## Project Information Document (PID)
### Appraisal Stage

<table>
<thead>
<tr>
<th>Report No.</th>
<th>PIDA316</th>
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<tr>
<th>Project Name</th>
<th>Xinjiang Yining Urban Transport Improvement Project (P126454)</th>
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<tr>
<td>Region</td>
<td>EAST ASIA AND PACIFIC</td>
</tr>
<tr>
<td>Country</td>
<td>China</td>
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<td>Sector(s)</td>
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<td>Lending Instrument</td>
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<td>Borrower(s)</td>
<td>International Department, Ministry of Finance</td>
</tr>
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<td>Implementing Agency</td>
<td>Yining Municipal Government</td>
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<td>Environmental Category</td>
<td>B-Partial Assessment</td>
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<td>Date PID Prepared</td>
<td>27-Feb-2012</td>
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<td>Estimated Date of Appraisal Completion</td>
<td>30-Jan-2012</td>
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<td>Estimated Date of Board Approval</td>
<td>29-May-2012</td>
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## I. Project Context
### Country Context
In 2000, the Government of China (GoC) launched the implementation of the Western Region 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 percent during that period, unprecedentedly surpassing the national average.

Despite the significant effort made during the past 12 years, however, the western region is still largely under-developed. Per capita GDP in the western region was only 63 percent of the national average in 2010. It remains a great challenge to stimulate sustained economic growth in the western region in the coming 12th Five-Year Plan period.

In order to further balance the development of different regions, the 12th 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 and calls for preferential policies to support the development of the western region. Furthermore, the 12th 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.

## II. Sectoral and Institutional Context
### Sectoral and Institutional Overview
According to the 12th FYP, the national annual GDP growth rate is expected to be 7 percent in 2011-2015 and urbanization rate to rise from 49.5 percent to 51.5 percent by 2015. These trends 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.

Statistics of 2009 showed a huge gap between western cities and eastern cities: urban road space per resident averaged 11.6 m2 per person in western cities and 14.1 m2 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, the deteriorated roads in the existing city areas require rehabilitation and upgrading for the better quality of the daily life of the residents. It is also recognized that the poor management of the existing transport infrastructure has generally resulted in inefficient utilization.

As is seen in many coastal cities, associated with rapid urbanization and motorization is a range of emerging problems: traffic congestion, air pollution, road accidents, greenhouse gas emissions, and increasing dependence on fossil fuels. 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 service coverage and public transport network density have been re-set by the Ministry of Transport (MOT).

However, due to the financial 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 percent and 57 percent respectively of total urban infrastructure capital investment (compared to that of 24 percent for public transport and 41 percent for road...
I. Introduction to the Project City: Yining, Xinjiang Uygur Autonomous Region

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 km², Yining consists of a central city (currently with a built-up area of 45 km²), one township, eight villages and two state-owned farms. The total population is 470,000 in 2010, plus a floating population of 70,000. Over 65 percent of the population belong to ethnic minority groups, among whom Uygur accounts for 49.7 percent.

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 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 SEZs created in the early 1980s (such as Shenzhen). In 2011, the SEZ territory was expanded to include the 35km² area located in the western part of Yining, according to an official document issued by the State Council to support the development of Kashgar (another frontier city located in the western end of China) and Korgas SEZs. Therefore, 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 possess comparative advantages.

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 Institute (the most prestigious city planning institute in China), the population of Yining is expected to increase to 650,000 by 2020 and 900,000 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.

Urban Transport Issues in Yining

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. This has led to a negative impact on the living conditions of the local residents. The two new development zones to the east and west of the existing city area (Eastern District and Cooperation District) are taking shape, and are expected to reach a population of 200,000 in total by 2020. However, road infrastructure and transport services are absent to support their development.

Public transport services in Yining are far from being attractive and convenient. All services are operated by the state-owned bus company in Yining. There are only 14 existing bus lines in operation and 309 buses in total, many of which are rather decrepit. This equals to a bus ownership of 6.6 vehicles per 10,000 population, which is far lower than the national standard of 10 vehicles per 10,000 population for cities of this size. 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.

The traffic management capacity is very low, leading to the under-utilization of existing road capacity and causing safety issues. Total motorized vehicle (MV) ownership in 2010 was 67,000, increasing at an average of 5.3% from 2007 to 2010. With a small number of MVs, traffic congestion is already emerging in the central part of the city in peak hours, which is mainly due to poor management at the junctions. Furthermore, a high traffic-related fatality rate of 2.7 fatalities per 10,000 MVs was registered in 2010.

According to 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. Drawing experience from Bank’s prior experience in China, a comprehensive package of investments has been designed to help Yining address the urban transport issues and facilitate the economic growth of the city.

III. Project Development Objectives

The Project Development Objective (PDO) is to improve transport mobility in the central area of Yining City and to provide transport accessibility in the selected new areas of the city, all in a safe, clean and efficient manner.

IV. Project Description

Component Name
- Urban Road Improvement and Construction
- Public Transport Infrastructure and Equipment
- Traffic Management and Road Safety
- Institutional Capacity Development

V. Financing (in USD Million)
VI. Implementation

A. Institutional and Implementation Arrangements

The Government of Xinjiang Uygur Autonomous Region has delegated the project management responsibility to the Yili Prefecture Government (YPG). The YPG will delegate such responsibility to the Yining Municipal Government (YMG). The YMG will be the project’s implementing entity.

At the prefecture level, a Project Steering Group (PSG), chaired by the Governor and consisting of senior officials from the Yili Prefecture Development and Reform Commission, Finance Bureau and Construction Bureau, and a Vice Mayor of Yining, has been established to oversee the project.

At the municipal leadership level, the project will be led by a PSG, chaired by a designated Vice Mayor and comprising senior officials from relevant government line agencies, including Municipal Development and Reform Commission, Finance Bureau, Construction Bureau, Planning Bureau, Real Estate Bureau, Land Resources Bureau, Ethnic and Religion Bureau, Civil Affairs Bureau, Women’s Federation, Statistics Bureau, District Offices, Traffic Police Brigade and Bus Company.

A Project Management Office (PMO), which was established for the implementation of an Asian Development Bank (ADB) financed transport project, has been expanded to prepare, manage and monitor the proposed project. The PMO will meet staffing requirements adequate for all aspects of project preparation and implementation including social and environmental safeguards, procurement, financial management, as well as technical works. The PMO is administratively under the Municipal Construction Bureau and will report to the municipal PSG.

B. Results Monitoring and Evaluation

PDO-Level Indicators: Yining currently does not have a comprehensive collection and monitoring mechanism for urban transport data, and their experience and capacity is limited. The Project will introduce modern survey and measurement practices to monitor the four PDO-level result indicators. Responsibility for carrying out these activities would lie with the PMO and the incremental costs associated with these activities are envisaged to be minimal.

C. Sustainability

Yining has demonstrated strong willingness and commitment in improving its urban transport infrastructure and services through the project. The YMG has given high priority and support to project preparation and facilitated the cooperation among different municipal agencies. The PMO has exhibited great capacity and high efficiency during project preparation. All these have laid a strong foundation to ensure the long-term sustainability of the project.

Bank’s past experience in China suggests that the road investment program is likely to be constructed to high quality standards and completed on schedule. Long-term sustainability of the road assets, however, will depend on effective and timely maintenance. Yining has an Infrastructure Maintenance Division (IMD) under the Municipal Construction Bureau, and is responsible for the maintenance of all the equipment and facilities for municipal services. The Project will finance the procurement of the road maintenance equipment and auxiliary facilities under the Urban Road Improvement and Construction Component, which will be owned and operated by the IMD. The Project will also develop an urban road maintenance management system under the Institutional Capacity Development Component, which will advise the IMD on the timely and effective maintenance of the road assets. The Bank will also discuss with the city how to ensure adequate fiscal expenditure for road maintenance under this capacity building program.

The key concern on project sustainability is with the improvements in public transport, traffic management and road safety. The improvements must be in an integrated manner to deliver real benefits to users. Therefore, in addition to the physical investments to the infrastructure and equipment to support such improvements, the project has selected two major corridors in the city center to pilot a combination of measures to promote public transport operations and services, and enhance safety and mobility for all users. Extensive training and support will be provided to assist the city to implement the integrated corridor improvement approach. It is hoped that the success of the pilot demonstration will be replicated to other parts of the road network and eventually improve the overall performance of Yining’s urban transport.

To support the sustainability of the institutions, study tours and training will be supported for the city leadership and technical staff on urban transport planning, management and operation. Several thematic studies proposed by relevant municipal agencies will be carried out, to analyze and address the key issues they encounter in their urban transport planning and operations.

VII. Safeguard Policies (including public consultation)

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<th>Safeguard Policies Triggered by the Project</th>
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