

**PRC: Inner Mongolia Road Development Project
Project Preparatory Technical Assistance Concept Paper**

Date: 13 October 2009

<p>1. Country partnership strategy (CPS) / Regional cooperation strategy (RCS): The Inner Mongolia Road Development Project was included in the PRC: 2008 Country Programming Mission agreement.</p> <ul style="list-style-type: none"> • Year included in CPS/RCS/COBP/ROBP/CPS or RCS Midterm Review Report: 2009 • Document reference number and date approved: CSPU-PRC-2007–2008 (Sec. M. 75-06) • In case of change in the PPTA title, type, or amount, please state reason: N/A 																																							
<p>2. Coverage:</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p>Inner Mongolia Autonomous Region, PRC</p> <p><input checked="" type="checkbox"/> sovereign <input type="checkbox"/> non-sovereign</p>																																							
<p>3. Assistance Focus:</p> <p>a. Sector(s):</p> <table style="width:100%; border: none;"> <tr> <td><input type="checkbox"/> Agriculture and natural resources</td> <td><input type="checkbox"/> Industry and trade</td> </tr> <tr> <td><input type="checkbox"/> Education</td> <td><input type="checkbox"/> Public sector management</td> </tr> <tr> <td><input type="checkbox"/> Energy</td> <td><input checked="" type="checkbox"/> Transport and ICT</td> </tr> <tr> <td><input type="checkbox"/> Finance</td> <td><input type="checkbox"/> Water supply and other municipal infrastructure and services</td> </tr> <tr> <td><input type="checkbox"/> Health and social protection</td> <td><input type="checkbox"/> Multisector</td> </tr> </table> <p>Subsector(s): (i) Road transport, (ii) transport management and policies</p> <p>b. Targeting classification:</p> <p><input type="checkbox"/> Targeted intervention</p> <p style="padding-left: 20px;"><input type="checkbox"/> TI-H <input type="checkbox"/> TI-M <input type="checkbox"/> TI-G</p> <p><input checked="" type="checkbox"/> General intervention (more indirectly addressing poverty reduction)</p> <p>c. Theme(s):</p> <table style="width:100%; border: none;"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Gender equity</td> </tr> <tr> <td><input type="checkbox"/> Social development</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Environmental sustainability</td> <td><input type="checkbox"/> Governance</td> </tr> <tr> <td><input checked="" type="checkbox"/> Regional cooperation and integration</td> <td><input checked="" type="checkbox"/> Capacity development</td> </tr> </table> <p>Subthemes (i) Widening access to markets and economic opportunities, (ii) Trade and investments, (iii) Institutional development</p> <p>d. Location impact:</p> <table border="1" style="width:100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 30%;">Relative weight of spatial impact of the project</th> <th style="width: 15%;">High</th> <th style="width: 15%;">Medium</th> <th style="width: 15%;">Low</th> </tr> </thead> <tbody> <tr> <td>Rural</td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Urban</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>National</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>Regional</td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </tbody> </table>		<input type="checkbox"/> Agriculture and natural resources	<input type="checkbox"/> Industry and trade	<input type="checkbox"/> Education	<input type="checkbox"/> Public sector management	<input type="checkbox"/> Energy	<input checked="" type="checkbox"/> Transport and ICT	<input type="checkbox"/> Finance	<input type="checkbox"/> Water supply and other municipal infrastructure and services	<input type="checkbox"/> Health and social protection	<input type="checkbox"/> Multisector	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Gender equity	<input type="checkbox"/> Social development	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Governance	<input checked="" type="checkbox"/> Regional cooperation and integration	<input checked="" type="checkbox"/> Capacity development	Relative weight of spatial impact of the project	High	Medium	Low	Rural	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Urban	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	National	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Regional	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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<p>4. Partnership: N/A</p>																																							
<p>5. Name of the Specialist: (project team leader) in charge of the project: Steve Lewis-Workman</p> <ul style="list-style-type: none"> • Local Number: 6712 • Email Address: slworkman@adb.org 	<p>Name of the Alternate Specialist: Yuji Ono</p> <ul style="list-style-type: none"> • Local Number: 5570 • Email Address: yono@adb.org 																																						
<p>6. Department/Division: EARD/EATC</p>																																							

7. Key Development Issues to be addressed:

Background. The PRC's proposed Inner Mongolia Road Development Project (the Project) will be implemented in northeast China in the Hulunbeier¹ region which borders Heilongjiang province, Russia, and Mongolia. Hulunbeier is a vast area of 253,000 square kilometers (km) with fewer than 4 million inhabitants, one of the most thinly populated parts of the People's Republic of China (PRC). The area has a long border with Russia (1,048 km), and Mongolia (676 km); there are five border crossings with Russia and two with Mongolia. All except one of the border crossings are seasonally open with bilateral arrangements. The largest port, Manzhouli, is open all year, and was upgraded in 1996 to function as an international land port. Currently about 60% of all trade movements between the PRC and Russia pass through the land port of Manzhouli. The vast majority, over 90%, of the cross border traffic is now on the railway. Imports from Russia to the PRC consist mainly of timber and minerals and other raw materials, while exports to Russia are mainly agricultural and consumer products. Hulunbeier's economy relies on this foreign trade which has been growing very rapidly in recent years.

The gross domestic product growth has been rapid in Hulunbeier averaging 8.1% between 1996 and 2000, 13.4% from 2000 to 2005 and reached 15% in 2008 benefitting from robust growth in regional trade and resource related development. The economy of the project area relies heavily on agriculture and animal husbandry supporting the production of meat (cattle and sheep), milk and other animal byproducts. The net income of herdsman in the western part of Hulunbeier (near Alatanemole) was about CNY6,980 in 2008 compared to an income of CNY11,295 for urban residents. In the eastern section (near Amugulang), net income of herdsman was CNY7,085 while urban residents reached CNY10,415. The income of herdsman has been increasing faster than urban incomes in recent years. The project areas are provincially designated poverty counties.

Existing/Future Conditions. The Hulunbeier region has abundant coal resources and the Russian region across the border (Siberia) contains one of the largest stores of timber, coal, natural gas, and oil in the world. Trade through the port area of Manzhouli, PRC and Zabaikalsk, Russia is expected to continue growing rapidly providing a major engine of growth in the northeast PRC. Manzhouli port is at the northern terminus of the proposed Project. The two PRC/Mongolia ports are seasonally open and are accessed by Class III roadways on the Chinese side and largely unpaved conditions on the Mongolia side. Hailar is the site of a regional logistics center where freight is consolidated and transferred between Chinese trucks and Russian trucks, the railway, and large warehousing facilities. The roadway between Manzhouli and Hailar is a Class I National Highway (NH301) and continues on to Suifenhe in Heilongjiang.

The current PH203 connecting Manzhouli to Alatanemole and on to Amugulang is a Class III facility as are the two port highways constructed as part of the World Bank's Inner Mongolia Transport and Trade Corridor Project. In 2008, traffic on the existing PH203 at Alatanemole was about 2,100 vehicles per day, while the daily traffic at Amugulang was nearly 1,000 vehicles per day. The draft feasibility study predicted that the traffic on PH203 from Manzhouli to Alatanemole will increase to around 4,700 vehicles per day by 2013 and to over 23,000 per day by 2032. The traffic on the section between Alatanemole and Amugulang is forecast to increase to approximately 4,500 vehicles per day in 2013 rising to over 22,000 per day by 2032.

The existing Class III roads are in relatively poor condition. The Reconnaissance Mission observed numerous areas of pavement buckling and settling which significantly limited running speeds on several sections of the road. The local officials explained that this was due to inferior construction standards of the Class III road along with the excessive usage by heavy and overloaded trucks. Further, new coal mines and an oil field are currently being developed and heavy oil tanker trucks and coal carriers are beginning to use the project area roads. The existing Class III roads are inadequate to bear this type of traffic which is expected to increase significantly in the future.

Agricultural vehicles carrying large hay bales and other farm materials, often wider than a single traffic lane, use the regions roads creating a serious barrier and safety hazard to other traffic that must frequently slow down. Passing is difficult due to the narrow two-lane roads. In addition, domestic animals create a serious hazard on all regional roads. Existing culverts are ineffective at channeling the free ranging animals under the roads and herdsman have not chosen to use them to any significant degree.

¹ Hulunbeier is a region that is governed as a prefecture-level city in northeastern Inner Mongolia Autonomous Region, in the People's Republic of China. The administrative center is Hailar. Until 10 October 2001, Hulunbeier was administered as a League. The land area of the city is actually larger than many Chinese provinces, and Hulunbeier is recognized as the largest city in the world by area, although the actual urban area is just a very small part of the region.

International trade at the two border crossings with Mongolia in the project area is well established and the PRC has been making incremental improvements to the infrastructure and customs facilities on their side of the border with the goal of achieving year round operations in the near future. Chinese companies are actively pursuing potential mining projects across the border in Mongolia and the Inner Mongolia Communications Department (IMCD) is interested in ADB support for further developing cross-border trade and promoting regional cooperation. The IMCD recognizes that they have capacity limitations and are eager for institutional development support and assistance with improving rural public transit services, managing severe winter weather conditions and promoting road safety. The observed condition of the existing roads indicates that maintenance needs to be improved.

The Proposed Project. The Inner Mongolia Autonomous Region proposes to upgrade the existing PH203 (a Class III road) from Manzhouli past Alatanemole to Amugulang to Class I status. At Amugulang, it will connect with the segment of PH203 from/to Dulaer bridge which is currently being upgraded to Class I under a separate project. PH201 from Hailar to Amugulang will also connect with the proposed Project and is also currently being upgraded to Class I. The total length of the Project is approximately 260 km from Manzhouli to Amugulang (see attached project map).

This Project is one of the first road sector interventions that will provide support to a provincial transport department that administers the provincial road network, rather than supporting a stand alone expressway company. Therefore, ADB is conducting an initial PPTA scoping exercise using staff consultants to help identify suitable value addition elements that will be prepared by the PPTA. The initial scoping will investigate the sector and review the institutional and other arrangements in order to help formulate a PPTA that ensures project viability and sustainability and positions ADB, in a well informed manner, to support and enhance the sector in addition to the road development component.

Project Benefits. The proposed Project would help to complete the Inner Mongolia Trunk Highway network in a relatively under-developed portion of the Inner Mongolia Autonomous Region. The proposed Project is intended to improve road conditions leading to travel time savings, reduced vehicle operation costs, and improved safety. Local residents rely heavily on agriculture and animal husbandry and make use of PH203 and other area roads to transport hay and other materials using slow moving tractors. A wider four-lane road would facilitate movements of agricultural vehicles, improve traffic flow by allowing other vehicles to safely pass, and provide significant safety benefits for local residents and other road users. The heavy truck traffic has seriously degraded the sub-grade of the current road so upgrading PH203 to Class I standards is needed not just to facilitate predicted traffic levels, but because the existing road requires complete reconstruction.

Through the PPTA scoping effort, ADB will develop additional project components that are intended to improve the institutional capacity of the EA to plan, manage, safely operate and maintain the Inner Mongolia road network. This sector support will enhance the benefits provided by provincial roads and contribute to improving the overall sustainability of the road network built and managed by the provincial government.

While the majority of the freight traffic between Russia and the PRC continues to travel by railway, the current railway is at capacity and trucks are taking a growing share of the traffic. In addition, Russian and Chinese railways use different gauge track requiring a switch of equipment at the border reducing the efficiency of trade movements via the railway. The Project could improve trade and regional cooperation between the PRC, Russia, and Mongolia by improving the accessibility of regional ports and provide a shorter alternative route from Russia and Mongolia to the more populous and developed parts of the PRC. Current trade traffic takes a less direct route through Hailar to northern Heilongjiang province.

The EA places specific emphasis on the potential of the project area to benefit from increased tourism. Tourism income has been slightly over 10% of the gross domestic product of Hulunbeier, which has been designated one of six national scenic areas. Major tourist attractions cited include the National Grassland Area, forests, Hulun lake, a large historic Tibetan Buddhist temple, and unique ethnic minorities and culture. Whether this is a major potential traffic generator and source of benefits will be further investigated during the Fact-Finding Mission and, possibly, as part of the PPTA.

This Project would also build on ongoing work either completed or nearly completed as part of the World Bank's Inner Mongolia Transport and Trade Corridor Project. That project has built or upgraded several roads that access ports in this section of Inner Mongolia, funded capacity upgrades to the Manzhouli to Hailar highway (NH301), and built the logistics facility in Hailar to facilitate intermodal movements and transfers between Chinese and Russian trucks and the railway.

Government Schedule. The EA will confirm the proposed schedule at the Fact-Finding Mission.

Government approval of the proposed project concept	Nov 2009
Completion of technical feasibility studies	Nov 2009
Commence bidding preparation	Mar 2010
Government approval of EIA	May 2010
Government approval of the feasibility study report	Jul 2010
Approval of the preliminary design	Sep 2010
Approval of the detailed design	Nov 2010
Commence construction	Apr 2011

8. TA Description:

The project preparatory technical assistance (PPTA) shall produce a mutually agreeable project design and scope, schedule, and implementation plan that is justified by the project's expected merits, ensures that the project's benefits are commensurate with its costs, and that the Project supports the PRC's and the ADB's development strategies. The PPTA will (i) validate the feasibility studies; (ii) conduct the economic and financial analyses; (iii) in cooperation with the EA, determine areas where the TA will support the Inner Mongolia road sector and enhance the benefits delivered by the proposed project road; and (iv) ensure that the EA adheres to ADB's Safeguard Policy Statement, 2009 covering environmental, resettlement, and ethnic minority issues during project planning and preparation. The PPTA will also explore the possibility of developing and disseminating technical notes on any innovative project features and lessons learned that may prove helpful or informative to other ADB staff.

a. Link to Country Partnership Strategy/Regional Cooperation Strategy

The Project is intended to support the Government's "Program to Develop Northeast China" strategy and conforms to the ADB's and PRC's key priority area of local road development as agreed in the 2008 Country Programming Mission. This Project helps to fulfill the ADB's objectives in the PRC Country Partnership Strategy (2008–2010) of: (i) promoting inclusive growth and balanced development by focusing on investments in poorer provinces; and (ii) by promoting regional cooperation to facilitate trade and investment between the PRC, Russia, and Mongolia.

b. Impact

The impact of the proposed Project would be a more efficient and sustainable regional transport network leading to improved regional trade and cooperation, improved economic and social development opportunities for local residents, and enhanced economic growth by facilitating the further development of the area's natural resources and tourism potential.

c. Outcome

The outcome of the PPTA will be an agreed design for the proposed Inner Mongolia Road Development Project combining additional investment in the trunk highway network, innovative project enhancements to increase the benefits provided by the Project, and road sector support activities in the Inner Mongolia Autonomous Region.

d. Outputs

The outputs of the PPTA will be the technical assistance (TA) consultant's final reports which will be developed during the project preparation phase. Based on the findings of the PPTA scoping work, the overall project preparation activities will be conducted following the concept paper approval by ADB management. The PPTA activities and schedule will be developed during scoping and finalized at the Fact-Finding Mission. The PPTA activities are proposed to include an outside peer review consultant to ensure and facilitate the adoption of best planning and project development practices and assist the ADB in adding value to the proposed Project.

- (i) **Technical planning and project preparation activities.** The PPTA consultants will support the EA in preparing for ADB financing of the Manzhouli to Amugulang provincial highway (PH203). To fulfill this goal, the consultant team will be directed to: (a) ensure that the draft feasibility and planning studies

include a clear and coherent statement of the transportation problems or opportunities in the corridor and how the proposed Project is intended to address those problems or opportunities; (b) ensure that the EA considers a range of reasonable design and scope alternatives; (c) assess the technical aspects of project design, construction and operations with a specific emphasis on construction standards, all-weather safety and maintainability; (d) review the travel forecasting methodology and results to ensure that the travel forecasts are based on reasonable socioeconomic forecasts, reasonably recent and valid travel surveys, vehicle counts and toll assumptions, and developed with an acceptable level of technical competence; (e) assess the reasonability of the assumptions and forecasts regarding tourism related travel in the project corridor; (f) assess the reasonability of assumptions regarding growth in international trade at ports that directly or indirectly affect the purported benefits of the Project, (g) assess the reasonability of the estimated growth in traffic related to the natural resource extraction industries; (h) ensure that the economic and financial analyses adhere to international best-practices; (i) assess the impact of tolls, taxes and project benefits on local residents and their impact on affordability; and (j) ensure that the preferred project design alternative was selected based on a coherent set of evaluation criteria that consider tradeoffs between costs, benefits and other relevant factors such as safety, environmental and social impacts.

- (ii) **Environmental and social safeguards preparation activities.** The PPTA consultants will support the EA and the ADB in all relevant safeguard activities to ensure that borrower requirements are met as stipulated in ADB's Safeguards Policy Statement (2009). The consultant team will be directed to: (a) review the Government's environmental assessment and related documents and assist the Government's consultants in developing a high quality assessment and environmental management plan; (b) review the Government's resettlement plan and assist the EA to refine the plan in accordance with PRC regulations and ADB's safeguard requirements for involuntary resettlement; and (c) review the draft ethnic minority development plan (EMDP) and prepare modifications in accordance with ADB requirements.
- (iii) **Social and poverty analyses preparation.** The PPTA consultants will support the EA and the ADB to (a) carry out a detailed social and poverty analysis of the project area including baseline socioeconomic profile, gender, and affordability analysis in the project corridor to mitigate adverse impacts and enhance inclusive benefits; (b) assess other social risks including HIV/AIDS, human trafficking, conflicts between herdsman and road traffic, protection of cultural and religious sites, etc.; and (c) and prepare a social development action plan (SDAP) for other target groups, if necessary, including costs and implementation arrangements.
- (iv) **Preparation for sector support.** Building on the agreements reached during PPTA scoping, the consultants will provide policy advice and technical support to the Inner Mongolia Autonomous Region Government in areas such as road safety, ITS monitoring of road/traffic conditions, extreme climate construction, operations and maintenance, climate change vulnerability and impacts of such change on design, operations and maintenance, improving trade/logistics or regional cooperation, improving the distribution of benefits (or reducing costs) to the poor, provision or improvement of public transport services, capacity building or institutional development, and the impacts of animal crossing on safety and/or the livelihood of local herdsman. Specific sector support activities will be identified and agreed upon between ADB and the EA during the PPTA scoping phase and finalized during the PPTA.

9. Assumptions and Risks:

The safeguard issues will be assessed in detail during project preparation and mitigation measures will be included in safeguard documents as required by ADB's Safeguards Policy Statement updated in June 2009. The Project is in a sparsely populated and relatively remote area which will likely require limited resettlement and encroachment on grazing lands. The project area residents include many Mongols and other minorities. The Mission intends to conduct the Initial Poverty and Social Assessment and Rapid Environmental Assessment during the official Fact-Finding Mission, but from a review of the feasibility study reports and from observations during the Reconnaissance Mission, the Project is likely to be categorized as A for all three aspects: environment, resettlement, and indigenous peoples.

ADB and the EA may be challenged to prepare a project that is economically and financially viable while adding value and meeting the aggressive project implementation schedule. The proposed Project is in a very sparsely populated area so the traffic that can justify the investment will need to come from, as yet, undeveloped sources. These sources are expected to include new coal mines, a developing oil field, Mongolia/PRC trade through regional

ports, diversion of trade traffic from/to Russia, and tourism. The risk of traffic not developing as projected will need to be carefully addressed during the PPTA. The scope of the project may need to be modified to arrive at an economically or financially viable project.

In particular, the impacts of trade on the traffic levels for the proposed Project may be less than forecast due to limitations on the Mongolian side of the border. In the cases of both PRC/Mongolia ports, the Chinese side has upgraded roads to Class III standards while the Mongolian side remains largely unpaved. It is unclear how much additional trade can develop given the potential infrastructure deficiencies in Mongolia. In the case of Russian trade, a more detailed travel time and market analysis will need to be conducted in order to determine if traffic can reasonably be expected to divert to PH203 or whether traffic is likely to remain on NH301 through Hailar (see attached project map). The PPTA will need to explore ways in which ADB could address constraints on trade and facilitate regional cooperation to help ensure that cross-border traffic continues to grow.

In addition, the EA reported that additional coal mines are under development in Hulunbeier and trucks are expected to be used to transport coal to area power plants via the project roads. The EA also reports that a local coal company has purchased the rights to develop coal mines in Mongolia which may also feed traffic to the project road. The PPTA will need to clarify the precise locations of these mines and the likely travel patterns of the related truck traffic in the region as well as clarify the potential of the railway to be extended in this area to serve the coal mines which could reduce the expected benefits of the Project. The potential of heavy coal carrier traffic is also a maintenance challenge since the trucks travel heavy in one direction and empty in the other resulting in unbalanced wear on the facility. Construction standards and the maintenance program will need to carefully consider these traffic patterns to develop and maintain a sustainable road network.

10. Implementation Arrangements:

a. Proposed executing/implementing agency (EA/IA)

The IMCD is the EA for this Project. The EA will be directly responsible for formulating, implementing, and managing the Project. The administrative details of project implementation have not been decided, but the EA indicated that the Project may be managed in the same way as the prior World Bank Inner Mongolia Transport and Trade Corridor Project. In that case, the local government of Hulunbeier had responsibility for making local arrangements related to environmental safeguards, land acquisition, and resettlement for project-affected people. A project management office was established in the Hulunbeier Transport Bureau, headed by the Deputy Director General of the IMCD and assisted jointly by the Director of the IMCD's Foreign Capital Utilization Office and the Director of the Hulunbeier Transport Bureau. The local project management office assumed overall implementation and coordination responsibility for all components and every aspect of the Project.

b. Institutional/organizational/procurement and financial management assessments on the EA/IA previously conducted

Yes No

The EA has successfully implemented ADB Loan 1685 Northeast Flood Damage Rehabilitation project's Inner Mongolia component and is aware of ADB policies and procedures. The EA noted that they have strict procedures for environmental assessments, ethnic minority protections, and resettlement and they are willing to work with ADB to make sure that their procedures meet ADB standards. The IMCD has been the EA for three World Bank projects and project assessments are available. The World Bank reported that the EA, while technically competent and knowledgeable about World Bank procedures, has a tendency to rush through engineering, design, and procurement which led to design changes during implementation. ADB will need to be cognizant of the World Bank's experience during the PPTA. Institutional capacity is now being investigated by the scoping consultants and specific needs will be clarified during the PPTA Fact-Finding mission.

The EA has been advised that the PRCM organizes annual training seminars with the Ministry of Finance on disbursement, procurement and project/TA administration to familiarize the EA staff with ADB procedures in order to improve project management efficiency and compliance with ADB requirements. The EA is interested in joining these seminars to train project implementation staff at an early stage.

c. ADB inputs (the scope of the PPTA work and ADB's contributions will be determined during the PPTA scoping phase and finalized at the Fact-Finding Mission)

The PPTA will require about XX person-months of international consultants and about XX person-months of national consultants. The consultants will be engaged by ADB in accordance with the *Guidelines on the Use of Consultants* (2007).

For the PPTA scoping phase, ADB utilized staff consultants in order to mobilize them quickly and improve the productivity of the Fact-Finding Mission and to more quickly position ADB to add value to the Project during the project preparation phase. The scoping phase is utilizing one Transport Specialist and team leader with experience in rural roads (international, 18 person-days) and one Transport Engineer to support the team leader and provide experience in the road sector in Inner Mongolia (national, 18 person-days).

In order to ensure the highest quality outputs and adherence to international best practices, ADB will engage an external peer reviewer to monitor the work, suggest improvements, and attend workshops or seminars conducted as part of the PPTA, as appropriate. This task will require an international transportation planning expert (international, 15 person days) preferably with experience and knowledge of the rural road sector in the PRC.

For the main part of the PPTA work, a consulting firm will be hired according to ADB's *Guidelines on the Use of Consultants* (2007, amended from time to time). ADB will select and hire the consultants through simplified technical proposal procedures according to the quality of their proposal (80%) and the cost (20%) of the services to be provided (quality- and cost-based selection). Specific PPTA activities and the level of effort will be determined during the scoping phase and agreed between the EA and ADB at the Fact-Finding Mission. A general outline of terms of reference (TORs) is in Appendix 2. The TORs will be completed during PPTA scoping and at the PPTA Fact-Finding.

The international consultants will provide expertise in technical, economic and financial feasibility studies for rural roads projects, regional cooperation and trade. The national consultants will support the international consultants and provide additional expertise in (i) environmental impact assessment of rural roads, (ii) social, poverty and gender analysis and preparation of related social safeguard action plans, (iii) legal, institutional and policy issues, cross border travel, and trade, and (iv) survey design and project assessment.

d. Complementary inputs to be provided by Government and/or other TA providing agencies (Clarified and agreed during the Fact-Finding Mission)

The total cost of the TA is estimated at \$750,000. At the request of the government, ADB will finance \$600,000 of that amount with a grant from its TA funding program (TASF-Others). The government will finance the rest of the local cost by providing the local equivalent of \$150,000 in counterpart staff, office facilities, and other support services. The Government has been informed that the approval of the TA does not commit ADB to finance any ensuing project.

11. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

During the PPTA Reconnaissance Mission, the Mission met with officials from the Ministry of Transportation (MOT), the IMCD, the Hulunbeier Government, and other relevant organizations identified in consultation with the Government. Further consultations with local governments, communities and stakeholders are planned during the PPTA stage.

12. Cost Estimates:

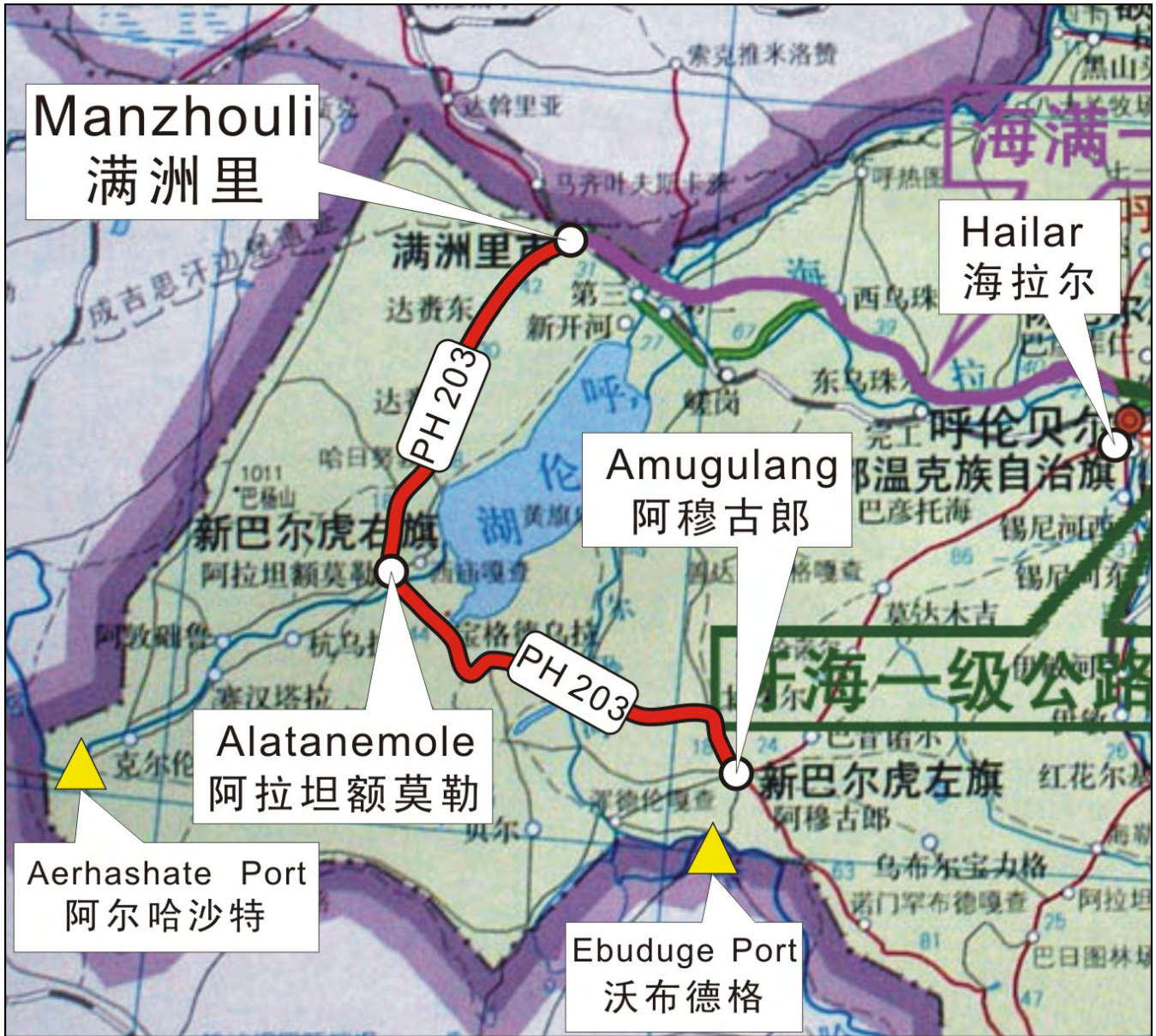
The indicative cost of the preparatory TA was estimated at a level not to exceed \$600,000 equivalent to be provided on a grant basis from TASF-Others. The activities and scope of the PPTA and the Government's contribution will be clarified during the PPTA scoping phase and agreed between the ADB and the Government at the Fact-Finding Mission.

Source	Amount (\$)
ADB Financing	
TASF-Others	\$600,000
Government Financing	\$150,000
Total Cost	\$750,000

Source: ADB estimates.

13. JSF Amount Requested: \$0.00	
<ul style="list-style-type: none"> a. Elements that justify JSF financing: n/a b. Coordination with local Japanese Embassy or any other embassy when external funding is involved: n/a c. Name of the staff of the local Japanese Embassy / external partner embassy whom you have briefed: n/a Date of the discussion: n/a Results of the discussion: n/a	
14. Estimated period of TA implementation: (Specific dates for the conduct of the TA will be clarified during project scoping)	
<ul style="list-style-type: none"> a. Approval of TA: November 2009 b. Physical completion of TA: August 2010 c. Closing of TA: October 2010 	
15. Expected Year of Ensuing Loan/Grant:	2011
16. Indicative Amount of Ensuing Loan/Grant:	\$200,000,000.00
17. Description of Ensuing Loan:	
<p>This Project is one of the first local roads projects financed by ADB in the PRC where the focus of the Project is local roads rather than an expressway. The Project is intended to reduce travel time and costs, improve market access of local agricultural products, facilitate the development and exploitation of natural resources, promote tourism, regional trade and cooperation in Inner Mongolia Autonomous Region; a sparsely populated, and relatively underdeveloped area of northeastern PRC. Detailed project scope and cost estimates are expected to be available after the Feasibility Study Reports are accepted by the IMCD. The EA's current plan is to finance 25% of the project cost with the ADB loan while another 25% will be financed by the provincial government. The remaining 50% of the project cost will be financed by commercial banks.</p>	
18. Indicative loan/grant modality: Project Loan	

Project Map



PRELIMINARY DESIGN AND MONITORING FRAMEWORK
Inner Mongolia Road Development Project

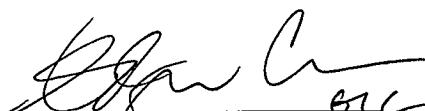
Design Summary	Performance Targets/Indicators¹	Data Sources/Reporting Mechanisms	Assumptions and Risks
Impact A safe, efficient, and sustainable road transport network in Hulunbeier is developed.	Reduced end to end travel times by XX% for all vehicle classes by 2016 Increased traffic levels by vehicle class by 2016 Reduced traffic accident rates by 2016 Fewer days impassable due to weather	Before (baseline data) vs. after (during operations) project surveys of travel times/costs, traffic levels, safety statistics, construction costs, maintenance costs Inner Mongolia Autonomous Region Communications Department reports Local government statistics, reports	Assumptions <ul style="list-style-type: none"> • Inner Mongolia's long term growth remains robust • Demand for resources from Russia and Mongolia continues to rise rapidly Risks <ul style="list-style-type: none"> • Predicted traffic growth must come from, as yet, undeveloped sources
Outcome Project design and feasibility study improved to level suitable for ADB financing and agreed between the Government and ADB	Memorandum of understanding signed by the Government and ADB during Appraisal Mission provisionally scheduled for XX 2010.	Memorandum of Understanding	Assumption <ul style="list-style-type: none"> • EA cooperates with scoping and implementing the PPTA Risk <ul style="list-style-type: none"> • Government may be unwilling to address needed changes in project development
Outputs 1. Technical assessments complete 2. Sector assessments complete 3. Preparation of ADB value added components complete 4. Project scope and design elements complete	PPTA scoping activities report submitted by October 2009 EIA/EMP, IPP, social and poverty analysis, resettlement plan, and SDAP submitted by XX 2010 Final feasibility study complete and of high professional standard by XX 2010	ADB document registration Government document registration	Assumption <ul style="list-style-type: none"> • Effective stakeholder participation and local ownership of the Project and ADB priorities develops Risk <ul style="list-style-type: none"> • Restricted availability and access to information and government personnel
Activities with Milestones 1.1 Undertake preliminary social analysis (by XX 2010) 1.2 Review technical aspects of proposed road, design, scope and costs including the collection and documentation of baseline data on travel times and costs, traffic levels, port crossings, estimated costs for construction and O&M, and current level of road maintenance and spending on existing facilities (by XX 2010) 1.3 Complete EMP (by XX 2010) 1.4 Prepare resettlement plan (by XX 2010) 1.5 Prepare social development and gender action plan (by XX 2010)			Inputs XX person months of international consulting services, XX person months of national consulting services <ul style="list-style-type: none"> • ADB: \$600,000 • Government: \$150,000

¹ Specific indicators will be finalized at the PPTA Fact-Finding mission.

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|---|--|
| <ul style="list-style-type: none">1.6 Prepare ethnic minority plan (by XX 2010)1.7 Develop a set of verifiable performance indicators (by XX 2010)1.8 Carry out stakeholder consultations (XX 2010)1.9 Complete project components identified during scoping (by XX 2010)1.10 Carry out social and poverty analysis (by XX 2010)1.11 Carry out financial and economic analysis (by XX 2010)1.12 Carry out financial management and procurement assessment (by XX 2010)1.13 Prepare project design and monitoring framework (by XX 2010)1.14 Provide coordination and quality assurance to PPTA (early 2010) | |
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f Tyrrell Duncan
Director, EATC



Klaus Gerhaeusser
Director-General, EARD

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. Project Preparation Phase – Technical Review and Quality Assurance (these are general terms of references (TORs) to be refined after the scoping phase and finalized at the Fact-Finding mission)

1. Asian Development Bank (ADB) will engage an individual consultant as an external peer reviewer to provide guidance to the Government and ADB on project preparatory technical assistance (PPTA) activities.

1. Transport Specialist (international, 15 person-days)

2. The external peer reviewer will review and suggest changes in the PPTA work plan and consultant TORs to ensure that PPTA activities adhere to ADB policies and international best practices. The peer reviewer will monitor interim reports produced by the PPTA consultant team and suggest changes to bring the technical and analytical work up to ADB and international best practice standards. The external peer reviewer will present their findings and suggestions at the inception, interim and final PPTA workshops. The external peer reviewer will be engaged between XX 2010 and XX 2010.

B. Project Preparation Phase

1. Project Investment Preparation

a. Engineering Review and Cost/Schedule Optimization

3. The consultants will review the feasibility reports for the Inner Mongolia Road Development Project, assess cost estimates, and prepare a procurement plan: (i) identify residual technical challenges and risks, and validate the assumptions made in the feasibility reports; (ii) propose alternative designs or technologies that could increase value for money/cost-effectiveness of the Project; (iii) update the cost estimates, identify procurement packages, and recommend a mode of procurement for these packages; (iv) prepare a project implementation schedule and sequencing of project activities; (v) prepare a project procurement plan identifying procurement packages, procurement modes, bidding sequence, and timing, based on the procurement capacity assessment; and (vi) propose a functioning implementation mechanism.

b. Traffic Forecasts, Trade and Tourism Analysis, and Economic Analysis

4. The consultant will: (i) establish project rationale, propose a logical framework and a design and monitoring framework, prepare a project performance monitoring system, and identify baselines; (ii) propose a methodology for bringing the existing economic analysis up to ADB standards and international best practices; (iii) assess port crossing data, trade levels, and market trends as they affect estimated project freight traffic; (iv) adjust transport traffic forecasts on the basis of the most recent available O-D surveys, socioeconomic and demographic trends, as well as trade and tourism demand and market trends; (v) assess transport benefits, based on differential transportation costs and travel times, reliability, valuation of the reduction of externalities including accident costs and emissions, and quantification of energy savings; and (vi) calculate economic costs and economic internal rate of return and prepare sensitivity analysis and risk analysis. The economic analysis should include an analysis of the distribution of the benefits and costs by income class and suggest ways to increase the benefits and reduce costs for lower income groups.

c. Financial Analysis, Financial Management, and Procurement Assessment

5. The consultants will finalize the financial analysis of the Project and perform financial management and procurement assessment of the IAs: (i) carry out the financial analysis of the Project, identify all financial risks, and conduct relevant financial sensitivity analyses. Review the most current financial statements and project accounts of the IAs; (ii) prepare a project cost estimate and financing plan for the Project, recommend appropriate financial performance measures/ratios for the implementing agencies (IAs) in pro-forma statements, assess the IAs' financial management capabilities, and prepare a related institutional strengthening plan and a pro-forma appendix to the RRP; (iii) propose a fund-flow mechanism and prepare a draw-down schedule; and (iv) prepare a detailed executing agency (EA)/IA procurement capacity assessment and suggest remedial actions to build EA/IA capacity under the loan to minimize or eliminate financial and procurement management risks.

d. Social, Poverty, and Gender Aspects

6. Based on the initial poverty and social analysis, conduct a social analysis including poverty and gender assessments: (i) prepare socioeconomic and poverty profiles for the project areas and carry out a detailed gender assessment and recommend appropriate measures to address impacts, improve the gender balance, and promote opportunities; (ii) review the local government's policy, strategy, and programs for poverty reduction and development, and consult with local governments to identify initiatives that could complement the Project, particularly those targeted at the poor and women, and identify sources of funding; (iii) recommend and cost measures to enhance social benefits and minimize adverse impacts, (iv) assess other social risks including HIV/AIDS, human trafficking, conflicts between herdsman and road traffic, protection of cultural and religious sites, etc., (v) assist the EA to establish consultation and participatory processes, prepare a public participation and consultation status report, and plan for project implementation; (vi) assist with the preparation of the project performance monitoring system, and (vii) prepare a social development and gender action plan for other target groups, if necessary, including costs and implementation arrangements.

e. Resettlement Planning

7. The consultants will assist the EA and local officials to: (i) review the draft resettlement plan (RP) and prepare modifications as required to comply with ADB's Safeguard Policy Statement (2009), review the results of the socioeconomic surveys and analysis prepared by the Design Institute. If required, conduct additional resettlement household surveys to ensure adequate understanding of social impacts. Quantify the types and degree of impacts on the affected people. Determine and document in the RP the extent to which the project design avoids or minimizes adverse impacts; (ii) define categories for impact and compensation eligibility of affected people, and prepare an entitlements matrix. If there any seriously affected village, prepare village economic rehabilitation plans; (iii) assist in the initiation and expansion of the consultations; (iv) assess and justify that (a) the compensation standards are based on replacement value and (b) the overall resettlement budget is sufficient to acquire the land and implement the RP; (v) review implementation arrangements and recommend actions prior to the start of land acquisition; (vi) prepare a detailed resettlement implementation schedule; (vii) recommend a grievance redress mechanism; (viii) prepare a terms of reference for independent resettlement monitoring and evaluation; and (ix) train the EA staff and relevant local officials in ADB's resettlement procedures and requirements.

f. Environmental Management

8. The environment management consultants will: (i) review the draft EIA and ensure that it complies with government regulations and ADB's Safeguard Policy Statement (2009); (ii) prepare an environmental management plan based on the EIA document. The consultant will (a) determine costs of the proposed environmental measures; (b) appraise the level of cost against expected environmental benefits; (c) assist the EA in incorporating appropriate mitigating measures into the project design; (d) prepare contractor specifications for environmental management and monitoring; and (e) prepare terms of reference and budget for independent environment monitoring and evaluation; (iv) review the environmental management capabilities and recommend institutional strengthening measures; and (v) assist the EA in conducting appropriate public consultation, as required.

g. Indigenous Peoples

9. The consultants will assist the EA and local officials to: (i) using ADB's operational definition for indigenous peoples, identify whether indigenous peoples are present or absent in the project area; (ii) identify potential indigenous peoples who are likely to be affected by the project, directly and indirectly, positively and adversely, and in what stage of the project; (iii) determine which of the project components/activities will affect the identified indigenous peoples in any way; (iv) if impacts are likely, indicate the degree, severity and types of the likely impacts; (v) determine options for providing beneficial and mitigation measures which could a) be addressed directly by the project (project component), and b) which are required for the indigenous peoples plan (IPP); and (vi) determine the appropriate institutional mechanisms to implement the measures identified, as well as determine appropriate mechanisms to consult on a continuing basis ethnic minorities and also to receive and resolve possible complaints from indigenous peoples; (vii) ensure that the draft IPP results and documentation are disclosed in a timely manner in a form and language understandable to the affected communities and ensure the final IPP and its updates are similarly disclosed; (viii) prepare terms of reference for independent monitoring of the implementation of the IPP to assess, wherever possible, whether the IPP's objectives and desired outcomes have been achieved; and (ix) train the EA and IAs in ADB's indigenous peoples safeguards, procedures, and requirements.

2. Team, Schedule, and Reporting Requirements

10. The schedule for the consulting assignments and the level of effort required will be determined during PPTA scoping.

Table 1: Summary of Consultants Required
(under the project investment and sector support preparation [person-months])

Consultants	International	National
Transport specialist (Team Leader)	5	5
Road engineer	3	4
Road maintenance specialist (cold weather)	3	4
Transport economist	2	2
Public management specialist		2
Trade and tourism analyst	2	4
Financial analyst		2
Legal specialist		1
Social specialist		1
Resettlement specialist		1
Environment specialist		2
Indigenous peoples specialist		2
Total	15	30

11. **Deliverables.** An inception report will be submitted within three weeks of PPTA initiation. An interim report, including a draft summary EIA and a supplement to the EIA, a draft RP, a draft IPP and a draft SDAP will be submitted within three months. The consultant team will submit monthly progress reports and the draft final report will be submitted within 5 months of project initiation. The draft final report will be presented at a workshop attended by the EA/IA, relevant stakeholders, ADB, and the external peer reviewer.

12. The final report will be submitted within three weeks of draft final report presentation and workshop. All reports will be submitted to ADB in the English language (in three copies) and to the EA in both English (one copy) and Chinese (in three copies). Reports will be submitted in both electronic and paper form. All data and analyses will be consolidated and provided in electronic form. The number and content of any workshops or seminars will be determined in consultation with the EA during the scoping phase.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Total Cost
A. ADB Financing:^a Project investment preparation	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants	285.0
Number of Person-months	15
ii. National Consultants	180.0
Number of Person-months	30
b. International and Local Travel	30.0
c. Reports and Communications	3.0
2. Equipment (Computer, Printer, etc.) ^b	4.0
3. Workshops, Training / Seminars & Conferences ^c	6.0
4. Surveys	6.0
5. Miscellaneous Administration and Support Costs	4.0
6. Representative for Contract Negotiations ^d	6.0
7. Contingencies	56.0
Subtotal (A)	580.0
B. ADB Financing:^a Technical review and quality assurance	
1. Peer Review Consultant	
a. Remuneration and Per Diem	
i. International Consultant	10.0
Number of Person-months	.5
b. International and Local Travel	6.0
2. Contingencies	4.0
Subtotal (B)	20.0
Subtotal (A)+(B)	600.0
C. Government Financing	
1. Office Accommodation and Transport	60.0
2. Remuneration and Per Diem of Counterpart Staff	60.0
3. Contingencies	30.0
Subtotal (C)	150.0
Total (A)+(B)+(C)	750.0

^a Financed from ADB Technical Assistance Special Fund-Others.

^b **Equipment**

Type	Quantity	Cost
Hardware (e.g. computer, facsimile machine, copier and printer) and software to be procured under the consultant contract, in accordance with rules acceptable to ADB and which ownership will be transferred to the EA after completion of the PPTA.	Tbd.	Tbd.

^c **Workshops, Training/Seminars & Conferences**

Purpose	Venue
Scoping Phase workshop	Tbd.
Project investment and sector support preparation: Inception	Tbd.
Project investment and sector support preparation: Interim	Tbd.
Project investment and sector support preparation: Final	Tbd.

^d **Representative for Contract negotiations:** As per PAI 2.02D, the user division, in consultation with COSO will decide on mode of negotiation. Negotiations are usually conducted by correspondence when the assignment budgets are equal to or less than \$600,000.



Initial Poverty and Social Assessment

Project Number: 43029
October 2009

PRC: Inner Mongolia Road Development Project

INITIAL POVERTY AND SOCIAL ANALYSIS

Country/Project Title:

Lending/Financing Modality: Department/Division:

I. POVERTY ISSUES

A. Linkages to the National Poverty Reduction Strategy and Country Partnership Strategy

1. Based on the country poverty assessment, the country partnership strategy and the sector analysis describe how the project would directly or indirectly contribute to poverty reduction and how it is linked to the poverty reduction strategy of the partner country.

B. Targeting Classification

1. Select the targeting classification of the project:

General Intervention Individual or Household (TI-H); Geographic (TI-G); Non-Income MDGs (TI-M1, M2, etc.)

2. Explain the basis for the targeting classification:

C. Poverty Analysis

1. If the project is classified as TI-H, or if it is policy-based, what type of poverty impact analysis is needed?

2. What resources are allocated in the PPTA/due diligence?

3. If GI, is there any opportunity for pro-poor design (e.g., social inclusion subcomponents, cross subsidy, pro-poor governance, and pro-poor growth)?

II. SOCIAL DEVELOPMENT ISSUES

A. Initial Social Analysis

Based on existing information:

1. Who are the potential primary beneficiaries of the project? How do the poor and the socially excluded benefit from the project?

2. What are the potential needs of beneficiaries in relation to the proposed project?

3. What are the potential constraints in accessing the proposed benefits and services, and how will the project address them?

B. Consultation and Participation

1. Indicate the potential initial stakeholders.

2. What type of consultation and participation (C&P) is required during the PPTA or project processing (e.g., workshops, community mobilization, involvement of nongovernment organizations and community-based organizations, etc.)?

3. What level of participation is envisaged for project design?

Information sharing Consultation Collaborative decision making Empowerment

4. Will a C&P plan be prepared? Yes No Please explain.

C. Gender and Development

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project/program?
2. Does the proposed project/program have the potential to promote gender equality and/or women's empowerment by improving women's access to and use of opportunities, services, resources, assets, and participation in decision making? Yes No Please explain. {If yes, a gender action plan should be prepared during PPTA/due diligence.}
3. Could the proposed project have an adverse impact on women and/or girls or to widen gender inequality? Yes No Please explain {If yes, actions/measures should be prepared during PPTA/due diligence.}

III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS

Issue	Nature of Social Issue	Significant/Limited/ No Impact/Not Known	Plan or Other Action Required
Involuntary Resettlement			<input type="checkbox"/> Full Plan <input type="checkbox"/> Short Plan <input type="checkbox"/> Resettlement Framework <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Indigenous Peoples			<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input type="checkbox"/> Indigenous Peoples Framework <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Labor <input type="checkbox"/> Employment Opportunities <input type="checkbox"/> Labor Retrenchment <input type="checkbox"/> Core Labor Standards			<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Affordability			<input type="checkbox"/> Action <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Other Risks and/or Vulnerabilities <input type="checkbox"/> HIV/AIDS <input type="checkbox"/> Human Trafficking <input type="checkbox"/> Others (conflict, political instability, etc.), please specify			<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain

IV. PPTA/DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the TOR for the PPTA (or other due diligence) include poverty, social and gender analysis and the relevant specialist/s? Yes No If no, please explain why.
2. Are resources (consultants, survey budget, and workshop) allocated for conducting poverty, social and/or gender analysis, and C&P during the PPTA/due diligence? Yes No If no, please explain why.

RAPID ENVIRONMENTAL ASSESSMENT (REA) CHECKLIST

Country/Project Title: PRC: Inner Mongolia Road Development Project

Sector Division: EARD/EATC

SCREENING QUESTIONS	Yes	No	REMARKS
A. Project Siting			
Is the Project area within any of the following environmentally sensitive areas?			
▪ Cultural heritage site	<input type="checkbox"/>	<input type="checkbox"/>	
▪ Protected Area	<input type="checkbox"/>	<input type="checkbox"/>	
▪ Wetland	<input type="checkbox"/>	<input type="checkbox"/>	
▪ Mangrove	<input type="checkbox"/>	<input type="checkbox"/>	
▪ Estuarine	<input type="checkbox"/>	<input type="checkbox"/>	
▪ Buffer zone of protected area	<input type="checkbox"/>	<input type="checkbox"/>	
▪ Special area for protecting biodiversity	<input type="checkbox"/>	<input type="checkbox"/>	
B. Potential Environmental Impacts			
Will the Project cause...			
▪ encroachment on historical/cultural areas; disfiguration of landscape by road embankments, cuts, fills, and quarries?	<input type="checkbox"/>	<input type="checkbox"/>	
▪ encroachment on precious ecology (e.g. sensitive or protected areas)?	<input type="checkbox"/>	<input type="checkbox"/>	
▪ alteration of surface water hydrology of waterways crossed by roads, resulting in increased sediment in streams affected by increased soil erosion at construction site?	<input type="checkbox"/>	<input type="checkbox"/>	
▪ deterioration of surface water quality due to silt runoff and sanitary wastes from worker-based camps and chemicals used in construction?	<input type="checkbox"/>	<input type="checkbox"/>	
▪ increased local air pollution due to rock crushing, cutting and filling works, and chemicals from asphalt processing?	<input type="checkbox"/>	<input type="checkbox"/>	

ENVIRONMENTAL CATEGORIZATION

A. Instructions:

(i) This form is to be completed by the Sector Division in the Regional Department and submitted to the Environment and Social Safeguard Division (RSES) for endorsement by RSES Director, and for approval by the Chief Compliance Officer (CCO) of the Regional and Sustainable Development Department.

(ii) The environment categorization of a project is a continuing process. If there is a change in the components or/and site of a project that may result in category change, the Sector Division should submit a new environmental categorization form for endorsement by RSES Director and approval by the CCO. The old form should be attached for reference.

B. Project Data:

Project No. _____

Country/Project Title: _____ Date: _____

Department/ Division: _____ Processing Stage: _____

Lending Modality: Project Loan Program Loan Financial Intermediation
 Sector Loan SDP Loan Loan or Equity Investment

Coverage: Country Subregional Inter-regional

C. Environment Category: New Recategorization --- Previous Category _____

- Category A
- Category B
- Category C
- Category FI

Additional information is needed for categorization and is to be gathered by the Mission Leader. In the interim, the project is classified as:

- Category A/B Environmental Specialist to participate in fact-finding
- Category B/C

Comments:

D. Documents attached: *The categorization will be considered incomplete if proper documentation is not attached.*

I.

II. Basis for Categorization/ Recategorization:

- REA Checklist
- Project and/or Site Description (must be attached)
- Other: _____

III.

IV. Terms of Reference for EIA/IEE:

- Key issues identified and attached
- Under preparation and will be submitted on _____ (date)

ENVIRONMENTAL CATEGORIZATION

E. Basic Environmental Assessment Requirements

Please check one of category A, B, C or FI

Category A:

- Environmental Impact Assessment (EIA)
- Environmental Management Plan including a Budget
- Public Consultation (at least twice)
- Disclosure 120 days in advance of Board Consideration

Category B:

- Initial Environmental Examination (IEE)
- Public Consultation

Check if the project is to be deemed environmentally sensitive (by CCO)

- Environmental Management Plan including a Budget
- Disclosure 120 days in advance of Board Consideration

Category C:

- Review of Environmental Implications

Category FI:

If Category FI, please check one of the following

- Equity Investment*
 - Environmental Management System*
- Credit Lines*
 - Environmental Management System - including Environmental Assessment and Review Procedures for Subprojects*
- Credit Lines where all subprojects will only have insignificant impacts*
 - Review of Environmental Implications*

For program, sector, or sector development program loans, please check the applicable requirements

Program and Sector Development Program Loans

- Environmental Assessment of Policy Matrix

Sector Loans

- IEEs of Sample Subprojects
- Environmental Assessment and Review Procedures
- Environmental Assessment of Sector Impacts (recommended)

F. Signatures

Category Assigned by:

Endorsed by:

RD Mission Leader

Director, RSES

Date: _____

Date: _____

Endorsed by:

Approved by:

Director, Sector Division

Chief Compliance Officer

Date: _____

Date: _____