

Overall Rating  
**B**

A Foundation for Sustained Growth



**17** China

## Qinhuangdao Port E and F Berth Construction Project (1)(2)

Helping respond to freight demand by constructing berths in Qinhuangdao Port

**Loan Amount/Disbursed Amount** 6.459 billion yen/4.422 billion yen  
**Loan Agreement Terms & Conditions** October 1992, January 1995  
 Interest rate 2.6%, Repayment period 30 year (grace period 10 years), General untied  
**Final Disbursement Date** November 2000, January 2002  
**Executing Agency** Ministry of Communications of the People's Republic of China (<http://www.moc.gov.cn/>)



### Project Objectives

The objective of this project was to reduce the transportation burden through Beijing-Tianjin corridor by constructing seven general cargo berth at Qinhuangdao port in Qinhuangdao city, Hebei province, and thereby contribute to coping with growing demand for cargo freight for a wide area of economic development that includes one direct-controlled city (Beijing), seven provinces (including Hebei), and three autonomous regions (including Inner Mongolia).

### Effectiveness & Impact

Rating **a**

At the time of the preliminary appraisal, Qinhuangdao Port's and Xu Ji berth's handling capacity target for general cargo would be 10 million and 3millions tons, respectively. These targets were exceeded greatly in 2005, with 20.46 million tons and 6.18 million tons, respectively. The railway and road networks were expanded following a development plan aimed at turning Qinhuangdao Port into a comprehensive port facility. The production of coal, oil, and steel were increased 1.21 times, 1.11 times, and 2.74 times from 1995 (before the project) to 2004 in this area. During this period, the gross regional domestic product (GRDP) showed a strong performance, with an average nominal growth rate of 13%, compared to a national average of 11%. Therefore, this project has largely achieved its objectives, and effectiveness is highly satisfactory.

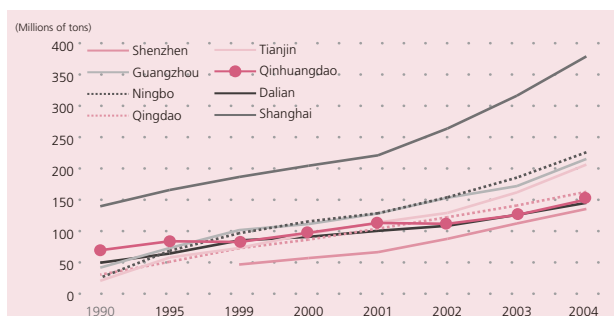
### Relevance

Rating **a**

This project has been highly relevant with the China's national policy both at the time of the appraisal and at the time of the ex-post evaluation. At the time of appraisal, the eighth five-year plan stipulated construction of berths at China's main ports and increase in general cargo handling capacity to cope with growing demand

Freight handling capacity at China's eight main ports over time

Source: China Highway and Waterway Transport Statistics Yearbook



for handling needs at ports. At the time of ex-post evaluation, the tenth five-year plan emphasized the upgrading transportation system at main ports and the mass cargo transportation system, and planned construction of deepwater berth and the formation of an efficient transportation.

### Efficiency

Rating **c**

The project period and cost were much higher than planned (216% and 154% of the plan); therefore, the evaluation for efficiency is low. The main factor behind the project delay was due to time needed for approval procedures for project verification. The increased project cost was mainly due to larger size and longer period of the project compared to the plan, and occurrence of inflation.

### Sustainability

Rating **a**

Due to administrative reforms, the current executing agency was changed to Qinhuangdao Port Group Co., Ltd., and the operation and maintenance agency was changed to Eighth Branch of the Qinhuangdao Port Group Co., Ltd. No major problem has been observed for capacity of neither the executing agency nor the operation nor is its maintenance system, therefore, sustainability of this project is high.

### Conclusion, Lessons Learned, Recommendation

In light of the above, this project is evaluated to be satisfactory. A lesson learned is that JBIC needs to be actively involved and make appropriate suggestions in the case that designs and plans lead to affecting project efficiency.

### Third-Party Opinion

This project is consistent with China's development policy and needs. The objective of improving capacity of cargo handling was achieved although the rate of return on investment lowered due to project delays and rising cost of materials.

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