

Third Party Evaluator's Opinion on GuiXin Highway

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Relevance

All positive and negative evaluations in the Ex-post Evaluation Report for the project are agreeable. Besides of its role in the past national and provincial plans, this project is still in line with the 11th five-year plan of Guizhou. According to the plan, one of major goal is to further speed up infrastructure construction with focus on construction of modern transportation system. One of the major tasks in that aspect is to further strengthen transportation infrastructure construction with roads as the key, implementing the plan of “Three Vertical, Three Horizontal, Eight Crosslines”.

Besides of that, the plan also set goals in attaching great importance in speeding up the development of the energy industry including the phosphate industry in QianNan prefecture and development of tourism, which is also one of emerging economic development incentives in QianNan prefecture. This project is socially and economically advantageous to the capacity improvement of the transportation of energy including coal, and attracting more tourists with shortened travel time. It is surely continuing contributing to the economic development in this region in the following years.

According to the 2006 Working Report of Transportation of Guizhou(<http://www.qjt.gov.cn/zwgk/zhpj/zjg/tld/ftzc/zjyh/2006/2006003.htm>), the development of transport has not adapted to the needs of the province's economic and social development. The total length of the highways of the province account only for 1.2% of the total operating roads, lagging far behind of most other Chinese provinces and autonomous regions. From this point, Guixin Highway is important for meeting the needs.

Impact:

As agreed with facts described in the Ex-post Evaluation Report, the highway has improved the investment environment in Guizhou and optimized the industrial layout, promoted the exploration and utilization of the resources, helped elevating the poverty.

It's worth to stress that, the construction of this expressway has a positive impact on the adjustment of the industrial structure in this region and the Guizhou Province as a whole. The percentage of the secondary industry and the tertiary industry (or the service sector) in the national economy has been increased. The industrial structure of the primary industry, the secondary industry and the tertiary industry based on the total output value were 26.3 : 38 : 35.7 in 2000, and it's 18.9 : 41.6 : 39.5 in 2005.

By the year of 2005, Energy industry became the top pillar industry in Guizhou, tourism became the leading part of the service sector, enjoying an annual growth rate of around 30% during 2000 – 2005. Both of them are closely connected with the improvement of the transportation facilities, esp. the expressways.

Now, it sees positive mutual interactions between construction of expressways and adjustment of local governmental development policies. The completion of the Guixin Highway helps the local government to set new plans to promote the economy with the advantages and convenience brought by the expressway. The government of QianNan Buyizu MiaoZu Autonomous Prefecture has made adjustments to the economic development layout during the period of the 10th Five Year Plan (2000-2005). According to the plan, LongLi, GuiDing, Fuquan, DuYun and DuShan, five cities that are located right along the GuiXin Highway, are attached importance to become an emerging economic growth zone called “The Economic Zone of GuiXin Road to the South”. The citys' separate goals are also based on the convenient transportation for which the GuiXin highway is an important part. E.g. LongLi is planned to be a Satellite City of Guiyang, aimed at integrating into the Guiyang Economic Circle. Besides of the economic zone, the prefecture government is trying to forge a tourism zone in Dushan,

Duyun, Pingtang, Sandu and Libo, which is also greatly supported by the highway.

Sustainability:

One of the main goals of transportation in Guizhou during the 11th five-year plan is to achieve a fixed assets investment of 82 billion yuan, which including investment in improving the current expressways. According to the 2006 Working Goals of Guizhou Expressway Development Corporation, it's going to complete an investment of 9.3 billion yuan in the key roads construction in 2006 and also plans to start upgrading construction of highway from Duyun to Xinzhai. The bidding for the project had begun in September.

Furthermore, the provincial government of Guizhou has been taking reform in the transportation sector, which includes the system reform in highway maintenance and operation. Major reforms measures include gradually adopting a system of sub-contract small-scaled maintenance project, which help reducing the administrative cost and improving the efficiency.

According to a working report made by Cheng Mengren, the vice director of Guizhou Provincial Transportation Bureau in Jan 2006

(<http://www.qjt.gov.cn/zwgk/zhp/zjg/tld/ftzc/zyjh/2006/2006003.htm>), the current management team can hardly meet the needs of large-scale construction of expressways with increasing under-construction projects. He said the Guizhou Expressway Development Corporation needed to initiate new management models. And as described in the report, there's a strong demand for funds, the corporation is planning to invest approximately 9.0-9.5 billion yuan annually until the year 2020, so there's also a strong needs for exploring channels of funds. So it's a big challenge for the corporation to quickly adjust to this demand.

In some other Chinese provinces, the expressway companies have been transformed into share-holding companies and listed in the domestic stock market, which greatly helps raising funds for the construction of the new expressways and maintenance of the finished ones as well. The first group of four expressway companies including one in the neighboring GuangXi Autonomous Region had already made that transform as early as in September 1998. According to their operation experience so far, it should be a good development option for the Guizhou Expressway Development Corporation as well as other Chinese provincial expressway companies in the near future.