

# Fujian Province Zhangquan Railway Construction Project

Report Date: March 2000  
Field Survey: March 1999

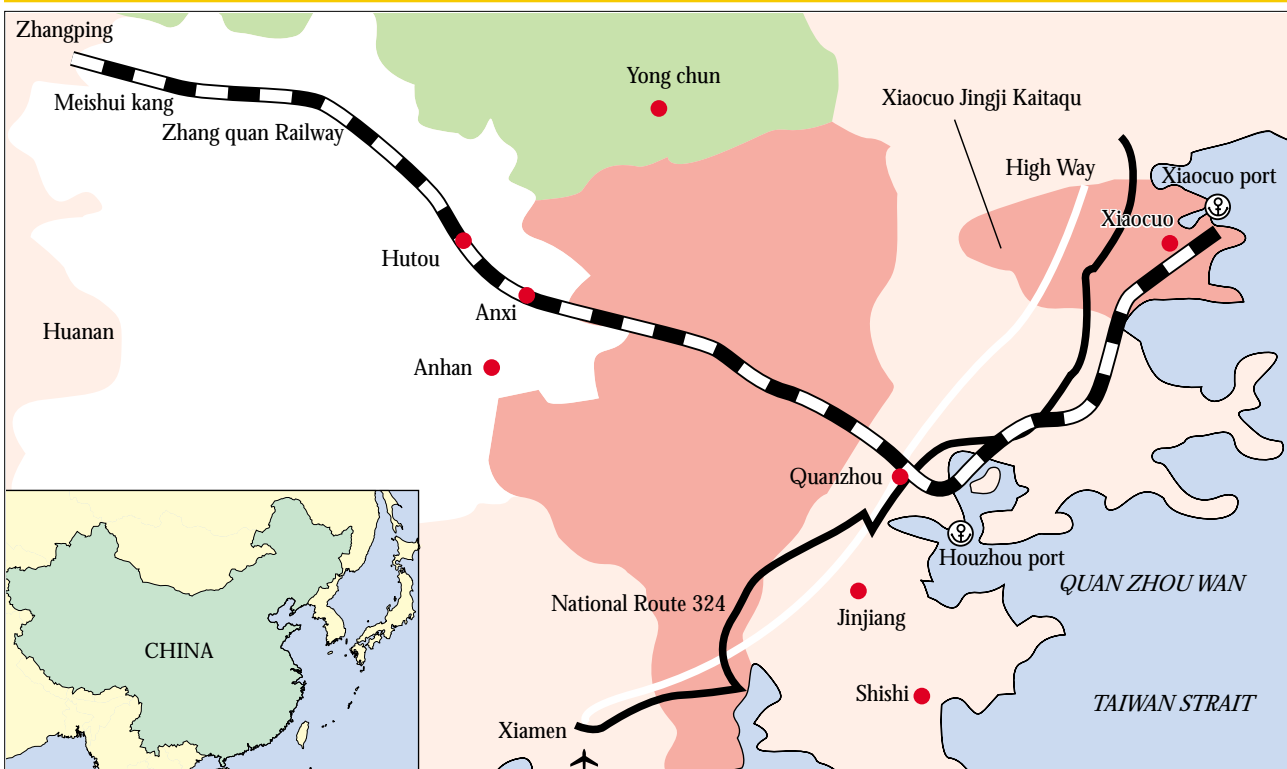
## 1 Project Summary and Japan's ODA Loan

The volume of freight handled in Quanzhou City, Fujian province, China, was increasing in line with economic development. This project was intended to build a new railway to the city, which did not have a rail connection before, in order to meet demand for freight handling and to ship freight more efficiently, as a means of encouraging further economic development.

The project aimed to construct a total of 145.7km single-track unelectrified railway line consisting of 128.2km of main line from Hutou to Xiaocuo and two branch lines, one of 10.5km from Xiaocuo to Xiaocuo Port and one of 7.0km from Quanzhou to Houzhu Port.

The ODA loan covered the entire foreign currency portion of the project.

Borrower	Ministry of Finance, Government of People's Republic of China
Executing Agency	General Corp. of Zhangquan Railway Development, Fujian Province
Loan Amount	¥6,720 million
Loan Disbursed Amount	¥6,711 million
Date of Exchange of Notes	August 1993
Date of Loan agreement	August 1993
Loan Conditions	
Interest Rate	2.6%
Repayment Period (Grace Period)	30 years (10 years)
Procurement	General Untied
Final Disbursement Date	September 1998



## 2 Analysis and Evaluation

### (1) Project Scope

The main line from Hutou to Xiaocuo via Quanzhou was constructed largely according to plan. The branch lines have not yet been completed, but all facilities are expected to be completed by 2000, largely as planned.

### (2) Implementation Schedule

The plan called for the line to enter service from October 1996, but in fact it formally began operating in December 1998, over two years delay. The branch lines have not yet been completed, but the one between Xiaocuo and its port is expected to go into service from October 1999, followed by the one between Quanzhou and Houzhu Port within 2000. The main reason for the delay is that the local currency cost increased and it took time to make the necessary funding arrangements.

### (3) Project Cost

The foreign currency portion was funded largely as planned, with the contingency utilized. The local currency cost more than doubled, with a cost overrun of approximately ¥9.4 billion at the end of FY 1998 exchange rate.

#### Comparison of Original Plan and Actual

Item	Plan	Actual
<b>1. Project Scope</b>		
Main line	128.2km	127.35km
Branch line (Xiaocuo ~ Xiaocuo Port)	10.5km	9.31km (under construction)
Branch line (Quanzhou ~ Houzhu Port)	7.0km	6.32km (Land acquisition procedures under way)
<b>2. Implementation Schedule</b>		
Main line	July 1992	July 1992 to December 1998
Branch line (Xiaocuo ~ Xiaocuo Port)	-	Scheduled to be completed in October 1999
Branch line (Quanzhou ~ Houzhu Port)	September 1996	Scheduled to be completed in 2000
<b>3. Project Cost</b>		
Foreign currency ( ODA Loan portion)	¥6,720 million	¥6,711 million
Local currency	55,628.9 yuan	1,204,050,000 yuan (Including forecast figures for branch lines)
Exchange Rate	1 yuan = ¥20.9 (at the time of appraisal)	1 yuan = ¥12.98 (at the time of loan disbursement)

### (4) Project Implementation Scheme

General Corp. of Zhangquan Railway Development, Fujian Province was established in May 1988 with investment from the Fujian provincial government, the Quanzhou municipal government and the Ministry of Railways to serve as the executing agency for this project only. The executing agency had to coordinate between Fujian provincial government, the Quanzhou municipal government, the Ministry of Railways and a number of other related agencies, and arrange the procurement of a very large amount of local currency funding. Although there were delays in implementation schedule, the project can now be expected to reach completion largely as planned, and the implementation capability of the executing agency can be regarded as significant.

### (5) Operations and Maintenance

Quanzhou Railway Corporation was established in December 1997 with investment from the Fujian provincial government, the Quanzhou municipal government and the Ministry of Railways to operate this project. There are no problems with the technical level of the operation and maintenance, for the majority of the Quanzhou Corporation's staff are experienced as former staff at the Ministry of Railways.

## 3 Project Effects and Impacts

The alleviation of congestion on ordinary roads between Quanzhou and Xiamen, which was one of the objectives of the project, has been attained, as the future increase in freight handling demand will be absorbed by this project, and the expressway between Quanzhou and Xiamen has already been completed. Demand for freight traffic on this project can be expected to grow with future development in the Xiaocuo Economic Zone, and will serve once the branch lines to the ports are completed (together with the private lines to link companies to the branch lines). Thus another of the project's objectives, contribution to the economic development of Quanzhou, can be expected to be attained, with appropriate operational work from the operating agency in aspects such as timetable setting.



Anxi Station



Luo yang jiang te Da qiao