

Project Summary for Public Disclosure

Project Overview	
Project Name	Hohhot New Airport Project
Country	The People's Republic of China
Sector	Infrastructure – Transport
Approval Date (by the Board)	16 November 2018
Total Project Cost	RMB 22 billion
Loan Amount	RMB 4.2 billion
Borrower	The People's Republic of China
Implementation Agency	Hohhot Airport Construction, Management and Investment Co., Ltd

I. Introduction

The civil aviation market in China has been prospering over the past years. In 2017, China's passenger traffic reached 552 million, increasing by 13% from 2016. The trend of civil aviation remains to be on the upside, driven by the current low penetration of air traffic and the steadily rising demand. The same trend has been observed in Hohhot, the capital city of Inner Mongolia Autonomous Region, yet the existing airport Baita International Airport in Hohhot lacks the capacity to meet the demand. Baita International Airport is currently running beyond its designed capacity of 3 million passengers each year. Rising safety concerns and increasing noise pollution of this airport have been an evident risk to the residences in Hohhot, as the airport is too close to the city center with one of its running ways only 2.7 km away from downtown. As a result, reconstruction of Baita International Airport is not feasible. In this context, the Project is designed to support the construction of a new airport in Hohhot to address the existing concerns of the Baita International Airport and to meet the growing demand of the city's air traffic, to ultimately support the sustainable economic development of Hohhot and Inner Mongolia Autonomous Region. The Project is in close alignment with NDB's mandate of supporting sustainable development.

II. Project Description

The objective of the Project is, through financing the new airport in Hohhot, to address the existing concerns and risks of the Baita International Airport, meet the growing

demand of the city’s air traffic, and support the sustainable economic development of the region. The new airport will be constructed at Qiaoshiying Town in the Horinger County, which is about 40 km away from the city center, with a designed capacity of 28 million passengers and freight traffic of 320,000 tonnes each year.

The proposed NDB loan through the modality of Sovereign Project loan will be used by the Government of the People’s Republic of China for on-lending to the People’s Government of Inner Mongolia for the construction of the new airport.

III. Environmental and Social Aspects

The positive impacts of the Project include: (i) reduced travel time for passengers; (ii) enhanced efficiency for freight traffic; (iii) reduced noise pollution for the residences in Hohhot city, as the new airport replacing the Baita International Airport will be outside of the city center; (iv) enhanced safety standards for passengers and reduced accidents; (v) business development in the scarce land space close to the city center, where Baita International Airport is currently occupying; (vi) enhanced airport environment for passengers; (vii) boosting economic activities in Inner Mongolia, including China-Russia and China-Mongolia bilateral trade cooperation, tourism development.

The Project has been classified as Category “A” in accordance with NDB Environmental and Social Framework and China’s environmental impact assessment regulations. The key environmental and social impacts identified mainly pertain to resettlement, land acquisition, biodiversity, water quality, noise and air pollution. Mitigation measures are in place to address the negative impacts and the risks. NDB will monitor the Project closely and engage with the Project Implementation Agency during implementation.

IV. Financials

The total cost of the Project is estimated to be RMB 22 billion. The NDB will finance RMB 4.2 billion, accounting for 19% of the total cost. The remaining balance will be financed by loans of RMB 6,777 million from commercial banks and equity of RMB 10,977 million from counterpart funds.

Financier	Amount (RMB million)
New Development Bank	4,200
Commercial Banks	6,777
Equity	10,977

V. Implementation

The Project is estimated to be implemented over 5 years. Hohhot Airport Construction, Management and Investment Co., Ltd. will be the Project Implementation Agency. Contractors for the Project will be selected through a competitive and transparent bidding process.