

Overall Rating **B** A Foundation for Sustained Growth



19 China
Urumuqi International Airport Expansion Project

Contributing to the Great Western Development Project by responding to the rising demand for air travel

Loan Amount/Disbursed Amount 4.890 billion yen/3.390 billion yen
Loan Agreement December 1996
Terms & Conditions Interest rate 2.3%,
 Repayment period 30 year (grace period 10 years), General untied
Final Disbursement Date March 2004
Executing Agency General Administration of Civil Aviation of China(<http://www.caac.gov.cn/>)



Project Objectives

The objective of this project was to ensure flight safety and meet rising demand for air transport in the future in the northwestern region of China by developing the passenger terminal and aviation security facilities at Urumuqi Airport in Urumuqi City, capital of the Xinjiang Uygur Autonomous Region, and thereby contribute to economic activation, including sightseeing promotion, in the northwestern region of the country.

Effectiveness & Impact

Rating **a**

Regarding air travel safety, the former runway was large enough but not strong enough for a Boeing 747 to land and take off. The project greatly improved safety, meeting the International Civil Aviation Organization (ICAO) standards for runway strength and space between a runway and a parallel taxiway. The initial plan for growing demand for air transport was to develop capacity of 41,000 ton freight cargo and 4.05 million passengers, the actual capacity exceeded the initial plan in 2005, 62,000 ton freight cargo and 4.42 million passengers. Between 1996, the year the project started, and 2003, after the project completed, domestic tourists increased from 5.5 million to 10.1 million and foreign tourists increased from 180,000 to 280,000. Gross regional domestic product (GRDP) increased from 82.5 billion yuan to 187.5 billion yuan (2.3 times increase in 2003 as compared with 1995). Therefore, the project has largely achieved its objective, 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 ex-post evaluation, China's 10th Five-Year Plan stipulated construction of regional airports in the western

region and developing of aviation network through expansion or construction of core and hub airports. The implementation of this project was consistent with those national plans, and so was highly relevant.

Efficiency

Rating **c**

The project period was much longer than planned (244% of the plan) and the cost exceeded the plan (145% of the plan), therefore the evaluation for efficiency is low. Increases in project cost and delay were primarily due to the fact the size of the project exceeded the initial design to meet growing demand for air transport and the time for procedures to implement the project change.

Sustainability

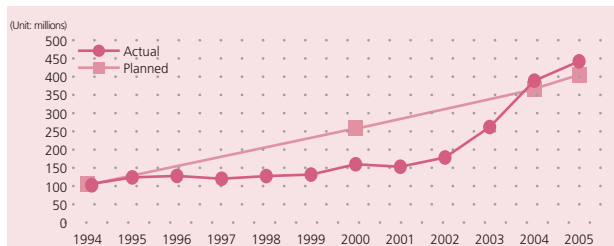
Rating **a**

More than one organization has been in charge of operation and maintenance of the facilities constructed through administrative reforms in China. In 2004, the Airport Facilities Management Department was spun off from the General Administration of Civil Aviation of China and was incorporated as the Xinjiang Airport Co., The organization, newly established, maintained proper technology, organizational structure and operation and maintenance standard, and no significant issues came to people's attention. Government's commitment are confirmed for financial deficit, therefore, sustainability of this project is high.

Conclusion, Lessons Learned, Recommendation

In light of the above, the project is evaluated to be satisfactory. It is learned that the management has to take close communication among various institutions, gather information for those in management, work to grasp the overall condition of the project if extension of the project and increase in the project cost have significant impact on the project efficiency.

Planned and actual number of passengers using Urumuqi Airport



Third-Party Opinion

This project brought favorable economic impact by improving the transportation infrastructure in the Xinjiang Uygur Autonomous Region, where natural resources are abundant. The project cost increases and delays were due to an expansion of the project scale in response to growing demand for air transport. Therefore, on the whole, the project effects were greater than expected.

Name of specialist: Mr. Dexum Wang (academia)
 Assistant Director, Institute of World Economics and Politics, Chinese Academy of Social Sciences. Specializes in economics, trade, and the Japanese economy.