



Technical Assistance Report

Project Number: 51401-001
Transaction Technical Assistance (TRTA)
October 2018

People's Republic of China: Shaanxi Transport and Logistics Port

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 10 September 2018)

| | | |
|---------------|---|------------|
| Currency unit | – | yuan (CNY) |
| CNY1.00 | = | \$0.14610 |
| \$1.00 | = | CNY6.8448 |

ABBREVIATIONS

| | | |
|-----|---|----------------------------|
| ADB | – | Asian Development Bank |
| IT | – | information technology |
| PRC | – | People's Republic of China |
| TA | – | technical assistance |

NOTE

In this report, "\$" refers to US dollars.

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TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE

| | | | |
|--|--|--|---|
| 1. Basic Data | | Project Number: 51401-001 | |
| Project Name | Shaanxi Transport and Logistics Port | Department/Division | EARD/EASI |
| Nature of Activity | Project Preparation | Executing Agency | Shaanxi Provincial Department of Transportation |
| Modality | Regular | | |
| Country | China, People's Republic of | | |
| 2. Sector | Subsector(s) | ADB Financing (\$ million) | |
| ✓ Transport | Multimodal logistics | | 0.56 |
| | | Total | 0.56 |
| 3. Strategic Agenda | Subcomponents | Climate Change Information | |
| Inclusive economic growth (IEG) Environmentally sustainable growth (ESG) Regional integration (RCI) | Pillar 1: Economic opportunities, including jobs, created and expanded Urban environmental improvement Pillar 1: Cross-border infrastructure | Climate Change impact on the Project | Medium |
| 4. Drivers of Change | Components | Gender Equity and Mainstreaming | |
| Partnerships (PAR) Private sector development (PSD) | Foundations Implementation Regional organizations Promotion of private sector investment | Some gender elements (SGE) | ✓ |
| 5. Poverty and SDG Targeting | | Location Impact | |
| Geographic Targeting Household Targeting SDG Targeting SDG Goals | No No Yes SDG9 | Nation-wide | High |
| 6. Risk Categorization | Low | | |
| 7. Safeguard Categorization | Safeguard Policy Statement does not apply | | |
| 8. Financing | | | |
| Modality and Sources | | Amount (\$ million) | |
| ADB | | 0.56 | |
| Transaction technical assistance: Technical Assistance Special Fund | | 0.56 | |
| Cofinancing | | 0.40 | |
| Urban Environmental Infrastructure Fund under the Urban Financing Partnership Facility (Full ADB Administration) | | 0.40 | |
| Counterpart | | 0.00 | |
| None | | 0.00 | |
| Total | | 0.96 | |

I. THE ENSUING PROJECT

1. The ensuing project aims to assist Shaanxi Province of the People's Republic of China (PRC) in developing comprehensive and demonstrative logistics and supply chain management solution to strengthen regional cooperation facilitation and enhance economic development through improved value-addition, innovation, and efficiency of logistics services. Shaanxi Province is located at the center of the PRC and directly connected to eight neighboring provinces. Its capital, Xi'an City, is a gateway of the Silk Road Economic Belt and designated as a national logistics node city. The transport network within the province has been rapidly developed to reduce poverty and boost economic growth. Despite the rapid transport development and increase in shipping volume, logistics industry requires much improvement. The government designated three core logistics parks around Xi'an City. These logistics parks will enhance efficient intermodal connection among rail, air, and road transport. The proposed project will demonstrate innovative integrated logistics development in these logistics parks.

2. The project's indicative outcome is: value addition, innovation, and efficiency of logistics services in Shaanxi Province improved.¹ The project will be aligned with the following impact: regional cooperation facilitation strengthened and economic development enhanced in Shaanxi Province.² The project outputs will be: (i) cold chain logistics management enhanced, (ii) rural-urban logistics combined with passenger bus operation demonstrated, (iii) bulk agricultural commodity distribution streamlined, (iv) logistics information technology (IT) systems integrated, and (v) capacity of small- and medium-sized enterprises strengthened.

3. The ensuing project is estimated to cost \$468 million, of which Asian Development Bank (ADB) will provide financing in an amount of \$200 million from its ordinary capital resources. The ensuing loan and this transaction technical assistance (TA) are listed in ADB's *Country Operations Business Plan for PRC 2018–2020*.³

II. THE TECHNICAL ASSISTANCE

A. Justification

4. The transaction TA will help the government prepare the project. The TA will refine the project scope incorporating international best practices, innovative solutions, and conduct technical, safeguards, economic, financial, and other due diligence.⁴

B. Outputs and Activities

1. The major outputs and activities are summarized in Table 1.

¹ The preliminary design and monitoring framework is in Appendix 1.

² Shaanxi Provincial Government. 2015. *Medium- to Long-term Development Plan of Logistics Industry in Shaanxi Province*. Xi'an: Shaanxi Provincial Government.

³ ADB. 2018. *Country Operations Business Plan: People's Republic of China, 2018–2020*. Manila.

⁴ The TA first appeared in the business opportunities section of the ADB website on 4 September 2018.

Table 1: Summary of Major Outputs and Activities

| Major Outputs | Delivery Dates | Key Activities with Milestones |
|---|----------------|--|
| 1. Output 1: Feasibility study on cold chain logistics improvement and other project loan components completed. | September 2019 | 1.1 Propose innovative improvement/refinement measures on the draft design of the cold chain logistics and other components (Q1 2019). 1.2 Conduct a workshop on international best practices and possible application to the project (Q2 2019). 1.3 Conduct necessary due diligence and prepare reports (September 2019). |
| 2. Output 2: Financial due diligence on a FI component completed. | September 2019 | 2.1 Undertake thorough due diligence of the candidate FIs (Q2 2019). 2.2 Review business strategy and operations in SME lending (Q2 2019). 2.3 Conduct integrity due diligence and prepare reports (September 2019). |

FI = financial intermediary, Q = quarter, SME = small- and medium-sized enterprises.
Source: Asian Development Bank.

C. Cost and Financing

5. The TA is estimated to cost \$1,000,000 of which \$560,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources) and \$400,000 will be financed on a grant basis by the Urban Environmental Infrastructure Fund⁵ under the Urban Financing Partnership Facility and administered by ADB. The key expenditure items are listed in Appendix 3-1.

6. The government will provide counterpart support in the form of counterpart staff, office accommodation, office supplies, access to documents and information, secretarial assistance, and other in-kind contributions. The government was informed that approval of the TA does not commit ADB to finance any ensuing project.

D. Implementation Arrangements

7. ADB will administer the TA. ADB will select, supervise, and evaluate consultants. Shaanxi Provincial Transport Department, as the executing agency, will be responsible for clearing domestic project processing requirements, guiding TA activities, coordinating government agencies and relevant organizations, and reviewing and commenting on the consultant outputs. All TA financed goods shall be procured in accordance with ADB Procurement Policy (2017, as amended from time to time) and associated instructions. The implementation arrangements are summarized in Table 2.

Table 2: Implementation Arrangements of the Transaction Technical Assistance

| Aspects | Arrangements | | |
|----------------------------------|--|--|-----------|
| Indicative implementation period | February 2019–December 2020 | | |
| Executing agency | Shaanxi Provincial Transport Department (SPTD) | | |
| Consultants | To be selected and engaged by the Asian Development Bank | | |
| | Firm: quality- and cost-based selection, biodata technical | International consulting service for preparing Shaanxi Logistics | \$793,000 |

⁵ Financing partner: the Government of Sweden.

| Aspects | Arrangements | | |
|---------------------|---|--|----------|
| | proposal, time-based contract | Development Project | |
| | Individual: individual selection | International expertise (1 person-month) | \$47,000 |
| | Individual: individual selection | National expertise (2 person-months) | \$17,000 |
| Advance contracting | Procurement of the individual consultants will be undertaken as advance contracting. | | |
| Disbursement | The technical assistance (TA) resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2010, as amended from time to time). | | |

Source: Asian Development Bank

8. **Consulting services.** ADB will engage the consultants following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions.⁶ The TA will finance approximately 16 person-months of international consulting and 35 person-months of national consulting services through a consulting firm. ADB will select an international consulting firm based on the quality- and cost-based selection method using a 90:10 quality–cost ratio with simplified technical proposals. The TA will also finance 1 person-month of an international and 2 person-months of national individual consultants through individual consultants selection to refine the project scope at the initial stage before the consulting firm is engaged. Time-based contracts will be used for both firm and individual consultants to flexibly respond to possible changes in the project scope during the TA implementation. The consulting team will refine the project scope incorporating international best practices and conduct technical, safeguards, economic, financial, and other due diligence to meet government’s and ADB’s project processing requirements.

⁶ Terms of Reference for Consultants (accessible from the list of linked documents in Appendix 3-2).

COST ESTIMATES AND FINANCING PLAN
(\$'000)

| Item | Amount |
|--|---------------|
| A. Asian Development Bank^a | |
| 1. Consultants | |
| a. Remuneration and per diem | |
| i. International consultants | 54.00 |
| ii. National consultants | 151.41 |
| b. Out-of-pocket expenditures | |
| i. International and local travel | 162.50 |
| ii. Office space rental and related facilities | 8.00 |
| iii. Goods (rental and/or purchase) ^b | 55.00 |
| iv. Surveys | 5.00 |
| v. Training, seminars, and conferences ^c | 8.00 |
| vi. Reports and communications | 8.00 |
| vii. Miscellaneous administration and support costs | 5.00 |
| 2. Contract Negotiation | |
| a. Representation ^d | 5.00 |
| 3. Contingencies | 98.10 |
| Subtotal (A) | 560.00 |
| B. Urban Environment Infrastructure Fund^e under the Urban Financing Partnership Facility | |
| 1. Consultants | |
| a. Remuneration and per diem | |
| i. International consultants | 306.00 |
| ii. National consultants | 64.89 |
| b. Out-of-pocket expenditures | |
| i. International and local travel | 29.11 |
| Subtotal (B) | 400.00 |
| Total | 960.00 |

Note: The technical assistance (TA) is estimated to cost \$1,000,000, of which contributions from the Asian Development Bank are presented in the table above. The government will provide counterpart support in the form of counterpart staff, office accommodation, office supplies, access to documents and information, secretarial assistance, and other in-kind contributions. The value of government contribution is estimated to account for 4.0% of the total TA cost.

^a Financed under Asian Development Bank's Technical Assistance Special Fund (TASF-other sources).

^b Vehicle hire for land transport.

^c Training, seminars, and conferences. Includes interpretation and translation costs.

Purpose: cold supply chain management, rural logistics, bulk logistics, and logistics IT systems.

Venue: Xi'an, PRC

Includes interpretation and translation costs.

^d Contract negotiation and representation of government staff.

^e Financing partner: the Government of Sweden. Administered by the Asian Development Bank.

Source: Asian Development Bank estimates.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=51401-001-TARreport>

1. Terms of Reference for Consultants