

## »» Project Information

### Urban development and local public transport – China

The development of local public transport in one of the world's largest cities

With its some 30 million inhabitants, the conurbation of Chongqing numbers among the world's biggest cities. In order to counter an impending transportation collapse, the rail transport network is to be expanded to 550 kilometres by 2030. With a loan of EUR 200 million, KfW is participating in the construction of a 36-kilometre-long railway line as part of the public transport system. The German development bank is pursuing environmental objectives and resource-saving goals with this pilot project for modern urban development.

#### Context

For some years now, the Chinese government has been investing heavily in Western and Central China's infrastructure. It is hoped that their economies will catch up with those of the richer coastal regions in the east of the country. As an important element of this growth strategy in Central China, the Chongqing conurbation will drive forward economic development. Every year the city grows by 400,000 inhabitants, as many as the total population of Zurich.

One core element is the development of public transport. Over the past decade, the national government has responded to the growing volume of traffic primarily with high-speed rail lines and highways. Now it is turning its attention to better meeting the rapidly increasing need for mobility in the local transport sector and reducing its impact in the climate and environment. Most of the rail network, whose total length is 50 kilometres and who should be completed in 2030, has not yet been constructed.

#### Project approach

At the request of the City of Chongqing, KfW Development Bank is co-financing the stretch of track from the western suburb of Chaotianmen to Chongqing city centre with a EUR 200 million FC promotional loan. KfW has used these funds to finance control components, signalling and vehicle technology as well as station equipment such as security doors.

The development bank has the relevant knowledge and great experience in the financing of major transportation projects. For example, railway engineers from KfW also examine the technical plans for projects. What environmental impact does the construction project have? Is it possible to deploy regenerative and hence more economical braking systems which can transform brake energy into power? Is access to the railway stations planned that enables passengers to get on and off easily during the rush hour?

<b>Project name</b>	Rail Transit Line Chongqing II
<b>Country/Region</b>	China
<b>Lead executing agency</b>	Chongqing Rail Transit General Corporation





Construction site of an underground station in Chongqing. Source: KfW / Dieter Schulze-Vornhagen

KfW also promotes transparency and international standards in the invitations to tender and only gives the green light when these are achieved. Tenders must be formulated in such a way that several competing bidders can apply and, for example, not just one or two companies are able to fulfil the conditions. This is intended to prevent corruption. KfW only disburses the credits when contractual conditions have been properly met.

With the support provided, the Chinese partners can optimise their planning. This know-how is one of the reasons why the Chinese government requests KfW financing.

KfW has not only assisted Chongqing with finance for implementation of the local public transport line. It has enabled its partners to complete the project to a high overall quality standard both technically and in terms of financing.

When KfW grants promotional loans, it does not draw on German federal government funds but utilises the capital market to finance them. The development bank uses promotional loans for projects that are of developmental significance and financially viable. The precondition is that the commercial banking sector does not offer comparable financing, for example, because the required repayment terms are too short.

In the Chongqing project, KfW is financing about 8 % of the total cost of the 36-kilometre-long section of track and thus covering a shortfall. For China too, cooperation with KfW has a number of benefits with regard to financing.

First, the country can schedule the loan repayment over the long term. Secondly, the credit is denominated in euros, meaning that China can spread the exchange rate risks among several currencies.

### Impact

The 36-kilometre-long stretch of track was completed recently. The residents of Chaotianmen are now able to travel to the heart of Central China's most important metropolis more directly and affordably. On average, 400,000 passengers use the line on a daily basis. They reach the city and their place of work far more quickly than they would by using other means of transport such as cars or buses. People are experiencing greater mobility and altogether a better quality of life. The stretch of line is also spurring on the region's economic development as more residents are now able to commute from the suburbs to the centre.

As a low-emissions form of transport, the new section considerably reduces the adverse effect on the environment and climate. It also takes traffic off the roads. Because the stretch was planned with foresight and has been completed on schedule, it has proven possible to construct much of it above ground without having to tunnel below already built-up areas. This has reduced the construction costs. It is a pilot project and a model for contemporary urban development in the fast-growing metropolises of East Asia.

>>>

#### Contact

KfW Group  
KfW Development Bank  
Palmengartenstrasse 5-9  
60325 Frankfurt / Main, Germany  
Phone +49 69 7431 -9511  
andreas.honcamp@kfw.de

KfW Office Beijing  
1170, Sunflower Tower  
No. 37, Maizidian Street  
Chaoyang District  
100026 Beijing  
China  
kfw.beijing@kfw.de