



China, People's Republic of: Yunnan Pu'er Regional Integrated Road Network Development Project

Project Name	Yunnan Pu'er Regional Integrated Road Network Development Project		
Project Number	46040-003		
Country	China, People's Republic of		
Project Status	Active		
Project Type / Modality of Assistance	Loan		
Source of Funding / Amount	Loan 3217-PRC: Yunnan Pu'er Regional Integrated Road Network Development Project		
	Ordinary capital resources		US\$ 200.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration		
Drivers of Change	Governance and capacity development		
Sector / Subsector	Transport - Road transport (non-urban)		
Gender Equity and Mainstreaming	Effective gender mainstreaming		
Description	The project is to enhance regional integration and trade between Yunnan Pu'er and neighboring countries. The expected outcome of the project is improved accessibility between rural and border areas and an improved regional transport network in Yunnan Pu'er. The proposed project will include three outputs for ADB financing: (i) regional roads development; (ii) rural access improvement; and (iii) institutional development.		

Project Rationale and Linkage to Country/Regional Strategy

Kunming, the capital of Yunnan Province, is the northern anchor of the Greater Mekong Subregion North_South Economic Corridor that connects the PRC to Thailand via routes through both the Lao PDR and Myanmar. It is a hub for trade between the PRC and countries in the Association of Southeast Asian Nations, and also India and Bangladesh. Yunnan's external trade is growing rapidly. The total value of imports and exports has risen from under \$2 billion in 2001 to \$12.3 billion in 2011, representing an average increase of 20% per annum over 10 years. In 2011, the values of imports and exports were roughly equal (a little over \$6 billion each), but imports are growing substantially faster than exports.

Despite being the only prefecture in Yunnan bordering Lao PDR, Myanmar, and Viet Nam, international trade generated in Pu'er was \$100 million in 2011 (less than 1% of the Yunnan total). This reflects a lack of high-quality border crossings and road connections. Of the prefecture's 20 existing border crossings, only three are class I crossings (one with Myanmar and two with the Lao PDR).¹¹ A fourth class I crossing is needed to serve the border with Viet Nam at Longfu in Jiangcheng county. This requires investment in upgrading the Ning'er Jiangcheng_Longfu road to connect the border and the provincial expressway network. This improvement, along with the newly constructed Mengkan crossing to the Lao PDR, will place Jiangcheng county at the center of Yunnan's trade with neighboring countries, since it is equidistant from the nearest trading centers in Yunnan (Pu'er), Lao PDR (Phongsali), and Viet Nam (Dien Bien Phu).

In 2005, the Pu'er Municipal Government (PMG) commissioned development of a border economic cooperation zone at Meng'a to serve trade with Myanmar's Shan State. Between 2007 and 2012, total trade through Meng'a increased from \$59 million to \$271 million,¹² at an average annual growth rate of 35%.¹³ However, trade facilities and road connections to Meng'a are inadequate to service demand and are constraining growth in trade volumes. To meet demand it is necessary to expand transit and storage facilities at Meng'a and improve road connections from Meng'a to the provincial highway network at Lancang via Menglian.

About 94% of the province's land area is covered by mountains and hills, which pose a great obstacle to the provision of basic access to rural roads. At present, Pu'er's rural roads provide communities with access to (i) markets for sale and purchase of produce and agricultural inputs; (ii) collection or processing stations for the sale of cash crops; (iii) towns and cities for seasonal employment opportunities; and (iv) social services. Although some limited services and facilities exist in or around the administrative villages (clinic, processing stations, and primary schools), most are located in the townships (markets, hospitals, primary and middle schools, banks, police, coffee collection stations, and tea processing plants). Some services and facilities are only available in the county towns (major markets, large hospitals, and secondary schools). Demand for rural transport is substantial between the villages and the nearest townships up to five times a month for each household, to the county town once or twice a month, and to the prefecture capital a few times a year.

Yunnan's road crash fatality rate per 100,000 persons is 4.1 (3.9 in Pu'er), comparable to the rates in France and the United Kingdom. However, the fatality rate per 10,000 vehicles or per billion vehicle-kilometers is 3_5 times higher, implying that low overall fatality rates are due to the low number of vehicles, not to high road safety. As rapid motorization continues, fatality rates are likely to rise unless more attention is given to road safety. A road safety emphasis needs to be an integral part of the engineering design process.

Impact	Regional integration and trade between Yunnan Pu'er and neighboring countries is enhanced
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Project Outcome

Description of Outcome	Accessibility between rural and border areas and the regional transport network in Yunnan Pu'er is improved
Progress Toward Outcome	It will be assessed at project completion review.

Implementation Progress

Description of Project Outputs	1. Regional roads development 2. Rural access improvement 3. Institutional development
Status of Implementation Progress (Outputs, Activities, and Issues)	1. ADB has approved contract awards for two ICB civil works packages for Menglian-Meng'a road Subgrade construction in December 2015 and five NCB civil works packages for Ning'er-Jiangcheng-Longfu in March 2016. The construction for both road is ongoing. 2. Procurement of civil works for upgrading of 600 km village is completed. It is expected to start construction of rural roads in March 2017. 3. Recruitment of consultants is completed and the consultant mobilized in December 2016.

Geographical Location	
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Safeguard Categories

Environment	A
Involuntary Resettlement	A
Indigenous Peoples	A

Summary of Environmental and Social Aspects

Environmental Aspects	<p>The project is category A for environment. A consolidated environmental impact assessment (EIA) and an environmental management plan (EMP) have been prepared for the project roads. The EIA shows that anticipated environmental impacts and risks are modest and can be limited to an acceptable level through the implementation of the EMP and compliance with loan covenants. The EMP addresses potential impacts of the project outputs, sets out mitigation and monitoring measures, institutional arrangements, training requirements and budgets for implementation of the EMP. The budget for implementation of the EMP is 0.21% of the project budget. Capacity development and institutional strengthening are proposed to minimize environmental risks. Environmental complaints will be handled through a grievance redress mechanism established for the project. Discussion of key environmental impacts, risks and mitigation measures from the consolidated EIA are summarized in the EIA.</p> <p>An external environmental supervision agency will be recruited by the PMO. This agency will be responsible for supervising the implementation of the environmental requirements. This agency should be in place before the start of the construction. Environmental monitoring agencies will also be recruited by the PMO. These agencies will be responsible for environmental monitoring according to the EMP requirements. These agencies should be in place before the start of the construction. The PMO will include one suitably qualified environmental staff to manage the aspects related to supervision and monitoring.</p>
Involuntary Resettlement	<p>The project is category A for involuntary resettlement. Land acquisition and resettlement (LAR) impacts are attributable to the regional roads component. The two full resettlement plans for the regional roads address the LAR impacts. The estimated permanent land acquisition is 4,265.5 mu, including paddy land, non-irrigated farmland, forestry land, house plots, and other land. Permanent land acquisition will partially affect 3,998 households with 15,127 people. The total area of house and building demolition amounts to 83,155 square meters, involving residential house and simple structures, and will affect 600 households with 2,368 people. Overall, an estimated 17,495 persons from 4,598 rural households will be affected. Rural roads are unlikely to result in significant LAR impacts. To ensure LAR impacts are managed, a resettlement framework with two short sample resettlement plans was prepared. These documents adequately deal with LAR impacts. LAR costs are estimated at CNY358.54 million and include land compensation, house relocation, livelihood support, taxes, fees, and contingency funding. The PMG confirmed that adequate counterpart funding will be made available for LAR. Resettlement implementation will be monitored internally and externally. The PMO social safeguard unit will (i) coordinate internal supervision, (ii) report on plan implementation, and (iii) engage an independent external monitor for semiannual monitoring and reporting. Public consultations will continue throughout the project cycle. Capacity development and institutional strengthening will minimize LAR risks. A grievance redress mechanism will be established before LAR starts. Grievances will be resolved and documented in a timely manner.</p>
Indigenous Peoples	<p>The project is category A for indigenous peoples (ethnic minorities). About 71% of the project beneficiaries represent ethnic minorities. The PMG prepared an ethnic minority development plan to ensure the project does not adversely impact ethnic minority communities and that ethnic minorities actively participate and benefit in a culturally appropriate way. Investigations found that improved access may increase the Wa and Lahu ethnic minorities' vulnerability to human and drug trafficking risks. Measures are incorporated in the ethnic minority development plan to complement the government's existing programs. The plan adequately deals with the identified risks. The plan is posted on the ADB website and has been disclosed to the ethnic minority communities in the project area.</p>

Stakeholder Communication, Participation, and Consultation

During Project Design	Undertake stakeholder consultation through rapid appraisal methods and develop effective measures to address the issues.
During Project Implementation	<p>Within 2 months from the loan effectiveness, the PMO will commence disclosure of all key project-related information, including the scope, cost, and financial and institutional arrangements of the project, annual performance and sustainability report, and project progress such as procurement, contract award, and disbursement in a language culturally appropriate and easily understood by the project affected people. Consultation is an important aspect of the project. The PMTB will ensure that local communities affected by the project are consulted before each subproject implementation under the provisions of the EIA/EMP, RP, EMDP and GAP and after subproject implementation, to assess and remedy any residual concerns. Public awareness programs to communicate the objectives of the road safety, the community based road maintenance, HIV-AIDS, and the human, drug and wildlife trafficking project components will be coordinated by the PMO.</p>

Business Opportunities

Consulting Services	All consultants will be recruited according to ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).
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Procurement	<p>All procurement of goods and works where there is any ADB funding will be undertaken in accordance with ADB's Procurement Guidelines (2013, as amended from time to time). International competitive bidding (ICB) procedures will be used for civil works contracts estimated to exceed \$10 million, and goods contracts estimated to exceed \$1 million. Contracts estimated at less than the ICB thresholds will be procured following national procedures in accordance with the PRC Tendering and Bidding Law (1999), subject to modifications as agreed with ADB and consigned in the NCB annex to the procurement plan (Appendix 1). Contracts for works estimated to cost less than the ICB threshold values above, but more than \$200,000 and contracts for goods estimated to cost less than the ICB threshold values above, but more than \$100,000 will be procured on the basis of national competitive bidding (NCB) procedures. Shopping will be used for contracts for procurement of works estimated at less than \$200,000 and equipment estimated at less than \$100,000.</p> <p>Procurement under ICB procedures will use the single-stage one-envelope modality. Procurement shall use the latest ADB standard bidding documents which are found in ADB's website.</p> <p>For procurement under NCB, the following provisions will apply (i) the advertisement may be limited to the national press, an official gazette or an open access website; (ii) bidding shall follow the standard bidding documents issued by MOF and approved by ADB; and (iii) bidding documents may be only in the Chinese language, and CNY may be used for the purpose of bidding and payment. Procurement under NCB and shopping will be subject to the provisions of the NCB annex of the procurement plan (Appendix 1).</p>
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Responsible Staff

Responsible ADB Officer	Chu, Chenglong
Responsible ADB Department	East Asia Department
Responsible ADB Division	PRC Resident Mission
Executing Agencies	Yunnan Pu'er Municipal Government SMZFBK@163.COM One Kilometer of Old Silan Road Simao District, Puer City Yunnan Province 665000, PRC

Timetable

Concept Clearance	03 Sep 2012
Fact Finding	26 May 2014 to 03 Jun 2014
MRM	19 Aug 2014
Approval	08 Dec 2014
Last Review Mission	-
Last PDS Update	13 Mar 2017

Loan 3217-PRC

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
08 Dec 2014	25 Jun 2015	20 Oct 2015	30 Jun 2021	-	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	589.53	Cumulative Contract Awards			
ADB	200.00	08 Dec 2014	76.62	0.00	38%
Counterpart	389.53	Cumulative Disbursements			
Cofinancing	0.00	08 Dec 2014	19.38	0.00	10%

Project Page	https://www.adb.org/projects/46040-003/main
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