

**PROJECT INFORMATION DOCUMENT (PID)  
CONCEPT STAGE**

Report No.: AB6772

<b>Project Name</b>	Xinjiang Yining Urban Transport Improvement Project
<b>Region</b>	EAST ASIA AND PACIFIC
<b>Sector</b>	General transportation sector (100%)
<b>Project ID</b>	P126454
<b>Borrower(s)</b>	MINISTRY OF FINANCE
<b>Implementing Agency</b>	Yining Municipal Government Contact: Mr. Su Jun Title: Director, Project Management Office Mob: 1330 9999 815 Email: suser1968@sina.com
<b>Environment Category</b>	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
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### 1 Key development issues and rationale for Bank involvement

(1) In 2000, the Government of China (GoC) launched the implementation of the Western Regional Development Strategy. It aimed at promoting socio-economic development in the lagging western region and achieving a coordinated and balanced national development pattern. Since then, GoC has made significant effort and progress in narrowing the gaps between the relatively developed coastal region and the lagging western region. During 2000-09, GoC supported the western region with 120 key projects and a total investment of 2.2 trillion RMB (US\$ 338 billion equivalent). Benefiting from this level of support, the western region has registered an annual GDP growth of 11.9% during that period, unprecedentedly surpassing the national average.

(2) In order to further balance the development of different regions, the 12<sup>th</sup> Five-Year Plan (FYP) for China's Economic and Social Development in 2011-15 highlights the Initiative of Western Region Development as a top priority in China's general strategy for regional development. Furthermore, the 12<sup>th</sup> FYP emphasizes that additional support to infrastructure development will be provided to the minority-concentrated areas and the frontier areas, in order to improve their living conditions.

(3) According to the 12<sup>th</sup> FYP, the national annual GDP growth rate is expected to be 7% in 2011-2015 and urbanization rate to rise from 47.5% to 51.5% by 2015, which will result in continuing increases in urban transport demand. In order to accommodate the growing demand, the provision of urban transport infrastructure and services will remain a major investment in the next five years, especially in the relatively under-developed western region.

(4) Statistics of 2009 showed a huge gap between western cities and eastern cities: urban road space per resident averaged 11.6 m<sup>2</sup> per person in western cities and 14.1 m<sup>2</sup> per person in eastern cities. While many coastal cities and large inland cities have largely completed vast construction programs of basic urban transport infrastructure in the past decade, small and medium cities in the west are still struggling for adequate investment. As these small and medium cities are expanding, construction of new urban roads is in pressing need to support the development of the new areas. On the other hand, roads in the existing city area are deteriorating, and require rehabilitation so as not to influence the daily life of the residents. Furthermore, the poor management of the existing transport infrastructure has generally resulted in inefficient utilization.

(5) As is seen in many coastal cities, associated with rapid urbanization and motorization is a range of emerging problems: traffic congestion, greenhouse gas emissions, increasing dependent on fossil fuel and road accidents. It is increasingly realized at both national and city levels that simply investing in road construction is not enough to address these urban transport problems, and that a sustainable approach is much needed for urban development. Drawing lessons from the past experience, the State Council issued an opinion in October 2005 to emphasize public transport as a national priority for urban transport development. The 12th FYP further emphasizes the strategic significance of prioritizing the development of a comprehensive public transport network for urban transport services. Specific targets for bus fleet, bus stop coverage and public transport network density have been set by the Ministry of Transport (MOT).

(6) However, due to the financial resource constraints, governments of the lagging cities in the western region had to allocate most of their capital investment resources for road construction. In 2009, investments in public transport and urban road construction accounted for 6% and 57% respectively of total urban infrastructure capital investment (compared to that of 24% for public transport and 41% for road construction in coastal cities). Under-investment in public transport has resulted in insufficient and poor public transport services in many cities in the western region.

(7) Now local governments in the western region have increasingly recognized the urban transport challenges they are facing and show strong willingness to build livable and competitive cities to provide a better environment for their residents, as well as to attract external investment. However, Bank experience in China's central and western cities show that planning, financing, implementing, managing and monitoring a sustainable urban transport system remains a great challenge to them.

(8) Located in the northwest of Xinjiang Uygur Autonomous Region and the central part of Yili River Valley, Yining Municipality is the capital of the Yili Kazak Autonomous Prefecture. With a total area of 676 km<sup>2</sup>, Yining consists of a central city (currently with a built-up area of 30 km<sup>2</sup>), 1 town, 8 villages and 2 state-owned farms. The total population is 470,000 in 2010, plus a floating population of 70,000. Over 65% of the total population is minority groups, among whom Uygur accounts for 49.7%.

(9) Yining is China's historical gateway to Central Asia and Europe and an important goods distribution center of the ancient "Silk Road". Korgas, China's largest land port in the northwestern region, is located 88 km west to Yining at the border with Kazakhstan. Despite the geographical and historical advantage, Yining is still relatively backward in economic development. Per capita GDP in Yining is RMB 19,940 (US\$ 3,067 equivalent), which is only two thirds of the national average. In 2010, the State Council designated Korgas as a new Special Economic Zone (SEZ), whose role in trade and export industrial development is expected to be similar to other Special Economic Zones created in the early 1980s (including Shenzhen). As the only sizable urbanized center behind the Korgas SEZ, the city of Yining has a significant role to play in the SEZ development strategy. It is envisaged to become a regional trade and logistics center and an industrial base for export processing industries that possesses comparative advantages.

(10) In light of the SEZ development, Initiative of Western Region Development and favorable policies towards minority-concentrated areas and frontier areas, Yining is poised to grow rapidly in the next 20 years. The city has already seen a trend of manufacturing and logistics firms moving into the city area in recent years. According to the city's Master Plan (2008-2030) which was prepared with assistance from the China Academy of Urban Planning and Design (the most prestigious city planning institute in China), the population of Yining is expected to increase to 750,000 by 2020 and 950,000 by 2030. Facing the expected city growth and the under-funded urban transport infrastructure needs, the city places high priority to urban transport infrastructure and service improvement in the 12th FYP period.

(11) Relationship to CPS. The new Bank's China Country Partnership Strategy (CPS) for 2011-15 is under preparation, and will be consistent with the 12th FYP, which highlights the importance and actions to address urban transport issues. The proposed Xinjiang Yining Urban Transport Improvement Project is consistent with the 12th FYP. It is also consistent with the 2006-10 CPS endorsed by the Board on May 23, 2006, which seeks among other objectives, to improve the competitiveness of the various regions of China and the overall investment climate, and to address the needs of disadvantaged groups and underdeveloped areas by financing infrastructure. The project serves two of the five pillars defined in the CPS: (a) reducing poverty, inequality, and social exclusion; and (b) managing resource scarcity and environmental challenges.

## **2 Proposed objective(s)**

(12) In the context of anticipated rapid urban development in Yining, the proposed **Project Development Objective (PDO)** is to improve transport mobility in the city of Yining and to provide transport accessibility in the selected new city areas in a safe, clean and efficient manner.

## **3 Preliminary description**

(13) Insufficient urban transport infrastructure and services is recognized as one of the major constraints that the city is facing in economic growth. The Municipal Government of Yining seeks the Bank's support to provide and improve urban transport infrastructure and services. Yining proposed to the Bank team a package of urban transport investments, including the

construction of new roads and improvement of existing roads, provision of public transport infrastructure and services, and improvement of traffic management and road safety. According to the proposal and the Bank team's assessment, it is proposed that the focus of the project should be to provide the basic urban transport infrastructure needed for urban development, while helping modernize public transport services and traffic management practices to ensure the sustainability of urban transport development.

(14) Yining's existing central city area has a relatively adequate urban road network, but the functioning is being compromised due to the severe deterioration and lack of non-motorized transport (NMT) facilities or auxiliary facilities such as lighting and greening. It is recommended that these roads should be rehabilitated to improve the living conditions of the local residents. The two new development zones to the east and west of the existing city area are growing; thus new roads are needed to support their development. However, the road function should be well-defined in order to determine the multi-modal cross-section design instead of simply building wide roads.

(15) Public transport services in Yining are far from being attractive and convenient. There are only 14 bus lines in operation and 299 buses in total, many of which are rather decrepit. Insufficient public transport facilities such as depots and terminals are another constraint in the further development of public transport in Yining. Moreover, the city currently has no advanced systems for bus ticketing, dispatching or operation.

(16) The traffic management capacity is very low, leading to the under-utilization of existing road capacity and causing safety issues. With a small number of motor vehicle ownership of about 50,000, traffic congestion is already emerging in the central part of the city in peak hours. A high fatality rate of 107 fatalities per million population is registered in 2010.

(17) In response to these challenges, it was agreed in principle at the time of project identification that the initial project scope will include the following four components (with the specific size of the components/subcomponent subjected to change during project preparation):

(18) **Component 1: Urban Road Improvement and Construction.** This component aims at strengthening the existing urban road network, developing new roads for the new city areas, and improving the city capacity to keep the urban road network clean and well maintained. It will consist of: (a) improvement of selected urban roads in the existing road network, totaling 53 km; (b) construction of new urban roads, totaling 30 km, that support the urban land use

development, including auxiliary greening and lighting works and garbage collection bins within the right-of-ways; and (c) procurement of road maintenance machinery, garbage compression trucks, water spraying trucks, street sweepers, and snow plows. The Bank team also proposed for Yining to consider establishing a modern urban road maintenance management system.

(19) **Component 2: Public Transport Improvement.** This component aims at improving the city's public transport infrastructure, expanding service coverage and upgrading service quality to meet the future need of the rapidly growing city. It will include: (a) construction of 2 bus depots, 2 public transport hubs, 2 CNG stations, 10 bus terminals and 208 bus stops; (b) establishment of an advanced bus dispatching system; (c) development of an IC card system; and (d) procurement of 200 clean-energy buses.

(20) **Component 3: Traffic Management and Road Safety.** This component aims at introducing modern traffic management tools and practices to the city in line with the anticipated rapid urban development and traffic growth. It will consist of: (a) establishment of a Traffic Command Centre (TCC); (b) development of an Area Traffic Control (ATC) System accompanied with signal upgrade and junction channelization; and (c) procurement of E-Police equipments. It is proposed that 2 corridors, i.e. Jiefang Road and Ahemaitijiang Road, to be selected for improvement of traffic management and road safety through introducing an integrated corridor improvement approach.

(21) **Component 4: Institutional Capacity Building.** This component aims at improving the city's human resources and institutional capacity for urban transport planning and management. It may include training, study tours and thematic studies such as comprehensive urban transport planning. The specific activities will be further defined during project preparation through the identification and prioritization of institutional development needs of the city.

(22) The total estimated project cost is about RMB 1.32 billion (US\$ 200 million equivalent), with an IBRD loan of US\$ 100 million.

#### **4 Safeguard policies that might apply**

(23) The team proposed that this project be classified as Category B. The initial assessment proposed that Environmental Assessment (OP/BP 4.01), Indigenous Peoples (OP/BP 4.10), and Involuntary Resettlement (OP/BP 4.12) will be triggered by this project.

#### **5 Tentative financing**

(24)

Source:	(\$m.)
Borrower	100
International Bank for Reconstruction and Development	100
Total	200

#### **6 Contact Point**

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Contact: Zhi Liu

Title: Lead Infrastructure Specialist

Tel: 5788+7733 / 86-10-5861-7733

Fax: 86-10-5861-7800

Email: [Zliu@worldbank.org](mailto:Zliu@worldbank.org)

Location: Beijing, China (IBRD)