral information exchange cannot cater to this requirement. There is a need for creating a common cloud-based information system which can be used by all the logistics nodes and service providers. The limitation in information sharing creates a bottleneck for logistics, and results in higher costs and delays. There is thus a need to integrate the logistics information services in the design and construction of infrastructure, and ensure that services and utilization of infrastructure are maximized.

The proposed project will address many of the challenges highlighted above. The project is consistent with the PRC government's plans to develop the logistics sector, and is also in line with the expected directions of the 13th Five-Year Plan. The project's focus on logistics development is in line with the Sustainable Transport Initiative which highlights logistics improvements as an important opportunity for sustainable transport operations. This project will also draw on the recommendations of the previous ADB study on logistics development in the PRC.

Impact

Project Outcome

Description of Outcome

Progress Toward Outcome

Implementation Progress

Description of Project Outputs

Status of Implementation Progress (Outputs, Activities, and Issues)

Geographical Location

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design	The project will have a consultation and participation strategy to ensure meaningful consultation with all stakeholders. The consultation and participation strategy will ensure timely information to communities, project affected households, and all relevant agencies. Modes of consultation and participation will include organizing public meetings, focus groups, and such other modes of direct consultation with affected communities and affected households.
During Project Implementation	The implementing agency, with support of technical consultants, will undertake consultations with key stakeholders.

Business Opportunities

Consulting Services	The PPTA has been implemented using a combination of individual consultants and an international consulting firm. Individual consultants were engaged for selected activities such as public-private partnership (PPP) related preparations and project coordination. The consulting firm conducted due diligence on technical, economic, financial, environment, social development and safeguards aspects of the project. The firm also assisted in the conduct of studies, survey and workshops.
Procurement	Any procurement under this TA will be conducted in accordance with ADB's Procurement Guidelines (2013, as amended from time to time).

Responsible Staff

Responsible ADB Officer	Saxena, Sharad
Responsible ADB Department	East Asia Department
Responsible ADB Division	Transport and Communications Division, EARD
Executing Agencies	<i>Chongqing Municipal Government Room 305, Jianfa Plaza, Honghuxilu Road, Yubei District, Chongqing, PRC 401121</i>

Timetable

Concept Clearance	-
Fact Finding	-
MRM	-
Approval	17 Jul 2014
Last Review Mission	-
Last PDS Update	30 Mar 2016

TA 8689-PRC

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
17 Jul 2014	15 Aug 2014	15 Aug 2014	31 Mar 2016	-	-

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
600,000.00	0.00	100,000.00	0.00	0.00	0.00	700,000.00	17 Jul 2014	498,291.56

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