CURRENCY EQUIVALENTS
(as of 27 July 2006)

Currency Unit – yuan (CNY)
CNY1.00 = $0.125
$1.00 = CNY7.985

ABBREVIATIONS

ADB – Asian Development Bank
ADF – Asian Development Fund
ADTA – advisory technical assistance
CAREC – Central Asia Regional Economic Cooperation
CDM – Clean Development Mechanism
CIDA – Canadian International Development Agency
CPRM – country portfolio review mission
CSP – country strategy and program
CSPU – country strategy and program update
DFID – Department for International Development
EA – executing agency
EU – European Union
FYP – Five-Year Program
GDP – gross domestic product
GEF – Global Environment Facility
GMS – Greater Mekong Subregion
GTZ – Geutsche Gesellschaft für Technische Zusammenarbeit
IA – implementing agency
ICT – information and communication technology
IFC – International Finance Corporation
ILO – International Labour Organization
JBIC – Japan Bank for International Cooperation
JICA – Japan International Cooperation Agency
KfW – Kreditanstalt für Wiederaufbau
km² – square kilometer
MDG – Millennium Development Goal
MFF – multi-tranche financing facility
NDRC – National Development and Reform Commission
NGO – nongovernment organization
OCR – ordinary capital resources
OP – Operational Program
PPTA – project preparatory technical assistance
PRC – People’s Republic of China
RCSP – regional cooperation strategy and program
SEPA – State Environmental Protection Administration
SME – small and medium-sized enterprise
SOE – state-owned enterprise
TA – technical assistance
TASF – Technical Assistance Special Fund
UNDP – United Nations Development Programme
UNICEF – United Nations Children’s Fund
WBG – World Bank Group
WTO – World Trade Organization
NOTES

(i) The fiscal year of the Government ends on 31 December.
(ii) In this report, "$" refers to US dollars.

<table>
<thead>
<tr>
<th>Role</th>
<th>Name and Position</th>
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<tr>
<td>Vice President</td>
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<td>J. Zhuang, Senior Economics Officer, PRCM</td>
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</tbody>
</table>
CONTENTS

I. CURRENT DEVELOPMENT TRENDS AND ISSUES
   A. Country Strategy and Program Update 1
   B. Recent Political and Social Developments 1
   C. Economic Assessment and Outlook 1
   D. Implications for Country Strategy and Program 2

II. IMPLEMENTATION OF THE COUNTRY STRATEGY AND PROGRAM 2
   A. Progress in Poverty Reduction 2
   B. Progress in the Country Strategy and Program Focus Areas 3
   C. Highlights in Coordination of External Funding and Partnership Arrangements 6

III. PORTFOLIO MANAGEMENT ISSUES 6
   A. Portfolio Performance 6
   B. Performance Monitoring and Evaluation 7

IV. COUNTRY PERFORMANCE AND ASSISTANCE LEVELS 8
   A. Proposed Lending Level 8
   B. Nonlending Program 8
   C. Summary of Changes to Lending and Nonlending Program 8

APPENDIXES

1. COUNTRY AND PORTFOLIO INDICATORS, AND ASSISTANCE PIPELINE 9
   Table A1.1: Progress Toward the Millennium Development Goals and Targets 9
   Table A1.2: Country Economic Indicators 10
   Table A1.3: Country Poverty and Social Indicators 11
   Table A1.4: Country Environment Indicators 12
   Table A1.5: Development Coordination Matrix 13
   Table A1.6: Portfolio Indicators—Portfolio Amounts and Ratings 25
   Table A1.7: Portfolio Indicators—Disbursements and Net Transfers of Resources 26
   Table A1.8: Portfolio Indicators—Evaluation Rating by Sector 27
   Table A1.9: Portfolio Implementation Status 28
   Table A1.10: Assistance Pipeline for Lending Products, 2007–2008 32
   Table A1.11: Assistance Pipeline for Nonlending Products and Services, 2007–2008 35

2. CONCEPT PAPERS FOR LENDING PRODUCTS 39

3. CONCEPT PAPERS FOR NONLENDING PRODUCTS AND SERVICES 85

4. Table A4.1: Assistance Pipeline for Lending Products (2006) 169
   Table A4.2: Assistance Pipeline for Nonlending Products and Services (2006) 170
I. CURRENT DEVELOPMENT TRENDS AND ISSUES

A. Country Strategy and Program Update

1. The People’s Republic of China (PRC) is entering a new era with the 11th Five-Year Program (FYP) 2006–2010. This builds on a gradual shift since 2003 toward policies aimed at balanced, equitable, and sustainable development. This country strategy and program update (CSPU) is the initial response of the Asian Development Bank (ADB) to the PRC’s new policy, social, and economic environment; and is a preface of the new country strategy and program (CSP) 2007–2011 that is proposed for discussion by ADB’s Board of Directors in 2007. It also serves the purpose of consultation with stakeholders, and guides ADB operations before the new CSP is in place.

B. Recent Political and Social Developments

2. The 11th FYP promulgated in March 2006 set indicative targets, rather than fixed targets, for standards of living, the environment, and the economy. The 2006 targets are to (i) manage gross domestic product (GDP) growth of about 8%, (ii) reduce energy consumption per unit of GDP by 4 percentage points, (iii) keep inflation below 3%, (iv) create 9 million new jobs and keep the registered urban unemployment rate below 4.6%, and (v) maintain a sound balance of payments. To achieve these targets, the Government will continue to manage growth and rebalance economic structure, deepen reforms to further open the economy, and strengthen social development to build a harmonious society. There is a stronger emphasis on rural development in the 11th FYP. The Government pledges to increase farmers’ incomes and enhance public services in the countryside. The Government abolished the agricultural tax at the start of this year, will eliminate all tuition and fees for compulsory education in rural areas starting 2007, and streamline local government bureaucracies.

C. Economic Assessment and Outlook

3. Strong domestic investment and exports drove GDP growth of 10.9% in the first half of 2006, continuing a 4-year run of more than 9%. In the first 6 months, fixed asset investment grew by 29.8%, continuing its expansion from the second half of 2005. Although the rate is lower than the latest peak reached in early 2004, it is well above the official target of 18%. Exports and imports rose rapidly by 25.2% and 21.3% respectively, resulting in a $61.4 billion trade surplus for the first half of the year. Although consumer prices face upward pressure, inflation is expected to maintain a 1.6% growth due to oversupply in manufacturing and good grain harvests. The Government has implemented several policy measures to prevent economic overheating, such as tightening investment in the property market, raising benchmark-lending rates, and raising reserve requirements for commercial banks. The impact of these tightening measures is likely to be seen in the second half of the year.

4. GDP is projected to grow about 10.1% in 2006 and slow to 9% in 2007. Consumer price inflation is expected not to exceed 2% in 2007. The country’s trade surplus for 2006 will surpass 2005’s record to reach $150 billion. However, it is projected to narrow moderately in 2007 on an expected slowing in export growth. Higher spending is likely in 2007 to help reduce social pressures before the 17th party congress in autumn 2007 and the Olympic Games held in 2008, so the fiscal deficit is forecast to rise to more than 2% of GDP in 2007. Risks and uncertainties will come mainly from three sources: (i) increasing income inequality, (ii) environmental pollution and low energy efficiency, and (iii) weaknesses in the financial system.
D. Implications for Country Strategy and Program

5. The priorities set in ADB’s Medium-Term Strategy II (2006–2008) are in line with the 11th FYP. ADB’s strategy has five priorities: (i) catalyzing investment to improve the investment climate and expand private sector operations, (ii) strengthening inclusiveness through increasing investment to support rural development and social development interventions, (iii) promoting regional cooperation and integration, (iv) managing the environment, and (v) improving governance and preventing corruption. The 11th FYP validated ADB’s existing strategic objectives and operations in the PRC, stated in the CSP (2004-2006) approved in 2003. The forthcoming CSP (2007–2011), which is under preparation, will align ADB’s country strategy with the PRC’s 11th FYP.

6. ADB’s future operations in the PRC will emphasize rural development, environment, energy conservation, urban development, and regional cooperation. ADB will mobilize more resources and develop diversified instruments to meet the demand for balanced development among regions, and between rural and urban areas. ADB will try harder to provide greater knowledge in policy, law, and governance reform.

II. IMPLEMENTATION OF THE COUNTRY STRATEGY AND PROGRAM

A. Progress in Poverty Reduction

7. The PRC has made remarkable progress in reducing poverty, with the number of rural poor falling from about 250 million in 1978, to 85 million in 1990, and 23.7 million in 2005. The population below the international standard of $1 per day (using purchasing power parity) fell from 374.8 million (33% of the population) in 1990 to 135 million (10% of the population) in 2005. Several non-income aspects of poverty have also improved, with the PRC poised to achieve Millennium Development Goal (MDG) targets for maternal health and primary education (Appendix 1, Table A1.1). More targeted and innovative approaches are needed to work on (i) persistent absolute poverty, increasingly concentrated in hard-to-reach groups (e.g. remote communities and the elderly and disabled); (ii) the vulnerability of a large population living on the brink of poverty; and (iii) new manifestations of urban poverty. Unless there are dramatic improvements, the PRC might not achieve the MDG targets for gender equity, environmental sustainability, and child mortality, HIV/AIDS, and access to safe drinking water and sanitation.

8. In 2004, the Government announced three new tools for reducing rural poverty in the next few years: (i) integrated village-level poverty reduction and development planning; (ii) training for potential migrants from rural areas; and (iii) development of local enterprises, typically in agro-industry. While farmers’ income will remain the focus of the Government’s “development-based poverty alleviation” strategy, the Government is exploring new social protection approaches to assist poor people who lack productive capacity. This in part reflects ADB’s policy dialogue and study on establishing a rural minimum living standard protection system (MLSPS). More support for compulsory education, vocational training for migrants, and rural health care, will provide new exits from poverty.

3 Using the official poverty line of CNY683 per capita per year in 2005.
4 In 2005, in addition to 23.7 million absolute poor, 40.7 million rural residents were living on per capita income above the CNY683 official poverty line but below the officially defined low-income threshold of CNY924.
5 The PRC does not have a unified urban poverty line but about 22 million urban residents received poverty assistance in 2005 and some estimates place urban poverty incidence at 6–8%.
9. Most of ADB’s program targets the central and western provinces to support inclusive economic growth. ADB will continue to work with the Government to (i) sharpen its fight against poverty; and (ii) achieve the MDGs, including policy work in such areas as social protection, strengthening the role of nongovernment organizations (NGOs) in reducing poverty, and cooperating with the World Bank and other development partners to advance policy dialogue on the changing nature of poverty in PRC. ADB’s recent study and projects covered implementing the primary health care strategy in rural areas, rural finance, health and HIV/AIDS, public nutrition, basic education, land degradation, energy, transportation, and access to water and sanitation. Another ADB TA is pioneering new mechanisms for engaging NGOs in state-funded rural poverty efforts, assessing solutions to urban poverty, and supporting applied research on the rural MLSPS. ADB is actively engaging the Government on possibilities for pro-poor lending in new areas such as technical education and vocational training.

B. Progress in the Country Strategy and Program Focus Areas

10. The four pillars of ADB’s assistance and operations, as stated in the CSP (2004–2006), are (i) promoting equitable and inclusive growth, (ii) making markets work better, (iii) improving the environment, and (iv) promoting regional cooperation. Although ADB’s operations have contributed to the Government’s long-term development goal to establish a balanced and harmonious society, ADB’s financial assistance is modest considering the PRC’s size, its needs, its own investment program, and private sector investments. Stronger support in priority sectors and wider dissemination of innovation, good practice, and demonstration effects of projects and knowledge products are essential to leverage and maximize the development impact of ADB’s financial assistance. Preparation of PRC operations has drawn on lessons learned from ongoing and completed projects, policy-oriented technical assistance and other knowledge products, and regional cooperation initiatives. Various stakeholders—including the central and selected provincial governments, the private sector, NGOs, and other funding agencies—have been consulted in the preparation of the CSP U. Developments on specific strategic and thematic aspects of the CSP (2004–2006) and the CSP U (2005–2007) are summarized below.

1. Promoting Equitable and Inclusive Growth

11. Promoting pro-poor equitable and inclusive growth has been ADB’s primary goal in the PRC. This is reflected in the enhanced focus of the 2007–2008 program on rebalancing development between rural and urban areas, and among regions. Agriculture, natural resources, and social infrastructure projects have increased in lending size in the program. While loans for infrastructure projects are still ADB’s main means to reduce poverty, there is more emphasis on infrastructure projects in rural areas and less developed central and western regions. To further explore financial and other aspects of rural road and other infrastructure projects, advisory TAs are programmed. Other new TAs with direct and indirect impacts on pro-poor growth will cover rural health care strategy, support for rural migrant workers, biomass renewable energy, flood management, and rural financial reform.

12. To support social development under the current government’s policy on utilization of loans from multilateral financial institutions, ADB will explore projects in technical education and vocational training. ADB will continue to work with the Government to ensure that ADB’s future operations are in line with the 11th FYP.

2. Making Markets Work Better

13. The PRC has been steadily transforming from a central planned to a market economy, and markets have become the basis for economic development. At the core of markets is the governance of private and public institutions, which is integrated in all ADB operations in the country. This is done through various TAs in strengthening public administration, rule of law, the financial sector, and the private sector. In the 2007–2008 program, tariff reform and converting public utilities to commercial entities will remain important objectives. Knowledge-based assistance will consist of promoting the rule of law, including support for drafting the anti-monopoly and anti-money laundering laws, improving public debt management of local governments, supporting financial sector reform, and strengthening development and finance of small- and medium-sized enterprises (SMEs).

3. Improving the Environment

14. Land degradation and air and water pollution have caused major losses to the economy, and depleted natural resources needed by rural residents. Growth has outpaced environmental sustainability in many areas, and the environment is a constraint for sustained economic development. The 11th FYP emphasized seven aspects of environmental protection, which calls for ADB’s continued support for protecting and improving the environment.

15. The 2007–2008 program will cover (i) land and water resource management (e.g., reversing land degradation, improving water resource management and flood management); and (ii) urban environmental improvement (e.g., increasing wastewater treatment rate in Guiyang, Hefei and Nanjing). In addition, ADB is playing a growing role in promoting and demonstrating new opportunities for long-term solutions to address energy and environmental issues. The Energy Conservation and Resource Management Project listed in the pipeline will finance an “efficiency power plant” in Guangdong Province. TA support (e.g., rural water resource management, interprovincial acid rain control, and strengthening provincial environment legislation) will ensure that ADB’s knowledge products help improve environmental policies and regulations. The PRC’s partnership with the Global Environment Facility (GEF) on land degradation in dryland ecosystems was formulated with ADB’s help, and has let ADB and other development partners to work with the Government to combat land degradation. This will be accomplished through GEF Operational Program (OP) 12 by introducing integrated ecosystem management and removing institutional barriers.

4. Promoting Regional Cooperation

16. The PRC has played an active role in integrating the global and regional markets, and promoting regional cooperation has helped the country in many ways. In March 2005, the PRC committed $20 million to set up the PRC Fund for Poverty Reduction and Regional Cooperation, the first developing country to set up such a fund with an international development agency. So far, the Fund has supported 4 TAs for $1.5 million, with 7 more TAs under consideration in 2006. The PRC has participated in ADB’s initiatives in (i) the Greater Mekong Subregion (GMS) with focus on Yunnan province and Guangxi Zhuang Autonomous Region; (ii) the Central Asia Regional Economic Cooperation (CAREC) Program with focus on Xinjiang Autonomous Region; (iii) PRC–Mongolia Subregion with focus on the Inner Mongolia Autonomous Region; and (iv) Association of Southeast Asian Nations (ASEAN) + 3 (Japan, PRC, and Republic of Korea). Improving cross-border trade, transport, and environmental protection will benefit the livelihood of the poor living in the border areas.

17. PRC has urged ADB to strengthen its efforts in regional cooperation. ADB’s lending in Yunnan and Guangxi have comprised seven projects totaling $1.182 billion, including a railway...
project that will enhance connectivity with neighboring GMS countries. These projects form important sections of the North–South Economic Corridors in the GMS; three have been completed and four are ongoing. Xinjiang Road Development Project (CAREC) is programmed for 2007 and Western Guangxi Road Development Project is scheduled for 2008. In addition, ADB has provided several TAs to the PRC, some of which were performed through regional TAs on transport and tourism. In Central Asia, ADB approved 13 loans totaling $357 million for 9 CAREC-related projects, and leveraged cofinancing for these projects totaling $162 million as of 2005. In addition, ADB approved 37 TA grants totaling $24 million. Besides GMS, the CAREC Program has proved to be a powerful alliance in promoting trade and customs infrastructure, and in physical connectivity in transport and energy.

5. Private Sector Development and Operations

18. The private sector in the PRC has recently contributed more than 40% of GDP, 60% to economic growth, 75% of new employment, and in many areas more than half of the tax revenue. Constraints to private sector development lie in unequal competition for operation, and weak governance and capacity of the sector. In the operational environment, the private sector faces insufficient protection of private property, limited market entry in some areas, difficulty in accessing finance, high and unfair tax treatment, inadequate social services, and weak supervision of markets and intermediaries. Most private enterprises suffer from weak corporate governance and human capacity. To address these impediments, the Government issued Opinions to Promoting and Guiding Private Sector Development in early 2005, and ADB’s work has supported implementing measures. ADB’s study was adopted by the China Political Consultative Committee and submitted to the National People’s Congress in March 2006 as its No. 1 proposal. ADB also provided TAs to formulate the supervisory framework for SME credit guarantee companies, and to improve corporate governance of companies where ADB owns shares.

19. In addition to policy advice, ADB also provides project-based financing support. ADB’s private sector lending in the PRC has focused on the infrastructure and energy sectors, the financial sector, and environmental improvements. In the infrastructure and energy sectors, ADB prioritizes pioneering projects with innovative contractual and financial structuring to encourage private sector participation, enhance management expertise, and improve corporate governance. ADB promotes commercialization, privatization, and private–public partnerships by assisting technology and management transfer to local entities currently owned by the public sector through acquisition, rehabilitation, or expansion projects. While most infrastructure investments will probably be in the coastal provinces, ADB will try to find projects in the central and western regions. In the financial sector, ADB helps strengthen banks and other financial institutions to mobilize resources and manage risk. ADB also supports SMEs through equity investments in regional investment funds through capital provision in the form of debt and equity. Equity infusions in selected financial institutions—such as commercial banks, security firms, and credit guarantee companies—will promote financial sector reform and good corporate governance. Securitization, nonperforming loan resolution, municipal finance, and trade finance are new areas that will be explored. For environmental improvements, ADB supports Clean Development Mechanism (CDM) related projects, sponsored mainly by private sector developers, under the Kyoto Protocol as well as existing carbon credit markets.

11 ADB. 2005. Lombard Asia III L.P. Manila. About 35% of the fund is to support medium-sized enterprises in the PRC.
20. To help develop domestic capital markets, ADB launched CNY1 billion RMB-denominated bonds (Panda bonds) in October 2005, signifying the Government’s effort to adopt best international standards—particularly in documentation, disclosure, and deal management. The use of Panda bonds proceeds for private sector projects will expand the financing channel of private sector enterprises with limited access to finance. Moreover, ADB has been exploring projects to promote private–public sector partnership, which can take the form of listing ADB-financed projects and subcontracting operations and maintenance services to the private sector.

C. Highlights in Coordination of External Funding and Partnership Arrangements

21. The typical strategic focus of other development partners are poverty, governance, environment, and balanced regional development. These common interests are the basis for partnership and collaboration. The ADB Resident Mission in the PRC (PRCM) has helped to promote coordination, including regular meetings of an informal development partners group\(^{12}\) and roundtable meetings on subjects like the environment, governance, law, and energy. The resident mission participates in meetings and seminars, disseminates information on ADB operations, and exchanges information on projects funded by development agencies and their respective country strategies.

22. ADB and the Department for International Development of the United Kingdom have supported poverty reduction in the PRC through the Poverty Reduction Cooperation Fund. By the end of 2005, 17 TA projects had been approved for a total of $9.21 million. With GEF, ADB is a leader among partner agencies including the World Bank and the International Fund for Agricultural Development in combating land degradation in the PRC. In 2005, GEF funded $12.14 million for the Sanjiang Wetlands Protection Project. In 2006, ADB initiated the project preparatory TA of the first demonstrative project under the Partnership in Ningxia for integrated ecosystem development. ADB is collaborating with the United Nations Environment Programme to support a biodiversity management project in the Shaanxi Qinling Mountain, using cofinancing from GEF. ADB will continue exploring collaboration with other development partners.

III. PORTFOLIO MANAGEMENT ISSUES

A. Portfolio Performance

23. As of 31 December 2005, ADB has approved 115 loans totaling $16.24 billion. Of these, 41 loans for $7.32 billion were ongoing. Seven public sector loans were approved in 2005 for $1.48 billion and one private sector loan was approved for $20.72 million. As of 31 December 2005, 483 TA projects for $257.1 million had been approved for the PRC, of which 93 TAs for $54.6 million were under implementation (including 33 TAs amounting to $18.33 million approved in 2005). The PRC portfolio has continued to perform well. The number of projects “at risk” decreased from four in 2003 to none in 2004 and 2005. Of the 41 ongoing projects, one was “highly satisfactory” and the rest were “satisfactory”.

24. ADB assistance has provided PRC in the transport sector to help promote sustainable economic growth and reduce poverty. This is being achieved by improving road transport efficiency and improving the access of rural villages to income-generating opportunities and social services. Underserved, less developed and poor areas are being connected by railways to help create the conditions necessary for developing local resources, and generating employment to raise living standards. ADB has also focused on improving the urban environment, public health, and quality of life for urban residents through improving waste water management and

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12 The local donor coordination group includes representatives from Australia, Canada, Germany, Italy, Japan, United Kingdom, ADB, Ford Foundation, United Nations Development Programme, and World Bank.
supply of potable water, construction and rehabilitation of sewer networks, and strengthening water resource management.

25. A notable recent assistance in the energy sector has been the introduction of latest technologies in coal mine methane and coalbed methane production, capture, and utilization. Such assistance will improve mine safety, reduce greenhouse gas emissions, and improve the environment. ADB is supporting one such project in Shanxi, and another in Liaoning. Both projects have benefited from CDM by selling carbon emission reductions.

B. Performance Monitoring and Evaluation

26. The PRC portfolio has continued to be one of ADB’s best, with no projects “at risk” in recent years. Contract award performance improved significantly in 2005, with contract awards amounting to $1.39 billion—double the 2004 amount. The contract award ratio in 2005 was 33.4% compared with the 2004 figure of 19.1%. The disbursement ratio improved to 19.7% in 2005 compared with the 2004 figure of 17.7%. Compliance with submission of audited financial statements improved in 2005, with only 3.7% (one project) complying late compared with 5.3% in 2004. Compliance with loan covenants for almost all projects was rated “satisfactory” or “highly satisfactory”. Project start-up delays are slightly above the ADB-wide average and continue to be a problem area in the portfolio.

27. The profile of the portfolio is expected to change in the coming years. While transport projects will still dominate ADB’s operations in the PRC, the share of agriculture and natural resources sector and social sector will increase substantially, considering the Government’s priority for developing rural areas in the 11th FYP. Meanwhile, sector lending, MFF, and other modalities under the Innovation and Efficiency Initiatives will be used for new projects, which may include a number of small projects in far-flung areas. These changes will improve project implementation in future.

28. The future challenges call for more efforts to improve project impacts, particularly to implement result-based projects targeted at the rural economy. Measures taken to build a knowledge base in project administration and portfolio management in PRCM include (i) delegating about 50% of ADB’s PRC portfolio and delegation of disbursement functions to PRCM; (ii) focusing more on results and/or impacts during project implementation; (iii) developing the capacity of executing and implementing agencies (EAs and IAs) with the help of PRCM staff resources; (iv) emphasizing feedback from the country portfolio review to country programming and TA/loan processing for improving project design; (v) strengthening the EA–PRCM relationship; (vi) making PRCM a focal point for portfolio management; and (vii) strengthening consultation with other donors to share project implementation experiences and lessons learned.

29. The portfolio performance monitoring and evaluation, through the country portfolio review mission (CPRM), is crucial to enhance the efficiency of project implementation. The CPRM findings and recommendations result in the Government–ADB action plan to improve ADB’s PRC portfolio performance. The linkage between CPRM and the CSP—to reflect portfolio performance review findings in the country programming process—is being discussed. The 2006 CPRM will be conducted in August 2006 and focus on improving efficiency for project implementation, including using project readiness filters, strengthening institutional arrangements for project implementation, and developing a strategy for capacity development of EAs/IAs including creating a conducive environment for transfer of knowledge.
IV. COUNTRY PERFORMANCE AND ASSISTANCE LEVELS

A. Proposed Lending Level

30. The CSPU has programmed total lending of $3.0 billion for 2007–2008 (Appendix 1, Table A1.10). Annual average lending of around $1.5 billion is programmed as follows: 41.0% for transport, 25.3% for agriculture and natural resources, 22.5% for social infrastructure, and 11.3% for energy. About 85% of these projects will be in the central and western provinces.

B. Nonlending Program

31. The annual nonlending program will be $12.65 million for 2007 and $10.90 million for 2008 (Appendix 1, Table A1.11). The focus of the TA programs has been sharpened further to enhance the strategic focus of ADB operations and help the Government’s achieve the objectives of the 11th FYP. These will include (i) policy and institutional reforms; (ii) legal reforms and governance; (iii) capacity building of agencies that are or will be EAs/IAs for ADB-financed projects; and (iv) sectors or subsectors where advisory TA assistance is expected to create lending opportunities for ADB. The outputs of advisory TAs should contribute to making ADB a knowledge bank.

C. Summary of Changes to Lending and Nonlending Program

32. Compared with the CSP’s (2004–2006) lending program, the 2007–2008 lending program will be spread more evenly across sectors. Most notably, the proportion of lending to agriculture and natural resources will more than double from 10.0% to 25.3%, and the social infrastructure sector’s share will increase from 15.0% to 22.5%. Gansu Heihe Hydropower Development projects, which are included in the lending program, will be the first to adopt the MFF in the PRC. The nonlending program has been adjusted in line with the lending program.

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13 In the CSP (2004-2006) program, 61% of the lending volume for transport, 10% for agriculture and natural resources, 10% for energy, 15% for social infrastructure, and 4% for multisector projects.)
# COUNTRY AND PORTFOLIO INDICATORS, AND ASSISTANCE PIPELINE

## Table A1.1: Progress Toward the Millennium Development Goals and Targets

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<th>Goals and Targets</th>
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<tr>
<td><strong>Goal 1: Eradicate Extreme Poverty and Hunger</strong></td>
<td>• Rural population below $1 per day: 31.3% in 1990; 16.6% in 2001&lt;sup&gt;a&lt;/sup&gt;</td>
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<tr>
<td>Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than $1 a day</td>
<td>• Prevalence of underweight children under age 5: 17.4% in 1990; 14.3% in 2002&lt;sup&gt;b&lt;/sup&gt;</td>
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<td>Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger</td>
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<td><strong>Goal 2: Achieve Universal Primary Education</strong></td>
<td>• Net primary enrollment ratio: 97.4% in 1990; 98.6% in 2002</td>
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<td>Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling</td>
<td>• Youth literacy rate: 95.3% in 1990; 97.9% in 2001</td>
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<td><strong>Goal 3: Promote Gender Equality and Empower Women</strong></td>
<td>• Ratio of girls to boys in primary education: 86% in 1990; 90% in 2002</td>
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<td>Target 4: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015</td>
<td>• Ratio of girls to boys in secondary education: 85% in 2002</td>
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<td><strong>Goal 4: Reduce Child Mortality</strong></td>
<td>• Under-5 mortality rate (per 1,000 live births): 49 in 1991; 38.1/34.9 in 2002</td>
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<td>Target 5: Reduce by two thirds, between 1990 and 2015, the under-5 mortality rate</td>
<td>• Infant mortality rate (per 1,000 live births): 38 in 1990; 30.0/29.2 in 2002</td>
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<tr>
<td><strong>Goal 5: Improve Maternal Health</strong></td>
<td>• Maternal mortality ratio (per 100,000 live births): 88.9 in 1990; 56.0 in 2001</td>
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<tr>
<td>Target 6: Reduce by three quarters between 1990 and 2015, the maternal mortality ratio</td>
<td>• Proportion of births attended by skilled health workers in hospital: 50.3% in 1990; 79.4% in 2003</td>
</tr>
<tr>
<td><strong>Goal 6: Combat HIV/AIDS, Malaria, and Other Diseases</strong></td>
<td>• HIV/AIDS incidence rate (age 15–49) as of 2002: 0.06–0.11% or 700,000–1.5 million cases</td>
</tr>
<tr>
<td>Target 7: Have halted by 2015, and begun to reverse, the spread of HIV/AIDS</td>
<td>• 76,000 children orphaned by HIV/AIDS in 2001</td>
</tr>
<tr>
<td>Target 8: Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases</td>
<td>• Malaria (per 100,000 people): 1 in 2000</td>
</tr>
<tr>
<td>• Tuberculosis (per 100,000 people): 107 in 2001; 367 in 2000 using active pulmonary tuberculosis definition</td>
<td></td>
</tr>
<tr>
<td><strong>Goal 7: Ensure Environmental Sustainability</strong></td>
<td>• Land covered by forest: 12.98% in 1990; 18.2% in 2004</td>
</tr>
<tr>
<td>Target 9: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources</td>
<td>• Carbon dioxide emissions (per capita): 2.1 tons in 1990; 2.3 tons in 1999</td>
</tr>
<tr>
<td>Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation</td>
<td>• Rural population with clean water source: 31% in 1990; 58% in 2003</td>
</tr>
<tr>
<td>Target 11: By 2020, achieve a significant improvement in the lives of at least 100 million slum dwellers</td>
<td>• Urban population with clean water source: 87% in 1990; 94% in 2000 (Table A1.4)</td>
</tr>
<tr>
<td>• Urban population with access to improved sanitation: 56% in 1990; 69% in 2000</td>
<td></td>
</tr>
<tr>
<td>• Rural population with access to improved sanitation: 8% in 1993; 51% in 2003</td>
<td></td>
</tr>
<tr>
<td><strong>Goal 8: Develop a Global Partnership for Development</strong></td>
<td>(omitted for brevity and relevance)</td>
</tr>
<tr>
<td>• Data are not available</td>
<td></td>
</tr>
</tbody>
</table>

<sup>a</sup> The latest available year from the World Bank is 2001. In 2004, 75.9 million rural people were living on per capita income below the officially defined low-income threshold of CNY924, which is roughly equivalent to the international $1 per day standard.


<sup>c</sup> Excluding agriculture water users in urban areas, used by the Ministry of Construction until 2000.

### Table A1.2: Country Economic Indicators

<table>
<thead>
<tr>
<th>Item</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fiscal Year</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>A. Income and Growth</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. GDP per Capita ($, current)</td>
<td>1,041.6</td>
<td>1,135.4</td>
<td>1,273.6</td>
<td>1,490.3</td>
<td>1,707.1</td>
</tr>
<tr>
<td>2. GDP Growth (% in constant prices)</td>
<td>8.3</td>
<td>9.1</td>
<td>10.0</td>
<td>10.1</td>
<td>9.9</td>
</tr>
<tr>
<td>Agriculture</td>
<td>2.8</td>
<td>2.9</td>
<td>2.5</td>
<td>6.3</td>
<td>5.2</td>
</tr>
<tr>
<td>Industry</td>
<td>8.4</td>
<td>9.8</td>
<td>12.7</td>
<td>11.1</td>
<td>11.4</td>
</tr>
<tr>
<td>Services</td>
<td>10.2</td>
<td>10.4</td>
<td>9.5</td>
<td>10.0</td>
<td>9.6</td>
</tr>
<tr>
<td><strong>B. Saving and Investment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(current and market prices, % of GDP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Gross Domestic Investment</td>
<td>34.2</td>
<td>35.2</td>
<td>38.0</td>
<td>39.3</td>
<td>43.5</td>
</tr>
<tr>
<td>2. Gross National Saving</td>
<td>34.7</td>
<td>35.6</td>
<td>38.2</td>
<td>39.4</td>
<td>43.5</td>
</tr>
<tr>
<td><strong>C. Money and Inflation</strong> (annual change)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Consumer Price Index</td>
<td>0.7</td>
<td>(0.8)</td>
<td>1.2</td>
<td>3.9</td>
<td>1.8</td>
</tr>
<tr>
<td>2. Total Liquidity (M2)</td>
<td>17.6</td>
<td>16.9</td>
<td>19.6</td>
<td>14.6</td>
<td>18.0</td>
</tr>
<tr>
<td><strong>D. Government Finance</strong> (% of GDP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Revenue and Grants</td>
<td>14.9</td>
<td>15.7</td>
<td>16.0</td>
<td>16.5</td>
<td>16.8</td>
</tr>
<tr>
<td>2. Expenditure and Onlending</td>
<td>17.2</td>
<td>18.3</td>
<td>18.1</td>
<td>17.8</td>
<td>18.4</td>
</tr>
<tr>
<td>3. Overall Fiscal Surplus (deficit)</td>
<td>(2.3)</td>
<td>(2.6)</td>
<td>(2.2)</td>
<td>(1.3)</td>
<td>(1.6)</td>
</tr>
<tr>
<td><strong>E. Balance of Payments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Merchandise Trade Balance (% of GDP)</td>
<td>2.6</td>
<td>3.0</td>
<td>2.7</td>
<td>3.1</td>
<td>6.0</td>
</tr>
<tr>
<td>2. Current Account Balance (% of GDP)</td>
<td>1.3</td>
<td>2.4</td>
<td>2.8</td>
<td>3.6</td>
<td>7.0</td>
</tr>
<tr>
<td>3. Merchandise Export ($) Growth (annual % change)</td>
<td>6.8</td>
<td>22.4</td>
<td>34.6</td>
<td>35.4</td>
<td>28.4</td>
</tr>
<tr>
<td>4. Merchandise Import ($) Growth (annual % change)</td>
<td>8.1</td>
<td>21.3</td>
<td>39.8</td>
<td>35.8</td>
<td>17.6</td>
</tr>
<tr>
<td><strong>F. External Payments Indicators</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Gross Official Reserves (including gold, $ million in weeks of current year’s imports of goods)</td>
<td>220.0</td>
<td>289.0</td>
<td>416.3</td>
<td>609.9</td>
<td>818.9</td>
</tr>
<tr>
<td>2. External Debt Service (% of exports of goods and services)</td>
<td>8.0</td>
<td>7.3</td>
<td>7.5</td>
<td>6.0</td>
<td>—</td>
</tr>
<tr>
<td>3. Total External Debt (% of GDP)</td>
<td>14.0</td>
<td>13.0</td>
<td>13.2</td>
<td>13.5</td>
<td>—</td>
</tr>
<tr>
<td><strong>G. Memorandum Items</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. GDP (current prices, CNY billion)</td>
<td>10,965.5</td>
<td>12,033.3</td>
<td>13,582.3</td>
<td>15,987.8</td>
<td>18,232.1</td>
</tr>
<tr>
<td>2. Exchange Rate (CNY/$, average)</td>
<td>8.3</td>
<td>8.3</td>
<td>8.3</td>
<td>8.3</td>
<td>8.2</td>
</tr>
<tr>
<td>3. Population (million)</td>
<td>1,276.3</td>
<td>1,284.5</td>
<td>1,292.3</td>
<td>1,299.9</td>
<td>1,307.6</td>
</tr>
</tbody>
</table>

— = not available. GDP = gross domestic product.
### Table A1.3: Country Poverty and Social Indicators

<table>
<thead>
<tr>
<th>Item</th>
<th>Period</th>
<th>1985</th>
<th>1990</th>
<th>Latest Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Population Indicators</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Total Population (million)</td>
<td></td>
<td>1,058.5</td>
<td>1,143.3</td>
<td>1,307.6 (2005)</td>
</tr>
<tr>
<td>2. Annual Population Growth Rate (% change)</td>
<td></td>
<td>1.4</td>
<td>1.4</td>
<td>0.6 (2005)</td>
</tr>
<tr>
<td>3. Rural Population (millions)</td>
<td></td>
<td>844.2</td>
<td>895.9</td>
<td>745.4 (2005)</td>
</tr>
<tr>
<td><strong>B. Social Indicators</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Total Fertility Rate (births/woman)</td>
<td></td>
<td>2.4</td>
<td>2.1</td>
<td>1.7 (2000–2005)</td>
</tr>
<tr>
<td>2. Maternal Mortality Ratio (per 100,000 live births)</td>
<td></td>
<td>—</td>
<td>88.9</td>
<td>50.0 (2001)</td>
</tr>
<tr>
<td>3. Infant Mortality Rate (below 1 year/1,000 live births)</td>
<td></td>
<td>37.0</td>
<td>38.0</td>
<td>30.0 (2003)</td>
</tr>
<tr>
<td>4. Life Expectancy at Birth (years)</td>
<td></td>
<td>68.3</td>
<td>68.6</td>
<td>71.6 (2003)</td>
</tr>
<tr>
<td>a. Female</td>
<td></td>
<td>70.0</td>
<td>70.5</td>
<td>73.5 (2003)</td>
</tr>
<tr>
<td>b. Male</td>
<td></td>
<td>68.0</td>
<td>66.8</td>
<td>69.9 (2003)</td>
</tr>
<tr>
<td>6. Primary School Gross Enrollment (%)</td>
<td></td>
<td>96.0</td>
<td>97.8</td>
<td>99.0 (2004)</td>
</tr>
<tr>
<td>11. Public Education Expenditure (% of GDP)</td>
<td></td>
<td>2.5</td>
<td>2.2</td>
<td>2.9 (2003)</td>
</tr>
<tr>
<td>12. Health Expenditure by Government (% of GDP)</td>
<td></td>
<td>—</td>
<td>1.01</td>
<td>0.95 (2004)</td>
</tr>
<tr>
<td>13. Human Development Index Value</td>
<td></td>
<td>0.590</td>
<td>0.624</td>
<td>0.755 (2003)</td>
</tr>
<tr>
<td>Rank</td>
<td></td>
<td>—</td>
<td>—</td>
<td>64 (2003)</td>
</tr>
<tr>
<td><strong>C. Poverty Indicators</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Rural Poverty Incidence (national; %)²</td>
<td></td>
<td>14.8</td>
<td>9.4</td>
<td>2.5 (2005)</td>
</tr>
<tr>
<td>3. Poverty Gap</td>
<td></td>
<td>—</td>
<td>0.43</td>
<td>0.67 (1998)</td>
</tr>
<tr>
<td>5. Gini Coefficient of Income Inequality³</td>
<td></td>
<td>0.281</td>
<td>—</td>
<td>0.447 (2001)</td>
</tr>
</tbody>
</table>

---

¹ = not available, GDP = gross domestic product.
² See Table A1.4 for access by urban and rural population.
³ Based on rural household registration (i.e., hukou, which is distinct from census estimates in item A.3) and the official rural poverty line of the People’s Republic of China (PRC), which is equivalent to $0.66 a day in constant 1985 purchasing power parity (PPP) dollars. See item C.2 for estimates of international $1 per day PPP standard.


Table A1.4: Country Environment Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>1990</th>
<th>Latest Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Energy Efficiency of Emissions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Traditional Fuel Use (% of total energy use)</td>
<td>5.6 (1996)</td>
<td>6.0 (2000)</td>
</tr>
<tr>
<td>3. Carbon Dioxide Emissions</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>B. Water Pollution: Water and Sanitation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>C. Land Use and Deforestation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Average Annual Deforestation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. km&lt;sup&gt;2&lt;/sup&gt;</td>
<td>—</td>
<td>866 (1990–1995)</td>
</tr>
<tr>
<td>b. % Change</td>
<td>—</td>
<td>(1.2) (1990–2000)</td>
</tr>
<tr>
<td>5. Permanent Cropland (% of total land)</td>
<td>—</td>
<td>11.0 (2001)</td>
</tr>
<tr>
<td><strong>D. Biodiversity and Protected Areas</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Nationally Protected Area</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Reptiles (number of threatened species)</td>
<td>—</td>
<td>31 (2002)</td>
</tr>
<tr>
<td>5. Amphibians (number of threatened species)</td>
<td>—</td>
<td>1 (2002)</td>
</tr>
<tr>
<td><strong>E. Urban Areas</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Urban Population</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Per Capita Water Use (liters/day)</td>
<td>208.1 (1996)</td>
<td>211.0 (2003)</td>
</tr>
<tr>
<td>3. Wastewater Treated (%)</td>
<td>17.1 (1994)</td>
<td>43.6 (2004)</td>
</tr>
</tbody>
</table>

— not available, GDP = gross domestic product, kgoe = kilograms of oil equivalent, km<sup>2</sup> = square kilometer, PPP = purchasing power parity.

<sup>a</sup> Including agriculture water users in the urban area that has been used by the Ministry of Construction since 2001 to estimate the coverage of urban water supply.


Table A1.5: Development Coordination Matrix

<table>
<thead>
<tr>
<th>Sector/Thematic Area</th>
<th>ADB Strategy/Activities</th>
<th>Other Development Partners’ Strategy/Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Road</strong></td>
<td>The Asian Development Bank (ADB) accords high priority to removing infrastructural constraints and supporting policy and institutional reforms in the road subsector of the People’s Republic of China (PRC). ADB’s operational strategy supports: (i) construction of roads that connect major growth centers, promote linkages with hinterland economies, and/or promote regional cooperation; (ii) integration of the network so that the National Trunk Highway System (NTHS) is supported by a system of local roads, particularly those that provide access to poor areas; (iii) promotion of road safety; (iv) institutional strengthening to increase the commercial operation and efficiency of expressway organizations; (v) improvement of highway planning and evaluation techniques; (vi) adoption of appropriate pricing policies to ensure optimum use of road transport capacity; and (vii) use of alternative methods of investment financing, including private sector participation. With the completion of the northeast transport corridor, the focus of ADB’s activities in the road subsector has shifted to poorer western and central provinces. ADB has recently initiated a dialogue with the Government to explore ways in which its assistance could extend to rural road development.</td>
<td>The World Bank Group (WBG) has also supported the development of the NTHS in the central, northern (Inner Mongolia), and northwestern (Xinjiang) parts of the country; and urban transport projects. Under its 2006–2010 Country Partnership Strategy, WBG will continue to upgrade transport infrastructure, with a focus on rural roads but also expressways, so that transport benefits accrue to the poor. WBG will also support improved network management and traffic safety. The future strategy is likely to integrate key transport systems to link the western provinces with the rest of the country. The Japan Bank for International Cooperation (JBIC) has also supported development of the NTHS in coastal and inland provinces with several bridge projects over the Yangtze River. In the recent projects in Gansu and Hunan, JBIC introduced the concept of Japanese “Michi No Eki (Road Station).”</td>
</tr>
<tr>
<td><strong>Railway</strong></td>
<td>ADB supports: (i) expanding the railway system by constructing new lines in unserved, less developed, and poor areas; (ii) modernizing and increasing the capacity on key routes of the national railway system to improve transport efficiency; (iii) commercializing railway operations to sustain efficient operations; and (iv) increasing railway competitiveness in the transport sector through restructuring and reform. Preference will be given to projects in poor regions of the country with focus on selected strategic sections of the national railway system in the central and western parts of the country.</td>
<td>WBG’s railway loans have focused on developing national railways, with both lending and policy studies supporting system efficiency improvement and railway sector reforms. JBIC has the largest railway loan portfolio among aid agencies. JBIC’s operations have covered expansion of rail capacity for coal transport and construction of selected sections of the national rail system in the inland provinces, as well as railways and subways in Beijing, Wuhan, and Chongqing. German development cooperation, through Kreditanstalt für Wiederaufbau (KfW), finances several trunk and corridor national electrification and dedicated passenger railway lines as well as urban mass transit systems (including planning support).</td>
</tr>
<tr>
<td><strong>Energy/Power</strong></td>
<td>ADB supports: (i) improvements in sector governance, including energy sector restructuring; (ii) environmental improvements through the increased use of clean fuels, modern production technologies, and market-</td>
<td>WBG and JBIC have supported projects for power plants, transmission and substations, multipurpose dams, pumped-storage plants, and urban gas development. WBG and JBIC will put more emphasis on renewable energy and environment-oriented energy projects. WBG’s support to the energy sector will focus on (i) promoting more efficient energy</td>
</tr>
<tr>
<td>Sector/Thematic/Area</td>
<td>ADB Strategy/Activities</td>
<td>Other Development Partners’ Strategy/Activities</td>
</tr>
<tr>
<td>---------------------</td>
<td>-------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>based instruments;</td>
<td>supply systems (through encouraging clean and renewable energy technologies, demonstrating more efficient ways of using coal, and strengthening commercial management and competition of energy suppliers and markets); and (ii) identifying policy options to reduce consumption (e.g., liberalization of energy markets and prices, stricter energy-use standards). Instruments include projects supporting clean energy and renewable, power generation/transmission, and pumped storage, including project financed by the Global Environment Facility (GEF) and International Finance Corporation (IFC), related sector work and TA, and carbon finance transactions under the CDM.</td>
</tr>
<tr>
<td></td>
<td>(iii) tariff reform;</td>
<td>The European Union (EU) is supporting policy advice, awareness and capacity building, and introduction of new technologies in the energy sector through feasibility studies and demonstration projects. The EU, GEF, German development cooperation (through KfW and Deutsche Gesellschaft für Technische Zusammenarbeit [GTZ]), and the Netherlands have been involved in the rehabilitation of coal-fired power plants, energy efficiency measures in power plants, flue gas desulfurization plants, energy conservation, and several renewable energy projects. German development cooperation, through GTZ, is promoting micro-hydropower schemes for rural development in the Autonomous Region of Tibet. France, through the French Development Agency (AFD) will expand its support for renewable and clean energy projects.</td>
</tr>
<tr>
<td></td>
<td>(iv) an enabling framework for private sector involvement;</td>
<td>WBG has helped the Government formulate a renewable energy strategic partnership with GEF. The United Nations Development Programme (UNDP) helped the Government to formulate an energy efficiency strategic partnership with GEF. JBIC, AFD, and other bilateral agencies wish to cofinance clean energy and environment improvement projects.</td>
</tr>
<tr>
<td></td>
<td>(v) improvements in the efficiency of energy production and utilization;</td>
<td>The Department for International Development (DFID) of the UK is supporting ADB’s work on access to energy for the rural poor through the Poverty Trust Fund. JBIC’s support to the energy sector will focus on (i) energy conservation project, such as co-generation project, coal gasification, coal mine methane utilization and other CCT projects; and (ii) CDM projects.</td>
</tr>
<tr>
<td></td>
<td>(vi) the poor, by improving their access to reliable supplies of electricity and addressing biases against poverty in the structure and levels of tariffs; and</td>
<td>The International Labour Organization (ILO) is providing capacity building at Changsha Safety Training Centre for small and medium-sized coal mines. ILOs’ collaboration with government, employers, and workers is leading to the development of a technical cooperation program on occupational safety and health in the coal mining industry.</td>
</tr>
<tr>
<td></td>
<td>(vii) regional cooperation in the energy sector.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>ADB actively supports the use of cleaner fuels and the development of renewable energy resources. Under the Ping Hu Oil and Gas Development Project, town gas was replaced with natural gas in the Pudong area of Shanghai. The project has been completed successfully and other parts of Shanghai are also now supplied with natural gas produced under the project. ADB has also provided financial assistance for the establishment of natural gas distribution networks in Beijing and Shaanxi Province, as well as the establishment of coal gasification plants in Qingdao, Tangshan, Chengde, and Taiyuan. These projects are having major impacts in reducing the air pollution associated with coal combustion. ADB also supports the Government in improving coal mine safety.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The type of activities financed under ADB’s technical assistance (TA) program for the energy sector include (i) energy efficiency and conservation, (ii) clean energy promotion, (iii) power sector and market restructuring, (iv) tariff reform, and (v) private sector participation.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>ADB is discussing with the Government new opportunities such as the Clean Development Mechanism (CDM), and energy conservation and resources management. ADB will liaise with bilateral and multilateral agencies on cooperation and partnership in the sector.</td>
<td></td>
</tr>
<tr>
<td>Sector/Thematic/Area</td>
<td>ADB Strategy/Activities</td>
<td>Other Development Partners’ Strategy/Activities</td>
</tr>
<tr>
<td>---------------------</td>
<td>-------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>Water Supply, Sanitation and Waste Management, Urban Infrastructure</td>
<td>ADB’s operations in the sector will aim to: (i) reduce existing bottlenecks that increase transaction and production costs and that hamper the growth of the industry and service sectors in urban areas, (ii) address urban environmental problems, and (iii) reduce poverty and improve the living conditions and standards of urban dwellers. Lending operations were directed at coastal urban centers such as Dalian, Fuzhou, and Tianjin in the early years of ADB operations in the sector because of the stronger repayment capacity of coastal provinces and cities. Since 2003, operations have expanded to inland cities such as Wuhan and Hefei, and small cities and towns in the eastern provinces, such as Shandong and Hebei. Projects in less-developed provinces such as Henan, Anhui, Jilin, and Guangxi are being prepared, and 3 projects in Xinjiang, Gansu Baijin, and Kunming are included in the 2008 program. Under its private sector operations, ADB supported the first built-operate-transfer water supply project in Chengdu. ADB has provided TA to promote water tariff reforms, develop national guidelines for urban wastewater tariffs and management, and formulate town-based urbanization strategies at the provincial level. Catalyzed by an ADB TA project on rural water supply and sanitation for the poor, the ADB Resident Mission in the PRC and the PRC office of DFID are co-organizing periodic, informal donor roundtables to enhance dialogue and coordination among international agencies involved in rural water supply and sanitation.</td>
<td>WBG has an active program of water supply and sanitation projects in both urban and rural areas. In the urban sector, WBG has relatively large projects under implementation in many of the major coastal cities, including Beijing, Tianjin, Shanghai, and Guangzhou. Recently, WBG has shifted attention to the western and northeast regions, and to smaller cities and towns, emphasizing wastewater treatment and drinking water concerns, with increasing emphasis on upgrading utility management and performance, including through expanding the role of the private sector and developing innovative financing mechanisms. In addition, a series of water supply and sanitation projects were implemented in rural areas over the past 15 years with International Development Aid (IDA) support. JBIC’s interventions have covered several major urban centers, including Beijing, Tianjin, Chongqing, and Qingdao as well as smaller cities in Jiangxi and Zhejiang. ADB, JBIC and WBG so supported the World Water Forum initiated by the Ministry of Construction in 2005. Japan International Cooperation Agency (JICA) is supporting the Ministry of Water Resources to improve the human resource development mechanism, targeting relevant local governmental staff. UNDP is supporting a water-saving project in Ningxia and the Yellow River basin. DFID work in the water and sanitation sector is concentrated in Sichuan, Liaoning, Shaanxi, and Gansu. DFID supports the PRC’s program to provide access to safe water and sanitation services, with a focus on providing access to poor rural communities, and is currently developing a new water supply and sanitation project with WBG and the United Nations Children’s Fund (UNICEF). DFID will continue to work with the Ministry of Water Resources to support water sector reform and improved water resource management. German, through KfW, also supports the development and establishment of solid waste disposal projects in southern Beijing. The EU is supporting policy, planning, and technology measures for water pollution in the Yellow River basin, and an integrated water management project in the upper Yangtze River. German development cooperation, through KfW, is interested in cofinancing ADB water supply, sewage development, and water pollution treatment projects. Germany, through GTZ, is supporting the development of a management system for hazardous waste and eco-efficient production in Zhejiang. Several municipalities are supported in developing eco-sanitation programs. Germany, through GTZ, is also supporting Beijing Municipal Forestry Bureau in developing and implementing sustainable management schemes at the Miyun reservoir.</td>
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### Sector/Thematic/Area

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<th><strong>ADB Strategy/Activities</strong></th>
<th><strong>Other Development Partners’ Strategy/Activities</strong></th>
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<td>Complemented by support for the PRC’s efforts to establish a new socialism countryside, ADB’s operational strategy for the agriculture and natural resources sector is to support the transition to sustainable agriculture and natural resources management and rural growth with a goal to reduce rural poverty. This includes the following:</td>
<td>As the two largest funding agencies in this sector, JBIC and WBG have also supported projects to improve agricultural productivity; forestry development; grassland protection; and multipurpose water resource management, including irrigation and flood control projects. WBG is supporting agricultural innovations such as scaling up commercialized agriculture, higher value crops and animal products, use of farmer associations, reducing water use in agriculture, and improving the efficiency of rural water markets through a combination of pilot projects and policy work. WBG also supports improved approaches to land, forest, groundwater, water basin, and river management through a combination of pilot projects and policy work, including GEF cofinancing.</td>
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<td>• improving sector governance by helping improve policies, legislation, the regulatory environment, and institutional arrangements; and by encouraging public participation and private sector involvement;</td>
<td>JBIC has financed water-saving irrigation projects in Gansu and Xinjiang; and loess plateau forestation projects in Shaanxi, Shanxi, Inner Mongolia, and Ningxia and other forestry projects in Hebei, Sichuan, Gansu, and Jiangxi. JBIC projects in this sector are likely to focus on conserving natural resources, including forests.</td>
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<td>• providing infrastructure for rural development (e.g., roads, irrigation, electricity, water supply) to foster links between the farm and nonfarm sectors;</td>
<td>JBIC, UNDP, WBG, and other agencies are also interested in participating in projects to be developed under the GEF Operational Program 12 (OP 12) partnership. German development cooperation, through KfW and GTZ, supports the afforestation and anti-desertification programs in the Yangtze area and the Three North Afforestation Belt Project using a strong participatory approach. The program covers 15 provinces and autonomous regions. Germany, through GTZ, is also involved in environmentally friendly agriculture, management and disposal of obsolete pesticides, and agro-biodiversity; and is about to start a project in the field of food safety. The EU supported agricultural and irrigation development in Tibet Yangtze river.</td>
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<td>• addressing “green side” environmental issues such as land degradation, water and soil conservation, integrated water resources management (including river basin management institutions and provincial and local governments), trans-jurisdictional issues and water user/supplier organizations, efficient water use and conservation, water quality and pollution control, and promoting sound natural resources management;</td>
<td>JICA has ongoing programs to enhance capacity of forest management staff at the county level and develop forestation technology suitable to the particular locality, including Sichuan Province and Hubei Province. In 2005, GEF also funded $12.14 million for the Sangjiang Wetlands Protection Project. The EU has a focus on natural resource management and biodiversity conservation. New projects include (i) biodiversity conservation in collaboration with UNDP and the State Environmental Protection Administration (SEPA), based in the southwest and western regions; (ii) the Yellow River project involving Shanxi, Hunan, and Shaanxi provinces, coordinated by the Ministry of Water Resources; and (iii) a soil and water conservation project in the</td>
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<td>• supporting approaches and technologies for clean agriculture, sustainable natural resources use, and integrated ecosystem management. This includes participation of rural communities through strengthening their capacity to plan and manage local development activities. The focus is on increased efficiencies in production, transportation, storage, processing, and marketing of agricultural produce;</td>
<td>EU has a focus on natural resource management and biodiversity conservation. New projects include (i) biodiversity conservation in collaboration with UNDP and the State Environmental Protection Administration (SEPA), based in the southwest and western regions; (ii) the Yellow River project involving Shanxi, Hunan, and Shaanxi provinces, coordinated by the Ministry of Water Resources; and (iii) a soil and water conservation project in the</td>
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<td>• strengthening rural financial markets and promoting financial services in disadvantaged areas; and</td>
<td>EU has a focus on natural resource management and biodiversity conservation. New projects include (i) biodiversity conservation in collaboration with UNDP and the State Environmental Protection Administration (SEPA), based in the southwest and western regions; (ii) the Yellow River project involving Shanxi, Hunan, and Shaanxi provinces, coordinated by the Ministry of Water Resources; and (iii) a soil and water conservation project in the</td>
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<td>• supporting agricultural and natural resource research, promoting linkages between national and provincial research institutions, and encouraging innovations responding to location-specific technical issues and constraints such as land degradation.</td>
<td>EU has a focus on natural resource management and biodiversity conservation. New projects include (i) biodiversity conservation in collaboration with UNDP and the State Environmental Protection Administration (SEPA), based in the southwest and western regions; (ii) the Yellow River project involving Shanxi, Hunan, and Shaanxi provinces, coordinated by the Ministry of Water Resources; and (iii) a soil and water conservation project in the</td>
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ADB loan projects have placed particular attention on environmental issues and welfare of rural households. Various projects on flood management, soil and wetland conservation, and utilization of renewable energy have brought in finance to strengthen rural infrastructure, and introduced an advanced and sustainable project. The EU has a focus on natural resource management and biodiversity conservation. New projects include (i) biodiversity conservation in collaboration with UNDP and the State Environmental Protection Administration (SEPA), based in the southwest and western regions; (ii) the Yellow River project involving Shanxi, Hunan, and Shaanxi provinces, coordinated by the Ministry of Water Resources; and (iii) a soil and water conservation project in the.
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<td>Education</td>
<td>ADB has used TAs to provide policy support to promote education-for-all and for institutional strengthening and capacity building for the Ministry of Education (MOE), middle-school teachers in Qinghai, and the MOE Department of Ethnic Minority Education. ADB is currently providing two TA projects on (i) reforms in compulsory education (CE) financing, and (ii) improving basic education in underdeveloped areas through information and communications technology. Recent ADB policy advocacy on eliminating all fees for rural CE was reflected in a bill presented to the National People’s Congress in March 2005. ADB is actively exploring increased involvement through lending, particularly in (i) technical education and vocational training (TEVT), and (ii) universalization of rural CE.</td>
<td>WBG assistance for education has dropped significantly since 1999, when the PRC ceased to have access to IDA. WBG has used concessionary funds from DFID to develop basic education projects, and plans future assistance to focus on financing mechanisms to promote equitable access and educational attainment in basic and higher education. WBG is also exploring support for TEVT. The main areas of recent/ongoing donor assistance in education include basic education (Italy, UK, CIDA, UNDP, UNICEF, and WBG), often including some applications of ICT; TEVT (Australia, Germany, Italy, and Japan); and higher education (Canada, France, Italy, Japan, EU, and WBG). JBIC has supported 168 universities in 19 inland provinces to construct buildings, procure equipment, and implement personal training since 2001. The Ford Foundation is also supporting education reform, enhancing the equity and access of education for disadvantaged groups, and developing vocational education/community colleges via its various programs. Australia will continue work in vocational education until 2007.</td>
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<td>Health, Nutrition, and Social Protection</td>
<td>Since late 2002, ADB has increasingly engaged the Government and international partners, such as the World Health Organization (WHO) and UNICEF, via five ongoing health-related TA projects: (i) combating severe acute respiratory syndrome (SARS) and other infectious diseases in the Western Region; (ii) preventing HIV/AIDS (DFID-funded); (iii) national planning for public nutrition, aimed at influencing the 11th Five-Year Program (FYP), in partnership with UNICEF; (iv) safe drinking water and sanitation for the rural poor (DFID-funded); and (v) a regulatory and strategic framework for food safety (funded by the Japan Special Fund, working with WHO).</td>
<td>WBG is now using concessional funds from DFID to develop basic education and health projects, such as a tuberculosis (TB) control project approved in March 2002. Building on recent analytical work, WBG will support improved health care financing, including expanded rural health insurance, to encourage more appropriate use of health services, especially among the poor. In social protection, WBG is supporting strengthened social insurance programs, rural safety nets and pension policy, and options to improve access of migrants to urban services. Assistance to the health sector has focused on improving primary health care, especially in rural areas (Australia, Canada, Japan, UK, UNDP, and WBG); upgrading maternal and child health care (Canada, Italy, Japan, Sweden, UNDP, and UNICEF); creating a</td>
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The EU had an important primary education project in 41 counties of Gansu province, consisting of a scholarship fund for poor children as well as distance learning for teachers in rural areas. This project ended in November 2005 and will not be continued as the EU is gradually moving out of this kind of basic development cooperation with PRC. Cooperation on higher education is continuing under the Asia Link program and through the Erasmus Mundus scholarship fund. Discussions for a new program which could integrate higher education are currently under way. In the area of Human Resources Development, the EU will launch a new Managers Exchange & Training Programme later in 2006 while a business management training program is in the process of being developed. A small program for the training of Chinese conference interpreters, which has been successful for the past 20 years, will be continued.

DFID will support new projects in basic education worth £36m over the next 5 years in seven provinces, and will continue to give grants and offset loan costs with WBG until 2009. DFID will also continue to fund WBG’s activities in education financing.

Italy, in cooperation with the United Nations Educational, Scientific and Cultural Organization (UNESCO), implemented a basic education project in Hainan and Jilin to introduce new training methodologies and establish a basic education network. In addition, Italy also provided a soft loan of around €23 million to the PRC to improve employability in Shaanxi and Sichuan provinces via a vocational training program which started in 2002. Various training programs on restoration and conservation of the Chinese Cultural Heritage were carried out with more than €4 million in grants and €14.6 million in a soft loan from Italy.
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<td>ADB is working with the Ministry of Health in a small-scale study and forum on the new rural cooperative medical system being pilot-tested, based partly on prior ADB policy recommendations. In social protection, ADB has been using TAs to strengthen the social security system, including the pilot scheme in Liaoning. Recent TA projects have (i) helped develop guidelines for social assessment, including resettlement and gender-related issues; (ii) identified social security issues in rural areas; and (iii) developed an analytical basis to solve urban poverty. A TA on mainstreaming nongovernment organizations (NGOs) in government-funded rural poverty reduction projects was approved in April 2005. A focused update of the PRC poverty profile will assess key aspects of rural poverty, in parallel with a second urban poverty TA. Other future economic and thematic sector work will continue to cover social security reform, urban poverty, urban sector reforms, and selected issues in basic primary health. Future TA may include improving school students’ nutrition and assisting rural migrants in the urban areas.</td>
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<td>package of activities to reduce and eliminate infectious diseases such as TB and increasingly HIV/AIDS (Japan, UK, the US Global AIDS Program, UN agencies under UNAIDS coordination, ILO, and WBG); and combating micronutrient deficiencies (Global Alliance for Improved Nutrition and UNICEF). Support to occupational safety and health issues is being provided by ILO. The ADB food safety TA project has helped catalyze a WHO-organized periodic forum for international organizations active in this area (e.g., CIDA, EU, Food and Agriculture Organization, United Nations Industrial Development Organization, and WBG). UN agencies’ programs in health will be guided by a common country assessment and UN development assistance framework. German development cooperation, through KfW, finances modern diagnostic and treatment equipment and facilities for county- and prefecture-level hospitals and Centers for Disease Control in central and western provinces in the PRC, and supports the PRC in combating HIV/AIDS. JBIC also committed to public health projects in Jiangxi, Hubei, Hunan, Heilongjiang, Jilin, Liaoning, Hebei, Henan, Anhui, and Shanxi for province- and city-level hospitals and Centers for Disease Control; and aims to reduce infectious diseases.</td>
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<td>JICA is about to start a project for improving occupational safety with Ningbo city and Benxi city selected as model sites. JICA is also supporting the reestablishment of a rural pension insurance system. Most aid agencies promote social development through projects in education and health. Another common operational area is social security reform, which has been supported by Germany, Sweden, DFID, EU, ILO, and WBG. Gender equality is a strong feature of some bilateral programs, ILO, and UNDP. ILO is also focusing on issues of trafficking as well as migrant workers. Gender and social security are two thematic focus areas in the Swedish cooperation strategy in the PRC for the next 5 years (2006–2010). The EU started an important new 5-year program on social security reform on 1 April 2006. Running for 60 months, with a budget of €20 million from the EU and the same amount of Chinese counterpart contribution, the new project aims particularly at supporting reform in the pension sector and, to a lesser extent, health care insurance and unemployment benefits. WBG has supported a series of rural poverty reduction projects (soft loans) and other organizations active in related areas include DFID, German development cooperation through GTZ, and Oxfam. DFID will probably focus its remaining programs in the PRC on the Millennium Development Goals (MDGs) that may not be attained, such as the</td>
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<td>Environmental Sustainability</td>
<td>ADB’s support for environmental activities in the PRC is closely aligned with the Government’s long-term plan for environmental management and development, and focuses on six aspects: (i) improving the policy, legal, and regulatory framework to strengthen environmental management; (ii) introducing or developing market-based instruments for environmental management; (iii) building capacity in key agencies, including SEPA and local environmental protection bureaus; (iv) addressing environmental problems in selected urban centers; (v) promoting the efficient use and conservation of soil, water, and marine resources; and (vi) promoting the use of cleaner process and clean coal technologies for industrial production and power generation. Future interventions will include urban and environmental improvement projects in Hefei, Nanning, and Nanjing cities, energy conservation and renewable energy, water pollution control, and prevention of land degradation through a proposed partnership with GEF on OP 12.</td>
<td>Managing resource scarcity and environmental challenges is a major theme of WBG’s new China Partnership Strategy. In addition to activities (described elsewhere in the matrix) to support efficient and sustainable use of water, energy, forest, land, and other resources, WBG will support environmental sustainability by building the capacity of municipal and provincial governments to conduct strategic environmental impact assessments and integrate environmental concerns into development activities. WBG also manages a portfolio of programs, mostly supported by multilateral trust funds, to assist the PRC to meet its commitments under international environmental conventions on climate change, ozone-depleting substances, persistent organic pollutants, biodiversity, and international seas. JBIC approved five projects in 2004 for urban environment improvement in 2004 in Xian, Changsha, Yining, Baotou, and Guiyang. JBIC also carried out thematic evaluation in 2005 for its environment improvement assistance. Other major partners such as Canada, Denmark, Germany, Italy, Japan (JICA), Netherlands, Spain, Sweden, UK, EU, and UNDP have also supported capacity building for environmental protection and prudent resource use. Many of these funding agencies are also interested in participating in GEF’s Operational Program (OP) 12. ADB, International Fund for Agricultural Development, and WBG have new pipeline</td>
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<td>Investment</td>
<td>investment projects under development, supported by the PRC-GEF OP 12 Partnership. These are focused on the western region. German development cooperation, through GTZ, has been cooperating with SEPA for years in the field of environmental policies. It is also supporting the China Council for International Cooperation (CCICED). In the field of urban development. German development cooperation, through GTZ, is promoting environmentally friendly urban development in two municipalities in Jiangsu province and energy efficiency measures for existing buildings with the Ministry of Construction. Australia’s work in natural resource management has an overlapping theme of environmental sustainability. A Sino-Italian Environmental Program, with a €70 million soft loan, will be carried out to improve living conditions and protect the environment in central and western provinces of the PRC.</td>
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<td>Finance</td>
<td>ADB’s operations will: (i) strengthen the impact of financial sector operations on poverty by continuing to support social security reforms to extend coverage to rural areas, improve the institutional capacity and administrative efficiency of the social safety net to protect the urban and rural poor, and strengthen pension fund governance; contribute to the reform of the rural financial system and implement the restructuring strategy of the rural credit cooperatives; and develop a commercially viable and affordable housing finance system; (ii) support private sector and small and medium-sized enterprises (SMEs) by improving the financial service infrastructure for SMEs and the private sector, and develop a commercially viable and affordable housing finance system; (iii) support reforms and restructuring of financial institutions by assisting the restructuring of state-owned and private financial institutions and strengthening institutional capabilities of domestic banks to allow them to meet the challenge in the post-World Trade Organization (WTO) era; (iv) enhance governance by strengthening legal, regulatory, and supervisory frameworks and encouraging government agencies, state-owned enterprises (SOEs), and financial institutions to adopt sound corporate governance standards in harmony with international best practices; (v) promote development of capital markets for direct financing by addressing policy and legal constraints for bond market development, strengthening institutional capacities of financial sector operations to support poverty reduction.</td>
<td>WBG has provided extensive policy analysis and advice in support of the PRC’s efforts to transform its financial system to meet the needs of a market-oriented economy, including reform of state-owned commercial banks, financial sector policy reform, and improved regulation of securities firms. Under the new China Partnership Strategy, WBG will focus its attention on expanding access to finance, developing capital markets, and managing systemic risks—with policy analysis supplemented by a micro and small enterprise finance project. WBG, primarily through IFC, has also supported financial sector reform through best practice models (investments and TA), partial privatizations, development of the distressed assets market, and work with ADB to issue the first renminbi bond by a non-Chinese issuer. DFID has been focusing on SOE restructuring and unemployment issues, and has also cofinanced a International Monetary Fund/UNDP fiscal reform project to reduce the fiscal burden on the poor and improve budget formulation and management. German development cooperation, through KfW, has refinanced selected PRC commercial banks so they can develop their private SME loan portfolios. It has provided TA for the implementing banks. At the same time, German development cooperation, through KfW and GTZ, is preparing a microfinance program with the PRC. The EU has initiated a project to strengthen the institutional capacity of financial market regulators, including the People’s Bank of China (PBC), the China Securities Regulatory Commission (CSRC), and the China Insurance Regulatory Commission (CIRC). This project will run out at the end of 2005.</td>
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<td>Governance</td>
<td>ADB assists the PRC in further strengthening and enhancing the public administrative, financial, legal, and regulatory systems needed in a market economy. ADB will continue to help the PRC build an enabling environment for private sector development, particularly SMEs. Support will also be provided to enhance public service delivery through developing the capacity of utilities, improving local governance to more effectively administer services to the public. ADB will encourage the use of the private sector and NGOs in service delivery and access to information for such services. ADB’s operations in governance will help improve the institutional basis for improved public administration and financial management in central and western provinces in such areas as (i) provincial-level public administration and financial planning; (ii) support to decentralized service delivery, including utilities and social services; and (iii) improving local governance capacity.</td>
<td>Improving development management through market reforms is a common theme among other development partners, although they may have a slightly different focus from ADB. Previous WBG activities have supported economic law, enterprise, financial sector, pension, and accounting reforms. Going forward, WBG will continue to support improvements in intergovernmental fiscal relations, through (i) identifying institutional reforms that can improve the equity and transparency of the fiscal system, including at the sub-provincial level; and (ii) strengthened mechanisms to monitor service delivery and improve budget performance. WBG is also active in government efforts to reform public service units. The EU is involved in capacity building efforts in banking, securities market, and pension reforms. Promoting the rule of law is a key feature of EU and UNDP projects, while activities of other major bilateral agencies (such as Australia, Canada, Germany, Japan, and UK) support public administration reforms, broad public participation, and issues related to accession to the WTO. France has overseas training programs for PRC civil servants and judges. The EU intends to establish a Europe-China School of Law focusing on European, International, and Comparative law. The EU is also planning a joint program with UNDP to promote the rule of law, public participation, access to justice, and civil society development. The Ford Foundation is also supporting governance and public policy and rural governance reform. German development cooperation, through GTZ, is cooperating intensively with the National People’s Congress in various fields of law (civil law, administrative law, budget law) and is also engaging in law implementation by training judges and high-level administrative staff. Economic reform is another major topic of Germany’s engagement in this area. Projects, through GTZ, are implemented with the National Development and Reform Commission, Self-regulatory Organization, and the China Institute for Reform and Development. ILO is promoting respect for international labor standards and gender equality. Sweden will continue its support on the reform of labor market policies. In late 2004, Australia established the China-Australia Governance</td>
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| Private Sector Development | ADB’s three strategic thrusts in its private sector operations remain valid. (i) As reforms continue in the PRC, there will be substantial scope for further improving the policy environment to ensure the long-term vitality of private sector ventures. These activities will encompass selected governance issues, including the rule of law, anticorruption initiatives, and sound transparent regulation. (ii) ADB will strengthen the links between its public-private sector operations to provide synergistic solutions that can effectively meet the evolving needs of the private sector. The prospects for involving the private sector in selected public sector projects will be explored. (iii) ADB’s direct interventions will focus on sectors requiring further impetus to reforms as well as catalytic private investments, with focus on infrastructure and the financial sector. (iv) More effort should be made to promote the development of the domestic private sector, including SMEs. (v) ADB will identify and support viable projects that are located in the less-developed central and western regions and projects that have a regional cooperation dimension. However, this will not preclude further assistance to projects in the eastern region. (vi) ADB will explore the possibility of using RMB-denominated bonds for lending to local borrowers and of helping borrowers raise local currency debt funds. (vii) ADB will work on effective measures to develop the domestic (securities and) capital markets. | WBG, including IFC and Multilateral Insurance and Guarantee Agency, supports improved firm competitiveness, through a variety of mechanisms: (i) modeling SOE transformations, (ii) encouraging corporations to adopt international best practices, (iii) catalyzing reforms of business regulations to improve competition, (iv) improving private sector management skills, (v) strengthening the ability of investment promotion agencies, and (vi) helping to improve innovation. WBG is also providing analyses and advice on investment climate issues throughout the PRC, with a particular focus on northeast PRC. IFC has set its strategy to promote foreign investment and the indigenous private sector, focusing on the financial and infrastructure sectors. Transforming SOEs and promoting private sector development in the interior provinces are also key objectives. IFC set up the China Private Sector Development Facility in Chengdu, Sichuan—a TA facility supported by other countries such as Australia and the UK. Other partners, including Canada, Germany, Italy, Japan, UK, and UNDP, have projects to promote the development of SMEs. The Government allowed IFC and ADB to issue RMB-denominated bonds. German development cooperation, through GTZ, is supporting employment promotion and qualification projects in interior provinces (Jiangxi and Shaanxi) and the promotion of regional economic development strategies in the northeast. ILO is working to promote harmonious industrial relations. German development cooperation, through KfW’s Deutsche Investitions und Entwicklungsgesellschaft promotes private sector enhancement through equity participation and long-term loan facilities to private enterprises in the fields of banking, services, and production industry. The Netherlands has three ongoing projects in the PRC to support the private sector development, especially to support lasting economic development in the PRC and encourage the investment and trade relationship between the PRC and the Netherlands. Transfer and
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<td><strong>Sustainable Economic Growth</strong></td>
<td>ADB’s overarching objective of poverty reduction for the PRC is being pursued through a pro-poor economic growth strategy that directs 83% of ADB’s lending assistance to the less-developed central and western regions. The strategy includes (i) developing infrastructure, including rural roads and electricity; (ii) improving agricultural productivity; and (iii) solving land degradation in the western region. The PRC component of the Poverty Reduction Cooperation Fund (funded by DFID) is helping to strengthen the poverty orientation of ADB lending, through explicit links and policy dialogue. TA and economic and thematic sector work will help advance progress under earlier ADB projects on a new poverty planning methodology in rural villages, a rural cooperative medical system, urban poverty, and other related issues.</td>
<td>Operational strategies of other development partners now all have the ultimate goal of poverty reduction and sustainable development in the PRC. More resources are being allocated to help lagging regions, which are mostly the inland western provinces. The two largest donors, Japan and WBG, will continue to support infrastructure development with pro-poor dimensions. The majority of WBG’s assistance will continue to focus on central and western regions. ADB works closely with UNDP, whose strategic focus in the PRC is to promote sustainable development to reduce disparities. ILO is supporting employment promotion, in particular through SMEs. German development cooperation, through KfW, supports rural development projects in western provinces focusing on income generation of the rural population. Italy will provide a €1 million grant to implement a poverty alleviation project in Yunnan province to improve the education capacity, rural health system, and drinking water supply for the two poorest and remotest counties of Yunnan in 2006.</td>
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# Table A1.6: Portfolio Indicators—Portfolio Amounts and Ratings
(public sector loans, as of 31 December 2005)

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<tr>
<th>Sector</th>
<th>Net Loan Amount ($ million)</th>
<th>Total %</th>
<th>No.</th>
<th>Highly Satisfactory %</th>
<th>Satisfactory %</th>
<th>Partly Satisfactory %</th>
<th>Unsatisfactory %</th>
<th>Potential Problem %</th>
<th>At Risk %</th>
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<td>Agriculture and Natural Resources</td>
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No. = number.

Note: Columns may not add up because of rounding.

- The rating is based on the lower of the implementation progress and development objectives ratings.
- Potential problem loans are satisfactory loans with four or more potential problem flags.
- A loan is considered "at risk" if it is rated “partly satisfactory” or “unsatisfactory” in either implementation progress or development objectives, or if it is a potential problem loan.

Source: Asian Development Bank project performance reports.
<table>
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<th>Disbursements and Transfers</th>
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<th>ADF</th>
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ADF = Asian Development Fund, OCR = ordinary capital resources.

a Includes all loans with disbursements during 2005.
b Ratio of disbursements during the year over the undisbursed net loan balance at the beginning of the year less cancellations during the year. Effective loans during the year have also been added to the beginning balance of undisbursed loans.

Source: Asian Development Bank
Table A1.8: Portfolio Indicators—Evaluation Rating by Sector
(1986–2005)

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<th>Sector</th>
<th>HS</th>
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<th>S</th>
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<th>PS</th>
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<th>US</th>
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— = not available, No. = number

Note: Columns may not add up because of rounding.

*The new 4-category rating system was retrofitted to Project Performance Evaluation Reports circulated since 1996.

Source: Asian Development Bank project (program) performance audit reports.
Table A1.9: Portfolio Implementation Status  
(public sector loans, as of 31 December 2005)

<table>
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<tr>
<th>No.</th>
<th>Loan No.</th>
<th>Project Name</th>
<th>Net OCR Loan Amount ($ million)</th>
<th>Approval Date</th>
<th>Effective Date</th>
<th>Closing Dates</th>
<th>Progress (% complete)</th>
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AG = agriculture and natural resources; DO = development objectives; EN = energy; HS = highly satisfactory; IP = implementation progress; MS = multisector; No. = number; S = satisfactory; Seg = segment (pertaining to loans with more than one withdrawal authority); TC = transport and communications; U = unsatisfactory; WS = water supply, sanitation, and waste management.

Note: Columns may not add up because of rounding.

<sup>a</sup> “Yes” for loans with four or more risk factors associated with “partly satisfactory” or “unsatisfactory” performance.

<sup>b</sup> A loan is considered “at risk” if it is rated as “partly satisfactory” or “unsatisfactory” in either implementation progress or development objectives, or if it is a potential problem loan.

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### Water Supply, Sanitation, and Waste Management

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**Total 2008 Firm Loans**: 1,473.00

ADB = Asian Development Bank; EAAE = Agriculture, Environment, and Natural Resources Division; EAEN = Energy Division; EASS = Social Sectors Division; EATC = Transport Division; ECO = sustainable economic growth; ENV = environmental sustainability; Govt = Government; GI = general intervention; MFF = multitranche financing facility; OCR = ordinary capital resources; PPTA = project preparatory technical assistance; PSD = private sector development; RC = regional cooperation; SD = inclusive social development.

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* Poverty classifications are preliminary and subject to review pending further analysis during project processing.
* The Global Environment Facility cofinancing, though confirmed previously, may need reconfirmation.
* ADB proposed to advance the Jilin, Kunming, and Gansu projects in the 2008 program as standbys for 2007.

Table A1.11: Assistance Pipeline for Nonlending Products and Services, 2007–2008

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ADB = Asian Development Bank; ADTA = advisory technical assistance; EAAE = Agriculture, Environment, and Natural Resources Division; EAEN = Energy Division; EARG = Country Coordination, Regional Cooperation, Governance, Finance and Trade Division; EASS = Social Sectors Division; EATC = Transport Division; ICT = information and communications technology; OGC = Office of the General Counsel; PPTA = project preparatory technical assistance; PRCM = People's Republic of China Resident Mission; TASF = Technical Assistance Special Fund; TBD = to be determined.

*ADB suggested that the project be reconsidered during the country programming mission in 2006.*

CONCEPT PAPERS FOR LENDING PRODUCTS

This appendix contains the concept papers for the following lending products.

(i) Table A2.1: Dryland Farming in Northern Region Project
(ii) Table A2.2: Ningxia Integrated Ecosystem and Agricultural Development
(iii) Table A2.3: Shaanxi Qinling Mountain Integrated Ecosystem Management
(iv) Table A2.4: Henan High Efficiency Agricultural Development
(v) Table A2.5: Shanxi Integrated Agricultural Development in Valley and Watershed Areas
(vi) Table A2.6: Guiyang Integrated Water Resources Management
(vii) Table A2.7: Ecosystem Development and Environment Protection of Baiyangdian Lake
(viii) Table A2.8: Gansu Heihe Hydropower Development Project
(ix) Table A2.9: Energy Conservation and Resource Management
(x) Table A2.10: Central Yunnan Roads Development
(xi) Table A2.11: Western Guangxi Road Development Project
(xii) Table A2.12: Xinjiang Road Development
(xiii) Table A2.13: Fulin–Lichuan Railway and Railway Safety
(xiv) Table A2.14: Hefei Urban Environment Improvement
(xv) Table A2.15: Nanjing Qinhua River Environmental Improvement

Table A2.1: Dryland Farming in Northern Region Project Concept Paper

**Date:** August 2006

1. **Type/modality of assistance**
   - □ Lending
     - □ Project loan
     - □ Program loan
     - □ Sector loan
     - □ Sector development program loan
     - □ Other:
   - □ Nonlending
     - □ Project preparatory
     - □ Other than project preparatory
       - □ Economic, thematic, and sector work
       - □ Institutional development
     - □ Other:

2. **Assistance Focus**
   a. If assistance focuses on a particular sector or subsector, specify the
      - Sectors: Agricultural and Natural Resources
      - Subsectors: Agricultural Production, Agroprocessing and Agribusiness, Environment and Biodiversity, Irrigation and Drainage, Agriculture Sector Development
   b. For project preparatory and lending, classification
      - □ Core poverty intervention
      - □ Poverty intervention
      - □ Other:
   c. Key thematic area(s)
      - □ Sustainable economic growth
      - □ Inclusive social development
      - □ Governance
      - □ Gender and development
      - □ Environmental sustainability
      - □ Regional cooperation
      - □ Private sector development
      - □ Capacity development

3. **Coverage**
   - □ Country
   - □ Subregional
   - □ Interregional
   - □ Internal policy development

4. **Responsible division/department:** Agriculture, Environment and Natural Resources Division, East Asia Department

5. **Responsible ADB officer(s):** R. Bolt

6. **Description of assistance(s)**
   a. **Background/linkage to country/regional strategy:** The PRC’s 11th Five-Year Program places agriculture and rural development as a priority through the New Socialist Countryside Policy. The policy emphasizes agriculture and rural development as a way of (i) reducing poverty and rural–urban income differentials, and (ii) promoting equitable and sustainable economic growth. Agriculture is an important source of income, directly or indirectly, for about 240 million rural families who make up about 64% of the country’s total population. The sector accounted for about 15% of the PRC’s GDP in 2001. Promoting agriculture and natural resource management is integral to rural development in the PRC. Ensuring sustainable agricultural production, reversing land degradation, and reducing poverty is consistent with ADB’s country operational
strategy. Introduction and replication of techniques that improve productivity in dryland and semi-dryland areas in the northern PRC (including Gansu, Henan, Liaoning, Shandong, and Shanxi provinces) are proposed to promote sustainable agricultural development and reverse land degradation. By linking production to markets through established and viable agro-enterprises, this is expected to (i) improve supply chain coordination and stability; (ii) provide further incentives, productivity improvements; and (iii) raise farmer incomes. ADB was requested by MOA to provide assistance through an investment project for dryland farming in northern regions. Activities may be supported by the PRC-GEF.

b. Goal and purpose: The Project aims to reduce regional poverty, combat land degradation, and prompt sustainable development in the northern PRC. The Project will (i) promote sustainable and productivity-improving farming practices in dryland and semi-dryland areas in the northern PRC, (ii) raise rural incomes by improving farmer access to markets through selected agro-enterprise development, and (iii) improve support service mechanisms to farmers for land degradation control through agro-enterprises–farmer services and complementary public services.

c. Components and outputs: (i) Develop drought-resistant and water conserving farming techniques, infrastructure, crop and plant cultivation, and breeding; (ii) promote water conservancy and planting techniques; (iii) establish a dryland farming technique service system; (iv) develop farmer–agro-enterprises linkages and value chains.

d. Expected results and deliverables: The TA will prepare a project to: (i) improve agricultural productivity, promote water conservancy and other agricultural techniques that will help maintain and enhance land use; (ii) protect groundwater resources from overexploitation, decrease soil erosion, and improve the environment; (iii) link farmers to markets through support for viable agro-enterprises; and (iv) promote participatory models that develop and demonstrate cost-effective approaches for application of relevant and feasible technologies in project areas.

e. Social or environmental issues or concerns: Social and environmental impacts will be addressed during the PPTA, including for minority peoples. Water shortage and soil erosion are key environmental issues in the northern region, but the environmental impact of improved production techniques and development of agro-enterprises requires assessment.

f. Plans for disseminating results/deliverables: Public consultation on the Project’s social and environmental impacts will be carried out during the PPTA. The summary environmental impact assessment will be available to the public through ADB’s website. The consultant’s final report and the report and recommendation of the President to the Board of Directors will also be posted on the website.

7. Proposed executing/implementing agency or agencies: MOA at the central level, and provincial/local governments in Henan, Shandong, Shanxi, Liaoning, and Gansu.

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: The initial project proposal was commented by each province. The following will participate in this Project: Henan Provincial Department of Agriculture, Jilin Provincial Department of Agriculture, Shanxi Provincial Department of Agriculture, Liaoning Provincial Department of Agriculture, and Gansu Provincial Department of Agriculture. MOA has discussed the financial arrangements with the provincial governments. The PPTA began in April 2006 with the active participation of each province and MOA.

9. Timetable for assistance design, processing, and implementation
   a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2004
   b. Expected date of submission for approval
      Lending: 2007
      Nonlending (project preparatory): August 2005
      Nonlending (other than project preparatory): 2007
   c. Period and duration of assistance
      Lending: 2007–2012 (5 years)
      Nonlending: 1 year after approval in 2005
10. Financing Plan

a. For lending

- Ordinary capital resources: $100 million
- Asian Development Fund: $100 million
- Other: Government Financing: $100 million; Other cofinancing: $10 million

If cofinancing is required, indicate amount and sources sought: $10 million from GEF OP 12 or OP 15.

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Source: Asian Development Bank estimates.

b. For nonlending

- No resources required, other than ADB staff
- ADB’s administrative budget:
  - Grant TASF funds: $400,000
  - Other: $350,000

If cofinancing is required, indicate amount and sources sought: $350,000 from Spanish Fund.

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Source: Asian Development Bank estimates.

ADB = Asian Development Bank, CSP = country strategy and program, GDP = gross domestic product, GEF = Global Environment Facility, MOA = Ministry of Agriculture, PPTA = project preparatory technical assistance, PRC = People’s Republic of China, TASF = Technical Assistance Special Fund, RCSP = regional cooperation strategy and program, TA = technical assistance.
### Table A2.2: Ningxia Integrated Ecosystem and Agricultural Development Concept Paper

**Date:** August 2006

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<td>☐ Other:</td>
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<td>☐ Economic, thematic, and sector work</td>
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| 4. Responsible division/department: | Agriculture, Environment and Natural Resources Division, East Asia Department |
|-----------------------------------|

| 5. Responsible ADB officer(s): | B. Carrad |
|--------------------------------|

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<th>6. Description of assistance(s)</th>
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<td>a. <strong>Background/linkage to country/regional strategy:</strong> Ningxia Hui Autonomous Region (Ningxia) contains some of the most internationally important assemblages of mountainous dryland plants, animals, and cultural sites in the PRC. The project area is adjacent to the capital Yinchuan and the Helan Mountains, and sits along the western reach of the Yellow River where the river flows north across Yinchuan Plain. Biodiversity is rich in the Helan Mountains, the foot slopes, and the plain/wetlands area where most people live. However, this is threatened by increasing ecosystem degradation resulting from poverty, unsustainable resource use, and increasing human and animal populations. Rural producers face low and erratic rainfall, water scarcity, fragile soils, and natural vegetation with low resilience to disturbance. Over 75% of the land has been adversely affected by serious land degradation. People in the area use on average 273 m³ of water per person per year, which is about a quarter of the &quot;survival level&quot; often used as an international standard. Declining and polluted...</td>
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</table>
Appendix 2

water resources, large areas of marginal and low productivity land, natural ecosystems with high susceptibility to degradation, and inadequate technical and market-oriented knowledge are the major constraints that limit the options for sustainable ecosystem-based livelihoods. In agriculture, the greatest economic and ecological returns will come from combating soil degradation and raising productivity within the high value agricultural lands. Conservation agriculture practices are needed to rebuild soil fertility and improve production efficiency.

Ningxia has basic infrastructure to cater for tourism such as hotels, biodiversity conservation areas, and tourist sites with an excellent road system. If properly managed and based on the protection and restoration of natural vegetation in an integrated ecosystem approach, this will bring in far more benefits and revenues to Ningxia than the promotion of high cost, low output, and agricultural enterprises in the desert margins. The vision for ecotourism in Ningxia is (i) revenue generation using a market-based approach, and (ii) ecosystems conservation.²

To address such vital issues, ADB has supported the Government to develop a long-term country programming framework for the PRC-GEF Partnership on Land Degradation in Dryland Ecosystems. It is an integral part of the CSP, addressing the interface between pro-poor economic growth and sustainable environmental management. An important project under the partnership is Capacity Building to Combat Land Degradation³ which is being implemented in Ningxia and five other provinces/regions. The country programming framework covers a 10-year period (2003–2012) and seeks to combat land degradation, reduce poverty, and conserve biodiversity through capacity-building investments and developing viable model investment projects consistent with GEF’s OP 12 on integrated ecosystem management. The proposed project would be eligible for GEF grant support as an ADB-financed demonstration project as NHAR is one of the priority provinces under the Partnership. Other ongoing donor initiatives would be considered in the project development.⁴

b. Goal and purpose: The long-term goal is to restore the productive and protective functions of the ecosystem resources of the Yinchuan area. The direct purpose of the Project is the introduction of an integrated ecosystem management approach for the sustainable use of natural resources in the Yinchuan area.

c. Components and outputs:
The baseline project (ADB/Government financed) will have the following major outputs: (i) sustainable commercial agriculture/poverty reduction through a combination of conservation agriculture, salinity control, integrated pest and plant nutrient management, windbreaks, water erosion control, and expansion of perennial economic crops and greenhouses on suitable sites, alternative livelihoods, and related processing and marketing support services; (ii) water resources management: involving water balance studies, groundwater recharge measures, and promotion of improved irrigation practices; (iii) wildlife habitat protection and rehabilitation; (iv) commercialization of wildlife through a commercial zoo that meets international standards for captive breeding and subsequent reintroductions of endangered wildlife, public environmental education purposes, an environmentally sensitive tourism program, and improvement of the necessary facilities/services; (v) ecosystem monitoring—establishment of an ecosystem monitoring system; and (vi) institutional capacity building for the design, implementation, and monitoring of integrated ecosystem management investment projects. The GEF-financed component will include: (i) institutional capacity building and enabling environment innovations to ensure that an integrated ecosystem management approach to the Project is properly designed, implemented and monitored; (ii) restorations of key wildlife habitats, propagations, and reintroductions; (iii) commercialization of the indigenous wildlife and plant resources of the project area through environmentally sensitive tourism; (iv) raising the environmental awareness of the general public, and public and private sector agencies, with regard to the options for sustainable and profitable resource utilization; and (v) development of an environmental awareness program that draws on international best practices for environmental education.

d. Expected results and deliverables:
Upon project completion, the following results will have been achieved: (i) expansion of commercial agriculture in areas where it is environmentally suitable; (ii) sustainable water resources management, including water conservation and a balanced urban and rural water resources plan; (iii) wildlife protection and habitat rehabilitation, as well as wildlife commercialization to ensure sustainable conservation; (iv) a system of ecosystem monitoring; and (v) a consistent regulatory framework, including market-based incentives and institutional capacity building.

e. Social or environmental issues or concerns: Social and environmental impacts will be addressed during the PPTA, including for minority peoples.

f. Plans for disseminating results/deliverables: Public consultation on the Project’s social and environmental impacts will be carried out during the PPTA. The summary environmental impact assessment
will be available to the public through ADB’s website.

7. **Proposed executing/implementing agency or agencies:** Foreign Debt Management Office, Ningxia (EA)

8. **Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**
   Ningxia Finance Department has endorsed the project proposal and the Ningxia government supports the Project. The Project will be implemented with assistance from the provincial land degradation control strategy and action plan under OP 12 Partnership. The National Development and Reform Commission and the Ministry of Finance have approved the Project in ADB’s 2005–2007 pipeline.

9. **Timetable for assistance design, processing, and implementation**
   a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2004
   b. Expected date of submission for approval
      - Lending: 2007
      - Nonlending (project preparatory): 2006
      - Nonlending (other than project preparatory): 
   c. Period and duration of assistance
      - Lending: 2007–2011 (4 years)
      - Nonlending: 1 year after approval in 2005 (1 year)

10. **Financing Plan**
    a. For lending
       - Ordinary capital resources: $100 million
       - Asian Development Fund:
       - Other: government financing: $100 million; other cofinancing: $10 million (GEF)
       If cofinancing is required, indicate amount and sources sought: $10,000,000 from GEF (OP 12)—split into OP 15 $5 million, OP 3 and 4 $3 million, OP 1 $2 million

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</tr>
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</table>

Source: ADB estimates.

b. For nonlending
   - No resources required, other than ADB staff
   - ADB’s administrative budget:
   - Grant TA funds: $500,000
   - Other: $350,000 (GEF) and $350,000 (Government)
   If cofinancing is required, indicate amount and sources sought: $350,000, from GEF Project Development Facility – B

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<th>Source</th>
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<td>Other Financing (GEF)</td>
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</tr>
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</table>

Source: ADB estimates.

ADB = Asian Development Bank, CSP = country strategy and program, FAO = Food and Agriculture Organization, GEF = Global Environment Facility, GTZ = Geutsche Gesellschaft für Technische Zusammenarbeit, IFAD = International Fund for Agriculture Development, IUCN = International Union for the Conservation of Nature and Natural Resources, JICA = Japan International Cooperation Agency, km² = square kilometer, m³ = cubic meter, OP = operational program, PPTA = project preparatory technical assistance, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.
Appendix 2

Note:

1/ The project area covers a total area of 3,350 km², including three districts and two counties of Yinchuan City. The total population (including Yinchuan City) is about 1.33 million, of whom 630,000 are located in rural areas. In 2004, the average annual urban disposable income was CNY7,200 ($867.5) while the average annual per capita rural income was CNY3,080 ($371.1), at approximately the poverty level on a $1/day basis.

2/ Within the Helan Mountains, a large number of rare and/or endemic plant species exist, including Siberian elm, Qinghai spruce, the legume, Ammopiptanthus mongolicus, and the lilac Syringa pinnatifolia. It is also a key habitat for fauna including the blue sheep, Helanshan pika (listed in the IUCN Red List of Lagomorphs 1996), argali, moose, and blue-eared pheasant. The wetlands are home to large numbers of swans, ducks, geese, cranes, storks, gulls and waders. The grasslands at the foot slopes zone of the Helan Mountains have global significance as an important habitat, particularly during the winter months, for the globally vulnerable Great Bustard.


4/ For example, the ongoing FAO/Land Assessment in Drylands program, IFAD/World Food Program projects, as well as ongoing forestry projects elsewhere in NHAR supported by JICA and German development cooperation through GTZ.
# Appendix 2

**Table A2.3: Shaanxi Qinling Mountain Integrated Ecosystem Management Concept Paper**

**Date:** August 2006

## 1. Type/modality of assistance

- **Lending**
  - Project loan
  - Program loan
  - Sector loan
  - Sector development program loan
  - Other:

- **Nonlending**
  - Project preparatory
  - Other than project preparatory
  - Economic, thematic, and sector work
  - Institutional development
  - Other:

## 2. Assistance Focus

a. If assistance focuses on a particular sector or subsector, specify the
   - Sector: Agriculture and Natural Resources
   - Subsectors: Environment and Biodiversity, Livestock, Forestry, Agricultural Production, and Water Resources Management

b. For project preparatory and lending, classification
   - Core poverty intervention
   - Poverty intervention
   - Other

c. Key thematic area(s)
   - Sustainable economic growth
   - Inclusive social development
   - Governance
   - Gender and development
   - Environmental sustainability
   - Regional cooperation
   - Private sector development
   - Capacity development

## 3. Coverage

- Country
- Subregional
- Interregional
- Internal policy development

## 4. Responsible division/department:

- Agriculture, Environment and Natural Resources Division, East Asia Department

## 5. Responsible ADB officer(s):

- B. Carrad

## 6. Description of assistance(s)

a. **Background/linkage to country/regional strategy:** The Qinling Mountains are located immediately to the south of the capital, Xi’an, of Shaanxi Province. The Qinling Mountains are a temperate forest of global importance, a biologically rich locality with a moist temperate climate that is home to many endangered plant and animal species. They form the dividing line between south and north PRC and have a major influence on (i) the climate of the northern PRC, and (ii) the water resources of the Yellow and Yangtze rivers. About 4.9 million people live in the Qinling Mountains, many of whom are poor, make their living from agriculture, and live in isolated areas with very limited infrastructure or links to the modern economy. However, there is no overall strategy for sustainable livelihoods or a coordinated approach to monitoring or conserving natural resources. Over 90% of the Qinling Mountains lie within Shaanxi Province, and 70% of the total range (about 40,000 km² of the total mountain range area of about 57,000 km²) has been highly degraded through inappropriate farming practices, logging, overuse of natural resources, and encroachment over many decades. Water runoff to the
dry north of the PRC is decreasing as a result.

Despite their degraded condition, the Qinling Mountains offer very significant ecological, cultural, and historical opportunities. They contain the highest panda population density in the PRC, being home to about 20% of the PRC’s total wild pandas. Over 15 animal species have been listed in the national priority protection wildlife list, including Golden Monkey, Golden Takin, Leopard, and Crested Ibis (Japan’s national bird and extinct there in the wild). The Qinling Mountains are also typical of the biodiversity conservation challenges faced by the PRC. If successfully developed and promoted, selected sites could attract high tourist numbers and generate revenues for conserving biodiversity and increasing rural incomes. In 2002, Xi’an received 19.70 million tourists, of whom 0.74 million were from overseas. Over 2 million tourists visited the world famous Terracotta Warriors site. Tourist receipts amounted to CNY210 million ($25.5 million) and revenues are increasing by about 10% per year. Xi’an hotels and tourist operators offer excellent services, and the proposed main site is 1 hour’s drive south on excellent roads so is highly convenient for tourism.

To address such vital concerns in a structured and comprehensive way, ADB has supported the Government to develop a long-term country programming framework for the PRC-GEF Partnership on Land Degradation in Dryland Ecosystems. Under this partnership, valuable inputs are being provided from the ongoing GEF-financed Capacity Building to Combat Land Degradation in Shaanxi province as one of six priority provinces/regions. Relevant advice from other aid-supported activities in biodiversity, conservation, tourism, and land degradation will be incorporated. The proposed Project will be eligible for GEF grant support. Other ongoing donor initiatives will be considered in the project development.2 ADB and UNEP have jointly submitted a PDFB submission ($350,000) which has been endorsed by the China GEF focal points. The full GEF project is for $10 million—$5 million for OP 3 and 4, and $5 million for OP 15. WWF and TNC will also contribute in kind support.

b. Goal and purpose: The long-term goal of the Project will be improved biodiversity conservation and reduction of land degradation in the Qinling Mountains. The purpose will be a commercially sustainable initiative for biodiversity conservation and land management in the Qinling Mountains.

c. Components and outputs: The baseline project (ADB/Government financed) will have the following major outputs:

(i) Qinling Mountains biodiversity conservation core area at Louguantai: protection area of 9.8 km² for scientific displays; small zoo/animal hospital/breeding center; protection area of 262 km² for natural preservation of plants and animal conservation; rare bird rescue and habitat recovery; and 196 km² for additional habitats, tourism, and to protect the Louguantai historical and cultural area;
(ii) Wild resource preservation and research: plant preservation, propagation, and research; scientific laboratories and base for education; seed bank and research center;
(iii) Sustainable development and poverty reduction: medicinal plants and processing; resettlement, including compensation/subsidies; farmer training facilities; outreach program to link the core area with the wider Qinling Mountains, including field stations, extension, and other services;
(iv) Environmental protection, infrastructure, equipment, and transport: sewage and waste treatment; access roads (about 55 km) and cableway (1.2 km); riverbank protection (2.6 km) power plant; telecommunications; vehicles, equipment, and related facilities;
(v) Monitoring and evaluation: to gauge the impact of biodiversity conservation; and
(vi) Institutional capacity building: information and human resources development; sustainable ecosystem management program and capacity building; overseas study/training.

The GEF-financed component will include:

(i) policy, strategy, and capacity building for the overall Qinling Mountains;
(ii) promotion of market-based biodiversity conservation;
(iii) promotion of the ecosystem function conservation area concept;
(iv) restoration of wildlife habitats, propagation, and reintroductions, providing technical advice on the best international practices for a commercial approach;
(v) development of a world-class biodiversity conservation venue, suitable for domestic and international tourists, to close the major gap between the international standards and functions of modern zoos and the very low standards in the PRC;
(vi) identifying species of global importance, business plans and strategies for different market segments, and educational opportunities;
(vii) an outreach program to integrate the core area and the wider Qinling Mountains, focused on public awareness, alternative income opportunities, training, extension, and related services;
(viii) a monitoring and evaluation system; and
(ix) institutional and enabling environment innovations to ensure that an integrated approach is properly.
d. Expected results and deliverables: Upon project completion, the following outcomes will exist: (i) a world-class commercial venue for biodiversity conservation, and ecological and cultural tourism, as necessary for sustainable conservation; (ii) restoration of key habitats, wildlife propagation, and reintroductions within the core area and wider Qinling Mountains; (iii) an outreach program to integrate the core area and the wider Qinling Mountains focused on public awareness and rural livelihoods, based on an integrated ecosystem management approach; (iv) an appropriate monitoring and evaluation system; and (v) institutional and enabling environment innovations for a long-term approach and demonstration in other parts of the PRC.

e. Social or environmental issues or concerns: Social and environmental impacts will be addressed during the PPTA, including for minority peoples.

f. Plans for disseminating results/deliverables: Public consultation on the Project’s social and environmental impacts will be carried out during the PPTA. The summary environmental impact assessment will be available to the public through ADB’s website.

7. Proposed executing/implementing agency or agencies: Foreign Debt Management Office, Shaanxi Province (EA).

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: The Shaanxi provincial government attaches great importance to the Project. The Provincial Development and Reform Commission has carried out the project proposal, based on local consultations. The National Development and Reform Commission and the Ministry of Finance have approved the Project in ADB’s 2005–2007 pipeline.

9. Timetable for assistance design, processing, and implementation
   a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2004
   b. Expected date of submission for approval
      Lending: 2007
      Nonlending (project preparatory): 2006
      Nonlending (other than project preparatory):
   c. Period and duration of assistance
      Lending: 2006–2010 (4 years)
      Nonlending: 1 year after approval in 2005

10. Financing Plan
   a. For lending
      ☒ Ordinary capital resources: $35 million
      ☐ Asian Development Fund:
      ☒ Other: Government Financing: $65.7 million
         Other cofinancing: $10 million, in kind $170,000 (UNEP, WWF, TNC)
      If cofinancing is required, indicate amount and sources sought: $10,000,000 from GEF under GEF4: comprising OP 3 $2.5 million, OP 4 $2.5 million, OP 15 $5 million, plus $170,000 in kind (UNEP, WWF, TNC)

      | Source                      | Amount ($ million) |
      |------------------------------|--------------------|
      | ADB Financing                | 35.00              |
      | Government Financing         | 65.70              |
      | Other Financing              | 10.00              |
      | **Total Cost**               | **110.70**         |

      Source: Asian Development Bank estimates.

   b. For nonlending
      ☐ No resources required, other than ADB staff
      ☐ ADB’s administrative budget:
      ☒ Grant TA funds: $500,000
      ☒ Other: $350,000 (Government); $350,000 (GEF PDFB)
If cofinancing is required, indicate amount and sources sought: $350,000, from GEF Project Development Facility – B

<table>
<thead>
<tr>
<th>Source</th>
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<td><strong>Total Cost</strong></td>
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</tr>
</tbody>
</table>

Source: Asian Development Bank estimates.


Note:
2/ For example, the UNEP project, Conservation and Sustainable Use of Biodiversity in Qinling Mountain Ecosystem Function Conservation Area, is a possible future GEF OP3/4 pipeline project. UNEP has agreed to integrate this within the proposed GEF project. The World Bank/GEF Nature Reserve Management Project included Qinling as a site for project activities.
Table 2.4: Henan High Efficiency Agricultural Development (Sanmenxia Area)  
Concept Paper

Date: August 2006

1. **Type/modality of assistance**
   - **Lending**
     - Project loan
     - Program loan
     - Sector loan
     - Sector development program loan
     - ADF grant-financed
     - Other:
   - **Nonlending**
     - Project preparatory
     - Other than project preparatory
       - Economic, thematic, and sector work
       - Institutional development
     - Other:

2. **Assistance focus**
   a. If assistance focuses on a particular sector or subsector, specify the  
      Sector(s): Agricultural and Natural Resources  
      Subsector(s): Agricultural Production, Agroprocessing and Agribusiness, Environment and Biodiversity,  
      Livestock, Forestry, Irrigation and Drainage, Water Resources Management, and Agriculture Sector  
      Development.
   b. For project preparatory and lending, classification  
      Targeted intervention
      General intervention
   c. Key thematic area(s)  
      Themes:
      - Sustainable economic growth
      - Inclusive social development
      - Governance
      - Gender and development
      - Environmental sustainability
      - Regional cooperation
      - Private sector development
      - Capacity development
      Subthemes: Sustainable economic growth, inclusive social development

3. **Coverage**  
   - Country
   - Subregional
   - Interregional
   - Internal policy development

4. **Responsible division/department:** Agriculture, Environment and Natural Resources Division,  
   East Asia Department

5. **Responsible ADB officer(s):** R. Bolt

6. **Description of assistance**
   a. **Background/linkage to country/regional strategy:** During the December 2005 midterm review of the  
      PRC’s country program, the Government requested ADB assistance to promote sustainable agricultural growth  
      in Henan Province (Sanmenxia area). The assistance is to be provided through a PPTA to be conducted in  

      Henan Province is located in the eastern part of the Loess Plateau of the PRC, while the Sanmenxia area is  
      located along the middle section of the Yellow River and consists mainly of highland and mountain areas.  
      Rural livelihoods in Henan depend on agriculture, but productivity and rural incomes are not reaching their full  
      potential for reasons such as the high level of soil erosion; market access constraints; and underexploited
nonfarm rural value addition from local processing. By addressing such constraints, the Government considers that more sustainable production and higher rural incomes and growth from agriculture can be achieved.

To address the problems of soil erosion similar to those found in Henan province, various farming techniques have been tested and proven successful within and outside the PRC to stabilize soils and conserve water, which can help to promote ecologically sustainable development. The provinces can improve their ecosystem and natural resources management using such experience and knowledge.

Agricultural production in Henan Province has been shifting in recent years from household food production to higher value fruit, vegetable, and livestock production for sale in growing regional markets. Ongoing ADB-supported investments in West Henan are achieving supply side production improvements through more efficient and sustainable production. The potential for improving production efficiency in Sanmenxia area can be realized by addressing on-farm production constraints and strengthening the links to higher value supply chains through viable agro-enterprises to growing regional markets. Lessons from the PRC and elsewhere show that supply and value chains can be developed through investments in sustainable smallholder production that are well linked to nonfarm processing and markets.

The PRC's proposed Henan High Efficiency Agriculture is in line with ADB's CSP (2004–2006), which addresses the interface between pro-poor economic growth and sustainable environmental management. The project also supports measures that offer income growth opportunities to rural households based on market principles and sound environmental management. In addition, the project's positive environmental benefits may be further enhanced for global significance, such as protection of biodiversity and sustainable land management.

In order for the Project to translate the available technologies, lessons, and resources into sustainable results, it can consider planning and implementation using an integrated ecosystem management approach with particular attention to the poor whose livelihood is often most vulnerable in the face of a deteriorating natural resources base. The projects also offer the potential for integrating public sector facilitation and initiatives with development of private sector-led vertical value chains for agricultural produce.

d. **Expected results and deliverables:**
The PPTA is expected to identify two projects for ADB, PRC, and private enterprise funding. Deliverables will include a PPTA paper, an inception report, a midterm report covering a sector and area assessment and investment alternatives, and a final report that selects the most feasible option for a project investment.

e. **Social or environmental issues or concerns:** To be determined.

f. **Plans for disseminating results/deliverables:**

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<th>For TA, method(s) of TA output dissemination:</th>
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<td>☒ A conference/workshop/brown bag</td>
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<td>☒ Publication of article(s) in external journals or books</td>
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<tr>
<td>☒ External press release to news agencies, including <a href="http://www.adb.org">www.adb.org</a></td>
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<tr>
<td>☒ Internal press release in ADB Today</td>
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<td>☐ Others (specify) ________________________</td>
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7. **Proposed executing/implementing agency or agencies:** Henan Provincial Government (EA).

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

   Henan Provincial Government provided original project concepts to the National Development and Reform Commission.

9. **Timetable for assistance design, processing, and implementation**

   a. **Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan:** 2005

   b. **Expected date of submission for approval**

      Lending: 2007
      Nonlending (project preparatory): 2006
      Nonlending (other than project preparatory):

   c. **Period and duration of assistance**

      Lending: 2007–2011 (4 years)
      Nonlending:
10. Financing Plan

a. For lending: Henan High Efficiency Agricultural Development
   - Ordinary capital resources: $70 million
   - Asian Development Fund (loan):
   - Asian Development Fund (grant):
   - Other: $70 million

If cofinancing is required, indicate amount and sources sought: $70,000,000 from private enterprises.

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Source: ADB estimates.

b. For nonlending (joint with PPTA for Shanxi Sustainable Agriculture Development Project)
   - No resources required, other than ADB staff
   - ADB’s administrative budget:
     - Grant TA funds: 1,000,000
     - Other: $350,000 (GEF Project Development Facility for Shanxi); $250,000 (Government)

If cofinancing is required, indicate amount and sources sought: $350,000 from GEF Project Development Facility – B

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<tr>
<th>Source</th>
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<td>Other Financing GEF, PDFB</td>
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<td><strong>Total Cost</strong></td>
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Source: ADB estimates.

ADB = Asian Development Bank, ADF = Asian Development Fund, CSP = country strategy and program, GEF = Global Environment Facility, PPTA = project preparatory technical assistance, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.
Table 2.5: Shanxi Integrated Agricultural Development in Valley and Watershed Areas

Concept Paper

Date: August 2006

1. Type/modality of assistance

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<td>✔️ Other than project preparatory</td>
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<td>✔️ Institutional development</td>
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2. Assistance focus

a. If assistance focuses on a particular sector or subsector, specify the

| Sector(s): Agricultural and Natural Resources |
| Subsector(s): Agricultural Production, Agroprocessing and Agribusiness, Environment and Biodiversity, Livestock, Forestry, Irrigation and Drainage, Water Resources Management, and Agriculture Sector Development. |

b. For project preparatory and lending, classification

| Targeted intervention |
| General intervention |

c. Key thematic area(s)

| Themes: |
| Sustainable economic growth |
| Inclusive social development |
| Governance |
| Gender and development |
| Environmental sustainability |
| Regional cooperation |
| Private sector development |
| Capacity development |

Subthemes: Sustainable economic growth, inclusive social development

3. Coverage

| Country |
| Subregional |
| Interregional |

| Internal policy development |

4. Responsible division/department: Agriculture, Environment and Natural Resources Division, East Asia Department

5. Responsible ADB officer(s): R. Bolt

6. Description of assistance

a. Background/linkage to country/regional strategy: During the December 2005 midterm review of the PRC’s country program, the Government requested ADB assistance to promote sustainable agricultural growth in Shanxi Province (valley areas). The assistance is to be provided through a PPTA to be conducted in 2006/2007.

Shanxi Province is located in the eastern part of the Loess Plateau and its watersheds form part of the Yellow River and the Hai River basins, with valleys accounting for 69% of the total provincial area. Rural livelihoods in Shanxi depend on agriculture, but productivity and rural incomes are not reaching their full potential for
reasons such as low rainfall, wind erosion, and soil salinization; market access constraints; and underexploited nonfarm rural value addition from local processing. By addressing such constraints, the Government considers that more sustainable production and higher rural incomes and growth from agriculture can be achieved.

To address the problems of soil erosion similar to those found in Shanxi province, various farming techniques have been tested and proven successful within and outside the PRC to stabilize soils and conserve water, which can help to promote ecologically sustainable development. The provinces can improve their ecosystem and natural resources management using such experience and knowledge.

Agriculture production in Shanxi Province includes winter wheat, corn, sorghum, soybeans, millet, barley, and fruits. Cotton, tobacco, and grapes are grown as commercial crops. Livestock is raised in the northern grazing areas, and wool and hides are exported from the region. However, low agricultural productivity because of physical constraints, limited investment in agriculture infrastructure, inadequate market and processing facilities, and insufficient support services limit farm incomes and sector growth. Production problems in Shanxi Province can also be addressed through investments in soil and water conservation, for which various technologies are available for local adaptation. Lessons from elsewhere suggest that these problems could be addressed by facilitating farming community access to technical and market information to improve production sustainability, meet market demand, and raise profitability. Enabling linkages between agro-enterprises and farmer, sufficient and timely access market information, and improving quality standards that meet market demand and access to finance can lead to added value and employment, increasing rural incomes and sector growth.

The PRC’s proposed Shanxi Integrated Agricultural Development in Valley and Watershed Areas Project is in line with ADB’s CSP (2004–2006), which addresses the interface between pro-poor economic growth and sustainable environmental management. The projects also support measures that offer income growth opportunities to rural households based on market principles and sound environmental management. In addition, the projects’ positive environmental benefits may be further enhanced for global significance, such as protection of biodiversity and sustainable land management. Subject to a fact-finding mission, the Project may have scope for GEF cofinancing.

In order for the Project to translate the available technologies, lessons, and resources into sustainable results, it can consider planning and implementation using an integrated ecosystem management approach with particular attention to the poor whose livelihood is often most vulnerable in the face of a deteriorating natural resources base. The projects also offer the potential for integrating public sector facilitation and initiatives with development of private sector-led vertical value chains for agricultural produce.

d. Expected results and deliverables:
The PPTA is expected to identify two projects for ADB, PRC, and private enterprise funding. Deliverables will include a PPTA paper, an inception report, a midterm report covering a sector and area assessment and investment alternatives, and a final report that selects the most feasible option for a project investment.

e. Social or environmental issues or concerns: To be determined.

f. Plans for disseminating results/deliverables:
   For TA, method(s) of TA output dissemination:
   - A conference/workshop/brown bag
   - Publication of article(s) in external journals or books
   - External press release to news agencies, including www.adb.org
   - Internal press release in ADB Today
   - Others (specify) ________________________


8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:
   Shanxi Provincial Government provided original project concepts to the National Development and Reform Commission.

9. Timetable for assistance design, processing, and implementation
   a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2005
   b. Expected date of submission for approval
      Lending: 2008
      Nonlending (project preparatory): 2006
Nonlending (other than project preparatory):

c. Period and duration of assistance
   Lending: 2008–2012 (4 years)
   Nonlending:

10. Financing Plan

a. For lending:
   - Ordinary capital resources: $100 million
   - Asian Development Fund (loan):
   - Asian Development Fund (grant):
   - Other: $105 million

If cofinancing is required, indicate amount and sources sought: $105 million from other sources.

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</tr>
</thead>
<tbody>
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<td>ADB Financing</td>
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<td>Government Financing</td>
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</tr>
<tr>
<td>Other Financing</td>
<td>105.00 (includes GEF grant of $10 million)</td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>205.00</strong></td>
</tr>
</tbody>
</table>

Source: ADB estimates.

c. For nonlending (joint with PPTA for Henan Sustainable Agriculture Development Project)
   - No resources required, other than ADB staff
   - ADB's administrative budget:
   - Grant TA funds: $1,000,000
   - Other: $350,000 (GEF Project Development Facility for Shanxi); $250,000 (Government)

If cofinancing is required, indicate amount and sources sought: $350,000 from GEF Project Development Facility – B

<table>
<thead>
<tr>
<th>Source</th>
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</thead>
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<td>Government Financing</td>
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<td><strong>Total Cost</strong></td>
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</tr>
</tbody>
</table>

Source: ADB estimates.

ADB = Asian Development Bank, ADF = Asian Development Fund, CSP = country strategy and program, GEF = Global Environment Facility, PPTA = project preparatory technical assistance, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.
Table A2.6: Guiyang Integrated Water Resources Management Concept Paper

Date: August 2006

1. **Type/modality of assistance**
   - [x] Lending
     - [ ] Project loan
     - [ ] Program loan
     - [x] Sector loan
     - [ ] Sector development program loan
     - [ ] ADF grant-financed
     - [ ] Other:
   - [x] Nonlending
     - [x] Project preparatory
     - [ ] Other than project preparatory
       - [ ] Economic, thematic, and sector work
       - [ ] Institutional development
     - [ ] Other:

2. **Assistance focus**
   a. If assistance focuses on a particular sector or subsector, specify the
      - Sector: Agriculture and natural resources
      - Subsector: Water resource management
   b. For project preparatory and lending, classification
      - [x] Targeted intervention
      - [ ] General intervention
   c. Key thematic area(s)
      - Themes:
        - [x] Sustainable economic growth
        - [ ] Inclusive social development
        - [ ] Governance
        - [ ] Gender and development
        - [x] Environmental sustainability
        - [ ] Regional cooperation
        - [ ] Private sector development
        - [ ] Capacity development
      - Subthemes: Fostering physical infrastructure development, natural resources conservation

3. **Coverage**
   - [x] Country
   - [ ] Subregional
   - [ ] Interregional
   - [ ] Internal policy development

4. **Responsible division/department**: Agriculture, Environment, and Natural Resources Division, East Asia Department

5. **Responsible ADB officer**: D. Ellingson

6. **Description of assistance(s)**
   a. **Background/linkage to country/regional strategy**: Challenges faced by the PRC in managing water resources include: (i) large aggregate water supply but low per capita availability; (ii) floods, prolonged droughts, and considerable seasonal variations; (iii) significant differences in water availability across cities and provinces; and (iv) increasing demands for clean water supply and related urban services resulting from rapid economic development. In relation to agriculture, a well-developed and maintained rural infrastructure, including irrigation facilities, is a precondition for reasonable living standards and is critical for poverty alleviation. However, budgets and fiscal capacity at provincial and sub-provincial levels are typically inadequate in poorer areas such as Guizhou Province and Guiyang municipality to support such development. The proposed Project will be pro-poor through its support of economic growth, and its provisions to ensure participation of representatives from all stakeholders.
b. **Goal and purpose:** The long-term goal is to support the PRC to achieve the sustainable management of water resources, thereby reducing poverty and promoting economic development. The purpose is to ensure the establishment of (i) a long-term comprehensive water sector development plan that can be implemented by the Guiyang municipal government, and (ii) a policy framework for the water sector.

c. **Components and outputs:** Components will include: (i) development planning; (ii) institutional capacity building; and (iii) policy revision, if necessary. Outputs will include: (i) a development plan to meet the priority development needs of the water sector; (ii) the borrowing entity provided with the institutional capacity to implement the water sector development plan; and (iii) improvement in the policies applicable to the water sector, if required.

d. **Expected results and deliverables:** Submissions to ADB and the Government attesting to the development of a comprehensive water sector development plan; the technical and managerial capabilities of water sector institutions to develop, process, and implement the plan; and the existence of an appropriate policy framework for effective development of the plan.

e. **Social or environmental issues or concerns:** Social and environmental impacts will be assessed during the PPTA.

f. **Plans for disseminating results/deliverables:** Public consultation on the social and environmental impacts of the Project will be carried out during the PPTA. A summary environmental impact assessment will be available to the public through the ADB website.

7. **Proposed executing/implementing agency or agencies:** Water Resources Bureau of the Guiyang municipal government

8. **Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** Initiation of the planning process and the water sector development strategy will be prepared under the direction and supervision of the Guiyang municipal government, which will take responsibility for its approval as well as ensuring broad participation by representatives of all of the main stakeholders.

9. **Timetable for assistance design, processing, and implementation**

   a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2004

   b. Expected date of submission for approval

      - Lending: 2007
      - Nonlending (project preparatory): 2006
      - Nonlending (other than project preparatory):

   c. Period and duration of assistance

      - Lending: 2007–2011 (5 years)

10. **Financing Plan**

    a. For lending

       ☒ Ordinary capital resources: $150 million
       ☐ Asian Development Fund (loan):
       ☐ Asian Development Fund (grant):
       ☒ Other: Government financing: $150 million

    If cofinancing is required, indicate amount and sources sought: $_____, from _____

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<td>Government Financing</td>
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<td>Other Financing</td>
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<td><strong>Total Cost</strong></td>
<td><strong>300.00</strong></td>
</tr>
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</table>

Source: Asian Development Bank estimates.
b. For nonlending

☐ No resources required, other than ADB staff
☒ ADB's administrative budget:
☒ Grant TA funds: $800,000
☒ Other: $160,000

If cofinancing is required, indicate amount and sources sought: $160,000 from the Cooperation Fund for the Water Sector

<table>
<thead>
<tr>
<th>Source</th>
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<tbody>
<tr>
<td>ADB Financing</td>
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<td>Government Financing</td>
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<td>Other Financing</td>
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<td><strong>Total Cost</strong></td>
<td><strong>960,000</strong></td>
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</tbody>
</table>

Source: Asian Development Bank estimates.

ADB = Asian Development Bank, ADF = Asian Development Fund, CSP = country strategy and program, GEF = Global Environment Facility, PPTA = project preparation technical assistance, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.
### Table A2.7: Ecosystem Development and Environment Protection of Baiyangdian Lake Concept Paper

**Date:** August 2006

1. **Type/modality of assistance**
   - Lending
     - Project loan
     - Program loan
     - Sector loan
     - Sector development program loan
   - Nonlending
     - Project preparatory
     - Other than project preparatory
       - Economic, thematic, and sector work
       - Institutional development
       - Other:

2. **Assistance Focus**
   - If assistance focuses on a particular sector or subsector, specify the
     - Sector: Agriculture and natural resources
     - Subsector: Agricultural support services
   - For project preparatory and lending, classification
     - Core poverty intervention
     - Others
   - Poverty intervention
   - Key thematic areas
     - Sustainable economic growth
     - Inclusive social development
     - Governance
     - Gender and development
     - Environmental sustainability
     - Regional cooperation
     - Private sector development
     - Capacity development
     - Subthemes: Natural Resource Management

3. **Coverage**
   - Country
   - Subregional
   - Interregional
   - Internal policy development

4. **Responsible division/department:** Agriculture, Environment and Natural Resources Division, East Asia Department

5. **Responsible ADB officer:** A. Siddiq

6. **Description of assistance**
   - **Background/linkage to country/regional strategy:** Protecting the environment and promoting sustainable development is one of ADB’s major means to achieve its overarching objective of poverty reduction. Environmental protection is now clearly established as a national priority in the PRC’s development strategy, with all medium- and long-term investment plans incorporating environmental sustainability as a fundamental component. At 366 km², the Baiyangdian is the largest inland lake in the north PRC plain and the flood detention area for Daqing River in the Hai River basin.
   - **Goal and purpose:** The proposed Project will conduct ecological construction and environmental treatment around Baiyangdian Lake and in its upstream areas to promote sustainable development and improve the ecology of the northern region and Beijing. Baiyangdian Lake is expected to become the “Pearl of the Northern PRC” after project construction.
   - **Components and outputs:** (i) River training works of the Hucheng and Fu rivers in Baoding City; (ii) water diversion from Wangkui and Xidayang reservoirs to Yimu Spring and Baiyangdian Lake; and (iii) Baiyangdian
environmental protection works, such as the wastewater treatment around the lake and upstream, bank protection works, and lake dredging.

d. **Expected results and deliverables:** The Project will restore Baiyangdian’s ecosystem to become the “Pearl of the Northern PRC” and improve the ecology of the north region and Beijing.

e. **Social and environmental issues or concerns:** Social and environment issues will be assessed during the PPTA.

f. **Plans for disseminating results/deliverables:** Public consultation will be in place during the PPTA.

7. **Proposed executing/implementing agencies:** Hebei provincial government

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

   The Hebei Development and Planning Committee proposed the Project to the National Development and Reform Commission. The project was included in the 2003–2005 pipeline program upon the National Development and Reform Commission's confirmation during the 2002 country programming mission.

9. **Timetable for assistance design, processing, and implementation**

   a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: 2002

   b. Expected date of submission for approval

      Lending: 2007
      Nonlending (project preparatory): 2003

   c. Period and duration of assistance

      Lending: 2007–2010 (3 years)
      Nonlending:

10. **Financing Plan**

   a. For lending

      ☑ Ordinary capital resources: $100 million
      ☑ Asian Development Fund:
      ☑ Other: Government financing: $68 million

      | Source                  | Amount ($ million) |
      |-------------------------|-------------------|
      | ADB Financing           | 100.00            |
      | Government Financing    | 68.00             |
      | Other Financing         |                   |
      | **Total Cost**          | **168.00**        |

      Source: Asian Development Bank estimates.

   b. For nonlending

      ☑ No resources required, other than ADB staff
      ☑ ADB's administrative budget:
      ☑ Grant TA funds: $500,000

      | Source                  | Amount ($)        |
      |-------------------------|------------------|
      | ADB Financing           | 500,000          |
      | Government Financing    | To be determined  |
      | Other Financing         |                  |
      | **Total Cost**          | **500,000**      |

      Source: Asian Development Bank estimates.

**ADB** = Asian Development Bank, **CSP** = country strategy and program, **km²** = square kilometer, **PPTA** = project preparatory technical assistance, **PRC** = People’s Republic of China, **RCSP** = regional cooperation strategy and program, **TA** = technical assistance.
## Table A2.8: Gansu Heihe Hydropower Development Project Concept Paper

### Date: December 2005

#### 1. Type/modality of assistance

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<tr>
<td>☐ Program loan</td>
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<tr>
<td>☐ Sector loan</td>
</tr>
<tr>
<td>☐ Sector development program loan</td>
</tr>
<tr>
<td>☐ Other</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nonlending</th>
</tr>
</thead>
<tbody>
<tr>
<td>☒ Project preparatory</td>
</tr>
<tr>
<td>☐ Other than project preparatory</td>
</tr>
<tr>
<td>☐ Economic, thematic, and sector work</td>
</tr>
<tr>
<td>☐ Institutional development</td>
</tr>
<tr>
<td>☐ Other:</td>
</tr>
</tbody>
</table>

#### 2. Assistance Focus

a. If assistance focuses on a particular sector or subsector, specify the
   
   **Sector:** Energy
   **Subsector:** Renewable Energy Generation - Hydropower

b. For project preparatory and lending, classification
   
   | Core poverty intervention |
   | ☐ Poverty intervention    |
   | ☒ Others                  |

c. Key thematic area(s)
   
   | Sustainable economic growth |
   | ☒ Inclusive social development |
   | ☐ Governance                |
   | ☐ Gender and development    |
   | ☒ Environmental sustainability |
   | ☐ Regional cooperation      |
   | ☐ Private sector development |
   | ☐ Capacity development      |

#### 3. Coverage

<table>
<thead>
<tr>
<th>Country</th>
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<tbody>
<tr>
<td>☒ Subregional</td>
</tr>
<tr>
<td>☐ Interregional</td>
</tr>
<tr>
<td>☐ Internal policy development</td>
</tr>
</tbody>
</table>

#### 4. Responsible division/department: Energy Division, East Asia Department

#### 5. Responsible ADB officer: A. Bhargava

#### 6. Description of assistance(s)

a. **Background/linkage to country/regional strategy:** The PRC has the second largest power industry in the world, after the US. Both the installed generation capacity and power generation increased at an annual average rate of more than 8% over the last two decades. By the end of 2005, the total installed capacity reached 508 gigawatt and total electricity generation reached 2.47 terawatt hour, an increase of 13% over 2004. Despite the impressive growth and achievements, the power sector faces many challenges which include the following:

   (i) Increasing dependence on coal—share of coal-fired power plant in the generation mix has been increasing whereas the hydropower contribution is shrinking, and increasing coal consumption has resulted in associated environmental problems.

   (ii) Power shortages—since 2001, the PRC has faced power shortages which are likely to be overcome by 2007 through accelerated capacity addition. However, the greater challenge remains to meet the power needed to quadruple the economy by 2020.

   (iii) Unbalanced power structure—over 80% of the generation capacity is in the eastern and central...
region. Inadequate local generation capacity and weak interregional grid connections have led to suboptimal utilization of power resources.

The 11th Five-Year Program aims for resource effective and environment-friendly power sector development. It aims to reduce energy intensity by 20% and diversify the energy mix with less dependence on coal. The renewable energy law became effective from 1 January 2006 and is expected to stimulate renewable energy development in the PRC. Development of local power sources to reduce associated transmission and distribution losses is a key element to improve the energy efficiency of the power system.

Coal-fired power plants provide the highest amount of electricity in Gansu Province but the share of hydropower increased to 35% in 2004. Zhangye city is a poor area of Gansu with a deficient power supply; it experiences frequent interruptions and shortages in electricity supply. Heihe river is the second largest inland river with substantial hydropower potential. The Heihe river development plan has identified eight potential small to medium hydropower sites in a cascade within Zhangye city. The Government is prioritizing its development to alleviate power shortages in the area. In 2003, ADB approved the Gansu Clean Energy Development Project to develop the 98 megawatt Xiaogushan hydropower project—one of eight sites in the cascade. It is expected to be completed ahead of schedule in 2006.

Promotion of clean energy sources and improvement of energy efficiency are ADB’s key strategic priorities in the sector. The proposed Project for further expansion of hydropower generation capacity is consistent with the country strategy for promotion of inclusive growth in a sustainable manner. The ongoing implementation of Xiaogushan hydropower project has been rated “highly successful”. The development objectives are expected to be met satisfactorily and it has led to direct benefits to rural consumers even during the construction period.

b. Impact and outcome: The impact of the Project will be economic growth through provision of reliable and environmentally clean energy.

c. Components and outputs: The Project will include implementation of two medium hydropower projects—Erlongsan (50 megawatt) and Dagushan (60 megawatt). To meet the staggered construction schedule of the two components—Erlongsan (2006–2008) and Dagushan (2007–2009)—the Project will be proposed to the Government as a multitranche financing facility, a new initiative piloted by ADB.

d. Expected results and deliverables: The Project will provide environmentally clean 400 gigawatt-hour of electricity in the power-deficient poor region. The Project is expected to improve the reliability and quality of electricity supply in the project area, thus stimulating economic development

e. Social or environmental issues or concerns: The Project will have substantial positive impacts throughout its life. However, small but manageable negative impacts are expected during the Project’s construction period. No adverse social impacts are anticipated.

f. Plans for disseminating results/deliverables: To be developed during project preparation.

7. Proposed executing/implementing agencies: Gansu Provincial Finance Bureau will be the Executing Agency and Heihe Hydropower Development Company will be the Implementing Agency for the Project.

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

The project proposal was received from the National Development and Reform Commission during the country program review meeting in December 2005. The project concept, scope, and implementation arrangements have been further discussed with key stakeholders: the Implementing Agency, Zhangye city government, Gansu Provincial Finance Bureau, and Gansu Provincial Development and Reform Commission. The Dagushan hydropower project pre-feasibility study has been prepared under an ongoing advisory TA for Renewable Energy for Poverty Reduction.

9. Timetable for assistance design, processing, and implementation

a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: 2006

b. Expected date of submission for approval
   Lending: 2007 standby
   Nonlending (project preparatory): 2006 firm
   Nonlending (other than project preparatory):

c. Period and duration of assistance
   Lending: To be defined during project preparation
   Nonlending: July 2006–September 2007 (10 months)
10. Financing Plan

a. For lending

☒ Ordinary capital resources: $50 million
☐ Asian Development Fund:
☐ Other:

If cofinancing is required indicate sources, and amount sought:

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<th>Source</th>
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</thead>
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<tr>
<td>Government Financing</td>
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<td>Other Financing</td>
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<tr>
<td><strong>Total Cost</strong></td>
<td><strong>50.00</strong></td>
</tr>
</tbody>
</table>

Source: Asian Development Bank estimates.

b. For nonlending

☐ No resources required, other than ADB staff
☐ ADB's administrative budget:
☒ Grant TA funds: $500,000
☐ Other:

<table>
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<tr>
<th>Source</th>
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<td>Government Financing</td>
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<tr>
<td><strong>Total Cost</strong></td>
<td><strong>500,000</strong></td>
</tr>
</tbody>
</table>

Source: Asian Development Bank estimates.

ADB = Asian Development Bank, ADF = Asian Development Fund, CSP = country strategy and program, CSPU = country strategy and program update, km² = square kilometer, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.

Note:
### Table A2.9: Energy Conservation and Resource Management Concept Paper

**Date:** August 2006

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<td>☐ Sector development program loan</td>
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<td>☐ ADF grant-financed</td>
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<td>☒ Project preparatory</td>
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<td>☒ Economic, thematic, and sector work</td>
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<th>2. Assistance focus</th>
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<td>Themes:</td>
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<td>☚ Capacity development</td>
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<td>Subtheme: Promote economic efficiency and energy conservation</td>
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<table>
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<th>3. Coverage</th>
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<tr>
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<td>☐ Internal policy development</td>
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| 4. Responsible division/department: | Energy Division, East Asia Department |

| 5. Responsible ADB officer(s): | S. F. Wong |

<table>
<thead>
<tr>
<th>6. Description of assistance(s)</th>
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<tbody>
<tr>
<td>a. <strong>Background/linkage to country/regional strategy:</strong> Energy supply has become a bottleneck for the sustainable development of the PRC’s economic development in recent years. Since 2001, the PRC has entered a rapid economic growth stage, which is mainly driven by rapid development of heavy and chemical industries. These high energy consuming industries (especially metallurgical, building material, and chemical industries) have contributed significantly to the PRC’s economic development but they have resulted in a high increase in energy consumption. The Government has set a target that the gross domestic product in 2020 should be 4 times greater than that of 2000. However, if the high energy consumption does not decrease, the huge energy demand by economic growth in the PRC will be difficult to meet and it is very likely to have a negative impact on the world energy market. In 2004, total energy consumption reached 1.97 billion tce while energy production reached 1.85 billion tce. It is expected that total energy supply could reach 3.00 billion tce in 2020, but would be far below the energy demand in 2020 if no effective measures are taken to save energy</td>
</tr>
</tbody>
</table>
and adjust the industry structure. According to the statistics, energy consumption by high energy consuming industries accounts for 60–70% of national total energy consumption in recent years, and represents an increasing trend. Domestic energy consumption is increasing rapidly with the improvement in people’s living standards.

The PRC has great potential for energy conservation. The efficiency of the energy cycle from energy processing to end user has averaged at 33–34% in recent years—about 7–10% lower than developed countries. The PRC has achieved remarkable energy conservation in high energy consumption industries in the past 20 years but the unit product energy conservation is still about 40% lower than developed countries. The proposed TA will help prepare an energy conservation and resource management project. The proposed Project will address the Government’s main concerns in sustainable energy supply and is consistent with ADB’s country operational strategy to help the PRC achieve coordinated and sustainable development of energy and economic growth.

b. Goal and purpose: The PPTA will help Guangdong Province to prepare an energy conservation and resource management project in Guangdong Province. The PPTA outcome will be an agreement with Guangdong Province and central Government on the design, detailed feasibility report, and implementation arrangements for the Project.

c. Components and outputs: The Project consists mainly of two components: (i) energy conservation activities based on international best practices, and (ii) removal of policy barriers on energy conservation according to the Government’s energy conservation strategy.

d. Expected results and deliverables: The Project will promote energy conservation using advanced technologies; and is justified in technical, economic, and financial terms. The Project will provide substantial environmental and health benefits. The environmental benefits from the Project include expected energy savings and reduction in emissions. A final TA report will cover all areas of project preparation and summarize the findings and recommendations.

e. Social or environmental issues or concerns: Environmental and social issues will be assessed during the PPTA.

f. Plans for disseminating results/deliverables:

<table>
<thead>
<tr>
<th>For TA, method(s) of TA output dissemination:</th>
</tr>
</thead>
<tbody>
<tr>
<td>☒ A conference/workshop/brown bag</td>
</tr>
<tr>
<td>☐ Publication of article(s) in external journals or books</td>
</tr>
<tr>
<td>☒ External press release to news agencies, including <a href="http://www.adb.org">www.adb.org</a></td>
</tr>
<tr>
<td>☐ Internal press release in ADB Today</td>
</tr>
<tr>
<td>☐ Others (specify) ________________________</td>
</tr>
</tbody>
</table>

7. Proposed executing/implementing agency or agencies: Guangdong provincial government (EA)

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

National Development and Reform Commission, Ministry of Finance, provincial government of Guangdong Province. The consultations will include the TA goal and purpose, components and outputs, expected results and deliverables, social and environmental concerns, and plans for disseminating results.

9. Timetable for assistance design, processing, and implementation

a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2006

b. Expected date of submission for approval

Lending: 2007
Nonlending (project preparatory): 2006
Nonlending (other than project preparatory):

c. Period and duration of assistance

Lending: 2007–2011 (5 years)
Nonlending: October 2006–October 2007 (1 year)
10. Financing Plan

a. For lending

- Ordinary capital resources: $100 million
- Asian Development Fund (loan): $
- Asian Development Fund (grant): $
- Other: $100 million

If cofinancing is required, indicate amount and sources sought: $____, from ____________.

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB Financing</td>
<td>100.00</td>
</tr>
<tr>
<td>Government Financing</td>
<td>100.00</td>
</tr>
<tr>
<td>Other Financing</td>
<td></td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>200.00</strong></td>
</tr>
</tbody>
</table>

Source: ADB estimates.

b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget:
- Grant TA funds: $300,000
- Other: $150,000

If cofinancing is required, indicate amount and sources sought: $100,000 from the Guangdong provincial government.

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB Financing</td>
<td>300,000</td>
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<tr>
<td>Government Financing</td>
<td>150,000</td>
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<tr>
<td>Other Financing</td>
<td></td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>450,000</strong></td>
</tr>
</tbody>
</table>

Source: ADB estimates.

ADB = Asian Development Bank, ADF = Asian Development Fund, CSP = country strategy and program, PPTA = project preparatory technical assistance, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance, tce = tons of coal equivalent.
Table A2.10: Central Yunnan Roads Development  
Concept Paper

Date: August 2006

1. **Type/modality of assistance**
   - Lending
     - Project loan
     - Program loan
     - Sector loan
     - Sector development program loan
     - ADF grant-financed
     - Other:
   - Nonlending
     - Project preparatory
     - Other than project preparatory
       - Economic, thematic, and sector work
       - Institutional development
       - Other:

2. **Assistance focus**
   
   a. If assistance focuses on a particular sector or subsector, specify the
      Sector: Transport and communications  
      Subsector: Roads and highways
   
   b. For project preparatory and lending, classification
      - Targeted intervention
      - General intervention
   
   c. Key thematic area(s)
      Themes:
      - Sustainable economic growth
      - Inclusive social development
      - Governance
      - Gender and development
      - Environmental sustainability
      - Regional cooperation
      - Private sector development
      - Capacity development
      Subthemes: Promoting economic efficiency and enabling markets, and fostering physical infrastructure development

3. **Coverage**
   - Country
   - Subregional
   - Interregional
   - Internal policy development

4. **Responsible division/department:** Transport Division, East Asia Department

5. **Responsible ADB officer:** M. Ojiro

6. **Description of assistance(s)**
   
   a. **Background/linkage to country/regional strategy:** Despite considerable investments in the road sector, the PRC road network is still inadequate and does not provide efficient transport access to large parts of the country, particularly in the poorer inland regions including Yunnan Province. Better transport links are necessary to improve economic efficiency, foster domestic and international trade, facilitate interregional integration, and reduce poverty. The western PRC lacks high-class road infrastructure in and out of the region, and between and within provinces in the region. The road network must be developed to facilitate sustainable economic development and the impact of investments must reach poor areas and rural residents in the hinterlands, thus spreading economic and social benefits widely. To enhance economic development and reduce poverty in the western PRC, the Government is implementing the Western Region Development
Strategy, which is the key theme of the 10th and 11th Five-Year Programs. The strategy aims to reduce development disparities between the western region and the coastal region. The proposed Project will support this strategy. It will also support the Greater Mekong Subregion initiative by developing the north–south road link leading to Viet Nam and Lao PDR. The proposed Project will be the fourth road project for ADB financing in Yunnan province. The first two projects have been completed and the third one is being implemented. ADB is targeting its assistance in the road sector to the less developed central and western provinces where the majority of the poor live. The proposed Project is consistent with ADB’s strategy.

b. **Goal and purpose:** The principal objective of the Project is to develop an integrated road transport system to support sustainable economic development in Yunnan province and the Greater Mekong Subregion.

c. **Components and outputs:** The Project has the following components: (i) construction of an expressway connecting Wuding and Kunming; (ii) upgrading of associated local roads; (iii) procurement of equipment; (iii) land acquisition and resettlement; and (vi) consulting services for construction supervision, road safety audit, monitoring and evaluation, and capacity building.

d. **Expected results and deliverables:** By developing an integrated expressway and complementary local road network, the Project will help improve access to market opportunities and social services for rural poor residents in the project area. The Project will (i) reduce transport time and costs, thereby helping develop an enabling environment for investment; (ii) create employment opportunities; and (iii) enhance incomes.

e. **Social or environmental issues or concerns:** Given the large land acquisition, the Project will impact on environment and resettlement. These impacts will be addressed by an environmental impact assessment and environmental management plan, as well as a resettlement plan.

f. **Plans for disseminating results/deliverables:** Through consultation meetings and local media.

<table>
<thead>
<tr>
<th>For TA, method(s) of TA output dissemination:</th>
</tr>
</thead>
<tbody>
<tr>
<td>☒ A conference/workshop/brown bag</td>
</tr>
<tr>
<td>☐ Publication of article(s) in external journals or books</td>
</tr>
<tr>
<td>☒ External press release to news agencies, including <a href="http://www.adb.org">www.adb.org</a></td>
</tr>
<tr>
<td>☐ Internal press release in <strong>ADB Today</strong></td>
</tr>
<tr>
<td>☒ Others (specify) ________________________</td>
</tr>
</tbody>
</table>

7. **Proposed executing/implementing agency or agencies:** Yunnan Provincial Communications Department

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

   This Project was proposed by the Yunnan Provincial Communications Department through the central Government. Local people were consulted as part of project preparation.

9. **Timetable for assistance design, processing, and implementation**

   a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2004
   b. Expected date of submission for approval
      - Lending: 2007
      - Nonlending (project preparatory):
      - Nonlending (other than project preparatory):
   c. Period and duration of assistance
      - Lending: 2008–2012 (4 years)
      - Nonlending:

10. **Financing Plan**

    a. For lending
       - ☒ Ordinary capital resources: $200 million
       - ☐ Asian Development Fund (loan):
       - ☐ Asian Development Fund (grant):
       - ☒ Other: $72 million (Government); $304 million (others)
If cofinancing is required, indicate amount and sources sought: $____, from domestic bank.

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB Financing</td>
<td>200.00</td>
</tr>
<tr>
<td>Government Financing</td>
<td>72.00</td>
</tr>
<tr>
<td>Other Financing</td>
<td>304.00</td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>576.00</strong></td>
</tr>
</tbody>
</table>

Source: Asian Development Bank estimates.

b. For nonlending

- ☐ No resources required, other than ADB staff
- ☐ ADB’s administrative budget:
- ☐ Grant TA funds:
- ☐ Other:

If cofinancing is required, indicate amount and sources sought: $____, from ____________.

ADB = Asian Development Bank, ADF = Asian Development Fund, CSP = country strategy and program, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.
Table A2.11: Western Guangxi Road Development Project
Concept Paper

Date: August 2006

1. Type/modality of assistance
   - Lending
     - Project loan
     - Program loan
     - Sector loan
     - Sector development program loan
     - ADF grant-financed
     - Other:
   - Nonlending
     - Project preparatory
     - Other than project preparatory
     - Economic, thematic, and sector work
     - Institutional development
     - Other

2. Assistance focus
   a. If assistance focuses on a particular sector or subsector, specify the
      Sector: Transport and communications
      Subsector: Roads and highways
   b. Targeting classification
      - Targeted intervention
      - General intervention
   c. Key thematic area(s)
      Themes:
      - Sustainable economic growth
      - Inclusive social development
      - Governance
      - Gender and development
      - Environmental sustainability
      - Regional cooperation
      - Private sector development
      - Capacity development

      Subthemes: Promoting economic efficiency and enabling markets, and fostering physical infrastructure development

3. Coverage
   - Country
   - Subregional
   - Interregional
   - Internal policy development

4. Responsible division/department: Transport Division, East Asia Department

5. Responsible ADB officer: X. Yang

6. Description of assistance(s)
   a. Background/linkage to country/regional strategy: Despite considerable investments, the road network in the PRC remains inadequate, particularly in the western region including Guangxi Zhuang Autonomous Region (Guangxi). Guangxi is also participating in the GMS program. An integrated and efficient road transport system in the western region of the PRC is necessary to facilitate sustainable economic growth, reduce poverty, and promote interregional integration and cooperation between Guangxi and other GMS countries. As the key theme of the 10th and 11th Five-Year Programs, the Government is implementing a Western Region Development Strategy, which aims to reduce development disparities between the western region and coastal regions. The proposed Project supports the Government’s Western Region Development Strategy, and is consistent with ADB’s country strategy for the PRC and its Greater Mekong Subregion Regional Economic Cooperation Strategy.
b. **Goal and purpose:** Facilitate economic development and reduce poverty by improving access in western Guangxi, and promote of regional cooperation among GMS countries.

c. **Components and outputs:** Construction of a 177-km expressway between Longlin and Baise; upgrading of associated local roads; improvement of transport services in western Guangxi; cross-border trade facilitation; and institutional strengthening and capacity building.

d. **Expected results and deliverables:** The Project will result in improved road transport networks, increased transport capacity, improved transport safety and services, reduced transport costs and time, and better access to market opportunities and social services for rural poor residents in the project area. The Project will also help strengthen trade and economic linkages between the PRC and other GMS countries.

e. **Social or environmental issues or concerns:** Social and environmental impacts will be addressed by a environmental impact assessment and environmental management plan, resettlement plan, and ethnic minority development plan. The Project will also generate socioeconomic benefits for the poor in the project area.

f. **Plans for disseminating results/deliverables:** Public consultation on social and environmental impacts of the Project will be carried out during the PPTA. A summary environmental impact assessment and the resettlement plans will be available to the public through the ADB website.

   **For TA, method(s) of TA output dissemination:**
   - A conference/workshop/brown bag
   - Publication of article(s) in external journals or books
   - External press release to news agencies, including www.adb.org
   - Internal press release in ADB Today
   - Others (specify)

7. **Proposed executing/implementing agency or agencies:** Guangxi Communications Department

8. **Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**
   The Project was proposed by the Guangxi Communications Department through the central Government. Local people were consulted as part of project preparation.

9. **Timetable for assistance design, processing, and implementation**
   a. **Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan:** 2006
   b. **Expected date of submission for approval**
      - Nonlending (project preparatory): May 2006
      - Nonlending (other than project preparatory):
   c. **Period and duration of assistance**
      - Lending: 2008–2012 (4 years)
      - Nonlending: 2006-2007 (1 year)

10. **Financing Plan**
   a. **For lending**
      - Ordinary capital resources: $300 million
      - Asian Development Fund (loan):
      - Asian Development Fund (grant):
      - Other: Government financing $500 million; Cofinancing $545 million

   If cofinancing is required, indicate amount and sources sought: $545 million from domestic bank.

   **Source** | **Amount ($ million)**
   --- | ---
   ADB Financing | 300
   Government Financing | 500
   Other Financing | 545
   **Total Cost** | **1,345**

   **Source:** Asian Development Bank estimates.
b. For nonlending

- No resources required, other than ADB staff
- ADB’s administrative budget:
  - Grant TA funds: $500,000
  - Other: $125,000

If cofinancing is required, indicate amount and sources sought: $____, from ____________.

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB Financing</td>
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</tr>
<tr>
<td>Government Financing</td>
<td>125,000</td>
</tr>
<tr>
<td>Other Financing</td>
<td></td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>625,000</strong></td>
</tr>
</tbody>
</table>

Source: Asian Development Bank estimates.

**Note:**
ADB = Asian Development Bank, ADF = Asian Development Fund, CSP = country strategy and program, GMS = Greater Mekong Subregion, km = kilometer, PPTA = project preparatory technical assistance, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.
Table A2.12: Xinjiang Road Development
Concept Paper

Date: August 2006

1. Type/modality of assistance
   - Lending
     - Project loan
     - Program loan
     - Sector loan
     - Sector development program loan
     - ADF grant-financed
     - Other
   - Nonlending
     - Project preparatory
     - Other than project preparatory
       - Economic, thematic, and sector work
       - Institutional development
       - Other

2. Assistance focus
   a. If assistance focuses on a particular sector or subsector, specify the
      Sector: Transport and communications
      Subsector: Roads and highways
   b. Targeting classification
      - Targeted intervention
      - General intervention
   c. Key thematic area(s)
      Themes:
      - Sustainable economic growth
      - Inclusive social development
      - Governance
      - Gender and development
      - Environmental sustainability
      - Regional cooperation
      - Private sector development
      - Capacity development

      Subthemes: Promoting economic efficiency and enabling markets, and fostering physical infrastructure development

3. Coverage
   - Country
   - Subregional
   - Interregional
   - Internal policy development

4. Responsible division/department: Transport and Communications Division, East Asia Department

5. Responsible ADB officer(s): To be determined

6. Description of assistance(s)
   a. Background/linkage to country/regional strategy: Despite considerable investments, the road network in the PRC remains inadequate, particularly in the western region including Xinjiang Uygur Autonomous Region (Xinjiang). Xinjiang also participates in the CAREC program, which was initiated by ADB in 1997. An integrated and efficient road transport system in the western region of the PRC is necessary to facilitate sustainable economic growth, reduce poverty, and promote interregional integration and cooperation between the PRC and other CAREC countries. As the key theme of the 10th and 11th Five-Year Programs, the Government is implementing a Western Region Development Strategy, which aims to reduce development
disparities between the western region and coastal regions. The proposed Project supports the Government’s Western Region Development Strategy, and is consistent with ADB’s country strategy for the PRC and its Central Asia Regional Economic Cooperation Strategy. During the ADB-PRC country program consultation at ADB headquarters from 28 November to 2 December 2005, it was agreed that the proposed Project be included in the 2007 program, with the PPTA for processing in 2006.

b. **Goal and purpose:** Facilitation of sustainable economic growth and poverty reduction in Xinjiang, and promotion of regional cooperation among CAREC countries.

c. **Components and outputs:** Upgrading of about 290 km of road from Korla to Kuqa, part of National Highway No. 314; improvement of associated local roads; improvement of the border road from Kashi to the border with the Kyrgyz Republic; cross-border facilitation; procurement of equipment; and institutional strengthening and capacity building.

d. **Expected results and deliverables:** The Project will result in improved road transport networks; increased transport capacity; improved transport safety and services; reduced transport costs and time; and better access to markets, jobs, and social services for residents in the project area—thereby accelerating economic growth and poverty reduction in Xinjiang, and strengthening trade and economic linkages between the PRC and other CAREC countries. The expected results and deliverables will also include the project framework, including monitoring indicators for development impacts and baseline data.

e. **Social or environmental issues or concerns:** The Project will have impacts on the environment, resettlement, and ethnic minorities. The PPTA consultants will assess the impacts and help the Government prepare a resettlement plan, environmental management plan, and ethnic minority development plan. The Project is expected to generate social benefits for the poor in the project area, which will be assessed by the PPTA consultants.

f. **Plans for disseminating results/deliverables:** Through consultation meetings, local media, and ADB website.

For TA, method(s) of TA output dissemination:
- A conference/workshop/brown bag
- Publication of article(s) in external journals or books
- External press release to news agencies, including www.adb.org
- Internal press release in ADB Today
- Others (specify) ________________________

7. **Proposed executing/implementing agency or agencies:** Xinjiang Communications Department

8. **Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**
The Project was proposed by the Xinjiang Autonomous Region government and supported by the central Government, including the Ministry of Finance, National Development and Reform Commission, and Ministry of Communications.

9. **Timetable for assistance design, processing, and implementation**
a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2006
b. Expected date of submission for approval
   Lending: 2007
   Nonlending (project preparatory): 2006
   Nonlending (other than project preparatory):
c. Period and duration of assistance
   Lending: 2008–2011 (4 years)
   Nonlending: 2006 (1 year)

10. **Financing Plan**
a. For lending
   - Ordinary capital resources: $150 million
   - Asian Development Fund (loan):
Asian Development Fund (grant):
Other: Government finance: $300 million

<table>
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<tr>
<th>Source</th>
<th>Amount ($ million)</th>
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<tbody>
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<tr>
<td>Government Financing</td>
<td>300.00</td>
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<td>Other Financing</td>
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</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>450.00</strong></td>
</tr>
</tbody>
</table>

Source: Asian Development Bank estimates.

b. For nonlending
- No resources required, other than ADB staff
- ADB's administrative budget:
  - Grant TA funds: $700,000
  - Other: $175,000

<table>
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<td>Government Financing</td>
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<td>Other Financing</td>
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<td><strong>Total Cost</strong></td>
<td><strong>875,000</strong></td>
</tr>
</tbody>
</table>

Source: Asian Development Bank estimates.

ADB = Asian Development Bank, ADF = Asian Development Fund, CAREC = Central Asia Regional Economic Cooperation, CSP = country strategy and program, km = kilometer, PPTA = project preparatory technical assistance, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.
Table A2.13: Fulin–Lichuan Railway and Railway Safety Concept Paper

**Date:** August 2006

<table>
<thead>
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<th>1. Type/modality of assistance</th>
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<td>☑️ Lending</td>
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<td>☑️ Project loan</td>
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<tr>
<td>☐ Program loan</td>
</tr>
<tr>
<td>☐ Sector loan</td>
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<tr>
<td>☐ Sector development program loan</td>
</tr>
<tr>
<td>☐ Other:</td>
</tr>
<tr>
<td>☑️ Nonlending</td>
</tr>
<tr>
<td>☑️ Project preparatory</td>
</tr>
<tr>
<td>☐ Other than project preparatory</td>
</tr>
<tr>
<td>☐ Economic, thematic, and sector work</td>
</tr>
<tr>
<td>☐ Institutional development</td>
</tr>
<tr>
<td>☐ Other:</td>
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</tbody>
</table>

<table>
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<tr>
<th>2. Assistance Focus</th>
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<tbody>
<tr>
<td>a. If assistance focuses on a particular sector or subsector, specify the</td>
</tr>
<tr>
<td>Sector: Transport and communications</td>
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<tr>
<td>Subsector: Railways</td>
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<td>☐ Targeted intervention</td>
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<td>☑️ General intervention</td>
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<td>c. Key thematic area(s)</td>
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</tr>
<tr>
<td>☐ Inclusive social development</td>
</tr>
<tr>
<td>☐ Governance</td>
</tr>
<tr>
<td>☐ Gender and development</td>
</tr>
<tr>
<td>☑️ Capacity development</td>
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<tr>
<td>☐ Environmental sustainability</td>
</tr>
<tr>
<td>☐ Regional cooperation</td>
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<td>☐ Private sector development</td>
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<tr>
<td>Subthemes: Promoting economic efficiency and enabling markets, and fostering physical infrastructure development.</td>
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<th>3. Coverage</th>
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<tr>
<td>☑️ Country</td>
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<td>☐ Subregional</td>
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<tr>
<td>☐ Interregional</td>
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<tr>
<td>☐ Internal policy development</td>
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</table>

| 4. Responsible division/department: Transport and Communications Division, East Asia Department |

| 5. Responsible ADB officer: M. Parkash |

<table>
<thead>
<tr>
<th>6. Description of assistance(s)</th>
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<tbody>
<tr>
<td>a. <strong>Background/linkage to country/regional strategy:</strong> At the end of 2005, the PRC railway system comprised 75,400 route-km of local railways, including over 34,000 route-km of railways in the western region. The railway system will be expanded to 85,000 route-km by 2010. Given the location of the population, natural resources, and industries in the PRC, the current size of the railway network does not provide adequate coverage. Vast inland areas in the central and western parts of the country do not have any rail transport and the lack of railway capacity to meet the increasing demand for transportation services is constraining economic growth. The Government’s Railway Development Plan (2004) gives priority to unserved areas, and promotes railway lines that would improve links between the poor inland provinces in the western and central PRC and the more prosperous coastal areas. The Project will support the Government’s Western Region Development Strategy and will be consistent with ADB’s CSP (2004-2006) in the PRC.</td>
</tr>
<tr>
<td>b. <strong>Goal and purpose:</strong> The Project will enhance economic development and reduce poverty by improving access for people and goods, and provide support to MOR to enhance railway safety.</td>
</tr>
<tr>
<td>c. <strong>Components and outputs:</strong> The Project will have two components: (i) constructing a new class I railway line from Fuling to Lichuan (Chongqing municipality); and (ii) a railway safety enhancement component.</td>
</tr>
</tbody>
</table>
d. **Expected results and deliverables:** The Project will help to open up the poor remote areas, thereby increasing incomes and employment opportunities for rural residents. It will also play an important role in promoting economic growth in the project areas by developing and utilizing local natural resources. The Project will promote sustainable safety systems, and help MOR modernize and upgrade its existing management systems and technology to meet the current and future requirements of safe, reliable train operations.

e. **Social or environmental issues or concerns:** The Project will have environmental and resettlement impacts because of land acquisition. These will be assessed by the PPTA consultants.

f. **Plans for disseminating results/deliverables:** Public consultation. The summary environmental impact assessment and resettlement action plan will be available to the public through ADB’s website.

7. **Proposed executing/implementing agencies:** Foreign Capital and Technical Import Center, MOR

8. **Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** MOR is doing the initial work of comparison and selection.

9. **Timetable for assistance design, processing, and implementation**
   
a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: 2005

b. Expected date of submission for approval
   
   - Lending: 2007
   - Nonlending (project preparatory): 2006
   - Nonlending (other than project preparatory):

   c. Period and duration of assistance(s)
   
   - Lending: 2008–2012 (5 years)
   - Nonlending: 2006 (6 months)

10. **Financing Plan**
   
a. For lending
   
   - Ordinary capital resources: $250 million
   - Asian Development Fund:
   - Other: Government Financing $750 million

   If cofinancing is required, indicate amount and sources sought: $ ____, from__________.

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB Financing</td>
<td>250.00</td>
</tr>
<tr>
<td>Government Financing</td>
<td>750.00</td>
</tr>
<tr>
<td>Other Financing</td>
<td></td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>1,000.00</strong></td>
</tr>
</tbody>
</table>

   Source: Asian Development Bank estimates.

b. For nonlending

   - No resources required, other than ADB staff
   - ADB’s administrative budget:
   - Grant TA funds: $500,000
   - Other: $125,000

   If cofinancing is required, indicate amount and sources sought: ________, from _________

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB Financing</td>
<td>500,000</td>
</tr>
<tr>
<td>Government Financing</td>
<td>125,000</td>
</tr>
<tr>
<td>Other Financing</td>
<td></td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>625,000</strong></td>
</tr>
</tbody>
</table>

   Source: Asian Development Bank estimates.

*ADB = Asian Development Bank, ADF = Asian Development Fund, CSP = country strategy and program, km = kilometer, MOR = Ministry of Railways, PPTA = project preparatory technical assistance, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.*
### Table A2.14: Hefei Urban Environment Improvement Concept Paper

**Date:** August 2006

1. **Type/modality of assistance**
   - **Lending**
     - Project loan
     - Program loan
     - Sector loan
     - Sector development program loan
     - ADF grant-financed
     - Other:
   - **Nonlending**
     - Project preparatory
     - Other than project preparatory
       - Economic, thematic, and sector work
       - Institutional development
       - Other

2. **Assistance focus**
   a. If assistance focuses on a particular sector or subsector, specify the
      - **Sector:** Multisector (Water Supply, Sanitation and Waste Management; and Transport and Communication)
      - **Subsector:** Integrated (Sanitation and Waste Management, Water Resources Management, and Roads)
   b. **Targeting classification**
      - Targeted intervention
      - General intervention
   c. **Key thematic area(s)**
      - **Themes:**
        - Sustainable economic growth
        - Environmental sustainability
        - Inclusive social development
        - Regional cooperation
        - Governance
        - Private sector development
        - Gender and development
        - Capacity development
      - **Subthemes:** Fostering physical infrastructure development, urban environmental improvement

3. **Coverage**
   - **Country**
   - **Subregional**
   - **Interregional**
   - Internal policy development

4. **Responsible division/department:** Social Sectors Division, East Asia Department

5. **Responsible ADB officer(s):** A. Leung

6. **Description of assistance(s)**
   a. **Background/linkage to country/regional strategy:** Urbanization is a key policy of the Government, aimed at increasing economic productivity and reducing the rural–urban income gap. The urban population rose from 26% of the total in 1990 to just over 40% in 2005, and is expected to reach 50% from 2010 to 2015. Urbanization continues to be the Government’s strategic thrust in the 11th Five-Year Program (2006–2010) with an emphasis on balancing regional development between the coastal and inland provinces by (i) coordinating the development of large, medium, and small cities and statutory towns; and (ii) strengthening the development of urban settlements around metropolitan areas. Rapid urbanization in the PRC has not only taken its toll on the environment but has also challenged the capacity of local governments to promote good
urban governance, including the sustainable financing and timely delivery of public services. Major cities and
towns, such as Hefei, urgently need to address the increasing demand for urban infrastructure to meet the
anticipated rural–urban migration and further economic expansion, and to avoid further environmental
degradation. Aware of the environmental degradation caused by rapid urbanization, HMG is embarking on a
multisector environment protection program to meet national environmental guidelines and ensure Hefei’s
sustainable economic growth. With support from the Anhui provincial government, HMG has put together a
priority list of investment projects covering water resources management, wastewater treatment, solid waste
management, and road infrastructure development and traffic management into an integrated urban
environment improvement project and has requested ADB for financing.

b. Goal and purpose: The impact of the proposed Project is to improve the urban environment and achieve
long-term sustainable development in Hefei city by (i) enhancing the water quality of rivers from below class V
to class IV; (ii) reducing the incidence and damage of flooding in the southern part of Hefei near Lake Chao;
(iii) increasing wastewater treatment capacity from current 50% to 70% by 2010; (iv) improving vehicular traffic
flows with consequent reduction in vehicle emissions; and (v) increasing public satisfaction with their
surroundings. The incidence of waterborne diseases, vector-borne diseases, and air-pollution related diseases
is expected to be reduced from 2005 levels to new targets in 2010. Project Management Office has provided
Hefei’s target on the above to the TA consultant. The outcome of the Project will be improved urban
environmental management in HMG by 2015 through (i) reduced frequency of disruption and damage to river
bank because of local flooding; (ii) reduced annual wastewater pollutant loadings; (iii) increased wastewater
service area coverage of the urban population; (iv) improved protection and landscaping of a former landfill
site; (v) improved urban air quality through a more efficient city road network and reduced vehicular emission
and greenhouse gas; and (vi) enhanced managerial and financial capacity of the implementing agencies on
environmental protection.

c. Components and outputs: The proposed Project includes 10 infrastructure subprojects grouped under
five components: (i) urban water resource management—this component covers four subprojects: (a)
rehabilitation and flood control of the Ershibu River, (b) rehabilitation and flood control of the Banqiao River, (c)
rehabilitation and flood control of the Silihe River, and (d) Chao Lake flood control and ecological
improvement; (ii) wastewater management and water supply—this component comprises four subprojects: (a)
construction of the Hefei Shiwuline River wastewater treatment plant and associated sewer network, (b)
construction of the Wangtang wastewater treatment plant phase II, and (c) expansion of the Hefei municipal
sewer network; (iii) solid waste management and ecological improvement—this component consists of
rehabilitation of the former Qingxi Road landfill site and improved urban landscaping; (iv) northeast district road
infrastructure development—this component covers urban road construction and traffic management
improvements; and (v) crosscutting the previous four sector components is an institutional capacity building
element that will be focused on ensuring that HMG, the implementing agencies, and other stakeholders are
able to effectively implement the main Project.

d. Expected results and deliverables: A multisector urban infrastructure development project that will help
Hefei improve its urban environment and achieve long-term sustainable development. The Project is
consistent with ADB’s water policy and will help the PRC achieve the Millennium Development Goals of
environmental sustainability and increased access to basic sanitation. In addition, the Project’s institutional
development component will strengthen the capacity of the executing and implementing agencies on project
implementation, urban planning techniques, environment monitoring and enforcement, water quality
monitoring, road safety and traffic management, and financial management.

e. Social or environmental issues or concerns: Social and environmental impacts will be assessed during
PPTA.

f. Plans for disseminating results/deliverables: Public consultation on social and environmental impacts
of the Project will be carried out during the PPTA. A summary environmental impact assessment and the
resettlement plans will be available to the public through the ADB website.

For TA, method(s) of TA output dissemination:
☒  A conference/workshop/brown bag
☐  Publication of article(s) in external journals or books
☒  External press release to news agencies, including www.adb.org
☐  Internal press release in ADB Today
☐  Others (specify) ________________________

7. Proposed executing/implementing agency or agencies:
Appendix 2

Executing agency: Hefei Development and Planning Commission

Implementing agencies: (i) Hefei Urban Construction Investment and Holding Company Ltd, (ii) Hefei Chao Lake Flood Control and Ecological Improvement Construction and Administrative Bureau, (iii) Hefei Wushan Solid Waste Disposal Company Ltd, and (iv) Hefei Xincheng State Assets Operating Company Ltd.

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

Anhui provincial government, HMG, and the implementing agencies were involved in identifying and conceptualizing the Project. Preparation of the Project is being led by the Hefei Development and Planning Commission with support from the Hefei Finance Bureau, Hefei Construction Bureau, and the Hefei Environmental Protection Bureau; and the implementing agencies. The public will be consulted during preparation through household questionnaires and public hearings.

9. Timetable for assistance design, processing, and implementation

a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2004

b. Expected date of submission for approval
   Lending: 2007
   Nonlending (project preparatory): approved on 9 August 2005
   Nonlending (other than project preparatory):

c. Period and duration of assistance
   Lending: 2007–2012 (5 years)
   Nonlending: March to October 2005 (7 months)

10. Financing Plan

a. For lending
   ☒ Ordinary capital resources: $150 million
   ☐ Asian Development Fund (loan):
   ☐ Asian Development Fund (grant):
   ☒ Other: $170 million

   If cofinancing is required, indicate amount and sources sought: $____, from ____________.

   Source | Amount ($ million)
   ------- | -----------------
   ADB Financing | 150.00
   Government Financing | 170.00
   Other Financing |
   **Total Cost** | **320.00**

   Source: Asian Development Bank estimates.

b. For nonlending
   ☐ No resources required, other than ADB staff
   ☐ ADB's administrative budget:
   ☒ Grant TA funds: $750,000
   ☒ Other: $200,000

   If cofinancing is required, indicate amount and sources sought: $____, from ____________.

   Source | Amount ($)
   ------- | ---------
   ADB Financing | 750,000
   Government Financing | 200,000
   Other Financing |
   **Total Cost** | **950,000**

   Source: Asian Development Bank estimates.

ADB = Asian Development Bank, ADF = Asian Development Fund, CSP = country strategy and program, HMG = Hefei municipal government, PPTA = project preparatory technical assistance, PRC = People's Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.
Table A2.15: Nanjing Qinhua River Environmental Improvement
Concept Paper

**Date:** August 2006

<table>
<thead>
<tr>
<th>1. Type/modality of assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>☒ Lending</td>
</tr>
<tr>
<td>☐ Project loan</td>
</tr>
<tr>
<td>☐ Program loan</td>
</tr>
<tr>
<td>☐ Sector loan</td>
</tr>
<tr>
<td>☐ Sector development program loan</td>
</tr>
<tr>
<td>☐ ADF grant-financed</td>
</tr>
<tr>
<td>☐ Other:</td>
</tr>
<tr>
<td>☒ Nonlending</td>
</tr>
<tr>
<td>☐ Project preparatory</td>
</tr>
<tr>
<td>☐ Other than project preparatory</td>
</tr>
<tr>
<td>☐ Economic, thematic, and sector work</td>
</tr>
<tr>
<td>☐ Institutional development</td>
</tr>
<tr>
<td>☐ Other:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. Assistance focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. If assistance focuses on a particular sector or subsector, specify the Sector/sectors: water supply, sanitation and waste management Subsectors: sanitation and waste management</td>
</tr>
<tr>
<td>b. For project preparatory and lending, classification ☒ Targeted intervention</td>
</tr>
<tr>
<td>☐ General intervention</td>
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<tr>
<td>c. Key thematic areas</td>
</tr>
<tr>
<td>Themes:</td>
</tr>
<tr>
<td>☒ Sustainable economic growth</td>
</tr>
<tr>
<td>☐ Inclusive social development</td>
</tr>
<tr>
<td>☐ Governance</td>
</tr>
<tr>
<td>☐ Gender and development</td>
</tr>
<tr>
<td>☒ Environmental sustainability</td>
</tr>
<tr>
<td>☐ Regional cooperation</td>
</tr>
<tr>
<td>☐ Private sector development</td>
</tr>
<tr>
<td>☐ Capacity development</td>
</tr>
<tr>
<td>Subthemes: Urban environmental improvement, physical infrastructure development</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>☒ Country</td>
</tr>
<tr>
<td>☐ Subregional</td>
</tr>
<tr>
<td>☐ Interregional</td>
</tr>
<tr>
<td>☐ Internal policy development</td>
</tr>
</tbody>
</table>

| 4. Responsible division/department: Social Sectors Divisions, East Asia Department |

| 5. Responsible ADB officer: S. Penjor |

<table>
<thead>
<tr>
<th>6. Description of assistance(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. <strong>Background/linkage to country/regional strategy:</strong> Nanjing city, the capital of Jiangsu Province, is a rapidly developing city with an urban population of 4.5 million. Rapid economic growth in Nanjing over the past 20 years has placed increased stress on the environment and city infrastructure. The Qinhua river, referred to as the mother river of Nanjing, is 110 km long and flows in a northerly direction through the urban districts of Nanjing before joining the Yangtze river basin. Water quality in the lower Qinhua river, covering 34 km, has deteriorated significantly in the past 10 years mainly because of wastewater discharge from the city, and currently fails to achieve class V of the PRC water quality standards. In 2004, about 2.46 million m$^3$/day of wastewater was generated, including 1.29 million m$^3$/day of industrial wastewater. Increasingly severe problems related to water pollution and urban...</td>
</tr>
</tbody>
</table>
drainage have resulted in serious water quality problems in the Qinhuai river because of lack of sufficient wastewater collection and treatment facilities. In the past 10 years, NMG has responded to these environmental challenges by investing in major wastewater infrastructure, which includes wastewater treatment, urban drainage, and river channel improvements on local watercourses. The high intensity of rainfall has historically caused localized urban flooding in some areas of the city, while the flat topography and lack of natural flow in local watercourses result in stagnant water and the associated health and sanitation problems during the dry periods. The proposed Project is not a stand-alone investment; it is an integrated part of the basin-wide Yangtze water resources management initiative, the Nanjing city urban development plan, the Nanjing municipal wastewater master plan, and the Nanjing storm water drainage master plan. NMG is currently implementing its wastewater master plan to comply with the recent state guidelines which require that major cities, such as provincial capitals, have wastewater treatment rates of at least 80% by 2010. The Project will address major issues including (i) deterioration in surface water quality and urban environmental quality, (ii) ineffective regulatory control of municipal and industrial wastewater discharges, (iii) economic losses and disruption to livelihoods from frequent localized flooding, (iv) poor health and living standards of the poor, (v) lack of integrated wastewater management, and (vi) improving service efficiency through increased competition and private sector participation.

b. Goal and purpose:

The proposed Project will enhance the urban environment, and improve the public health and quality of life for the urban residents in Nanjing. The expected outcome of the Project is improved management of surface water resources in Nanjing Municipality by (i) improving and expanding wastewater services in the urban area of Nanjing; (ii) supporting integrated approaches to basin-wide pollution prevention and control, improving water quality of Qinghuai river in Nanjing and in downstream reaches of Yangtze river; (iii) reducing flooding in Gulou, Xuanwu, Baixia, Qinhui, and Xixia areas in Nanjing; (iv) increasing the efficiency and management capacity of the implementing agencies; and (v) improving cost recovery through a better tariff structure, with gradual increases to achieve full cost recovery.

c. Components and outputs:

The Project will benefit more than 3 million urban residents in Nanjing. The proposed Project includes six components or outputs:

(i) The Inner Qinhuai river sewerage and water replenishment component includes (a) upgrading and expanding the sewage pumping stations, including installing one new pumping station, constructing 10.2 km of sewer collectors, and constructing 35.1 km of trunk and secondary sewers; and (b) installing two new river intake pumping stations and restoring the gates and culverts.

(ii) The city east wastewater treatment plant and sewerage component includes (a) constructing 50.9 km of sewer pipelines in the north and south Qinhuai river and related pumping stations, (b) constructing a 100,000 m³/day wastewater treatment plant, and (c) degraded urban land reclamation and wetland restoration.

(iii) The He Xi district component includes (a) constructing 51.1 km of sewer pipelines; and (b) water replenishing, including the improvement and dredging of two tributaries of the Qinhuai river (Longjiang river and Qingjiang north aqueduct).

(iv) The storm water management component includes (a) construction of 27.89 km of storm water discharge pipes and related pumping stations, and (b) evaluation of improvements to the current centralized storm water management center.

(v) The sludge management component includes constructing a new sludge treatment facility with a capacity of 80 tons per day.

(vi) The capacity building component includes training in financial management and operation of wastewater and storm water facilities using international best practices; and capacity strengthening to facilitate an integrated approach to water resource management, including pollution and flood control.

d. Expected results and deliverables:

The proposed Project will supplement and extend the wastewater and storm water management program of the city by addressing four issues: (i) the high risk of underutilization of the new capacity because of the insufficient collection network, which the proposed Project will augment; (ii) limited investment in urban drainage systems, which need to be rehabilitated and/or restructured after separating wastewater from the systems—the proposed Project will rehabilitate and/or restructure the drainage systems in the selected urban areas; (iii) financing and institutional challenges facing the construction and operation of the drainage and flood control infrastructure—the proposed Project will support financial and institutional reforms for wastewater and storm water management; and (iv) proper sludge management—the proposed Project will construct an optimal sludge treatment facility.
f. Social or environmental issues or concerns:
   Certain environmental impacts may occur during project implementation, but these can be eradicated or reduced to acceptable levels by appropriate measures.

   g. Plans for disseminating results/deliverables:
   For TA, method(s) of TA output dissemination:
   - A conference/workshop/brown bag
   - Publication of article(s) in external journals or books
   - External press release to news agencies, including www.adb.org
   - Internal press release in *ADB Today*
   - Others (specify) ________________________

7. Proposed executing/implementing agency or agencies: Nanjing municipal government

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:
   Preliminary preparation and project supervision during construction will be undertaken by Nanjing Construction Commission, Jiangsu provincial government, particularly Nanjing Planning Commission and Financial Bureau are responsible for project application and implementation management. The lead will be taken by the Nanjing Construction Commission.

9. Timetable for assistance design, processing, and implementation
   a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2003
   b. Expected date of submission for approval
      - Lending: 2007
      - Nonlending (project preparatory): Approved on 19 July 2005
      - Nonlending (other than project preparatory):
   c. Period and duration of assistance
      - Lending: 2006–2010 (4 years)
      - Nonlending: 2005 (1 year)

10. Financing Plan
    a. For lending
       - Ordinary capital resources: $100 million
       - Asian Development Fund (loan):
       - Asian Development Fund (grant):
       - Other: government financing: $112 million
    If cofinancing is required, indicate amount and sources sought: $40 million from Industrial and Commercial Bank of China

*ADB = Asian Development Bank, ADF = Asian Development Fund, CSP = country strategy and program, m³/day = cubic meter per day, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.*
CONCEPT PAPERS FOR NONLENDING PRODUCTS AND SERVICES

This appendix contains the concept papers for projected nonlending products.

**Project Preparatory Technical Assistance**

(i) Table A3.1: Natural Resources Management
(ii) Table A3.2: Agriculture Development II
(iii) Table A3.3: Rural Renewable Energy Development and Ecological Agriculture (formerly Comprehensive Rural Development (Biogas))
(iv) Table A3.4: Rural Electrification Development Project
(v) Table A3.5: Renewable Energy
(vi) Table A3.6: Clean Coal Technology and Clean Energy Development
(vii) Table A3.7: Coalbed Methane Project II
(viii) Table A3.8: Medium-Sized Cities Development
(ix) Table A3.9: Rural Water Supply and Sanitation
(x) Table A3.10: Technical and Vocational Education Development
(xi) Table A3.11: Regional Cooperation in Transport Sector
(xii) Table A3.12: Road Development IV and V
(xiii) Table A3.13: Railway Development Project II
(xiv) Table A3.14: Inland Waterway Development

**Advisory Technical Assistance**

(xv) Table A3.15: Strengthening Water Resources Management in Guiyang
(xvi) Table A3.16: Implementing the Flood Management Strategies
(xvii) Table A3.17: Formulating Power Company's Corporate Strategy
(xviii) Table A3.18: Rural Finance System Reform
(xix) Table A3.19: Improving Basic Education in Underdeveloped Areas Through ICT II (formerly Distance Education)
(xx) Table A3.20: School-age Child Nutrition Improvement for Poverty Reduction (formerly Improving Nutrition Structure for Young Students)
(xxi) Table A3.21: Employment Services for Rural Migrant Workers
(xxii) Table A3.22: Foreign Funds Utilization in Rural Road
(xxiii) Table A3.23: Transport Information System
(xxiv) Table A3.24: Railway Safety Reform Study
(xxv) Table A3.25: Provincial Development Strategy III
(xxvi) Table A3.26: Judicial Enforcement of Laws on Financial and Capital Market
(xxvii) Table A3.27: Support to Provincial Environmental Legislation Making for Boztan Lake Natural Park
(xxviii) Table A3.28: Facility for Policy Reform and Capacity Building II

### Table A3.1: Natural Resources Management
Concept Paper

**Date:** August 2006

1. **Type/modality of assistance**

   - Lending
     - Project loan
     - Program loan
     - Sector loan
     - Sector development program loan
     - ADF grant-financed
     - Other:
   - Nonlending
     - Project preparatory
     - Other than project preparatory
       - Economic, thematic, and sector work
       - Institutional development
       - Other:

2. **Assistance focus**

   - If assistance focuses on a particular sector or subsector, specify the
     Sector: Natural Resources and Environment
     Subsector: Water Resources Management

   - For project preparatory and lending, classification
     - Targeted intervention
     - General intervention

   - Key thematic area(s)
     Themes:
     - Sustainable economic growth
     - Inclusive social development
     - Governance
     - Gender and development
     - Environmental sustainability
     - Regional cooperation
     - Private sector development
     - Capacity development
     Subthemes: Sustainable economic growth, inclusive social development

3. **Coverage**

   - Country
   - Subregional
   - Interregional

4. **Responsible division/department:** Agriculture, Environment and Natural Resources Division, East Asia Department

5. **Responsible ADB officer(s):** To be determined

6. **Description of assistance**

   - **Background/linkage to country/regional strategy:**
     Flood management policy is embodied in the PRC Law of Flood Control, 1997; the Water and Soil Conservation Law, 1999; the Water Law, 2002; and in river basin-wide plans such as the Yangtze River Flood Control Plan (updated in 2005). Flood management strategies and action plans are being drawn up as part of the National Flood Management Strategy under the direction of the Ministry of Water Resources (MWR). Since 2000, MWR has promoted change from a flood-control approach to an integrated flood management approach. The 1997 Flood Control Law and revised Water Law, 2002, call for a balanced and integrated approach to managing natural resources in river basins, including flood control.

   - Some of the current weaknesses of flood control schemes stem from problem dams. Out of over 80,000 dams
in the PRC, about 30,000 are classified as problem dams requiring remedial measures. Inadequate dam safety threatens the effectiveness of flood control schemes in terms of protection of human lives and properties. Problem dams also operate at a low water level, which implies reduced water storage capacity.

Following the catastrophic floods of 1998 in the Yangtze, Songhua, Nen, and Liao river basins, the national and provincial governments have given great importance to dam strengthening priorities. In order to advance dam strengthening at local level, MWR has formulated two dam safety management programs for financial assistance from the central Government. These programs comprise 3,259 dams with serious problems, for which rehabilitation benefits are significant. The first program includes 1,346 dams—145 large dams, 717 medium-sized dams, and 484 small dams. The second program consists of 1,913 dams—65 large dams, 529 medium-sized dams, and 1,319 small dams. Most of the rehabilitation work on the dams listed in the first program and some dams in the second program were programmed under the 10th Five-Year Plan.

While there has been progress in implementing these programs, many projects have only been able to complete the rehabilitation to the main structural works because of inadequate local counterpart funding for provinces with larger counterpart funding obligations. Therefore, the proposed loan from ADB is expected to further accelerate the implementation of dam safety management in the provinces of Sichuan, Shandong, Jiangxi, Hubei, and Hunan. In addition, it will enable the implementing agencies to access international experience and expertise in the field of dam safety, e.g., (i) assessing the hazards of dam failure, prioritizing dams for rehabilitation, and selecting approaches for the actual rehabilitation of dams; (ii) monitoring dam safety and establishing a system for emergency preparedness; and (iii) introducing sustainable operations and maintenance practices.

ADB’s operations in the PRC focus on the four pillars as articulated in the CSP (2004–2006): (i) promoting equitable and inclusive growth, (ii) making markets work better, (iii) improving the environment, and (iv) promoting regional cooperation. This Project will promote sustainable economic growth by improving the protection of the population and the socioeconomic infrastructure downstream of dams. In addition, the framework of integrated flood management will contribute towards environment protection.

b. Goal and purpose:
The expected impact of the proposed Project is improved protection of the population and the socioeconomic infrastructure downstream of dams in the provinces of Sichuan, Shandong, Jiangxi, Hubei, and Hunan. The expected outcome will be the successful recovery of the protection capacity and socioeconomic benefits of the selected dams in accordance with dam safety standards.

c. Components and outputs:
The expected outputs of the proposed Project are: (i) structural rehabilitation works for priority problem dams; (ii) nonstructural dam safety monitoring, operation and maintenance, and emergency preparedness systems; and (iii) increased capacity to implement nonstructural dam safety measures.

d. Expected results and deliverables:
The assistance is expected to identify a project for ADB and PRC funding. Deliverables will include a project preparation TA paper, an inception report, a midterm report covering a sector and area assessment and investment alternatives, and a final report that selects the most feasible option for a project investment.

e. Social or environmental issues or concerns:
To be determined.

f. Plans for disseminating results/deliverables:
For TA, method(s) of TA output dissemination:
- A conference/workshop/brown bag
- Publication of article(s) in external journals or books
- External press release to news agencies, including www.adb.org
- Internal press release in ADB Today
- Others (specify) ________________________

7. Proposed executing/implementing agency or agencies:
MWR is the proposed executing agency and the provinces of Sichuan, Shandong, Jiangxi, Hubei, and Hunan are the proposed implementing agencies.

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:
MWR provided the original project concept.
9. Timetable for assistance design, processing, and implementation

a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2006
b. Expected date of submission for approval
   Lending: 2007
   Nonlending (project preparatory): 2007
   Nonlending (other than project preparatory):
c. Period and duration of assistance
   Lending: 2007–2011 (4 years)
   Nonlending: 2007 (6 months)

10. Financing Plan

a. For lending
   ☑ Ordinary capital resources: $150 million
   ☐ Asian Development Fund (loan):
   ☐ Asian Development Fund (grant):
   ☑ Other: $150 million
   If cofinancing is required, indicate amount and sources sought: $150 million from the central
   Government in line with the current dam safety management program.

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</table>

   Source: Asian Development Bank estimates.

b. For nonlending (PPTA)
   ☐ No resources required, other than ADB staff
   ☐ ADB’s administrative budget:
   ☑ Grant TA funds: $500,000
   ☑ Other: $125,000
   If cofinancing is required, indicate amount and sources sought: None

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<th>Source</th>
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   Source: Asian Development Bank estimates.

ADB = Asian Development Bank, ADF = Asian Development Fund, CSP = country strategy and program, MWR = Ministry of Water Resources, PPTA = project preparatory technical assistance, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.

Note:
Table A3.2: Agricultural Development II
Concept Paper

Date: August 2006

1. Type/modality of assistance

- **Lending**
  - Project loan
  - Program loan
  - Sector loan
  - Sector development program loan
  - ADF grant-financed
  - Other:

- **Nonlending**
  - Project preparatory
  - Other than project preparatory
    - Economic, thematic, and sector work
    - Institutional development
    - Other:

2. Assistance focus

   a. If assistance focuses on a particular sector or subsector, specify the
      Sector: Agricultural and natural resources
      Subsectors: Agricultural production, agroprocessing and agribusiness, environment and biodiversity,
      livestock, forestry, water resources management.

   b. For project preparatory and lending, classification
      - Targeted intervention
      - General intervention

   c. Key thematic area(s)
      Themes:
      - Sustainable economic growth
      - Inclusive social development
      - Governance
      - Gender and development
      - Environmental sustainability
      - Regional cooperation
      - Private sector development
      - Capacity development

      Subthemes: Sustainable economic growth, inclusive social development

3. Coverage

- **Country**
- **Subregional**
- **Interregional**
- **Internal policy development**

4. Responsible division/departement: Agriculture, Environment and Natural Resources Division,
   East Asia Department

5. Responsible ADB officer(s): To be determined

6. Description of assistance

   a. Background/linkage to country/regional strategy:

      Provinces in central and western PRC cover a range of agro-climatic conditions from floodplains along the
      Yellow River, Yangzte and Huai River systems to mountain and valley areas, Loess Plateau conditions and
      extremely drylands in the northwest and western regions. Rural livelihoods in the central and western
      provinces depend on agriculture but productivity and rural incomes are not reaching their potential for reasons
such as the high level of soil erosion, low rainfall, wind erosion, and soil salinization. Farm incomes are further constrained by limited market access, and underexploited nonfarm rural value addition from local processing. By addressing such constraints, the Government’s new socialist countryside policy aims to promote more sustainable production, and higher rural incomes and growth, from agriculture and rural regions—reducing poverty and rural–urban income differentials.

To address the problems of soil erosion, various farming techniques have been tested and proven successful within and outside the PRC to stabilize soils and conserve water, which can help to promote ecologically sustainable development. Using such experience and knowledge, the central and western provinces can improve their ecosystem and natural resources management.

Agricultural production in the region has shifted in recent years from household food production to higher value products for sale in growing regional and export markets. Ongoing ADB-supported investments in West Henan and Fujian Province are supporting supply-side production improvements through more efficient and sustainable production. The potential for improving production efficiency can be realized by addressing on-farm production constraints and strengthening the links to higher value supply chains and growing regional markets.

Lessons from the PRC and elsewhere show that supply and value chains can be developed through investments in sustainable smallholder production that are well linked to nonfarm processing and markets. Lessons from elsewhere suggest that these problems could be addressed by facilitating farming community access to technical and market information to improve production sustainability, meet market demand, and raise profitability. Enabling agro-enterprises to access market information, improve quality standards that meet market demand and access finance can lead to added value and employment, increasing rural incomes and sector growth.

The PRC has proposed similar projects, such as the Henan High Efficiency Agriculture and Shanxi Integrated Agricultural Development in Valley and Watershed Areas projects, both are in line with ADB’s CSP (2004–2006) to address the interface between pro-poor economic growth and sustainable environmental management. The project location, to be identified, will support measures that offer income growth opportunities to rural households based on market principles and sound environmental management. The Project offers the potential for integrating public sector facilitation and initiatives with development of private sector led vertical value chains for agricultural produce.

d. **Expected results and deliverables:**

The assistance is expected to identify a project for ADB and PRC funding. Deliverables will include a project preparation TA paper, an inception report, a midterm report covering a sector and area assessment and investment alternatives, and a final report that selects the most feasible option for a project investment.

e. **Social or environmental issues or concerns:**

To be determined

f. **Plans for disseminating results/deliverables:**

For TA, method(s) of TA output dissemination:

- **☐** A conference/workshop/brown bag
- **☐** Publication of article(s) in external journals or books
- **☐** External press release to news agencies, including www.adb.org
- **☐** Internal press release in **ADB Today**
- **☐** Others (specify) ________________________

7. **Proposed executing/implementing agency or agencies:**

Henan provincial government and Shanxi provincial government.

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

Henan provincial government and Shanxi provincial government provided original project concepts
9. Timetable for assistance design, processing, and implementation
   a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2006
   b. Expected date of submission for approval
      Lending: 2009
      Nonlending (project preparatory): 2007
      Nonlending (other than project preparatory):
   c. Period and duration of assistance
      Lending: 2009–2013 (5 years)
      Nonlending:

10. Financing Plan
    a. For lending:
       ☒ Ordinary capital resources: $100 million
       ☐ Asian Development Fund (loan):
       ☐ Asian Development Fund (grant):
       ☒ Other: To be determined
       
       If cofinancing is required, indicate amount and sources sought: $70 million from private enterprises.
       
       | Source                     | Amount ($ million) |
       |---------------------------|--------------------|
       | ADB Financing             | 100.00             |
       | Government Financing      |                    |
       | Other Financing           |                    |
       | **Total Cost**            | **100.00**         |

       Source: Asian Development Bank estimates.

    c. For nonlending
       ☐ No resources required, other than ADB staff
       ☐ ADB’s administrative budget:
       ☒ Grant TA funds: $500,000
       ☐ Other: To be determined
       
       If cofinancing is required, indicate amount and sources sought:
       
       | Source                              | Amount ($)  |
       |-------------------------------------|-------------|
       | ADB Financing                       | 500,000     |
       | Government Financing                |             |
       | Other Financing GEF, Project Development Facility – B |            |
       | **Total Cost**                      | **500,000**  |

       Source: Asian Development Bank estimates.

ADB = Asian Development Bank, ADF = Asian Development Fund, CSP = country strategy and program, GEF = Global Environment Facility, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.
Table A3.3: Rural Renewable Energy Development and Ecological Agriculture
(formerly Comprehensive Rural Development [Biogas])
Concept Paper

Date: August 2006

1. **Type/modality of assistance**
   - **Lending**
     - Project loan
     - Program loan
     - Sector loan
     - Sector development program loan
     - Other:
   - **Nonlending**
     - Project preparatory
     - Other than project preparatory
       - Economic, thematic, and sector work
       - Institutional development
       - Other:

2. **Assistance Focus**
   a. If assistance focuses on a particular sector or subsector, specify the
      Sector: Agriculture and natural resources
      Subsectors: Environment and biodiversity, agriculture production, agro-processing and agribusiness
   b. For project preparatory and lending, classification
     - Core poverty intervention
     - Poverty intervention
     - Other
   c. Key thematic area(s)
     - Sustainable economic growth
     - Inclusive social development
     - Governance
     - Gender and development
     - Environmental sustainability
     - Regional cooperation
     - Private sector development
     - Capacity development

3. **Coverage**
   - Country
   - Subregional
   - Interregional
   - Internal policy development

4. **Responsible division/department:** Agriculture, Environment and Natural Resources Division,
   East Asia Department

5. **Responsible ADB officer(s):** Q. Zhang

6. **Description of assistance(s)**
   a. **Background/linkage to country/regional strategy:**
      The PRC’s rapid economic development over the past 25 years has been accompanied by serious threats to
      the environment, among which the rapidly expanding household breeding and livestock farming has become a
      major concern. According to SEPA findings in the Study of Control and Management of Rural Nonpoint Source
      Pollution, the three main pollution problems for the PRC’s surface waters are eutrophication, nitrate pollution
      in groundwater caused by excessive nutrient inputs, and the accumulation of toxic chemicals. The TA study
      showed that discharges from rural non-source pollutants across the PRC in 2001 were estimated at 19.95
      million tons for chemical oxygen demand, 11.54 million tons for total nitrogen, and 3.33 million tons for total
      phosphate. Rural chemical oxygen demand discharge was 1.42 times larger than the amount discharged from
      industry and urban sewage. A reduction in rural nonpoint source pollutants of about 40% will be needed by
      2020 to stabilize pollution at its current high levels. The provinces that have excessively high rural pollution...
discharge (particularly from livestock farming) or high pollution loads include Guangxi, Shandong, Henan, Jiangsu, Hunan, Jiangxi, Hubei, Guangdong, Hubei, and Anhui.

Reducing rural nonpoint source pollution, particularly on livestock farms, will represent a considerable challenge to livestock producers. By 2020, the rate of livestock production in the PRC is expected to have increased by 167% from 2000 levels. However, rural biomass alternative energy technology can address environmental concerns and improve energy access for farms and nearby households. Biogas digesters have proven to be a successful technology for promoting sustainable, cost-effective, and environmentally sound agriculture. This technology has been used to encourage efficient use of nutrients, production of additional clean energy, lowering of farming costs, and opportunities for organic farming and integrated pest management.

Although the PRC has experienced rapid economic growth, rural and urban inequalities are increasing and threaten social stability. Farmers in particular have not experienced proportionate benefits from economic growth, and their standard of living is not improving at the same rates. Although migration out of farming and to urban areas is significant and is a cornerstone in the country’s transition, millions of households will still derive a livelihood from agriculture for many decades. If rural environmental concerns and natural resource constraints cannot be addressed, the opportunities for farmer households to improve their livelihoods will decrease.

The Government has provided exceptionally strong impetus to rural biomass renewable energy in the 11th Five-Year Program passed by the People’s Congress in February 2006. In addition, the Central Committee of the Communist Party of the PRC promulgated its number 1 policy document on 21 February 2006 entitled Decision on New Socialist Countryside Development, in which biogas system development in rural areas is an important element. The new socialist countryside results are expected to be (i) advanced production methods, (ii) improved livelihood, (iii) a civilized social atmosphere, (iv) clean and tidy village, and (v) democratic management. The first, second, and fourth areas will benefit from the rural biogas system development. The New Socialist Countryside Strategy has eight integral activities: (i) water conservancy facilities, (ii) road construction, (iii) development of biogas system and solar energy in rural areas, (iv) construction of the rural power network, (v) rural education, (vi) the rural public health care system, (vii) culture, and (viii) the rural social security system. The Government has also made significant initial investments in biogas systems development over the last 3 years.

ADB’s ongoing pilot project, Efficient Utilization of Agricultural Wastes Project, in the four provinces of Henan, Hubei, Jiangxi, and Shanxi has (i) supported construction of over 19,000 small biogas digesters and 16 medium/large biogas plants; (ii) provided improved rural roads, markets, and irrigation facilities; and (iii) facilitated raising 355,150 pigs per year, planting 2,291 tons of green vegetables per year, and producing 173,278 tons of fruits per year. Evidence suggests that, with provision of information and technology plus credit, farmers in other provinces of the PRC are very eager to use this system to improve their farms and agribusinesses, and generate additional income. This successful project has also demonstrated the value of integrating the application of new government policies with training, monitoring, and policy implementation tools.

The ADB CSP Update (2006–2008) stresses the improvement of the environment as one of its focal areas, along with poverty reduction. During the Country Programming Mid-term Review Mission in March 2006, the proposed investment Project was listed for PPTA in 2007 and for lending in 2009, at the request of the Government. The proposed Project is intended to increase rural incomes while reducing the negative impacts of increasing livestock production on the environment.

b. Goal and purpose:
The goal of the proposed Project is to increase rural incomes and improve environmental conditions in rural areas. The purpose of the Project is to produce clean renewable energy and promote organic farming and integrated pest management through the establishment of integrated biogas systems and ecological farming networks.

c. Components and outputs:
The Project will develop a systemic arrangement for development of medium-sized biogas plants in livestock and mixed agriculture farms, along with establishment of related eco-farming systems, technical support services, and CDM bundling arrangements. The main components of the Project are as follows:

(i) Implementation of integrated biogas system: over 429 medium/large biogas plants will be built. The biogas will be used for cooking and light by village farmers and/or generating electricity for use by farms or supply to the grid.

(ii) Effective establishment and utilization of eco-farming system: an ecological farming system will be established and integrated with biogas technologies by utilizing the digestion liquid and solid as organic fertilizers and alternative pesticides. Site-specific conditions will be carefully considered for
the selection of the biogas systems and utilizations of the digestion liquid and solid. Eco-agricultural production for grains, fruits, vegetables, trees, grass, etc. will be introduced by effectively using digestion liquid and solid. Mechanisms will be introduced for the sale of liquid and solid waste in processed form to other farmers for their eco-farm use.

(iii) Development of agriculture and a rural biogas technical support service system: a reference technical system for medium/large biogas plants will be developed, including methods to ensure planning with accurate input data, a careful feasibility study, engineering design, construction and installation, operation and maintenance, service, and further improvement of the plant. This will serve as a common technical basis for the system selection—for quality control of the installed systems—to ensure that the designer/builder constructs systems that are compatible with farm operation, and to enable appropriate development of maintenance and upgrades.

(iv) Application of CDM to the medium/large scale biogas plant construction: CDM is an international mechanism for promoting environmental and renewable energy projects that reduce greenhouse gas emissions. It enables the emissions savings to be sold to firms in other countries for a regular income stream to farmers. A sustainable and cost-effective approach will be developed for the integration of CDM with livestock biogas plants. A guideline for the implementation of the CDM project will be developed, including the intuitional arrangement, financial plan, technical support and monitoring system, and promotion and marketing of carbon revenues. “Bundling” 15 livestock farms as a sellable contract is now being piloted, and this mechanism can be extended to the proposed Project.

d. **Expected results and deliverables:** The PPTA will develop a feasibility study defining the key priority areas for investment (and potential GEF funding) within an integrated biogas system and eco-farming network. Project targets may include, (i) reduced environmental pollution from over 429 livestock farms and other agriculture production mills, contributing to savings of fossil fuels and forests; and (ii) increased farm income from eco-farming and CDM sales. Possible targets at the output level may include: (i) implementation of over 429 medium/large biogas plants and improved technology demonstration; (ii) cost-effective energy systems for using biogas (of 261.64 million m³) for cooking, heat, and electricity production (219.31 million kilowatt-hour); (iii) production of 352,210 tons of ecological agriculture products, including vegetables, fruits, grass for animal feeding, trees, etc.; and (iv) production of 3.593 million tons of solid organic fertilizer and 79.018 million tons of liquid fertilizer.

e. **Social or environmental issues or concerns:** The Project will have a strongly positive impact on the environment through improved use of organic fertilizers and a decrease in the amount of greenhouse gases and organic/chemical pollutants in soil and water. It will also build biogas farming systems to enhance the environmental efficiency of farming and agribusiness. To comply with national livestock discharge standards and mitigate possible impacts from construction, further study needs to be done during the PPTA stage. Gender impacts will be positive as biogas has been shown to improve women’s time availability and household decision-making, and gender equity will be enhanced through use of household education and consultation mechanisms in the education, lending, and monitoring processes.

f. **Plans for disseminating results/deliverables:** Presentations of findings along with national and regional policy implications are planned at a national and/or international conference. Additionally, the provinces can publish their findings locally and in domestic and international magazines and journals, and make them available on local websites or ADB’s website. Press releases of project results on a quarterly basis to local media, and annual provincial and cross-provincial meetings and consultations, will be encouraged. Project management training for project managers, technical and engineering updating for biogas plant engineers, and ecological farming for farmers will be arranged.

7. **Proposed executing/implementing agency or agencies:**
Project management office, MOA, with project implementation agencies at the provincial level in conjunction with relevant agencies at the provincial, municipal, county, and township levels.

8. **Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**
Eight provinces (Guangxi, Henan, Heilongjiang, Hunan, Jiangsu, Jiangxi, Shanxi, and Shandong) have submitted their proposals and financial guarantee letters to MOA. MOA submitted a consolidated proposal to the National Development and Reform Commission and the Ministry of Finance on 23 March 2006. An ADB preliminary consultation mission was fielded during 19–28 April 2006.
9. Timetable for assistance design, processing, and implementation
   a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2006
   b. Expected date of submission for approval
      Lending: 2008
      Nonlending (project preparatory): 2007
      Nonlending (other than project preparatory):
   c. Period and duration of assistances
      Lending: 2008–2013 (5 years)
      Nonlending: first quarter of 2007 (9 months)

10. Financing Plan
   a. For lending
      ☑️ Ordinary capital resources: $159 million
      ☐ Asian Development Fund:
      ☑️ Other: GEF $30 million; Government $105 million
      If cofinancing is required, indicate amount and sources sought: $30 million, from GEF

      Source | Amount ($ million)
      --- | ---
      ADB Financing | 159.00
      Government Financing | 105.00
      Other Financing (GEF) | 30.00
      **Total Cost** | 294.00

      Source: Asian Development Bank estimates.
   
   b. For nonlending
      ☐ No resources required, other than ADB staff
      ☑️ ADB’s administrative budget: $500,000
      ☐ Grant TA funds
      ☑️ Other: GEF ($350,000), Government financing ($200,000)
      If cofinancing is required, indicate amount and sources sought: $350,000, from GEF

      Source | Amount ($)
      --- | ---
      ADB Financing | 500,000
      Government Financing | 200,000
      Other Financing (GEF) | 350,000
      **Total Cost** | 1,050,000

      Source: Asian Development Bank estimates.

ADB = Asian Development Bank, CDM = Clean Development Mechanism, CSP = country strategy and program, GEF = Global Environment Facility, m$ = cubic meter, MOA = Ministry of Agriculture, PPTA = project preparatory technical assistance, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, SEPA = State Environmental Protection Administration, TA = technical assistance.

Note:
**Table A3.4: Rural Electrification Development Project Concept Paper**

**Date:** August 2006

1. **Type/modality of assistance**

   - **Lending**
     - Project loan
     - Program loan
     - Sector loan
     - Sector development program loan
     - ADF grant-financed
     - Other:

   - **Nonlending**
     - Project preparatory
     - Other than project preparatory
       - Economic, thematic, and sector work
       - Institutional development
       - Other:

2. **Assistance focus**
   a. If assistance focuses on a particular sector or subsector, specify the
      - **Sector:** Energy
      - **Subsectors:** Renewable energy generation and transmission and distribution
   b. For project preparatory and lending, classification
      - Targeted intervention
      - General intervention
   c. Key thematic areas
      - **Themes:**
        - Sustainable economic growth
        - Inclusive social development
        - Governance
        - Gender and development
        - Environmental sustainability
        - Regional cooperation
        - Private sector development
        - Capacity development
      - Subthemes: Developing rural areas and cleaner production and control of industrial pollution

3. **Coverage**
   - **Country**
   - **Subregional**
   - **Interregional**
   - **Internal policy development**

4. **Responsible division/department:** Energy Division, East Asia Department

5. **Responsible ADB officer:** A. Bhargava

6. **Description of assistance(s)**
   a. **Background/linkage to country/regional strategy:** The Government is formulating an ambitious plan for further development of the renewable energy sector (including small-scale hydropower) during the 11th Five-Year Program period (2006–2010) and has adopted a new Renewable Energy Law, 2005. ADB will focus on promoting the development of the PRC’s renewable energy resources and improving the efficiency of the power supply, thereby reducing adverse environmental impacts associated with conventional energy production and use, and providing affordable electricity to the poor.

   b. **Goal and purpose:** To prepare an investment project that will develop additional small-scale hydropower potential in Xinjiang Uygur Autonomous Region, increase the supply of electricity to the poor, and reduce pollution caused by the use of coal.
Appendix 3

c. Components and outputs: (i) evaluation of the feasibility of a project for small-scale hydropower development in Xinjiang Uygur Autonomous Region to provide electricity to the poor and reduce environmental pollution created by alternative fuels, and (ii) identification of policy options to improve the market-based policy environment to promote small-scale hydropower in rural areas.

d. Expected results and deliverables: A comprehensive feasibility study for a possible sector project to address off-grid supply in remote areas rich in water resources. The proposed Project would include the construction of about 10 small-scale hydropower plants, each with not more than 25 megawatts installed capacity, in Xinjiang Uygur Autonomous Region. An environmental impact assessment report will be prepared.

e. Social or environmental issues or concerns: The feasibility study will examine resettlement, adverse environmental impacts, and any social impacts. Most of the subprojects will be small and no dam or major reservoir construction is expected. Expected environmental and social impacts are positive.

f. Plans for disseminating results/deliverables: The findings and recommendations of the feasibility study will be discussed with local communities concerned and other stakeholders in the Project, as well as potential investors and other participants in the Project.

For TA, method(s) of TA output dissemination:

- A conference/workshop/brown bag
- Publication of article(s) in external journals or books
- External press release to news agencies, including www.adb.org
- Internal press release in ADB Today
- Others (specify) ________________________

7. Proposed executing/implementing agency or agencies: The Provincial Water Conservancy Department of Xinjiang Uygur Autonomous Region will be the Executing Agency, while subproject companies will be the implementing agencies.

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: ADB assistance for the proposed project has been discussed with the Ministry of Finance, the National Development and Reform Commission, and the provincial government of Xinjiang Uygur Autonomous Region.

9. Timetable for assistance design, processing, and implementation

a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2005

b. Expected date of submission for approval

   Lending: 2007
   Nonlending (project preparatory): 2006
   Nonlending (other than project preparatory):

c. Period and duration of assistances

   Lending: 2007–2012 (5 years)
   Nonlending: 2006 (1 year)

10. Financing Plan

a. For lending

   ☒ Ordinary capital resources: $100 million
   ☐ Asian Development Fund (loan):
   ☐ Asian Development Fund (grant):
   ☐ Other: $70 million

If cofinancing is required, indicate amount and sources sought: $____, from ____________.

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<td><strong>Total Cost</strong></td>
<td><strong>170.00</strong></td>
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</table>

Source: Asian Development Bank estimates.
b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget:
  - Grant TA funds: $500,000
  - Other: $250,000

If cofinancing is required, indicate amount and sources sought: $____, from ______________.

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<th>Amount ($)</th>
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<td><strong>Total Cost</strong></td>
<td><strong>750,000</strong></td>
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Source: Asian Development Bank estimates.

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*ADB = Asian Development Bank, ADF = Asian Development Fund, CSP = country strategy and program, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.*
### Table A3.5: Renewable Energy Concept Paper

**Date:** August 2006

<table>
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<td>☐ Sector development program loan</td>
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<tr>
<td>☐ Other:</td>
</tr>
<tr>
<td>☒ Nonlending</td>
</tr>
<tr>
<td>☐ Project preparatory</td>
</tr>
<tr>
<td>☒ Other than project preparatory</td>
</tr>
<tr>
<td>☒ Economic, thematic, and sector work</td>
</tr>
<tr>
<td>☒ Institutional development</td>
</tr>
<tr>
<td>☒ Other: Research, cross-learning, training, workshops</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. Assistance Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. If assistance focuses on a particular sector or subsector, specify the</td>
</tr>
<tr>
<td>Sector: Regional transport, trade facilitation, trade policy, energy/water nexus</td>
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<tr>
<td>Subsector: Capacity building and institutional development</td>
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<tr>
<td>b. For project preparatory and lending, classification</td>
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<td>☒ Core poverty intervention</td>
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<td>☐ Poverty intervention</td>
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<td>☐ Inclusive social development</td>
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<td>☐ Governance</td>
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<td>☐ Gender and development</td>
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<th>3. Coverage</th>
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<tr>
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<tr>
<td>☐ Subregional</td>
</tr>
<tr>
<td>☐ Interregional</td>
</tr>
<tr>
<td>☐ Internal policy development</td>
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| 4. Responsible Division/Department: | Agriculture, Environment and Natural Resources Division, East Asia Department |

| 5. Responsible ADB Officer: | Q. Zhang |

<table>
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<tr>
<th>6. Description of assistance(s)</th>
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<tr>
<td>a. Background/linkage to country/regional strategy:</td>
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<tr>
<td>The Central Committee of the Communist Party of the PRC published its number 1 policy document on 21 February 2006 entitled Decision on New Socialism Countryside Development, in which biomass renewable energy (BRE) development is an important element. The Government's 11th Five-Year Program also placed a high priority on the development of BRE in the rural PRC.</td>
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According to the Ministry of Agriculture, 50% of the rural population of the PRC (about 400 million farmers) relies on the direct combustion of wood and agriculture residues for cooking and heating, causing serious air pollution and health risks. Overexploitation of biomass resources has also caused significant environmental damage including erosion, deforestation, biodiversity reduction, and damage to watersheds. Animal wastes from booming household breeding activities and livestock farming also regularly discharge massive nonpoint source pollutants (such as chemical oxygen demand, total nitrogen, and total phosphate) to waterways, placing greater pressures on the deteriorating water quality. Based on the estimation from an ADB study,
discharges from rural nonpoint source pollutants across the PRC in 2001 were estimated at 19.95 million tons for chemical oxygen demand, 11.54 million tons for total nitrogen, and 3.33 million tons for total phosphate. This suggests that the rural chemical oxygen demand discharge was 1.42 times the amount discharged from industry and urban sewage in 2001. By 2020, the rate of livestock production in the PRC is expected to increase by 167% from 2000 levels. A reduction in rural nonpoint source pollutants of about 40% will be needed by 2020 to stabilize pollution at its current high levels. This will represent a considerable challenge to livestock producers.

BRE is generated from animal wastes and plant biomass, and produced from solar energy through photosynthesis creating carbon-hydrates from carbon dioxide and water. BRE used in the PRC includes biogas, straw and stalk gasification, biomass power generation, and liquid biofuels. BRE is an affordable and cost-effective way to address the rural nonpoint source pollutants problem. It is affordable to establish, uses readily available agricultural wastes, requires minor recurrent costs, needs no highly specialized skills, and has a high potential for extra revenues through CDM because of the potential global benefits generated. BRE development as an alternative energy can significantly contribute to the PRC’s energy security.

The Renewable Energy Law, which was ratified by the People’s Congress in 2005, has been effective since January 2006. This law supports biomass electric application by obliging requesting grid companies to purchase the power and providing a premium of CNY0.25 per kilowatt-hour. The State Environmental Protection Administration, the national environmental administrative authority, is tightening the wastewater treatment requirement of medium and large-scale livestock farms by setting up strict discharging standards and promulgating environmental management regulation on livestock farms. These policies include demand-control measures and economic incentives but need more specific guidelines and coordination to stimulate the development of BRE in the PRC. The newly formulated National Renewable Energy Plan and Long-term Perspective highlights the importance of BRE for further development and identifies the following development targets by 2020: (i) 80 million household biogas tanks to be established (there are currently about 17 million biogas tanks with 63 million tanks remaining to be developed); (ii) increased biogas power generation with about 10,000 biogas power generation stations to be developed (there are currently about 700 biogas power generation stations); (iii) 15,000 straw and stalk gasification stations to be established (there are currently about 520 gasification stations; and (iv) 5,000 tons of liquid biofuels to be produced annually.

There are substantial barriers to achieving these targets in terms of affordability, incentive policies, and effective planning and implementation capacity in the relevant government agencies. First, the existing subsidy program remains an important component of the PRC’s rural renewable energy incentive policy but is not sufficient to make BRE affordable to the rural poor. Additionally, poor farmers’ productive capacity may be too limited to ensure effective use of the biogas system. Second, it is crucial for sustainable market development that investors in BRE realize reasonable returns on investment and perceive that business risks are manageable. Government programs, policies, and incentives play a critical role in encouraging other market players to fulfill their roles. To achieve this, a comprehensive incentive policy for promoting BRE needs to be further developed. Third, many ministries are involved in policy making and development because of the nature of BRE. The absence of coordinated institutional arrangements has become a barrier to develop a cohesive and integrated national plan and form an effective implementation mechanism.

Since early 2001, ADB and the Ministry of Agriculture have been working together closely through the Agricultural Waste Utilization I project.2 ADB’s recent project midterm review mission during 1–25 March 2006 concluded that this intervention achieved great success in improving the living standard of rural households and addressing nonpoint source pollution.

The Government has requested that ADB provide TA to support the development of a BRE national strategy. This strategy is intended (i) to address the barriers that exist in BRE development in the PRC, (ii) to develop instruments for ensuring that BRE is affordable to the poor, reducing rural nonpoint source pollutants, promoting public private partnerships, and (iii) to design strategies for attracting more external financial sources (including the applicability of CDM and GEF). Promoting environmental improvement and clean development is one of the strategic areas in the CSP Update (2006–2008) for ADB’s operations in the PRC.

b. Goal and Purpose:
The goal of the TA is to help promote the use of affordable, environmentally sound, and sustainable BRE through a set of policy and related implementation recommendations required for the rapid promotion of sustainable BRE—covering institutional, financial, and technical aspects at the national, provincial, and local levels.

c. Components and Outputs:
(i) Strengthened national BRE development framework: (a) recommendations to improve national level coordination for BRE development; (b) strengthened information exchange for all stakeholders involved in BRE
development in the country; and (c) improved institutional capacity and interministerial cooperation to
strengthen national capacity in promoting BRE development.

(ii) Roadmap of BRE development in the selected provinces to: (a) survey biomass types, resource availability, and distribution in selected areas (provinces, counties, and villages); (b) evaluate the demand of BRE in the selected areas; (c) evaluate the constraints and opportunities for biomass renewable energy development in the selected provinces, including institutional capacity; and (d) identify the suitability and roadmap of biomass renewable energy development in the selected provinces.

(iii) National strategy for BRE development: (a) recommend the institutional arrangements, including coordination mechanisms for biomass renewable energy development in the PRC; (b) establish incentive instruments to improve biomass renewable energy affordability to poorer farmers, reduce rural nonpoint source pollutants, and increase public private partnerships; (c) advise on measures to improve the effectiveness of financing investments, including domestic bond projects; (d) design strategies for attracting external financial sources (lending sources from World Bank and ADB, and the applicability of CDM and GEF), covering financial modality mechanisms and the possible integration of external sources with domestic bonds; and (e) develop an appropriate, timely, and cost-effective monitoring and evaluation methodology.

(iv) Partnership framework for external assistance (ADB, World Bank, etc.).

d. Expected results and deliverables:
(i) a coordinated and effective national institutional framework for BRE development;
(ii) a national strategy for BRE development—including a set of instruments of increasing affordability, reducing rural nonpoint source pollutants, and promoting public private partnerships, and an external financing strategic framework; and
(iii) strategic options (short-term and long-term) for the Government on BRE development.

e. Social or environmental issues or concerns:
This Project will promote the sustainable management of the biomass resource in the PRC, which will reduce environmental damage (erosion, biodiversity reduction, rural nonpoint source pollutants, and landscape modifications) caused by traditional biomass energy utilization (e.g., simple combustion or direct burning on low-efficiency stoves).

f. Plans for disseminating results/deliverables:
Issue a newsletter quarterly, submit a policy note to the State Council for consideration, and translate the final report and workshop materials into Chinese for wider dissemination. The representatives of ministries concerned, the private sector, and local provinces will be invited to attend the workshops.


8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:
A reconnaissance mission visited the PRC during 20–23 March 2006 and held discussions—for the purpose of conceptualizing the TA—with officials of the Ministry of Agriculture, Ministry of Finance, Ministry of Science and Technology, and National Development Reform Committee.

9. Timetable for assistance design, processing, and implementation

a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan:

b. Expected date of submission for approval
Lending: 2009
Nonlending (project preparatory): 2007
Nonlending (other than project preparatory):

c. Period and duration of assistance(s)
Lending:
Nonlending: 2007-2008 (24 months)

10. Financing Plan

a. For lending
☐ Ordinary capital resources:
☐ Asian Development Fund:
☐ Other:
b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget:
  - Grant TA funds: $500,000
  - Other: $200,000

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
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<td>ADB Financing</td>
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<tr>
<td>Government Financing</td>
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<td><strong>Total Cost</strong></td>
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</tr>
</tbody>
</table>

Source: Asian Development Bank estimates.

ADB = Asian Development Bank, BRE = biomass renewable energy. CDM = clean development mechanism, CSP = country strategy and program, GEF = Global Environment Facility, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.

Note:
3/ To accomplish the tasks/activities designed for national strategy formulation in such a big country as the PRC, the current available financial source is not sufficient. Additional financial sources, including bilateral donors, need to be pursued to fill the gap.
Table A3.6: Clean Coal Technology and Clean Energy Development
Concept Paper

Date: August 2006

1. **Type/modality of assistance**
   - Lending
     - Project loan
     - Program loan
     - Sector loan
     - Sector development program loan
     - ADF grant-financed
     - Other:
   - Nonlending
     - Project preparatory
     - Other than project preparatory
       - Economic, thematic, and sector work
       - Institutional development
     - Other:

2. **Assistance focus**
   a. If assistance focuses on a particular sector or subsector, specify the
      - Sectors: Energy
        - Subsectors: Conventional energy generation and energy sector development
   b. For project preparatory and lending, classification
      - Targeted intervention
      - General intervention
   c. Key thematic areas
      - Themes:
        - Sustainable economic growth
        - Environmental sustainability
        - Inclusive social development
        - Regional cooperation
        - Governance
        - Private sector development
        - Gender and development
        - Capacity development
      - Subthemes: Global and regional transboundary environmental concerns and issues, cleaner production, and control of industrial pollution

3. **Coverage**
   - Country
   - Subregional
   - Interregional
   - Internal policy development

4. **Responsible division/department:** Energy Division, East Asia Department

5. **Responsible ADB officer:** A. Maxwell

6. **Description of assistance(s)**
   a. **Background/linkage to country/regional strategy:** Coal is the major source of energy in the PRC and a leading source of environmental pollution. The Government is promoting more environment-friendly energy sources and introducing advanced technology to address environmental problems caused by the use of coal. This is consistent with ADB’s CSP (2004–2006), which seeks to improve the environment in the PRC.
   b. **Goal and purpose:** To prepare an investment project that will introduce and use environment-friendly advanced clean coal technologies.
   c. **Components and outputs:** (i) evaluation of suitable advanced clean coal technologies, including the use of coal washing, sulfur-removal, and advanced coal-based technologies; (ii) assessment of technical feasibility and financial and economic viability that will use such technologies and to some extent will use “waste coal” as fuel; and (iii) improved air quality.
d. Expected results and deliverables: Comprehensive feasibility study report that will use advanced clean coal technologies. An environmental impact assessment report will be prepared.

e. Social or environmental issues or concerns: There are no major concerns or issues. Significant environmental and social benefits are expected.

f. Plans for disseminating results/deliverables: The findings and recommendations of the feasibility study will be discussed with local communities concerned and other stakeholders in the Project, as well as potential investors and other participants in the Project.

   For TA, method(s) of TA output dissemination:
   - A conference/workshop/brown bag
   - Publication of article(s) in external journals or books
   - External press release to news agencies, including www.adb.org
   - Internal press release in ADB Today
   - Others (specify) ______________________

7. Proposed executing/implementing agency or agencies: Provincial government or a business entity will be the executing agency.

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: ADB assistance for the proposed Project has been discussed with the Ministry of Finance and the National Development and Reform Commission.

9. Timetable for assistance design, processing, and implementation

   a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2005

   b. Expected date of submission for approval
      - Lending: 2009
      - Nonlending (project preparatory): 2007
      - Nonlending (other than project preparatory):

   c. Period and duration of assistances
      - Lending: 2008–2013 (5 years)
      - Nonlending: 2007–2008 (1 year)

10. Financing Plan

   a. For lending
      - Ordinary capital resources: $150 million
      - Asian Development Fund (loan):
      - Asian Development Fund (grant):
      - Other: $225 million

      If cofinancing is required, indicate amount and sources sought: $____, from ____________.

      | Source                | Amount ($ million) |
      |-----------------------|--------------------|
      | ADB Financing         | 150.00             |
      | Government Financing  | 225.00             |
      | Other Financing       |                    |
      | **Total Cost**        | **375.00**         |

      Source: Asian Development Bank estimates.

   b. For nonlending
      - No resources required, other than ADB staff
      - ADB’s administrative budget:
      - Grant TA funds: $500,000
      - Other: $250,000

      If cofinancing is required, indicate amount and sources sought: $____, from ____________.
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<tr>
<th>Source</th>
<th>Amount ($)</th>
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<td>Government Financing</td>
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<td>Other Financing</td>
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</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>750,000</strong></td>
</tr>
</tbody>
</table>

Source: Asian Development Bank estimates.

ADB = Asian Development Bank, ADF = Asian Development Fund, CSP = country strategy and program, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.
Table A3.7: Coal Bed Methane Project II
Concept Paper

Date: August 2006

1. Type/modality of assistance

- Lending
  - Project loan
  - Program loan
  - Sector loan
  - Sector development program loan
  - ADF grant-financed
  - Other:

- Nonlending
  - Project preparatory
  - Other than project preparatory
    - Economic, thematic, and sector work
    - Institutional development
    - Other:

2. Assistance focus

a. If assistance focuses on a particular sector or subsector, specify the
   Sector: Energy
   Subsector: Energy sector development

b. For project preparatory and lending, classification
   - Targeted intervention
   - General intervention

c. Key thematic area
   Themes:
   - Sustainable economic growth
   - Inclusive social development
   - Governance
   - Gender and development
   - Environmental sustainability
   - Regional cooperation
   - Private sector development
   - Capacity development

   Subthemes: Global and regional transboundary environmental concerns and issues, cleaner production, and control of industrial pollution

3. Coverage

- Country
- Subregional
- Interregional
- Internal policy development

4. Responsible division/department: Energy Division, East Asia Department

5. Responsible ADB officer: M. Pajarillo

6. Description of assistance(s)

a. Background/linkage to country/regional strategy: Domestic coal is expected to remain the major source of energy in the PRC in the foreseeable future. Domestic coal production and the associated methane emissions are projected to increase sharply. Safety in coal mines, particularly small mines with poor mine safety facilities, has deteriorating and the number of accidents is increasing without effective control. The annual fatality ratio of small mines continues to account for 70% of the total coal mine incidents in the PRC. The Government is increasing its efforts to improve coal mine safety. Methane is a powerful greenhouse gas, which needs to be removed during underground coal mining operations to keep working conditions safe for miners. Underground methane explosions are largely responsible for the high number of fatalities in PRC coal mines. So, the Government is promoting more efficient removal of underground methane and its capture for clean energy production while reducing the emission of methane into the atmosphere. The utilization of coalbed methane/coalmine methane should be part of the strategy to improve coal mine safety. This is consistent with ADB’s CSP (2004–2006), which seeks to improve the environment in the PRC.
b. **Goal and purpose:** To prepare an investment project that will increase the production, capture, and use of methane in association with underground coal mining and as a result improve mine safety, reduce greenhouse gas emissions, and reduce the use of coal.

c. **Components and outputs:** (i) evaluation of methane production potential of selected coal mine(s); (ii) assessment of technical feasibility and financial and economic viability of constructing methane production, capture, transportation, and utilization facilities; (iii) identification of related new technologies; (iv) improvement of environment and mine safety; and (v) increased use of clean fuel.

d. **Expected results and deliverables:** Comprehensive feasibility study report for methane production, capture, and utilization. An environmental impact assessment report will also be prepared.

e. **Social or environmental issues or concerns:** There are no major concerns or issues. Significant environmental and social benefits are expected.

f. **Plans for disseminating results/deliverables:** The findings and recommendations of the feasibility study will be discussed with local communities concerned and other stakeholders in the Project, as well as potential investors and other participants in the Project.

For TA, method(s) of TA output dissemination:

- [ ] A conference/workshop/brown bag
- [ ] Publication of article(s) in external journals or books
- [ ] External press release to news agencies, including www.adb.org
- [ ] Internal press release in *ADB Today*
- [ ] Specifically developed webpage

7. **Proposed executing/implementing agency or agencies:** Provincial government or a business entity will be the Executing Agency.

8. **Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** ADB assistance for the proposed project has been discussed with the Ministry of Finance, and the National Development and Reform Commission.

9. **Timetable for assistance design, processing, and implementation**

   a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2005

   b. Expected date of submission for approval

      - Lending: 2008
      - Nonlending (project preparatory): 2007
      - Nonlending (other than project preparatory):

   c. Period and duration of assistances

      - Lending: 2008–2013 (5 years)
      - Nonlending: 2007–2008 (1 year)

10. **Financing**

    a. For lending

      - [ ] Ordinary capital resources: $100 million
      - [ ] Asian Development Fund (loan):
      - [ ] Asian Development Fund (grant):
      - [ ] Other: $100 million

    If cofinancing is required, indicate amount and sources sought:

    | Source                | Amount ($ million) |
    |-----------------------|--------------------|
    | ADB Financing         | 100.00             |
    | Government Financing  | 100.00             |
    | Other Financing       |                    |
    | **Total Cost**        | **200.00**         |

Source: Asian Development Bank estimates.
b. For nonlending

No resources required, other than ADB staff
ADB’s administrative budget:
Grant TA funds: $500,000
Other: $250,000

If cofinancing is required, indicate amount and sources sought: $____, from ____________.

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<td><strong>Total Cost</strong></td>
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</table>

Source: Asian Development Bank estimates.

ADB = Asian Development Bank, ADF = Asian Development Fund, CSP = country strategy and program, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.
Table A3.8: Medium-Sized Cities Development
Concept Paper

Date: August 2006

1. Type/modality of assistance
   - Lending
     - Project loan
     - Program loan
     - Sector loan
     - Sector development program loan
     - ADF grant-financed
     - Other:
   - Nonlending
     - Project preparatory
     - Other than project preparatory
       - Economic, thematic, and sector work
       - Institutional development
       - Other:

2. Assistance focus
   a. If assistance focuses on a particular sector or subsector, specify the
      Sector: Multisector (water supply, sanitation and waste management; and transport and communication)
      Subsector: Integrated (sanitation and waste management, water resources management, and roads)
   b. Targeting classification
      - Targeted intervention
      - General intervention
   c. Key thematic area(s)
      Themes:
      - Sustainable economic growth
      - Inclusive social development
      - Governance
      - Gender and development
      - Environmental sustainability
      - Regional cooperation
      - Private sector development
      - Capacity development
      Subthemes: Developing urban areas, urban environmental improvement, human development

3. Coverage
   - Country
   - Subregional
   - Interregional
   - Internal policy development

4. Responsible division/department: Social Sectors Division, East Asia Department

5. Responsible ADB officer(s): To be determined

6. Description of assistance(s)
   a. Background/linkage to country/regional strategy: Fostering urban and industrial development is one of the Government’s strategies to promote economic growth and raise the living standard of its population. Despite significant achievements in raising GDP growth, particularly in the last 10–15 years, progress has been unevenly distributed across the east, central, and west regions. The poor interior regions have not benefited as much from economic growth and reforms as the east coast. Per capita GDP in the interior regions is less than half of GDP along the east coast. There are wide regional gaps in the development of physical infrastructure including roads, railways, power, telecommunications, water supply, and sanitation. Environmental degradation is also serious in the western region, particularly in the ecologically sensitive tourist attractions. To address these challenges and strengthen economic development in the western provinces, the Government launched its Western Region Development Strategy in 1999. The current focus is on improving infrastructure, protecting the environment, and encouraging private sector investment.
Supporting urban development of medium-sized cities in the western region is key to sustainable growth in the PRC. However, rapid urbanization has taken its toll on the environment and challenged the capacity of local governments to promote good urban governance, including city planning and management, and the sustainable financing and timely delivery of public services. Some progress has been made in building urban infrastructure over the past decade but such supply has been outstripped by the increased pressure from rapid industrial growth and rural migration. Consequently, in most cities and towns, there is widespread industrial and vehicular air pollution, discharge of untreated wastewater into rivers and lakes, shortage of safe drinking water supply, and improper handling of solid and hazardous waste. With the influx of rural migrants, social services, including education and health, have been rendered inadequate in many urban areas. The PRC needs to adopt a more integrated approach to developing productive, environmentally sustainable, and well-managed cities through physical improvements in the urban environment, strengthening urban governance system, diversifying investment funding options, and promoting financial sustainability. Developing markets and creating jobs through supporting urbanization and protecting the environment in the less developed western region are aligned with ADB’s strategic objective of promoting growth with equity in the PRC.

b. Goal and purpose: The nonlending assistance is aimed to design an investment project in urban infrastructure to develop productive, environmentally sustainable, and well-managed medium-sized cities. The proposed Project will be accompanied by efforts to strengthen urban governance, diversify investment funding options, and promote the financial sustainability of local governments.

c. Components and outputs: These may include improved water supply, sewer treatment, roads, public transportation, and other necessary urban services to enhance the economic productivity of medium-sized cities in a province.

d. Expected results and deliverables: An investment project for selected medium-sized cities in a province and a capacity-building program that will assist the selected cities to improve urban governance and meet the challenges of future urban growth.

e. Social or environmental issues or concerns: Impact on poverty reduction and the environment, resettlement, and other issues will be identified and analyzed during TA implementation.

f. Plans for disseminating results/deliverables:
   For TA, method(s) of TA output dissemination:
   - A conference/workshop/brown bag
   - Publication of article(s) in external journals or books
   - External press release to news agencies, including www.adb.org
   - Internal press release in ADB Today
   - Others: Public consultation will be conducted during PPTA implementation

7. Proposed executing/implementing agency or agencies: The provincial government will be the Executing Agency and municipal governments will be the implementing agencies (to be identified).

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:
The Government’s agenda for 2006-2010 aims to promote urbanization to facilitate the development of markets and create employment opportunities for the increased number of rural migrants. Accordingly, the Ministry of Finance, National Development and Reform Commission, and Ministry of Construction have highlighted the need to support the development of urban centers and strengthen local capacity to meet the challenges of urbanization through investment in infrastructure, policy reform, and capacity building. All concerned national, provincial, and municipal government agencies will be involved in the design of the Project. The public will be consulted through public hearings and household surveys.

9. Timetable for assistance design, processing, and implementation
   a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2005
   b. Expected date of submission for approval
      Lending: 2009
      Nonlending (project preparatory): 2007
      Nonlending (other than project preparatory):
10. Financing Plan

a. For lending
   - Ordinary capital resources: $150 million
   - Asian Development Fund (loan):
   - Asian Development Fund (grant):
   - Other: Government financing $170 million

   If cofinancing is required, indicate amount and sources sought: $__, from ____________.

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<td><strong>Total Cost</strong></td>
<td><strong>320.00</strong></td>
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   Source: Asian Development Bank estimates.

b. For nonlending
   - No resources required, other than ADB staff
   - ADB's administrative budget:
   - Grant TA funds: $500,000
   - Other: $150,000

   If cofinancing is required, indicate amount and sources sought: $__, from ____________.

<table>
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<tr>
<th>Source</th>
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</tr>
</thead>
<tbody>
<tr>
<td>ADB Financing</td>
<td>500,000</td>
</tr>
<tr>
<td>Government Financing</td>
<td>150,000</td>
</tr>
<tr>
<td>Other Financing</td>
<td></td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>650,000</strong></td>
</tr>
</tbody>
</table>

   Source: Asian Development Bank estimates.

ADB = Asian Development Bank, ADF = Asian Development Fund, CSP = country strategy and program, GDP = gross domestic product, PPTA = project preparatory technical assistance, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.
**Table A3.9: Rural Water Supply and Sanitation Concept Paper**

**Date:** August 2006

1. **Type/modality of assistance**
   - ✗ Lending
     - □ Project loan
     - □ Program loan
     - □ Sector loan
     - □ Sector development program loan
     - □ ADF grant-financed
     - □ Other:
   - ✗ Nonlending
     - ✗ Project preparatory
     - □ Other than project preparatory
       - □ Economic, thematic, and sector work
       - □ Institutional development
       - □ Other:

2. **Assistance focus**
   a. If assistance focuses on a particular sector or subsector, specify the
      Sector: Water supply, sanitation and waste management
      Subsectors: Water supply and sanitation, waste management
   b. Targeting classification
      - ✗ Targeted intervention
      - □ General intervention
   c. Key thematic area(s)
      - Themes:
        - ✗ Sustainable economic growth
        - ✗ Inclusive social development
        - ✗ Governance
        - ✗ Gender and development
        - ✗ Environmental sustainability
        - ✗ Regional cooperation
        - ✗ Private sector development
        - ✗ Capacity development
      - Subthemes: Developing rural areas, natural resources conservation, human development

3. **Coverage**
   - ✗ Country
   - □ Subregional
   - □ Interregional
   - □ Internal policy development

4. **Responsible division/department:** Social Sectors Division, East Asia Department

5. **Responsible ADB officer(s):** To be determined

6. **Description of assistance(s)**
   a. **Background/linkage to country/regional strategy:** The lack of adequate rural water supply and sanitation services impairs rural community health, especially among the poor. Improved access to safe drinking water and sanitation is a key objective of the PRC’s 11th Five-Year Program (2006–2010) in conjunction with the Government’s goal of developing a new socialist countryside that aims to increase rural affluence and improve the living conditions of the rural population. Improved access to safe water and sanitation is also critical to achieve the goals of the PRC’s Outline for Poverty Alleviation and Development of China’s Rural Areas (2001–2010). The Government follows the Millennium Development Goals to ensure environmental sustainability and aims to halve, by 2015, the proportion of rural people without sustainable access to safe drinking water and sanitation. This is one of the few Millennium Development Goals that the PRC has not been achieving ahead of schedule.
Appendix 3

Access to water has significantly improved recently but this is not the same as access to safe water. About 300 million rural people, 40% of the rural population, continue to use unsafe water. About 76% have access to improved water that does not meet national safety standards; the remaining 24% lack access to any improved water source. The Government recognizes the need to further strengthen national policy, strategy, and operational frameworks to develop the rural water supply and sanitation services sector and requested ADB's nonlending assistance. An advisory TA on Safe Drinking Water for the Rural Poor was completed in late 2005. Among others, the TA identified a range of financing modalities to support investment in rural water supply and sanitation, and developed an investment program to achieve the Government's goal of meeting the Millennium Development Goal on access to safe drinking water and sanitation.

b. **Goal and purpose:** The nonlending assistance is aimed at designing an investment project to support rural water supply and sanitation development in a province. The proposed Project will be accompanied by efforts to strengthen community participation, diversify investment funding options, and promote the financial sustainability of local governments.

c. **Components and outputs:** Water supply and sewer treatment; may include solid waste management in rural areas in a province.

d. **Expected results and deliverables:** An investment project for selected villages and rural areas in a province and a capacity building program that will assist the selected villages and rural areas in operating and maintaining the project facilities in a sustainable manner.

e. **Social or environmental issues or concerns:** Impact on poverty reduction and the environment, resettlement, and other issues will be identified and analyzed during TA implementation.

f. **Plans for disseminating results/deliverables:**

For TA, method(s) of TA output dissemination:

- [ ] A conference/workshop/brown bag
- [ ] Publication of article(s) in external journals or books
- [ ] External press release to news agencies, including www.adb.org
- [ ] Internal press release in ADB Today
- [x] Others: Public consultation will be conducted during PPTA implementation

7. **Proposed executing/implementing agency or agencies:** The provincial government will be the Executing Agency and municipal governments will be the implementing agencies (to be identified).

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

The Government’s agenda in the 11th Five-Year Plan is focused on rural development and raising the income and living environment of the rural population. Accordingly, the Ministry of Finance, National Development and Reform Commission, and other relevant ministries have highlighted the need to support the development of rural infrastructure and strengthen local capacity to meet the challenges of rural development through investment in infrastructure, policy reform, and capacity-building. All national, provincial, prefecture, and municipal government agencies concerned will be involved in the design of the Project. The public will be consulted through public hearings and household surveys.

9. **Timetable for assistance design, processing, and implementation**

a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2005

b. **Expected date of submission for approval**

- Lending: 2009
- Nonlending (project preparatory): 2007
- Nonlending (other than project preparatory):

c. **Period and duration of assistance**

- Lending:
- Nonlending: Within 1 year from TA approval (1 year)
10. Financing Plan

a. For lending

☑ Ordinary capital resources: $100 million
☐ Asian Development Fund (loan):
☐ Asian Development Fund (grant):
☑ Other: Government financing: $120 million

If cofinancing is required, indicate amount and sources sought: $____, from ____________.

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB Financing</td>
<td>100.00</td>
</tr>
<tr>
<td>Government Financing</td>
<td>120.00</td>
</tr>
<tr>
<td>Other Financing</td>
<td></td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>220.00</strong></td>
</tr>
</tbody>
</table>

Source: Asian Development Bank estimates.

b. For nonlending

☐ No resources required, other than ADB staff
☐ ADB’s administrative budget:
☑ Grant TA funds $500,000
☐ Other: $150,000

If cofinancing is required, indicate amount and sources sought: $____, from ____________.

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB Financing</td>
<td>500,000</td>
</tr>
<tr>
<td>Government Financing</td>
<td>150,000</td>
</tr>
<tr>
<td>Other Financing</td>
<td></td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>650,000</strong></td>
</tr>
</tbody>
</table>

Source: Asian Development Bank estimates.

ADB = Asian Development Bank, ADF = Asian Development Fund, CSP = country strategy and program, PPTA = project preparatory technical assistance, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.
### Table A3.10: Technical and Vocational Education Development
#### Concept Paper

**Date:** August 2006

<table>
<thead>
<tr>
<th>1. Type/modality of assistance</th>
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<tr>
<td>☐ Lending</td>
</tr>
<tr>
<td>☐ Project loan</td>
</tr>
<tr>
<td>☐ Program loan</td>
</tr>
<tr>
<td>☐ Sector loan</td>
</tr>
<tr>
<td>☐ Sector development program loan</td>
</tr>
<tr>
<td>☐ ADF grant-financed</td>
</tr>
<tr>
<td>☐ Other:</td>
</tr>
<tr>
<td>☒ Nonlending</td>
</tr>
<tr>
<td>☒ Project preparatory</td>
</tr>
<tr>
<td>☐ Other than project preparatory</td>
</tr>
<tr>
<td>☒ Economic, thematic, and sector work</td>
</tr>
<tr>
<td>☒ Institutional development</td>
</tr>
<tr>
<td>☒ Other: Advisory TA on subsector development</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. Assistance focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. If assistance focuses on a particular sector or subsector, specify the Sector: Education Subsector: Technical and vocational education and training</td>
</tr>
<tr>
<td>b. Targeting classification</td>
</tr>
<tr>
<td>☐ Targeted intervention</td>
</tr>
<tr>
<td>☒ General intervention</td>
</tr>
<tr>
<td>c. Key thematic area(s)</td>
</tr>
<tr>
<td>Themes:</td>
</tr>
<tr>
<td>☒ Sustainable economic growth</td>
</tr>
<tr>
<td>☒ Inclusive social development</td>
</tr>
<tr>
<td>☒ Governance</td>
</tr>
<tr>
<td>☒ Gender and development</td>
</tr>
<tr>
<td>☒ Environmental sustainability</td>
</tr>
<tr>
<td>☒ Regional cooperation</td>
</tr>
<tr>
<td>☒ Private sector development</td>
</tr>
<tr>
<td>☒ Capacity development</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>☒ Country</td>
</tr>
<tr>
<td>☐ Subregional</td>
</tr>
<tr>
<td>☐ Interregional</td>
</tr>
<tr>
<td>☐ Internal policy development</td>
</tr>
</tbody>
</table>

| 4. Responsible division/department: | Social Sectors Division, East Asia Department |

| 5. Responsible ADB officer(s): | L. Wu |

<table>
<thead>
<tr>
<th>6. Description of assistance(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. <strong>Background/linkage to country/regional strategy:</strong> Technical and vocational education (TVE) is a government development priority during its 11th Five-Year Program (2006–2010) and beyond. This need stems from (i) the acute and increasing skills shortage especially in coastal and more developed areas; (ii) continued process of urbanization in coming decades, with an estimated annual migration of over 10 million rural laborers into urban areas during 2006–2015; and (iii) long-standing status of underinvestment and ineffectiveness of the TVE sector. Development of TVE will (i) help to maintain high GDP growth rate with higher value-added and skills content; (j) facilitate an ordered urbanization process with significant implications for social stability and the PRC’s long-term balanced development; and (iii) reform and develop the TVE sector, which is demand-driven and closely linked to labor markets. Promoting sustainable economic growth and inclusive human development are priorities of ADB’s CSP (2004-2006) for the PRC. Reforming and investing in TVE will have a huge poverty reduction impact, as a good proportion of potential beneficiaries will be migrant workers who tend to be among the poor. ADB has gained considerable experience in developing the TVE</td>
</tr>
</tbody>
</table>

sector in its developing member countries, especially in Malaysia, Philippines, and others. ADB is providing two TAs to the PRC, specifically designed to develop the TVE sector: one has a provincial focus with models and modalities developed to have wider applications in other geographical areas; and the other focuses on improving employment conditions for migrant workers. Both TAs will help design the Project to be demand-driven and meet the client’s needs.

b. Goal and purpose: The proposed nonlending assistance will help prepare the Technical and Vocational Education project planned for 2008.

c. Components and outputs: The Project will include (i) improved internal efficiency of the TVE sector in management improvement, teaching training, learning and teaching materials development, information and communications technology, and other capacity strengthening; (ii) improved external efficiency, including closer and better labor market linkages; (iii) specific measures to improve migrant workers’ access to and attainment of TVE; and (iv) strengthened public sector’s quality control and supervisory role (vocational qualification and certification systems).

d. Expected results and deliverables: An investment project that will improve the overall capacity and efficiency of the TVE sector in a province in the PRC, including the public sector’s management capacity.

e. Social or environmental issues or concerns: No gender, other social issues, or negative environmental impact are anticipated.

f. Plans for disseminating results/deliverables

For TA, method(s) of TA output dissemination:
- A conference/workshop/brown bag
- Publication of article(s) in external journals or books
- External press release to news agencies, including www.adb.org
- Internal press release in ADB Today
- Others (specify) ________________________

7. Proposed executing/implementing agency or agencies: The Ministry of Education/provincial government (to be determined) will be the Executing Agency.

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: Consultation between ADB and the Ministry of Finance and the National Development and Reform Commission was programmed during the country program review and consultation mission in March 2006.

9. Timetable for assistance design, processing, and implementation

   a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: CSP Update PRC 2006–2008
   b. Expected date of submission for approval
      Lending: Nonlending (project preparatory): June 2007
      Nonlending (other than project preparatory): June 2007
   c. Period and duration of assistance:
      Lending: Nonlending: July 2007–June 2008 (1 year)

10. Financing Plan

   a. For lending
      - Ordinary capital resources:
      - Asian Development Fund (loan):
      - Asian Development Fund (grant):
      - Other:
      If cofinancing is required, indicate amount and sources sought: $____, from ______________.

   b. For nonlending
      - No resources required, other than ADB staff
ADB’s administrative budget:

- Grant TA funds: $500,000
- Other: $150,000

If cofinancing is required, indicate amount and sources sought: $____, from ____________.

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB Financing</td>
<td>500,000</td>
</tr>
<tr>
<td>Government Financing</td>
<td>150,000</td>
</tr>
<tr>
<td>Other Financing</td>
<td></td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>650,000</strong></td>
</tr>
</tbody>
</table>

Source: ADB estimates.

ADB = Asian Development Bank, ADF = Asian Development Fund, CSP = country strategy and program, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance, TVE = township and village enterprise.
### Table A3.11: Regional Cooperation in Transport Sector

#### Concept Paper

**Date:** August 2006

<table>
<thead>
<tr>
<th>1. Type/modality of assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>☒ Lending</td>
</tr>
<tr>
<td>☐ Project loan</td>
</tr>
<tr>
<td>☐ Program loan</td>
</tr>
<tr>
<td>☐ Sector loan</td>
</tr>
<tr>
<td>☐ Sector development program loan</td>
</tr>
<tr>
<td>☐ ADF grant-financed</td>
</tr>
<tr>
<td>☐ Other:</td>
</tr>
</tbody>
</table>

| ☒ Nonlending                   |
| ☐ Project preparatory          |
| ☐ Other than project preparatory |
| ☐ Economic, thematic, and sector work |
| ☐ Institutional development    |
| ☐ Other:                       |

<table>
<thead>
<tr>
<th>2. Assistance focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. If assistance focuses on a particular sector or subsector, specify the</td>
</tr>
<tr>
<td>Sector: Transport and communications</td>
</tr>
<tr>
<td>Subsector: Roads and highways</td>
</tr>
<tr>
<td>b. For project preparatory and lending, classification</td>
</tr>
<tr>
<td>☐ Targeted intervention</td>
</tr>
<tr>
<td>☒ General intervention</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>c. Key thematic area(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Themes:</td>
</tr>
<tr>
<td>☒ Sustainable economic growth</td>
</tr>
<tr>
<td>☐ Inclusive social development</td>
</tr>
<tr>
<td>☐ Governance</td>
</tr>
<tr>
<td>☐ Gender and development</td>
</tr>
<tr>
<td>☐ Environmental sustainability</td>
</tr>
<tr>
<td>☒ Regional cooperation</td>
</tr>
<tr>
<td>☐ Private sector development</td>
</tr>
<tr>
<td>☐ Capacity development</td>
</tr>
</tbody>
</table>

Subtheme: Promoting economic efficiency and enabling markets, and fostering physical infrastructure development

<table>
<thead>
<tr>
<th>3. Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>☒ Country</td>
</tr>
<tr>
<td>☐ Subregional</td>
</tr>
<tr>
<td>☐ Interregional</td>
</tr>
<tr>
<td>☐ Internal policy development</td>
</tr>
</tbody>
</table>

| 4. Responsible division/department: Transport and Communications Division, East Asia Department |

| 5. Responsible ADB officer(s): To be determined |

<table>
<thead>
<tr>
<th>6. Description of assistance(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. <strong>Background/linkage to country/regional strategy:</strong> Promoting regional cooperation is a strategic theme under ADB’s Long-term Strategic Framework (2001–2015) and its CSP (2004-2006) for the PRC. The PRC plays an important role in regional cooperation and integration in the GMS in Yunnan Province and Guangxi Zhuang Autonomous Region, and CAREC in Xinjiang Uygur Autonomous Region. Trade between these provinces and neighboring countries has been rapidly increasing, reaching $5.7 billion between Yunnan and Guangxi provinces and GMS countries and $420 million between Xinjiang Region and CAREC counties in recent years. Given its importance in facilitating the flow of goods and people across country boundaries, transport is a priority for ADB assistance.</td>
</tr>
</tbody>
</table>

Despite considerable investments in the road sector, the PRC road network is still inadequate, and does not provide efficient transport access to neighboring countries. Better transport links are necessary to facilitate regional cooperation and integration. The road network must be developed to facilitate sustainable economic development and the impact of investments will reach poor areas and rural residents in the hinterlands, thus spreading economic and social benefits widely. The proposed Project is consistent with ADB’s strategy.

b. **Goal and purpose:** The principal objective of the Project is to develop an integrated road transport system to support sustainable economic development.

c. **Components and outputs:** The Project has the following components: (i) construction of a regional road connecting with neighboring countries; (ii) upgrading of associated local roads; (iii) procurement of equipment; (iii) land acquisition and resettlement; and (vi) consulting services for construction supervision, road safety audit, monitoring and evaluation, and capacity building.

d. **Expected results and deliverables:** By developing a regional road network, the Project will help improve access to market opportunities and social services for the rural poor residents in the project area. The Project will reduce transport time and costs, helping to develop an enabling environment for investment, create employment opportunities, and enhance incomes. The Project will have a broader impact on facilitating regional cooperation and integration by promoting trade with neighboring countries.

e. **Social or environmental issues or concerns:** Given the large land acquisition, the Project will impact on environment and resettlement. These impacts will be addressed by an environmental impact assessment and environmental management plan, as well as a resettlement plan.

f. **Plans for disseminating results/deliverables:** Consultation meetings and local media.

<table>
<thead>
<tr>
<th>For TA, method(s) of TA output dissemination:</th>
</tr>
</thead>
<tbody>
<tr>
<td>☒ A conference/workshop/brown bag</td>
</tr>
<tr>
<td>☒ Publication of article(s) in external journals or books</td>
</tr>
<tr>
<td>☒ External press release to news agencies, including <a href="http://www.adb.org">www.adb.org</a></td>
</tr>
<tr>
<td>☒ Internal press release in ADB Today</td>
</tr>
<tr>
<td>☐ Others (specify) ________________________</td>
</tr>
</tbody>
</table>

7. **Proposed executing/implementing agency or agencies:** Provincial communications department (EA)

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

   This Project was proposed by the Provincial Communications Department through the central Government. Local people were consulted as part of project preparation.

9. **Timetable for assistance design, processing, and implementation**

   a. Year included in CSP, CSP Update, RCSP, CSP Update, or interregional work plan: 2006

   b. Expected date of submission for approval

      Lending: 2009
      Nonlending (project preparatory): 2007
      Nonlending (other than project preparatory)

   c. Period and duration of assistance

      Lending: 2010–2014 (4 years)
      Nonlending: October 2007 to April 2008 (6 months)

10. **Financing Plan**

   a. For lending

      ☒ Ordinary capital resources: $200 million
      ☐ Asian Development Fund (loan):
      ☐ Asian Development Fund (grant):
      ☐ Other:

      If cofinancing is required, indicate amount and sources sought: $____, from domestic bank.
b. For nonlending

No resources required, other than ADB staff

ADB’s administrative budget:
- Grant TA funds: $500,000
- Other: $125,000

If cofinancing is required, indicate amount and sources sought: $____, from ______________.

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
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<td>ADB Financing</td>
<td>$500,000</td>
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<tr>
<td>Government Financing</td>
<td>$125,000</td>
</tr>
<tr>
<td>Total Cost</td>
<td>$625,000</td>
</tr>
</tbody>
</table>

Source: Asian Development Bank estimates.

ADB = Asian Development Bank, ADF = Asian Development Fund, CAREC = Central Asia Regional Economic Cooperation, CSP = country strategy and program, GMS = Greater Mekong Subregion, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.
Table A3.12: Roads Development IV and V  
Concept Paper  

Date: August 2006

1. **Type/modality of assistance**  
   - Lending  
     - Project loan  
     - Program loan  
     - Sector loan  
     - Sector development program loan  
     - ADF grant-financed  
     - Other:  
   - Nonlending  
     - Project preparatory  
     - Other than project preparatory  
       - Economic, thematic, and sector work  
       - Institutional development  
       - Other:

2. **Assistance focus**  
   a. If assistance focuses on a particular sector or subsector, specify the  
      Sector: Transport and communications  
      Subsector: Roads and highways  
   b. For project preparatory and lending, classification  
      - Targeted intervention  
      - General intervention  
   c. Key thematic area(s)  
      Themes:  
      - Sustainable economic growth  
      - Inclusive social development  
      - Governance  
      - Gender and development  
      - Environmental sustainability  
      - Regional cooperation  
      - Private sector development  
      - Capacity development  
      Subthemes: Promoting economic efficiency and enabling markets, and fostering physical infrastructure development

3. **Coverage**  
   - Country  
   - Subregional  
   - Interregional  
   - Internal policy development

4. **Responsible division/department**: Transport and Communications Division, East Asia Department

5. **Responsible ADB officer(s)**: To be determined

6. **Description of assistance(s)**  
   a. **Background/linkage to country/regional strategy**: Despite considerable investments in the road sector, the PRC road network is still inadequate, and does not provide efficient transport access to large parts of the country, particularly in the poorer inland regions. Better transport links are necessary to improve economic efficiency, foster domestic and international trade, facilitate interregional integration, and reduce poverty. The western PRC lacks high-class road infrastructure in and out of the region, and between and within provinces in the region. The road network must be developed to facilitate sustainable economic development and the impact of investments must reach poor areas and rural residents in the hinterlands, spreading economic and social benefits widely. To enhance economic development and reduce poverty in the western part of the PRC, the Government is implementing the Western Region Development Strategy, which is the key theme of the 11th Five-Year Program. The strategy aims to reduce development disparities between
the western region and the coastal region. The proposed Project will support this strategy. ADB is targeting its assistance in the road sector to the less developed central and western provinces where the majority of the poor live. The proposed Project is consistent with ADB’s strategy.

b. **Goal and purpose:** The principal objective of the Project is to develop an integrated road transport system to support sustainable economic development.

c. **Components and outputs:** The Project has the following components: (i) construction of an expressway; (ii) upgrading of associated local roads; (iii) procurement of equipment; (iv) land acquisition and resettlement; and (iv) consulting services for construction supervision, road safety audit, monitoring and evaluation, and capacity building.

d. **Expected results and deliverables:** By developing an integrated expressway and complementary local road network, the Project will help to improve access to market opportunities and social services for the rural poor residents in the project area. The Project will reduce transport time and costs, helping to develop an enabling environment for investment, create employment opportunities, and enhance incomes.

e. **Social or environmental issues or concerns:** Given the large land acquisition, the Project will impact on the environment and resettlement. These impacts will be addressed by environmental impact assessments and environmental management plan, as well as resettlement plan.

f. **Plans for disseminating results/deliverables:** Through consultation meetings and local media.

For TA, method(s) of TA output dissemination:
- A conference/workshop/brown bag
- Publication of article(s) in external journals or books
- External press release to news agencies, including www.adb.org
- Internal press release in ADB Today
- Others (specify) ________________________

7. **Proposed executing/implementing agency or agencies:** Provincial communications department (EA)

8. **Nature/extensity of government/beneficiary involvement in identifying or conceptualizing the assistance:**
   This Project was proposed by the Provincial Communications Department through the central Government. Local people were consulted as part of project preparation.

9. **Timetable for assistance design, processing, and implementation**
   a. Year included in CSP, CSP Update, RCSP, CSP Update, or interregional work plan: 2005
   b. Expected date of submission for approval
      - Lending: 2009
      - Nonlending (project preparatory): 2007
      - Nonlending (other than project preparatory):
   c. Period and duration of assistance
      - Lending: 2010–2014 (4 years)
      - Nonlending: October 2007 to April 2008 (6 months)

10. **Financing Plan**
   a. For lending
      - Ordinary capital resources: $200 million
      - Asian Development Fund (loan):
      - Asian Development Fund (grant):
      - Other:

      If cofinancing is required, indicate amount and sources sought: $____, from domestic bank.
   b. For nonlending
      - No resources required, other than ADB staff
      - ADB’s administrative budget:
      - Grant TA funds: $800,000
      - Other: $200,000

      If cofinancing is required, indicate amount and sources sought: $____, from ______________.
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<td><strong>Total Cost:</strong></td>
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</tr>
</tbody>
</table>

Source: Asian Development Bank estimates.

ADB = Asian Development Bank, ADF = Asian Development Fund, CSP = country strategy and program, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.
Appendix 3

Table A3.13: Railway Development Project II
Concept Paper

Date: August 2005

1. Type/modality of assistance
   - Lending
     - Project loan
     - Program loan
     - Sector loan
     - Sector development program loan
     - Other:
   - Nonlending
     - Project preparatory
     - Other than project preparatory
       - Economic, thematic, and sector work
       - Institutional development
       - Other:

2. Assistance Focus
   a. If assistance focuses on a particular sector or subsector, specify the
      Sector: Transport and communications
      Subsector: Railways
   b. For project preparatory and lending, classification
      - Targeted intervention
      - General intervention
   c. Key thematic area(s)
      - Sustainable economic growth
      - Inclusive social development
      - Governance
      - Gender and development
      - Environmental sustainability
      - Regional cooperation
      - Private sector development
      - Capacity development
      Subthemes: Promoting economic efficiency and enabling markets, and fostering physical infrastructure
devolution.

3. Coverage
   - Country
   - Subregional
   - Interregional
   - Internal policy development

4. Responsible division/department: Transport and Communications Division, East Asia Department

5. Responsible ADB officer: M. Parkash

6. Description of assistance(s)
   a. Background/linkage to country/regional strategy: At the end of 2004, the PRC railway system comprised 74,000 route-km of local railways, including over 28,000 route-km of railways in the western region. The railway system will be expanded to 85,000 route-km by 2010. Given the location of the population, natural resources, and industries in the PRC, the current size of the railway network does not provide adequate coverage. Vast inland areas in the central and western parts of the country do not have any rail transport. The lack of railway capacity to meet the increasing demand for transportation services is constraining economic growth. The Government’s Railway Development Plan (2004) gives priority to unserved areas, and promotes railway lines that would improve links between poor inland provinces in the western and central PRC and the more prosperous coastal areas. The Project will support the Government’s Western Region Development Strategy and will be consistent with ADB’s CSP (2004-2006) in the PRC.
   b. Goal and purpose: The Project will enhance economic development and reduce poverty by improving access for people and the goods.
c. **Components and outputs:** (i) constructing railways; (ii) laying railway track (rails and accessories, concrete sleepers, and stone ballast); (iii) constructing new railway stations, complete with facilities; (iv) providing modern technology and equipment; (v) training people to use and maintain modern equipment; (vi) protecting the environment and mitigating adverse environmental effects; (vii) acquiring land and resettling affected people; (viii) providing consulting services for design, construction supervision, quality control, procurement, environmental monitoring, and monitoring of resettlement implementation and poverty reduction; and (ix) strengthening the institutional capacity of the executing agency.

d. **Expected results and deliverables:** The Project will help open up the poor remote areas, thereby increasing incomes and employment opportunities for rural residents. It will also play an important role in promoting economic growth in the project areas by developing and utilizing local natural resources. The Project will also help develop tourism.

e. **Social or environmental issues or concerns:** The Project will have environmental and resettlement impacts because of land acquisition. These will be assessed during the PPTA fact-finding.

f. **Plans for disseminating results/deliverables:** Through public consultation. The summary environmental impact assessment and resettlement action plan will be available to the public through ADB’s website.

**For TA, method(s) of TA output dissemination:**
- A conference/workshop/brown bag
- Publication of article(s) in external journals or books
- External press release to news agencies, including www.adb.org
- Internal press release in *ADB Today*
- Others (specify) ________________________

7. **Proposed executing/implementing agencies:** Foreign Capital and Technical Import Center, Ministry of Railways (EA)

8. **Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**
The Ministry of Railways is doing the initial work of comparison and selection.

9. **Timetable for assistance design, processing, and implementation**
   a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: 2005
   
   b. Expected date of submission for approval
      Lending: 2008
      Nonlending (project preparatory): 2006
      Nonlending (other than project preparatory):

c. Period and duration of assistance(s)
   Lending: 2008–2012 (5 years)
   Nonlending: 2006 (6 months)

10. **Financing Plan**
   a. For lending
      - Ordinary capital resources: $300 million
      - Asian Development Fund:
      - Other: Government Financing $450 million

   If cofinancing is required, indicate amount and sources sought: $ ____, from________.  

   **Source** | **Amount ($ million)**
   --- | ---
   ADB Financing | 300.00
   Government Financing | 450.00
   Other Financing |
   **Total Cost** | 750.00

   Source: Asian Development Bank estimates.

   b. For nonlending
      - No resources required, other than ADB staff
      - ADB’s administrative budget:
      - Grant TA funds: $400,000
      - Other: $125,000
If cofinancing is required, indicate amount and sources sought: _______, from __________

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</tr>
</thead>
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<td>Government Financing</td>
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<tr>
<td>Other Financing</td>
<td></td>
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<tr>
<td><strong>Total Cost</strong></td>
<td><strong>525,000</strong></td>
</tr>
</tbody>
</table>

Source: Asian Development Bank estimates.

ADB = Asian Development Bank, CSP = country strategy and program, km = kilometer, PPTA = project preparatory technical assistance, PRC = People's Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.
Table A3.14: Inland Waterway Development
Concept Paper

**Date:** August 2006

1. **Type/modality of assistance**
   - Lending
     - ☒ Project loan
     - ☐ Program loan
     - ☐ Sector loan
     - ☐ Sector development program loan
     - ☐ ADF grant-financed
     - ☐ Other:
   - Nonlending
     - ☒ Project preparatory
     - ☐ Other than project preparatory
       - ☐ Economic, thematic, and sector work
       - ☐ Institutional development
       - ☐ Other:

2. **Assistance focus**
   a. If assistance focuses on a particular sector or subsector, specify the
      Sector: Transport and communications
      Subsector: Waterway
   b. For project preparatory and lending, classification
      - ☐ Targeted intervention
      - ☒ General intervention
   c. Key thematic area(s)
      Themes:
      - ☒ Sustainable economic growth
      - ☐ Environmental sustainability
      - ☐ Inclusive social development
      - ☐ Regional cooperation
      - ☐ Governance
      - ☐ Private sector development
      - ☐ Gender and development
      - ☐ Capacity development
      Subthemes: Promoting economic efficiency and enabling markets, and fostering physical infrastructure development

3. **Coverage**
   - ☒ Country
   - ☐ Subregional
   - ☐ Interregional
   - ☐ Internal policy development

4. **Responsible division/department:** Transport and Communications Division, East Asia Department

5. **Responsible ADB officer(s):** M. Ojiro

6. **Description of assistance(s)**
   a. **Background/linkage to country/regional strategy:** The Government has accorded top priority to the development of transport infrastructure to meet the needs of the growing market economy. The advantages of inland waterway transport are energy efficiency, cost-effectiveness, and less environmental and resettlement effects. The inland waterways grew from 110,562 km in 1995 to 123,337 km in 2004 with an annual average increase of 1,300 km. During the same period, inland waterway freight traffic grew from 158.6 billion t-km in 1995 to 218.4 billion t-km in 2004 with an annual average increase of 4.8%. However, the inland waterway is still underdeveloped in both quality and extent. The Government set targets in the 10th Five-Year Plan: (i) improving 3,350 km of navigation channel; (ii) improving 2,500 km of inland waterway trunk channel ; and (iii) building and upgrading 200 inland waterway berths, adding 25 million tonnage of transport throughput. Despite the
Government’s efforts to increase the country’s transport capacity, serious constraints and bottlenecks remain, especially in the inland waterway sector. ADB’s country operational strategy for the PRC gives priority to removing infrastructure constraints and supporting policy and institutional reforms. The transport sector is identified as a priority sector.

**b. Goal and purpose:** The purpose of the Project is to develop an inland waterway transport system to support sustainable economic development in a selected province.

**c. Components and outputs:** The TA comprises two parts. Part 1: reviewing the inland waterway transport by identifying key issues and recommending alternative solutions to develop a sustainable inland waterway transport system in the next 10 years. Part 2: reviewing a feasibility study, environmental impact, resettlement plan, and other aspects of the proposed investment project to improve inland waterway transport. The output of the TA will be an inland waterway project suitable for ADB financing based on the sector review of the inland waterway.

**d. Expected results and deliverables:** A report on the sector review of the inland waterway, and a final report recommending an inland waterway project for ADB financing.

**e. Social or environmental issues or concerns:** Depending on the scope of the proposed Project, it would have impacts on social and environmental aspects. These aspects will be reviewed by the TA consultants.

**f. Plans for disseminating results/deliverables:** Results of the TA will be disseminated in the TA workshop.

For TA, method(s) of TA output dissemination:
- [x] A conference/workshop/brown bag
- [ ] Publication of article(s) in external journals or books
- [ ] External press release to news agencies, including www.adb.org
- [ ] Internal press release in *ADB Today*
- [ ] Others (specify) ________________________

**7. Proposed executing/implementing agency or agencies:**
Ministry of Communications (EA) and Provincial communications department (EA)

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**
This Project was proposed by the Ministry of Communications and the Provincial Communications Department. Local people were consulted as part of project preparation.

**9. Timetable for assistance design, processing, and implementation**

a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2005

b. Expected date of submission for approval
   - Lending: 2009
   - Nonlending (project preparatory): 2007
   - Nonlending (other than project preparatory):

c. Period and duration of assistance
   - Lending: 2010–2014 (4 years)
   - Nonlending: September 2007 to May 2008 (8 months)

**10. Financing Plan**

a. For lending
   - [x] Ordinary capital resources: $100 million
   - [ ] Asian Development Fund (loan):
   - [ ] Asian Development Fund (grant):
   - [ ] Other:

   If cofinancing is required, indicate amount and sources sought: $____, from domestic bank.
b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget:
  - Grant TA funds: $500,000
  - Other: $125,000

If cofinancing is required, indicate amount and sources sought: $____, from ____________.

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<th>Source</th>
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<td>Government Financing:</td>
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<td><strong>Total Cost:</strong></td>
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Source: Asian Development Bank estimates.

ADB = Asian Development Bank, ADF = Asian Development Fund, CSP = country strategy and program, km = kilometer, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance, t-km = ton-kilometer.
Table A3.15: Strengthening Water Resources Management in Guiyang
Concept Paper

Date: August 2006

1. **Type/modality of assistance**
   - ☑ Lending
     - ✔ Project loan
     - ☑ Program loan
     - ☑ Sector loan
     - ☑ Sector development program loan
     - ☑ ADF grant-financed
     - ☑ Other:
   - ☑ Nonlending
     - ☑ Project preparatory
     - ☑ Other than project preparatory
       - ☑ Economic, thematic, and sector work
       - ☑ Institutional development
       - ☑ Other: ADTA

2. **Assistance focus**
   a. If assistance focuses on a particular sector or subsector, specify the
      - Sector: Agriculture and natural resources
      - Subsector: Water resource management
   b. Targeting classification
      - ☑ Targeted intervention
      - ☑ General intervention
   c. Key thematic area(s)
      - Themes:
        - ☑ Sustainable economic growth
        - ☑ Inclusive social development
        - ☑ Governance
        - ☑ Gender and development
        - ☑ Environmental sustainability
        - ☑ Regional cooperation
        - ☑ Private sector development
        - ☑ Capacity development
      - Subthemes: Fostering physical infrastructure development and natural resources conservation

3. **Coverage**
   - ☑ Country
   - ☑ Subregional
   - ☑ Interregional
   - ☑ Internal policy development

4. **Responsible division/department:** Agriculture, Environment, and Natural Resources, East Asia Department

5. **Responsible ADB officer(s):** D. Ellingson

6. **Description of assistance(s)**
   a. **Background/linkage to country/regional strategy:** Current arrangements for water sector management have managed to increase resources and the reliability of supplies, but economic growth and livelihoods in Guiyang are lower than most parts of the PRC, with Guizhou province ranked second lowest in gross domestic product per capita. More needs to be done to promote sustainable growth in Guiyang, Guizhou Province, and improved water sector management can make an important contribution to success. As economic growth imposes greater pressures on the natural environment and water demands increase, there is a need for greater integration in the management of water resources. Water resources must be protected, and available water allocated in a manner that achieves the twin objectives of economic growth and social stability.
The need for assistance was first identified in discussions between Guiyang municipal government and ADB during early preparations of the Guiyang Integrated Water Resources Management Project (GIWRMP). These discussions highlighted the practical problems of applying principles of integrated water resources management (IWRM) in the PRC and identified institutional constraints as a significant barrier. It was mutually agreed that Guiyang municipal government could benefit from international assistance and experience in IWRM and that the proposed GIWRMP, to be implemented using ADB's sector loan modality, offered an appropriate vehicle to take forward IWRM reforms.

The TA will support the nonstructural reforms of GIWRMP, which is a standby ADB loan for 2006 and firm for 2007. The PPTA for the GIWRMP commenced in January 2006 and the draft final report submitted in mid-July 2006.

b. Goal and purpose: The purpose of the TA is to help introduce modern principles of IWRM into the management of the water sector in Guiyang. The ultimate goal is to use IWRM in a way that improves the performance of the water sector and, by so doing, to facilitate sustained economic growth and improve the livelihood of the citizens.

c. Components and outputs: The investigation of institutional reforms and related actions necessary to promote IWRM at the town, county, and municipal level of government. One township and one county government will be used as pilots, together with a study of institutional constraints to IWRM within Guiyang municipal government. In addition, international and existing PRC experience in IWRM relevant to the local Guiyang situation will be documented and used in formulating reform proposals for the township, county, and city levels. A two-phase approach will be taken in implementing the TA. The first phase over 12 months will develop detailed reform proposals and obtain government approval for trial reforms. The second phase, also over 12 months, will support the trial implementation of the reforms, review their initial success, and document the lessons learned. Adjustments in arrangements will be recommended as necessary in the light of experience. During the TA, at least two workshops will be held with national experts invited to review the TA proposals and conclusions.

d. Expected results and deliverables: The result of the TA will be to increase awareness of IWRM within all levels of government as the best means of managing water as a key economic resource. The participatory nature of IWRM will improve the transparency of water sector management and reduce the possibilities of water conflict. Stakeholder analysis and participatory approaches will also allow (i) a better understanding of the potential social impacts of water allocation decisions, and (ii) this understanding to be used to manage potentially adverse social impacts. Efforts will be made through IWRM to achieve greater coordination and economic optimization of water supply and demand management activities, based on the economic opportunity cost of water. Consultants will be expected to prepare reports on reform proposals, a reform implementation plan, and a final report with lessons learned. These reports should be written in a “toolkit” format that allows the TA work to be applied in other parts of Guizhou and nationally.

e. Social or environmental issues or concerns: None

f. Plans for disseminating results/deliverables:

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<td>☐ Publication of article(s) in external journals or books</td>
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<td>☒ External press release to news agencies, including <a href="http://www.adb.org">www.adb.org</a></td>
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<td>☒ Internal press release in ADB Today</td>
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<td>☐ Others (specify) _________________________</td>
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</table>

7. Proposed executing/implementing agency or agencies:
Project management office of GIWRMP (IA) and Water Resources Bureau of the Guiyang municipal government (EA).

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:
The concept was discussed at length during the GIWRMP PPTA inception mission and subsequently during TA review missions. Since the initial identification, the Guiyang Water Resources Bureau and GIWRMP Project management office have been fully involved in conceptualizing the assistance.
9. Timetable for assistance design, processing, and implementation
   a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2006
   b. Expected date of submission for approval
      Lending:
      Nonlending (project preparatory):
      Nonlending (other than project preparatory): 2006
   c. Period and duration of assistance
      Lending:
      Nonlending: intermittent assistance commencing in 2007 (2 years)

10. Financing Plan
    a. For lending
       ☐ Ordinary capital resources:
       ☐ Asian Development Fund (loan):
       ☐ Asian Development Fund (grant):
       ☐ Other:
    b. For nonlending
       ☐ No resources required, other than ADB staff
       ☐ ADB’s administrative budget:
       ☑ Grant TA funds: $400,000
       ☑ Other: Government financing $100,000

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<td><strong>Total Cost</strong></td>
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</table>

Source: Asian Development Bank estimates.

ADB = Asian Development Bank, ADF = Asian Development Fund, ADTA = advisory TA, CSP = country strategy and program, GIWRMP = Guiyang Integrated Water Resources Management Project, IWRM = integrated water resources management, PPTA = project preparatory technical assistance, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.
### Table A3.16: Implementing the Flood Management Strategies

#### Concept Paper

**Date:** August 2006

1. **Type/modality of assistance**
   - □ Lending
     - □ Project loan
     - □ Program loan
     - □ Sector loan
     - □ Sector development program loan
     - □ ADF grant-financed
     - □ Other: 
   - ☒ Nonlending
     - □ Project preparatory
     - ☒ Other than project preparatory
       - ☒ Economic, thematic, and sector work
       - ☒ Institutional development
     - □ Other: 

2. **Assistance focus**
   
   a. If assistance focuses on a particular sector or subsector, specify the
      Sector: Agricultural and natural resources
      Subsector: Water resources management
   
   b. For project preparatory and lending, classification
      - □ Targeted intervention
      - ☒ General intervention
   
   c. Key thematic area(s)
      Themes:
      - ☒ Sustainable economic growth
      - ☒ Environmental sustainability
      - ☒ Inclusive social development
      - ☒ Regional cooperation
      - □ Governance
      - □ Private sector development
      - □ Gender and development
      - □ Capacity development

      Subthemes: Sustainable economic growth, inclusive social development

3. **Coverage**
   - ☒ Country
   - ☒ Subregional
   - □ Interregional
   - □ Internal policy development

4. **Responsible division/department:**
   Agriculture, Environment and Natural Resources Division, East Asia Regional Department

5. **Responsible ADB officer(s):** To be determined

6. **Description of assistance**

   a. **Background/linkage to country/regional strategy:**
   The Flood Control Law, 1997, demonstrates the Government’s assessment that more integrated flood management is necessary to adapt to changing conditions. The law provided a platform for better integration, with provisions for more coordination between administrative departments and for recognition of the role of land management. This strategic framework points the way toward more practical implementation of the intent of the Flood Control Law. To further address these issues, in 2005, the Ministry of Water Resources, supported by ADB, prepared a national flood management strategy. TA involved four major activities: (i) assessing the present flooding situation in selected provinces, (ii) identification of options for flood management and dissemination, (iii) formulation of a flood management action plan, and (iv) beginning wider dissemination of study findings and awareness building. The framework and action plan provided the general
basis for designing and guiding integrated flood management programs at the provincial level. The study also explored the potential for integrating flood management with water resources management, including the operation of multifunction reservoirs for flood control and water supply, and the use of floodwaters for enhancing groundwater recharge. Ways of using such ideas were studied, including identifying key strategic linkages between flood and water management, and prospects for their integrated planning and development. Preliminary ways to implement the flood management strategy were identified, including strengthening the enabling institutional environment and interagency and ministry coordination.

A basic conclusion of the study was that approaches to flood control which rely solely on reliance on structural flood management measures through human intervention are not practically or economically feasible. This is because the natural availability of surface water is highly variable, and managing the risk associated with human occupation and use of floodplains is core to flood management. This key aspect is referred to as flood risk management. Flood risk management entails an analysis of the exposure to hazards faced by a community, followed by identification, assessment, and implementation of appropriate measures to manage or reduce the risk to levels regarded as acceptable. The measures used to manage or reduce risks can be structural or nonstructural. Structural measures involve construction of civil works, and aim to keep floodwater away from people or property that would otherwise be at risk. Nonstructural measures aim to limit exposure to risk through planning measures that regulate future development by land zoning, property acquisitions, and resettlement. Nonstructural measures aim to reduce the vulnerability of people and property at risk, such as provision of flood warnings, emergency response planning, and flood proofing of buildings.

The feasibility of using large-scale structural works is further limited because of their scarcer fiscal resources and greater use of nonstructural measures in central and western PRC provinces. This argues for widespread adoption of the flood risk management approach over flood control approaches in PRC’s central and western regions. Similarly, in view of the central and western regions’ limited water resources, more potential needs to be explored to increase storage of floodwaters through, for example, improved performance of flood detention areas and reservoirs. The linkage between floods and water management needs to be further developed, and strategies and investments need to be identified as a strategic component for improved water management that complements implementation of the flood management strategy.

The purpose of the TA is to (i) detail the action plan developed under the national flood management strategy, and (ii) develop and implement the strategy for flood management using a flood risk management approach with a focus on central and western regions of the PRC. The implementation strategy will identify direct linkages to improved water management, including needs and alternative approaches to improving the flood detention and water storage capacity of reservoirs, especially the 30,000 problem dams. The study will provide an important analytical basis for the proposed loan for Dam Safety Management, including (i) practices in assessing the hazards of dam failure, identifying criteria for prioritizing dams for rehabilitation, selecting approaches to rehabilitation of dams, and (ii) needs for monitoring dam safety, and establishing systems for emergency preparedness.

b. **Goal and purpose:** The expected impact of the proposed TA is increased flood protection for strategic and priority flood-prone areas. The expected outcome of the proposed TA is improved institutional, management, and technical capacity for implementing flood and water management strategies.

c. **Components and outputs:** The proposed components are: (i) development of implementation strategies for flood management in selected provinces; (ii) development of implementation strategies for water resource management with a focus on flood detention areas and dams; and (iii) capacity building for development of implementation strategies in selected provinces.

d. **Expected results and deliverables:** Expected results from the study are: (i) a detailed action plan based on the outputs of the national flood management strategy TA; (ii) an implementation strategy for flood management in the central and western regions of the PRC; (iii) identification of the link between flood management strategy implementation and an implementation strategy for addressing improved water resource management, with a focus on problem dams; and (iv) identification of future capacity needs to implement the strategies.

e. **Social or environmental issues or concerns:**
The TA is expected to identify ways to mitigate the negative effects of floods, past flood control methods, and improved flood and water resource management by addressing the risks of existing problem dams.

f. **Plans for disseminating results/deliverables:**
7. Proposed executing/implementing agency or agencies: Ministry of Water Resources (EA)

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:
The Ministry of Water Resources provided the original concept paper and ADB dialogue with Ministry of Water Resources.

9. Timetable for assistance design, processing, and implementation
   a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2006
   b. Expected date of submission for approval
      Lending:
      Nonlending (project preparatory): Nonlending (other than project preparatory): 2006
   c. Period and duration of assistance
      Lending:
      Nonlending: 2007 (1 year)

10. Financing Plan
    a. For lending: Henan High Efficiency Agricultural Development
        Ordinary capital resources:
        Asian Development Fund (loan):
        Asian Development Fund (grant):
        Other:
    c. For nonlending
        No resources required, other than ADB staff
        ADB’s administrative budget:
        Grant TA funds
        Other: $500,000 (to be determined); $125,000 (Government)

    If cofinancing is required, indicate amount and sources sought:

    | Source                      | Amount ($) |
    |-----------------------------|------------|
    | ADB Financing               |            |
    | Government Financing        | 125,000    |
    | Other Financing             | 500,000    |
    | **Total Cost**              | **625,000**|

    Source: ADB estimates.

ADB = Asian Development Bank, ADF = Asian Development Fund, CSP = country strategy and program, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.
Table A3.17: Formulating Power Company’s Corporate Strategy
Concept Paper

Date: August 2006

1. **Type/modality of assistance**
   - [ ] Lending
     - [ ] Project loan
     - [ ] Program loan
     - [ ] Sector loan
     - [ ] Sector development program loan
     - [ ] ADF grant-financed
     - [x] Other:
   - [x] Nonlending
     - [ ] Project preparatory
     - [x] Other than project preparatory
       - [ ] Economic, thematic, and sector work
       - [x] Institutional development
     - [ ] Other:

2. **Assistance focus**
   a. If assistance focuses on a particular sector or subsector, specify the
      - Sector: Energy
      - Subsector: Power
   b. Targeting classification
      - [x] Targeted intervention
      - [ ] General intervention
   c. Key thematic area(s)
      - Themes:
        - [ ] Sustainable economic growth
        - [ ] Inclusive social development
        - [x] Governance
        - [ ] Gender and development
        - [ ] Environmental sustainability
        - [x] Regional cooperation
        - [ ] Private sector development
        - [ ] Capacity development
      - Subtheme(s):

3. **Coverage**
   - [x] Country
   - [ ] Subregional
   - [ ] Interregional
   - [ ] Internal policy development

4. **Responsible division/department:** Energy Division, East Asia Department

5. **Responsible ADB officer(s):** S. F. Wong

6. **Description of assistance(s)**
   a. **Background/linkage to country/regional strategy:** The power sector in the PRC was restructured in 2002, with power generation separated from generation and transmission. The Government is deepening power sector reform toward the establishment of competitive power markets. CSG is one of the two national grid companies and covers five southern provinces/autonomous regions—Guangdong, Guangxi, Guizhou, Yunnan, and Hainan. CSG is playing, and will continue to play, a significant part in the process of further sector reform. CSG has also been designated by the Government as the PRC implementing agency for the GMS subregional power trade program.

   b. **Goal and purpose:** The purpose of the proposed TA is to help CSG formulate an integrated corporate strategy that will improve CSG’s governance, enhance optimal allocation of energy and power resources, and help CSG adapt to the market economy. In the long term, the TA will impact on power sector reform, private
participation in the sector, and the establishment of the GMS regional power trade system. In analyzing CSG's expansion program, opportunities could also be identified where ADB's lending assistance would be valuable.

c. **Components and outputs:** The TA will consist of the following:

(i) A through review of CSG's business plan and internal control procedures. This will form the basis of an assessment to determine CSG's relevance in the context of the 11th Five-Year Program, the direction of further power sector reforms, and GMS power trade initiatives. CSG's current internal control procedures will also be evaluated to determine its effectiveness.

(ii) International/domestic expertise will be introduced to help improve CSG's business plan and operational procedures to improve governance and establish an enabling environment for private sector participation.

(iii) A review of CSG's "going-out" strategy to assess the feasibility, particularly in listing CSG in overseas stock markets, and utilizing energy resources in the GMS through proactive participation in the subregional power trade program.

(iv) Based on the above, an integrated CSG corporate strategy will be developed. International seminars will be organized under the TA to absorb international practice in effectively managing power utilities.

d. **Expected results and deliverables:** (i) an assessment of CSG's current business plan and operational procedures; (ii) an evaluation of CSG's "going-out" strategy; and (iii) an integrated CSG corporate strategy.

e. **Social or environmental issues or concerns:** ADB safeguard policies will be taken into account in formulating the corporate strategy.

f. **Plans for disseminating results/deliverables:** Reports will be disseminated through workshops to the stakeholders/participants, CSG's website, and through official channels to government agencies.

<table>
<thead>
<tr>
<th>For TA, method(s) of TA output dissemination:</th>
</tr>
</thead>
<tbody>
<tr>
<td>☒ A conference/workshop/brown bag</td>
</tr>
<tr>
<td>☐ Publication of article(s) in external journals or books</td>
</tr>
<tr>
<td>☒ External press release to news agencies, including <a href="http://www.adb.org">www.adb.org</a></td>
</tr>
<tr>
<td>☒ Internal press release in ADB Today</td>
</tr>
<tr>
<td>☐ Others (specify) ________________</td>
</tr>
</tbody>
</table>

7. **Proposed executing/implementing agency or agencies:** China Southern Power Grid Corporation (EA)

8. **Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** CSG is keen to conduct the proposed TA. CSG is reporting to the Ministry of Finance and other central government agencies. The Government believes that an integrated corporate strategy is essential for power companies, particularly in the context of further power sector reform and improvement of efficiency of power utilities. The Government also supports CSG in the participation and promotion of GMS power trade initiatives.

9. **Timetable for assistance design, processing, and implementation**

a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2007

b. Expected date of submission for approval

Lending: Nonlending (project preparatory):

Nonlending (other than project preparatory): May 2007

c. Period and duration of assistance

Lending: Nonlending: July 2007 – Dec. 2008 (18 months)
10. Financing Plan

a. For lending
   - Ordinary capital resources:
   - Asian Development Fund (loan):
   - Asian Development Fund (grant):
   - Other:

   If cofinancing is required, indicate amount and sources sought: $____, from ____________.

b. For nonlending
   - No resources required, other than ADB staff
   - ADB’s administrative budget:
     - Grant TA funds: $400,000
     - Other: $200,000

   If cofinancing is required, indicate amount and sources sought: $____, from ____________.

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<td>Total Cost</td>
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</tbody>
</table>

Source: ADB estimates.

Table A.3.18: Rural Finance System Reform
Concept Paper

**Date:** August 2006

1. **Type/modality of assistance**
   - Lending
     - Project loan
     - Program loan
     - Sector loan
     - Sector development program loan
     - ADF grant-financed
     - Other:
   - Nonlending
     - Project preparatory
     - Other than project preparatory
       - Economic, thematic, and sector work
       - Institutional development
       - Other: TA-financed project implementation activities

2. **Assistance focus**
   - a. If assistance focuses on a particular sector or subsector, specify the
     - Sector: Finance
     - Subsector: Microfinance
   - b. Targeting classification
     - Targeted intervention
     - General intervention
   - c. Key thematic area(s)
     - Themes:
       - Sustainable economic growth
       - Inclusive social development
       - Governance
       - Gender and development
       - Environmental sustainability
       - Regional cooperation
       - Private sector development
       - Capacity development
     - Subthemes: Promoting economic efficiency and enabling markets, policy/institutional/legal/regulatory reforms

3. **Coverage**
   - Country
   - Subregional
   - Interregional
   - Internal policy development

4. **Responsible division/department:** Country Coordination, Regional Cooperation, Governance, Finance and Trade Division, East Asia Department

5. **Responsible ADB officer(s):** Y. Qian

6. **Description of assistance(s)**
   - a. **Background/linkage to country/regional strategy:** Microfinance has developed slowly in the PRC and has failed to have any significant impact, mainly because of an inadequate legal and regulatory framework. ADB is working with People’s Bank of China in two of the five pilot counties to establish commercially oriented microcredit institutions. ADB is organizing an international/domestic tender to select the most competent microfinance operators to be awarded a non-deposit taking microfinance institution license in Tongren Prefecture of Guizhou Province and Erdos Prefecture of Inner Mongolia Autonomous Region (IMAR) in June 2006. Through the bidding process, a set of operational policies has been committed to microcredit institutions by the local government in pilot counties, including (i) flexibility in loan interest rates, and (ii) modality of operations and permission to borrow loan funds from a specialized wholesaler. China Development Bank has
expressed strong interests to be the wholesaler. There will be no government subsidies in funding or other forms.

b. **Goal and purpose:** The proposed Project will further (i) deepen ADB's involvement in microfinance market development in the PRC by streamlining policies of central and local governments and financial market regulators; and (ii) facilitate the provision of funding support for microcredit institutions through transfer of technical know-how to China Development Bank for it to become a microfinance wholesaler, and help it to establish a set of financial and operational benchmarks in microfinance operations.

c. **Components and outputs:** The proposed Project will (i) assist the operation of microcredit institutions in the two pilot locations from the policy and regulatory perspective, and (ii) help China Development Bank build its institutional capacity in areas of microfinance intermediation and risk management. The sub-loans onlend from China Development Bank to microfinance operators will mostly assist farmers, micro and small enterprises.

d. **Expected results and deliverables:** Streamlined policy environment and better microfinance services and infrastructure in PRC’s poorer western region.

e. **Social or environmental issues or concerns:** ADB social and environment safeguards will be in place.

f. **Plans for disseminating results/deliverables:**

<table>
<thead>
<tr>
<th>Method(s) of TA output dissemination:</th>
</tr>
</thead>
<tbody>
<tr>
<td>A conference/workshop/brown bag</td>
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<tr>
<td>Publication of article(s) in external journals or books</td>
</tr>
<tr>
<td>External press release to news agencies, including <a href="http://www.adb.org">www.adb.org</a></td>
</tr>
<tr>
<td>Internal press release in <em>ADB Today</em></td>
</tr>
<tr>
<td>Others (specify) ____________________</td>
</tr>
</tbody>
</table>

7. **Proposed executing/implementing agency or agencies:** China Development Bank and local governments of the two pilot prefectures (EAs).

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

Executing/implementing agencies have been closely involved in the formulation of the Project through ADB consultations.

9. **Timetable for assistance design, processing, and implementation**

a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2006

b. Expected date of submission for approval

   - Lending: January 2007
   - Nonlending (project preparatory): January 2007
   - Nonlending (other than project preparatory): January 2007

c. Period and duration of assistance

   - Lending: 2007–2008 (1 year)

10. **Financing Plan**

a. For lending

   - Ordinary capital resources:
   - Asian Development Fund (loan):
   - Asian Development Fund (grant):
   - Other:

   If cofinancing is required, indicate amount and sources sought: $____, from ____________.

b. For nonlending

   - No resources required, other than ADB staff
   - ADB's administrative budget:
   - Grant TA funds: $400,000
Other: $150,000

If cofinancing is required, indicate amount and sources sought: $____, from ____________.

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<tr>
<td><strong>Total Cost</strong></td>
<td><strong>550,000</strong></td>
</tr>
</tbody>
</table>

Source: ADB estimates.

ADB = Asian Development Bank, ADF = Asian Development Fund, CSP = country strategy and program, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.
### Table A3.19: Improving Basic Education in Underdeveloped Areas through ICT II
(formerly Distance Education)

**Concept Paper**

**Date:** August 2006

<table>
<thead>
<tr>
<th>1. <strong>Type/modality of assistance</strong> (double-click on appropriate box)</th>
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</thead>
<tbody>
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<tr>
<td>☑ Project loan</td>
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<tr>
<td>☑ Program loan</td>
</tr>
<tr>
<td>☑ Sector loan</td>
</tr>
<tr>
<td>☑ Sector development program loan</td>
</tr>
<tr>
<td>☑ Other:</td>
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<tr>
<td>☑ Nonlending</td>
</tr>
<tr>
<td>☑ Project preparatory</td>
</tr>
<tr>
<td>☑ Other than project preparatory</td>
</tr>
<tr>
<td>☑ Economic, thematic, and sector work</td>
</tr>
<tr>
<td>☑ Institutional development</td>
</tr>
<tr>
<td>☑ Other:</td>
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</table>

<table>
<thead>
<tr>
<th>2. <strong>Assistance Focus</strong></th>
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</thead>
<tbody>
<tr>
<td>a. If assistance focuses on a particular sector or subsector, specify the</td>
</tr>
<tr>
<td>Sector: Education</td>
</tr>
<tr>
<td>Subsector: Basic education</td>
</tr>
<tr>
<td>b. For project preparatory and lending, classification</td>
</tr>
<tr>
<td>☑ Targeted Intervention</td>
</tr>
<tr>
<td>☑ General Intervention</td>
</tr>
<tr>
<td>c. Key thematic area(s)</td>
</tr>
<tr>
<td>Themes:</td>
</tr>
<tr>
<td>☑ Sustainable economic growth</td>
</tr>
<tr>
<td>☑ Inclusive social development</td>
</tr>
<tr>
<td>☑ Governance</td>
</tr>
<tr>
<td>☑ Gender and development</td>
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<tr>
<td>☑ Environmental sustainability</td>
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<tr>
<td>☑ Regional cooperation</td>
</tr>
<tr>
<td>☑ Private sector development</td>
</tr>
<tr>
<td>☑ Capacity development</td>
</tr>
<tr>
<td>Subtheme: Human development</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. <strong>Coverage</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ Country</td>
</tr>
<tr>
<td>☑ Subregional</td>
</tr>
<tr>
<td>☑ Interregional</td>
</tr>
<tr>
<td>☑ Internal policy development</td>
</tr>
</tbody>
</table>

| 4. **Responsible division/department:** Social Sectors Division, East Asia Department |

| 5. **Responsible ADB officer(s):** To be determined |

<table>
<thead>
<tr>
<th>6. <strong>Description of assistance(s)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>a. <strong>Background/linkage to country/regional strategy:</strong> Promoting distance education and other applications of ICT to education is a major priority of the Government. The potential of distance education and/or ICT is well recognized by national policymakers and international community, and the Beijing Declaration of the E-9 Countries’ signed in August 2001 underscores the need to prioritize related investments in the basic education subsector. The PRC has a long history of utilizing television-based distance education for teacher training on a large scale, and newer forms of ICT are now changing the face of education and lifelong learning. More recently, the PRC has launched ambitious investments in equipping schools with modern ICT equipment (with three models ranging from remote primary schools to better equipped urban schools), internet connectivity and/or IP satellite reception, and (to a lesser extent) e-content development. The renewed emphasis on distance education and/or ICT provides a good opportunity to support basic education, including nonformal education, particularly in the western region of the PRC. However, ICT’s</td>
</tr>
</tbody>
</table>
potential to improve education has not been fully realized. The efficacy of growing investments is undercut by factors including (i) lack of integration into broader educational innovation, such as the introduction of the new curriculum, with its emphasis on pupil-centered learning environments, and the related need to upgrade teaching; (ii) inadequate attention to soft components (capacity building; creation of locally relevant content; networking of teachers, head teachers, and local education bureaus/institutions; and monitoring and evaluation to feedback into more effective approaches); and (iii) the need to systematically address equity issues.

Foundational work under the TA for Improving Basic Education in Underdeveloped Areas Through ICT suggests that teachers are a particular priority, particularly in poor and rural areas. The TA is developing policy recommendations (based on small-scale pilot testing) to better link ICT to capacity building for teachers to adopt more modern pedagogies associated with the new curriculum; and to strengthen soft components, emphasizing appropriateness to conditions in poorer, more rural areas.

The proposed advisory TA will also support (i) the first pillar of ADB’s operation in the PRC in promoting equitable and inclusive growth), (ii) ADB’s overall focus on support to the western and central regions, and (iii) growing dialogue on expanding ADB’s engagement in PRC education and contributing to the PRC’s new foremost aim of building a socialist new rurality.

b. **Goal and purpose:** The goal of the TA is accelerated human development through improved access to quality primary and secondary education, particularly among disadvantaged populations including minorities, females, and remote communities in the western region. The TA will advance policy dialogue on targeted and viable applications of distance education and/or ICT to improve quality and equity in basic education and develop a concrete action plan for investment in ICT (as one tool among broader approaches) and related soft components—to support the 9-year compulsory education system in particular.

c. **Components and outputs:** To be determined.

d. **Expected results and deliverables:** The TA will seek to systematize and upscale policies and interventions identified under ADB’s previous TA and other policy dialogue by developing and reaching consensus on an practical action plan. Outputs and results may include studies, workshops, and possibly a limited and highly focused pilot on improving effective application of distance education and/or ICT in basic education. This will also feed into high-level national policy dialogue, and lead to improved access to and quality of basic education.

e. **Social or environmental issues or concerns:** No adverse social or environmental effects. The TA will prioritize benefits to minorities, women, and rural communities.

f. **Plans for disseminating results/deliverables:** To be determined. The final report will be accompanied by a synopsis targeted at high-level government leaders.

7. **Proposed executing/implementing agency or agencies:** The Executing Agency will be MOE, International Department. A steering committee (including the MOE Basic Education and Teacher Education Departments and other relevant agencies within and outside MOE) will guide implementation, and support policy dialogue and dissemination of key findings and recommendations horizontally and vertically.

8. **Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** The TA concept builds upon prior policy dialogue of ADB and the Government. Further refinements will be made at reconnaissance and fact-finding.

9. **Timetable for assistance design, processing, and implementation**

   a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2003 (listed as 2005 TA for Distance Education)

   b. Expected date of submission for approval

      Lending:
      Nonlending (project preparatory):
      Nonlending (other than project preparatory): March 2007
c. Period and duration of assistance
   Lending:
   Nonlending: To be determined

10. Financing Plan

a. For lending
   □ Ordinary capital resources:
   □ Asian Development Fund:
   □ Other:

   If cofinancing is required, indicate amount and sources sought: $___, from ____________.
   If known, provide cost estimates and financing arrangements.

b. For nonlending
   □ No resources required, other than ADB staff
   □ ADB's administrative budget:
     □ Grant TA funds: $400,000
     □ Other: $150,000

   If cofinancing is required, indicate amount and sources sought: $___, from ____________.
   If known, provide cost estimates and financing arrangements.

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount ($)</th>
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<tbody>
<tr>
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<td>Government Financing</td>
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<td>Other Financing</td>
<td></td>
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<tr>
<td><strong>Total Cost</strong></td>
<td><strong>550,000</strong></td>
</tr>
</tbody>
</table>

Source: ADB Estimates.

ADB = Asian Development Bank, CSP = country strategy and program, ICT = information and communication technology, MOE = Ministry of Education, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.

Note:
1/ E-9 Countries include Bangladesh, Brazil, China, Egypt, India, Indonesia, Mexico, Nigeria and Pakistan, with ‘E’ for education and 9 for nine countries.
<table>
<thead>
<tr>
<th><strong>Table A3.20: School-age Child Nutrition Improvement for Poverty Reduction</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(formerly Improving Nutrition Structure for Young Students)</strong></td>
</tr>
<tr>
<td><strong>Concept Paper</strong></td>
</tr>
<tr>
<td><strong>Date:</strong> August 2006</td>
</tr>
</tbody>
</table>

1. **Type/modality of assistance**
   - Lending
     - Project loan
     - Program loan
     - Sector loan
     - Sector development program loan
     - Other:
   - Nonlending
     - Project preparatory
     - Other than project preparatory
       - Economic, thematic, and sector work
     - Institutional development
     - Other:

2. **Assistance Focus**
   a. If assistance focuses on a particular sector or subsector, specify the
      Sector: Health, nutrition, and social protection
      Subsector: Nutrition; early childhood development
   b. For project preparatory and lending, classification
      - Targeted Intervention
      - General Intervention
   c. Key thematic area(s)
      - Themes:
        - Sustainable economic growth
        - Inclusive social development
        - Governance
        - Gender and development
        - Environmental sustainability
        - Regional cooperation
        - Private sector development
        - Capacity development
      - Subthemes: Human development; gender equity in capabilities

3. **Coverage**
   - Country
   - Subregional
   - Internal policy development
   - Interregional

4. **Responsible division/department:** Social Sectors Division, East Asia Department

5. **Responsible ADB officer(s):** To be determined

6. **Description of assistance(s)**
   a. **Background/linkage to country/regional strategy:** PRC has made remarkable progress in poverty alleviation, reducing the number of rural poor (using the official poverty line of CNY683 per capita per year in 2005) from roughly 250 million in 1978, to 85 million in 1990, and 23.7 million in 2005. The population living below the international standard of $1 per day (using purchasing power parity) fell from 374.8 million (33% of the population) in 1990 to 173 million (13.4% of the population) in 2003. Progress is also evident in several non-income aspects of poverty. However, key challenges remain, including growing disparities (urban–rural, rich–poor, gender, etc.) and an apparent decline in the efficacy of growing government resources for poverty alleviation. More targeted and innovative approaches are needed, including addressing a vicious cycle or “intergenerational poverty trap” posed by malnutrition in rural areas—especially undernutrition (inadequate intake of calories and protein) and micronutrient malnutrition (deficiencies of key minerals and vitamins which are linked to compromised mental and physical development, etc.).
Appendix 3

Children represent the future of the nation. Improving the nutrition status of schoolchildren is considered a basic and effective way of poverty alleviation. Better nutrition can not only bring about healthier children, but also improve their capability of learning. Physically and intellectually well-developed people have more chance of lifting themselves out of poverty.

The results of the 2002 National Health and Nutrition Survey show that the growth status of rural children lags behind that of their urban counterparts. For instance, the average height of rural boys aged 13 is 149.9 cm, 6.7 cm lower than that of urban boys. The average weight of rural boys aged 13 is 39.9 kg—5.6 kg lower than that of urban boys. More worrying is that the inferior status of rural children will likely continue into adulthood, since some impacts of malnutrition are irreversible.

Breaking the vicious cycle of poverty–illness–poverty in poor areas will require substantial improvements in health and education. An exploratory study on the relationship between nutrition improvement and poverty alleviation is necessary to identify new strategies to address nutrition, child development, and health dimensions of poverty. Beyond advancing income generation (through higher productivity in adulthood) and poverty alleviation, this is also central for advancing national targets of harmonious development and achievement of an all-prosperous society by 2020.

b. Goal and purpose: Subject to adjustment during reconnaissance/fact-finding, the impact/goal is to (i) target nutrition interventions at school-age children, women, and infants to mainstream them into national poverty programs; and (ii) cut the incidence of macro- and micronutrient malnutrition substantially. The purpose is to submit a strategy and action plan for improving the nutritional status of poor and vulnerable children to the State Council, identifying financial and human resources required—backed up by credible evidence from research and pilot testing. The TA will tentatively focus on 148,000 “poverty villages” identified under the China Rural Poverty Alleviation and Development Outline (2001–2010).

c. Components and outputs: To be determined during reconnaissance/fact-finding, components will tentatively consist of (i) analysis, pilot design, and policy dialogue; (ii) pilot test; and (iii) capacity building. Research and activities under the first component will mainly consist of the following (tentative):

(i) A survey of the dietary pattern and growth status of the target group (school-age children) and groups whose nutrition sets a foundation for their nutrition and well-being (pregnant and lactating women and infants and young children aged 0–6);
(ii) A survey of socioeconomic development and poverty alleviation efforts in the identified pilot test area;
(iii) Analysis of pilot test findings on the nutrition intervention’s effects on schoolchildren, with a comparison between the project group and the control group;
(iv) Analysis of research and pilot test data and publication of major findings;
(v) Cross-sectoral policy dialogue for identifying strategic nutrition intervention recommendations, with special focus on school meal programs and fortified food; and
(vi) Finalization and submission of policy recommendations to the State Council on combining nutrition improvement with poverty alleviation efforts.

d. Expected results and deliverables: To be determined, but tentatively including (i) an outline strategy for improving child nutrition (including interventions aimed at pregnant and lactating women and infants) among poor families and in poor areas, (ii) a concrete action plan for priority “first-stage” interventions, and (iii) capacities built among key stakeholders. Other deliverables will include a compilation and policy-focused synopsis of analytical research and pilot test findings.

e. Social or environmental issues or concerns: No adverse impacts anticipated. The TA will focus on disadvantaged populations, including some emphasis on women and girls for whom evidence suggests that the malnutrition–poverty link is strongest.

f. Plans for disseminating results/deliverables: In addition to dissemination of research reports (in print and by internet), the TA will host an inception and interim workshop, followed by a major policy forum near completion. Workshops and other activities will seek to link to efforts by other international and domestic actors such as UNICEF and the Ministry of Health. A cross-sector steering committee will identify and support mechanisms for dissemination within the Government (horizontally and vertically).
7. **Proposed executing/implementing agency or agencies:** The Executing Agency will be the Social Development Department of NDRC. The Public Nutrition and Development Center under NDRC will be the Implementing Agency. A cross-sector steering committee will guide implementation and support policy dialogue and dissemination of key findings and recommendations within the Government (horizontally and vertically).

8. **Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**
The TA concept (reflected above with minor refinements to fit ADB’s concept paper requirements, subject to further discussion) was developed by the Public Nutrition and Development Center in dialogue with NDRC, and has been under discussion since 2004.

9. **Timetable for assistance design, processing, and implementation**
   a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2004 (listed as Improving Nutrition Structure for Young Students)
   b. Expected date of submission for approval
      Lending:
      Nonlending (project preparatory):
      Nonlending (other than project preparatory): March 2007
   c. Period and duration of assistance
      Lending:
      Nonlending: April 2007–October 2009 (18 months)

10. **Financing Plan**
    a. For lending
       - Ordinary capital resources:
       - Asian Development Fund:
       - Other:
       If cofinancing is required, indicate amount and sources sought: $____, from ____________.
       If known, provide cost estimates and financing arrangements.
    b. For nonlending
       - No resources required, other than ADB staff
       - ADB's administrative budget:
       - Grant TA funds: $400,000
       - Other: $300,000
       If cofinancing is required, indicate amount and sources sought: $____, from ____________.
       If known, provide cost estimates and financing arrangements.

<table>
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<th>Source</th>
<th>Amount ($)</th>
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<td>Government Financing</td>
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<td><strong>Total Cost</strong></td>
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</table>

Source: ADB estimates.

### Table A3.21: Employment Services for Rural Migrant Workers

**Concept Paper**

**Date:** June 2006

1. **Type/modality of assistance**
   - Lending
     - Project loan
     - Program loan
     - Sector loan
     - Sector development program loan
     - ADF grant-financed
     - Other:
   - Nonlending
     - Project preparatory
     - Other than project preparatory
       - Economic, thematic, and sector work
       - Institutional development
     - Other:

2. **Assistance focus**
   a. Sector: Education
      Subsector: Technical and vocational education
   b. Targeting classification
      - Targeted intervention
      - General intervention
   c. Key thematic area(s)
      Themes:
      - Sustainable economic growth
      - Inclusive social development
      - Governance
      - Gender and development
      - Environmental sustainability
      - Regional cooperation
      - Private sector development
      - Capacity development

3. **Coverage**
   - Country
   - Subregional
   - Interregional
   - Internal policy development

4. **Responsible division/department:** Social Sectors Division, East Asia Department

5. **Responsible ADB officer(s):** L. Wu

6. **Description of assistance**
   a. **Background/linkage to country/regional strategy:** Migrant workers have played an important role in the sustained high growth in the PRC in the past two decades. In coastal areas such as Guangdong province, migrant workers—mostly from central and western provinces—account for about 30% of the total population. During 2006–2015, an estimated 10 million migrant workers will move from the countryside into urban areas annually. Effective facilitation of continued migration in an orderly manner and at such a scale will not only be essential to sustained economic development, but also has important ramifications for the PRC’s long-term balanced growth and urbanization and will contribute to further poverty reduction.

Migrant workers face a number obstacles, including: (i) difficulty in accessing timely and accurate labor market information; (ii) financial constraints for migration; (iii) lack of survival skills in urban areas and appropriate skills for employment and further skills upgrading; and (iv) existing urban systems and mechanisms discriminating migrant workers from the countryside in terms of jobs, health care, housing, education, etc. In recent years, the Government has stepped up efforts to improve the national employment services system which was primarily focused on urban unemployment. According to the Ministry of Labor and Social Security, less than 20% of all migrant workers use employment services nationwide. The existing system would need to, among others:
(i) enhance capacity (financing and personnel) as state employment services has focused on the urban unemployed rather than migrant workers; (ii) improve national, regional, and local labor market information networks; (iii) strengthen coordination among various relevant government agencies at different levels; and (iv) promote the role of the private sector and related regulations.

ADB support in this area is in line with the Government’s priority and is consistent with the overall focus of promoting economic growth and poverty reduction of ADB’s CSP (2004-2006).

b. **Goal and purpose:** The goal of the TA is the strengthened capacity and capability of employment services to meet the needs of a large number of rural–urban migrant workers. The TA’s purpose is enhanced understanding of the issues and measures needed for improving employment services at central and local government levels.

c. **Components and outputs:** Outputs may include the following:

   (i) A main report on strengthening employment services for migrant workers, including an assessment of current capacity and coverage, an assessment of future needs during the 11th Five-Year Program and beyond, and recommendations on capacity strengthening needs (facilities, staffing, information systems, etc.), and efficiency improvements including staff training, increasing the role of the non-state owned sector, etc.

   (ii) Specific technical reports on key aspects for strengthened employment services, which may include information systems; staffing and staff training; and improved vocational guidance for rural migrant workers.

   (iii) An interim workshop to discuss initial issues and findings, and a final conference to present the results to the Ministry of Labor and Social Security, the Ministry of Finance, National Development and Reform Commission, and key representatives from provinces.

   (iv) A basic handbook for migrant workers (containing information on basic survival skills in urban areas, basic legal and other necessary information).

d. **Expected results and deliverables:** Deliverables include: (i) an interim, midterm, and final main TA report and various technical reports; (ii) a number of workshops, seminars, and an international conference; (iii) a handbook for migrant workers; and (iv) study visits for key government officials at different levels.

e. **Social or environmental issues or concerns:** No gender, other social issues, or negative environmental impacts are anticipated.

f. **Plans for disseminating results/deliverables:**

   For TA, method(s) of TA output dissemination:

   - A conference/workshop/brown bag
   - Publication of article(s) in external journals or books
   - External press release to news agencies, including www.adb.org
   - Internal press release in *ADB Today*
   - Others (specify) ________________________

7. **Proposed executing/implementing agency or agencies:** The Ministry of Labor and Social Security (EA)

8. **Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** Improving migrant workers employment and other conditions is a government priority and is in line with the central themes of ADB’s CSP. ADB is already providing TA to support technical and vocational education with a focus on providing skills to migrant workers. The present TA is a strategic component of ADB’s support to this priority area of the Government, and was included in the nonlending program during the Country Programming Mission in November 2005.

9. **Timetable for assistance design, processing, and implementation**

   a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: CSP Update 2006

   b. Expected date of submission for approval

      Nonlending (project preparatory): 1st quarter 2007
c. Period and duration of assistance
   Nonlending: 2nd quarter 2007–1st quarter 2008 (1 year)

10. Financing Plan
   a. For lending
      □ Ordinary capital resources
      □ Asian Development Fund (loan)
      □ Asian Development Fund (grant)
      □ Other:
      If cofinancing is required, indicate amount and sources sought: $____, from _________.
   b. For nonlending
      □ No resources required, other than ADB staff
      □ ADB's administrative budget
      □ Grant TA funds
      □ Other: Government financing $100,000
      If cofinancing is required, indicate amount and sources sought: $____, from _________.

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<td><strong>Total Cost</strong></td>
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</table>

Source: ADB estimates.

ADB = Asian Development Bank, ADF = Asian Development Fund, CSP = country strategy and program, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.
Table A3.22: Foreign Fund Utilization in Rural Road
Concept Paper

Date: August 2006

1. **Type/modality of assistance**

   - [ ] Lending
     - [ ] Project loan
     - [ ] Program loan
     - [ ] Sector loan
     - [ ] Sector development program loan
     - [ ] ADF grant-financed
     - [ ] Other:

   - [x] Nonlending
     - [ ] Project preparatory
     - [ ] Other than project preparatory
       - [ ] Economic, thematic, and sector work
       - [ ] Institutional development
       - [ ] Other:

2. **Assistance focus**

   a. If assistance focuses on a particular sector or subsector, specify the
      
      Sector: Transport and communications
      Subsector: Road and railway transport

   b. For project preparatory and lending, classification
      
      - [ ] Targeted intervention
      - [ ] General intervention

   c. Key thematic area(s)

      Themes:
      - Sustainable economic growth
      - Inclusive social development
      - Governance
      - Gender and development
      - Environmental sustainability
      - Regional cooperation
      - Private sector development
      - Capacity development

      Subthemes: Promoting economic efficiency and enabling markets

3. **Coverage**

   - [x] Country
   - [ ] Subregional
   - [ ] Interregional
   - [ ] Internal policy development

4. **Responsible division/department**: Transport Division, East Asia Department

5. **Responsible ADB officer(s)**: X. Yang

6. **Description of assistance(s)**

   a. **Background/linkage to country/regional strategy**: Although rural roads have played an important role in poverty reduction, the rural road network is still underdeveloped in terms of extent and quality. At present, 38,426 villages in the PRC are not served by roads. Nearly 300,000 villages have no paved road access. Poor road condition has been one of the major constraints of rural poverty alleviation. Rural road improvement is needed to integrate the poor with centers of economic growth.

      Rural road development is a high priority of the Government in the 11th Five-Year Program. Inadequate rural road network has become one of the main constraints to sustainable economic growth and poverty reduction in the PRC, especially in the western region. More attention needs to be paid to rural road improvement for poverty alleviation in the PRC. The primary thrust of ADB’s operation in the PRC is to help reduce poverty by promoting pro-poor equitable and inclusive growth. Rural road improvement has been integrated with major road development projects, implemented with ADB assistance since 1995. With the introduction of the new multi-tranche financing facility instrument, there is a need to study how to apply such a modality under the current foreign loan utilization system in the PRC, particularly in the road subsector.
b. **Goal and purpose:** The goal of the TA is to support economic growth and reduce poverty in the PRC by improving rural road transport facilities.

c. **Components and outputs:**
   (i) Analyze current problems and constraints of rural road development in the PRC.
   (ii) Identify current obstacles of utilizing foreign funds in rural road development and recommend measures and advantages to diversity funding sources for rural road improvement investments.
   (iii) Prioritize and schedule a set of 15 major rural road investment packages in five provinces for possible ADB financing over the 11th Five-Year Program period.
   (iv) Undertake two full case study examples of the proposed road investments packages for application of ADB’s new instrument in rural road development financing.
   (v) Assess the likely social impact of major road investments on the rural poor.
   (vi) Outline an agenda for policy reform to ensure the sustainability of rural road improvements and a series of capacity building measures, including institutional arrangements, policy reforms, and training opportunities for the local communication bureaus at county level.

d. **Expected results and deliverables:** The TA will provide a series of recommendations on rural road investment packages suitable for foreign funds financing such as ADB, including concrete investment project proposals, capacity building actions, policy issues, and action plans relating to the planning, construction, and maintenance of rural roads. The TA will help the Government decide the scope and timing of ADB-financed interventions in the rural road sector for the 11th Five-Year Program period.

e. **Social or environmental issues or concerns:** No adverse social or environmental effects are expected. The TA will pay special attention to improving the rural accessibility of the poor and subsequent opportunities for them.

f. **Plans for disseminating results/deliverables:**
   For TA, method(s) of TA output dissemination:
   - ☑ A conference/workshop/brown bag
   - ☐ Publication of article(s) in external journals or books
   - ☐ External press release to news agencies, including www.adb.org
   - ☑ Internal press release in ADB Today
   - ☐ Others (specify) ________________________

7. **Proposed executing/implementing agency or agencies:** Ministry of Communications (EA)

8. **Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**
   The Ministry of Communications proposed the Project.

9. **Timetable for assistance design, processing, and implementation**
   a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2006
   b. Expected date of submission for approval
      Lending:
      Nonlending (project preparatory):
      Nonlending (other than project preparatory): 2007
   c. Period and duration of assistance
      Lending:
      Nonlending: 2007–2008 (1 year)

10. **Financing Plan**
    a. For lending
        ☐ Ordinary capital resources:
        ☐ Asian Development Fund (loan):
        ☐ Asian Development Fund (grant):
        ☐ Other:
        If cofinancing is required, indicate amount and sources sought: $____, from ______________.
b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget:
- Grant TA funds: $400,000
- Other: Government financing $100,000

If cofinancing is required, indicate amount and sources sought: $____, from ____________.

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<td><strong>Total Cost</strong></td>
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</table>

Source: Asian Development Bank estimates.

ADB = Asian Development Bank, ADF = Asian Development Fund, CSP = country strategy and program, PRC = People's Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.
### Table A3.23: Transport Information System

**Date:** August 2006

1. **Type/modality of assistance**
   - □ Lending
     - □ Project loan
     - □ Program loan
     - □ Sector loan
     - □ Sector development program loan
     - □ ADF grant-financed
     - □ Other:
   - ✓ Nonlending
     - □ Project preparatory
     - □ Other than project preparatory
       - □ Economic, thematic, and sector work
       - □ Institutional development
     - □ Other:

2. **Assistance focus**
   a. If assistance focuses on a particular sector or subsector, specify the
      Sector: Transport and communications
      Subsector: Road and railway transport
   b. For project preparatory and lending, classification
      - □ Targeted intervention
      - □ General intervention
   c. Key thematic area(s)
      Themes:
      - □ Sustainable economic growth
      - □ Inclusive social development
      - □ Governance
      - □ Gender and development
      - □ Environmental sustainability
      - □ Regional cooperation
      - □ Private sector development
      - □ Capacity development
      Subthemes: Promoting economic efficiency and enabling markets

3. **Coverage**
   - □ Country
   - □ Subregional
   - □ Interregional
   □ Internal policy development

4. **Responsible division/department:** Transport and Communications Division, East Asia Department

5. **Responsible ADB officer(s):** X. Yang

6. **Description of assistance(s)**
   a. **Background/linkage to country/regional strategy:** Over the past 15 years, great emphasis has been put on the construction of physical infrastructure. Until recently, less attention has been given to improve the intelligent transport system (ITS) to draw the full benefits of infrastructure development. While government transport authorities (for overall planning and policy making), transport enterprises (for operational management), and the public (for daily traffic reference) regularly need transport information, the ITS is underdeveloped in terms of quality and efficiency.

   With the rapid expansion of the PRC’s road network, it is increasingly important for a national PRC standard to be adopted to make the introduction of ITS more systematic and economic. By specifying how systems and components interconnect, the standards would promote interoperability. The result of good standardization is to open markets; encourage competition; and ensure integration, quality, and efficiency. The TA will enable ADB to expand the scope of its road sector assistance to cover private sector participation, environmental sustainability, and a better road asset management system.
b. Goal and purpose: The purpose of the TA project is to provide assistance to the Ministry of Communications to develop a national ITS standard for the step-by-step development of ITS.

c. Components and outputs: The TA will include (i) a compilation and comparative study of existing international ITS standards and regulations; (ii) support from experts to draft the national ITS standard, based on the main objectives of the national ITS architecture with due consideration given to public-private partnerships; (iii) capacity building through case studies, workshops, and training programs; (iv) reviewing and commenting on the draft standard by domestic and international experts; (v) publicizing the result to related agencies; and (vi) providing assistance in including the standard in procurement requirements to meet these requirements.

d. Expected results and deliverables: The TA will generate draft national standards on intelligent transport systems to suit the needs of the PRC as well as being consistent with international standards.

e. Social or environmental issues or concerns: Improved access of society to transport information.

f. Plans for disseminating results/deliverables:
   For TA, method(s) of TA output dissemination:
   - A conference/workshop/brown bag
   - Publication of article(s) in external journals or books
   - External press release to news agencies, including www.adb.org
   - Internal press release in ADB Today
   - Others (specify) ________________________

7. Proposed executing/implementing agency or agencies: Ministry of Communications (EA)

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:
The Ministry of Communications proposed the Project.

9. Timetable for assistance design, processing, and implementation
   a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 205
   b. Expected date of submission for approval
      Lending:
      - Nonlending (project preparatory): 2007
      - Nonlending (other than project preparatory): 2007
   c. Period and duration of assistance
      Lending:
      - Nonlending: 2007-2008 (1 year)

10. Financing Plan
   a. For lending
      - Ordinary capital resources:
      - Asian Development Fund (loan):
      - Asian Development Fund (grant):
      - Other:

      If cofinancing is required, indicate amount and sources sought: $____, from ____________.

   b. For nonlending
      - No resources required, other than ADB staff
      - ADB's administrative budget:
      - Grant TA funds: $400,000
      - Other: $125,000

      If cofinancing is required, indicate amount and sources sought: $____, from ____________.

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Source: Asian Development Bank estimates.

ADB = Asian Development Bank, CSP = country strategy and program, ITS = intelligent transport system, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.
Table A3.24: Railway Safety

Concept Paper

Date: August 2006

1. Type/modality of assistance
   - Lending
     - Project loan
     - Program loan
     - Sector loan
     - Sector development program loan
     - Other:
   - Nonlending
     - Project preparatory
     - Other than project preparatory
       - Economic, thematic, and sector work
       - Institutional development
     - Other:

2. Assistance Focus
   a. If assistance focuses on a particular sector or subsector, specify the
      - Sector: Transport and communications
      - Subsector: Railways
   b. For project preparatory and lending, classification
      - Targeted intervention
      - General intervention
   c. Key thematic area(s)
      - Sustainable economic growth
      - Inclusive social development
      - Governance
      - Gender and development
      - Environmental sustainability
      - Regional cooperation
      - Private sector development
      - Capacity development
      - Subthemes: Promoting economic efficiency and enabling markets, and fostering physical infrastructure development

3. Coverage
   - Country
   - Subregional
   - Interregional
   - Internal policy development

4. Responsible division/department: Transport Division, East Asia Department

5. Responsible ADB officer: M. Parkash

6. Description of assistance(s)
   a. Background/linkage to country/regional strategy: The PRC’s railway system comprised 75,000 route-km of local railways, including over 28,000 route-km railways in the western region (at the end of 2005). The railway system will be developed to 85,000 route-km by 2010. Given the location of the population, natural resources, and industries in the PRC, the current size of the railway network does not provide adequate coverage. Vast inland areas in the central and western parts of the country do not have any rail transport. The lack of railway capacity to meet the increasing demand for transportation services is constraining economic growth. The Government’s Railway Development Plan (2004) gives priority to unserved areas, particularly railway lines that would improve links between poor inland provinces in the western and central PRC and more prosperous coastal areas. The study will support the Government’s Railway Development Plan and is consistent with ADB’s country operational strategy.
   b. Goal and purpose: The study will critically evaluate the safety issues on PRC railways and help MOR prepare a management plan to meet international safety standards caused by technological advancements and changing traffic patterns.
c. Components and outputs: The TA will (i) undertake an analytical review of the status of railway safety issues in PRC railways; (ii) prepare an inventory matrix giving the present status of infrastructure for PRC railways; (iii) review the ongoing and proposed development plans of PRC railways; (iv) identify the key institutional and technical interventions necessary to support the technological advancements; and (v) prepare a management plan recommending the necessary policy reforms, investments, and other actions for MOR to implement—to achieve international levels of railway safety standards on PRC railways.

d. Expected results and deliverables: The TA will develop a realistic policy reform plan to address each of the issues in the above paragraph, which MOR can implement.

e. Social or environmental issues or concerns: None.

f. Plans for disseminating results/deliverables:

For TA, method(s) of TA output dissemination:
- A conference/workshop/brown bag
- Publication of article(s) in external journals or books
- External press release to news agencies, including www.adb.org
- Internal press release in ADB Today
- Others (specify) ________________________

7. Proposed executing/implementing agencies: Foreign Capital and Technical Import Center, Ministry of Railways (EA)

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: The Ministry of Railways is doing the initial work of reforms in the railway safety

9. Timetable for assistance design, processing, and implementation

a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: 2006

b. Expected date of submission for approval
   Lending:
   Nonlending (project preparatory): 2006
   Nonlending (other than project preparatory):

c. Period and duration of assistance(s)
   Lending:
   Nonlending: 2006-2007 (7 months)

10. Financing Plan

a. For lending
   - Ordinary capital resources: To be determined
   - Asian Development Fund:
   - Other: Government financing: To be determined

If cofinancing is required, indicate amount and sources sought: $ ____, from__________.

b. For nonlending
   - No resources required, other than ADB staff
   - ADB's administrative budget:
   - Grant TA funds: $400,000
   - Other: $100,000

If cofinancing is required, indicate amount and sources sought: $____, from ____________.

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Source: ADB estimates.

ADB = Asian Development Bank, CSP = country strategy and program, km = kilometer, MOR = Ministry of Railways, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.
Table A3.25: Provincial Development Strategy III
Concept Paper

Date: August 2006

1. **Type/modality of assistance**
   - □ Lending
     - □ Project loan
     - □ Program loan
     - □ Sector loan
     - □ Sector development program loan
     - □ ADF grant-financed
     - □ Other:
   - ☒ Nonlending
     - □ Project preparatory
     - □ Other than project preparatory
       - ☒ Economic, thematic, and sector work
       - □ Institutional development
       - □ Other:

2. **Assistance focus**
   a. If assistance focuses on a particular sector or subsector, specify the
      Sector(s):
      Subsector(s):
   b. Targeting classification
      - □ Targeted intervention
      - ☒ General intervention
   c. Key thematic area(s)
      Themes:
      - ☒ Sustainable economic growth
      - ☒ Inclusive social development
      - ☒ Governance
      - ☒ Gender and development
      - ☒ Environmental sustainability
      - ☒ Regional cooperation
      - ☒ Private sector development
      - ☒ Capacity development
      Subthemes: Sustainable economic growth, social development, governance

3. **Coverage**
   - ☒ Country
   - □ Subregional
   - □ Interregional
   - □ Internal policy development

4. **Responsible division/department:** PRC Resident Mission, East Asia Department

5. **Responsible ADB officer(s):** L. Peng

6. **Description of assistance(s)**
   a. **Background/linkage to country/regional strategy:** The PRC announced a new strategy of energizing the central region in 2005. ADB supports this regional balance development program. As identified in the CSP Update (2006–2008), 90% of ADB lending will be in the central and western provinces, home to the majority of the PRC’s poor and many ethnic minorities. Upon the Government’s strong request, ADB also promises to provide these provinces more knowledge-based products to help address policy issues related to inclusive economic growth, poverty reduction, social development, and governance. Two central provinces will be selected as components of this study. The criteria for selection include the stipulation that the province (i) must be located in the central PRC; (ii) lacks a practical, effective, and comprehensive development strategy answering the country’s new balanced development strategy; (iii) has obtained support at the provincial governor’s level; and (iv) is committed to further cooperation with ADB when appropriate projects will be identified in this study.
b. **Goal and purpose:** Assist the selected provincial government in formulating a comprehensive development strategy, which focuses more on the balance of economic, social, and environmental development.

c. **Components and outputs:** Two provincial development strategies.

d. **Expected results and deliverables:** Reports and policy recommendations.

e. **Social or environmental issues or concerns:** None.

f. **Plans for disseminating results/deliverables:**

   For TA, method(s) of TA output dissemination:
   - A conference/workshop/brown bag
   - Publication of article(s) in external journals or books
   - External press release to news agencies, including www.adb.org
   - Internal press release in *ADB Today*
   - Others (specify) ______________________

7. **Proposed executing/implementing agency or agencies:** Finance departments in selected provinces (EAs).

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

   During the 2006 Country Programming Mission, the Ministry of Finance strongly requested this project, and provided several provincial proposals from Anhui, Hunan, Jiangxi, and Guangxi.

9. **Timetable for assistance design, processing, and implementation**

   a. **Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan:** 2007

   b. **Expected date of submission for approval**

      Lending:
      - Nonlending (project preparatory): 30 May 2007

   c. **Period and duration of assistance**

      Lending:
      - Nonlending: 2007–2008 (1 year)

10. **Financing Plan**

    a. **For lending**

        - Ordinary capital resources:
        - Asian Development Fund (loan):
        - Asian Development Fund (grant):
        - Other:

        If cofinancing is required, indicate amount and sources sought: $____, from ____________.

    b. **For nonlending**

        - No resources required, other than ADB staff
        - ADB's administrative budget:
        - Grant TA funds: $1,000,000
        - Other: $260,000

        If cofinancing is required, indicate amount and sources sought: $____, from ____________.

    | Source               | Amount ($) |
    |----------------------|------------|
    | ADB Financing        | 1,000,000  |
    | Government Financing | 260,000    |
    | Other Financing      |            |
    | **Total Cost**       | **1,260,000** |

Source: ADB estimates.

ADB = Asian Development Bank, ADF = Asian Development Fund, CSP = country strategy and program, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.
Table A3.26: Judicial Enforcement of Laws on Financial and Capital Market Concept Paper

Date: August 2006

1. Type/modality of assistance
   - □ Lending
     - □ Project loan
     - □ Program loan
     - □ Sector loan
     - □ Sector development program loan
     - □ ADF grant-financed
     - □ Other:
   - □ Nonlending
     - □ Project preparatory
     - □ Other than project preparatory
     - □ Economic, thematic, and sector work
     - □ Institutional development
     - □ Other:

2. Assistance focus
   a. If assistance focuses on a particular sector or subsector, specify the
      - Sector: Governance and law
      - Subsector: Judicial system
   b. Targeting classification
      - □ Targeted intervention
      - □ General intervention
   c. Key thematic area(s)
      - Themes:
        - □ Sustainable economic growth
        - □ Inclusive social development
        - □ Governance
        - □ Gender and development
        - □ Environmental sustainability
        - □ Regional cooperation
        - □ Private sector development
        - □ Capacity development
      - Subthemes: Governance

3. Coverage
   - □ Country
   - □ Subregional
   - □ Interregional
   - □ Internal policy development

4. Responsible division/department: Office of the General Counsel

5. Responsible ADB officer(s): P. Xiaohua

6. Description of assistance(s)
   a. Background/linkage to country/regional strategy: The sustained growth of the PRC requires that the development pattern be changed from an economy relying on intensive capital and labor inputs and export markets to one driven by science and technology development and management efficiency. This cannot be achieved without development of corporate governance and the rule of law. The judicial system is the most important pillar to enforce governance and the rule of law. Senior judges in the PRC court system have basic legal training on substantive laws and procedures, but are not sophisticated in understanding the complicated financial and capital market transactions and the jurisprudence of the laws and regulations regulating the financial markets. Special training and development of curricula—and capacity in conducting such training in the training institutions in the judicial system—will respond to this challenge.
b. **Goal and purpose:** Development of training capacity of the judicial system in enforcing the laws regarding financial sectors and capital markets.

c. **Components and outputs:**
   (i) Curricula for training senior judges on financial sector and capital market transactions, and laws and regulations for the financial sector and capital market.
   (ii) Enhanced knowledge in application of laws and regulations by selected senior judges through training at the National Judges College of the Supreme People’s Court.
   (iii) Acquisition of the capacity of the faculty of the National Judges College and other Supreme People’s Court continuous training institutions in delivering such training.

d. **Expected results and deliverables:**
   (i) Curricula developed for senior judges on financial sector and capital market laws;
   (ii) Development of the capacity of faculty of the National Judges College and other continuous training institutions in financial sector and capital market law; and
   (iii) An increase in the capacity of senior judges in hearing and deciding cases relating to the financial sector and capital market laws.

e. **Social or environmental issues or concerns:** No adverse social or environmental impact.

f. **Plans for disseminating results/deliverables:**
   For TA, method(s) of TA output dissemination:
   - A conference/workshop/brown bag
   - Publication of article(s) in external journals or books
   - External press release to news agencies, including www.adb.org
   - Internal press release in *ADB Today*
   - Others (specify): Curricula developed under the TA to be used in the PRC courts’ training institutions.

7. **Proposed executing/implementing agency or agencies:** The Supreme People’s Court will be the Executing Agency. The National Judges College will be the Implementing Agency.

8. **Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**
   The Supreme People’s Court and National Judges College have been active in exploring different ways to strengthen judges’ capacity, and have requested that knowledge products be provided from external sources to develop such capacity. The TA will be a pioneer in the PRC to meet the need and set a model for future capacity building activities for the judicial system—in application and enforcement of laws relating to the financial sector and capital markets.

9. **Timetable for assistance design, processing, and implementation**
   a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2007
   b. Expected date of submission for approval
      - Lending: Nonlending (project preparatory): Nonlending (other than project preparatory): August 2007
   c. Period and duration of assistance(s)
      - Lending: Nonlending: September 2007–August 2008 (1 year)

10. **Financing Plan**
    a. For lending
       - Ordinary capital resources:
       - Asian Development Fund (loan):
       - Asian Development Fund (grant):
       - Other:
       If cofinancing is required, indicate amount and sources sought: $____, from ____________.
    b. For nonlending
       - No resources required, other than ADB staff
ADB’s administrative budget:
- Grant TA funds: $400,000
- Other: Government financing $100,000

If cofinancing is required, indicate amount and sources sought: $____, from ____________.

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB Financing</td>
<td>400,000</td>
</tr>
<tr>
<td>Government Financing</td>
<td>100,000</td>
</tr>
<tr>
<td>Other Financing</td>
<td></td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td>500,000</td>
</tr>
</tbody>
</table>

Source: ADB estimates.

ADB = Asian Development Bank, ADF = Asian Development Fund, CSP = country strategy and program, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.
Table A3.27: Support to Provincial Environmental Legislation Making for Boztan Lake Natural Park
Concept Paper

Date: August 2006

1. Type/modality of assistance

<table>
<thead>
<tr>
<th>□</th>
<th>Lending</th>
</tr>
</thead>
<tbody>
<tr>
<td>□</td>
<td>Project loan</td>
</tr>
<tr>
<td>□</td>
<td>Program loan</td>
</tr>
<tr>
<td>□</td>
<td>Sector loan</td>
</tr>
<tr>
<td>□</td>
<td>Sector development program loan</td>
</tr>
<tr>
<td>□</td>
<td>ADF grant-financed</td>
</tr>
<tr>
<td>□</td>
<td>Other:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>□</th>
<th>Nonlending</th>
</tr>
</thead>
<tbody>
<tr>
<td>□</td>
<td>Project preparatory</td>
</tr>
<tr>
<td>☒</td>
<td>Other than project preparatory</td>
</tr>
<tr>
<td>□</td>
<td>Economic, thematic, and sector work</td>
</tr>
<tr>
<td>☒</td>
<td>Institutional development</td>
</tr>
<tr>
<td>☒</td>
<td>Other: Environmental protection and rule of law</td>
</tr>
</tbody>
</table>

2. Assistance focus

a. If assistance focuses on a particular sector or subsector, specify the
   Sector: Environment
   Subsector: Environment

b. Targeting classification
   ☒ Targeted intervention
   □ General intervention

c. Key thematic area(s)

| Themes: |
|---|---|
| ☒ Sustainable economic growth | ☒ Environmental sustainability |
| ☒ Inclusive social development | ☒ Regional cooperation |
| ☒ Governance | ☒ Private sector development |
| ☒ Gender and development | ☒ Capacity development |

Subtheme: Environment

3. Coverage

<table>
<thead>
<tr>
<th>☒</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>□</td>
<td>Subregional</td>
</tr>
<tr>
<td>□</td>
<td>Interregional</td>
</tr>
<tr>
<td>□</td>
<td>Internal policy development</td>
</tr>
</tbody>
</table>

4. Responsible division/department: Office of the General Counsel

5. Responsible ADB officer(s): To be determined

6. Description of assistance(s)

a. **Background/linkage to country/regional strategy:** The National People’s Congress is preparing a protected area law to further develop its legal framework for environmental protection. The general legal framework for protected area will constitute two levels: (i) national level legislation setting out the principles, concepts, division of different zones in the protected area, legal responsibilities, and implementation requirements; and (ii) provincial and local legislation to determine the protected area, defining such an area in accordance with the national law, promulgating detailed rules for carrying out the protection measures, and detailed responsibilities among local government agencies. In comparison to central government agencies, there is an urgent need to develop and strengthen the capacity of local legislature in preparing and adopting the environmental regulations in general and protected area regulations in particular. Support for developing legislation for the protected area in Xinjiang will (i) provide an opportunity to test the national legal framework
to be established with adoption of the protected area law, and (ii) strengthen the capacity of the Xinjiang Autonomous regional government in drafting the environmental law for the protected area.

b. **Goal and purpose:** Assistance for developing the legislation of a protected area regulation for Boztan Lake, thereby strengthening the capacity of the provincial legislature in developing and implementing the environmental law. The legislation development process under the TA would help to acquire experience of implementation of the national environmental law for the protected area.

c. **Components and outputs:** (i) support to the draft regulation for establishing the natural protected area in Boztan Lake, Xinjiang Autonomous Region; and (ii) a study on implementation of the national protected area law at the provincial level.

d. **Expected results and deliverables:** (i) improved draft regulation for establishing the natural protected area in Boztan Lake by the Xinjiang Autonomous Region People’s Congress, and (ii) a report on implementation of the national protected area law at the provincial level.

e. **Social or environmental issues or concerns:** No adverse social or environmental impact.

f. **Plans for disseminating results/deliverables:**

   For TA, method(s) of TA output dissemination:
   - [ ] A conference/workshop/brown bag
   - [ ] Publication of article(s) in external journals or books
   - [ ] External press release to news agencies, including www.adb.org
   - [x] Internal press release in *ADB Today*
   - [ ] Others (specify) ________________________

7. **Proposed executing/implementing agency or agencies:** Xinjiang Autonomous Region People’s Congress (EA)

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

   The Xinjiang Autonomous Region People’s Congress has requested assistance to strengthen its capacity in developing environmental protection legislation to (i) improve its capacity in developing legislation in general, and (ii) establish the protected area in particular. The TA will be the first ADB support legislation development efforts regarding the legal framework for the protected area. The Xinjiang Autonomous Region People’s Congress and the Government are committed to the implementation of the national protected area law at the local and provincial level. Lessons learned from the TA will also help strengthen the implementation of the national protected area law in other provinces.

9. **Timetable for assistance design, processing, and implementation**

   a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan:

   b. Expected date of submission for approval

      Lending:
      - Nonlending (project preparatory):
      - Nonlending (other than project preparatory): March 2007

   c. Period and duration of assistance(s)

      Lending:
      - Nonlending: April 2007–April 2008 (1 year)

10. **Financing Plan**

    a. For lending

       - [ ] Ordinary capital resources:
       - [ ] Asian Development Fund (loan):
       - [ ] Asian Development Fund (grant):
       - [ ] Other:

       If cofinancing is required, indicate amount and sources sought: $____, from ____________.
b. For nonlending

☐ No resources required, other than ADB staff
☐ ADB's administrative budget:
☒ Grant TA funds: $150,000
☒ Other: $60,000

If cofinancing is required, indicate amount and sources sought: $____, from ____________.

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB Financing</td>
<td>150,000</td>
</tr>
<tr>
<td>Government Financing</td>
<td>60,000</td>
</tr>
<tr>
<td>Other Financing</td>
<td></td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>210,000</strong></td>
</tr>
</tbody>
</table>

Source: ADB estimates.

ADB = Asian Development Bank, ADF = Asian Development Fund, CSP = country strategy and program, PRC = People’s Republic of China, RCSP = regional cooperation strategy and program, TA = technical assistance.
Table A3.28: Facility for Policy Reform and Capacity Building II
Concept Paper

Date: August 2006

1. Type/modality of assistance
   - Lending
     - Project loan
     - Program loan
     - Sector loan
     - Sector development program loan
     - ADF grant-financed
     - Other:
   - Nonlending
     - Project preparatory
     - Other than project preparatory
       - Economic, thematic, and sector work
       - Institutional development
       - Other:

2. Assistance focus
   a. If assistance focuses on a particular sector or subsector, specify the
      Sector(s): governance
      Subsector(s):
   b. Targeting classification
      - Targeted intervention
      - General intervention
   c. Key thematic area(s)
      Themes:
      - Sustainable economic growth
      - Inclusive social development
      - Governance
      - Gender and development
      - Environmental sustainability
      - Regional cooperation
      - Private sector development
      - Capacity development
      Subtheme: Sustainable economic growth, social development, governance

3. Coverage
   - Country
   - Subregional
   - Interregional
   - Internal policy development

4. Responsible division/department: PRC Resident Mission, East Asia Department

5. Responsible ADB officer(s): X. Zhang

6. Description of assistance(s)
   a. Background/linkage to country/regional strategy: In 2006, the PRC commenced its 11th Five-Year Program, which targets more balanced and sustainable socioeconomic development. The objectives include (i) doubling 2001 GDP by 2010; (ii) enhancing energy efficiency and reducing unit GDP energy consumption by 20% of the 2005 level during the 11th Five-Year Program period; (iii) controlling environmental deterioration; and (iv) implementing free 9-year compulsory education, creating employment opportunities, improving the social security system, and reducing poverty.

   ADB’s operational strategy in the PRC is in line with the Government’s objectives and strategies. According to the CSP (2004-2006), ADB’s mission in the PRC is “to promote pro-poor economic growth by enabling greater access of the poor to the benefit of economic prosperity and the opportunity to achieve it.” The CSP identified four pillars to achieve this mission: (i) promoting pro-poor inclusive economic growth, (ii) building an enabling environment for the private sector and strengthening public sector governance, (iii) fostering regional
cooperation to help integrate the PRC into the global economy, and (iv) promoting environmental sustainability.

ADB has been exploring measures to support the Government’s reforms through more efficient and effective ADTA operations, particularly more focused and timely provision of ADTAs. Strategic areas for ADTAs to promote ADB lending and support policy reforms are important from the perspective of the Government and ADB. Moreover, ADB has comparative advantages in these areas, and has been involved in them—and will continue to be—for a long time. These sectors include agriculture and natural resources management; social development (including education, public health, and poverty reduction); environment; energy conservation; transport; urban development; and food safety and nutrition. In addition, legal and governance reforms—comprising legislative, regulatory, and operational support to economic and social development—are strategically important to the country’s development. Although sectors such as social development and governance might not lead to ADB lending, they will serve ADB’s mission in the PRC.

b. **Goal and purpose:** To provide timely support for reforms and capacity building in the Government’s priority areas, as well as in strategically focused areas of ADB’s operations in the PRC. These areas include policy and institutional reforms, where ADB’s involvement is expected to have notable impacts; and capacity building to enhance ADB operations, including monitoring its portfolio’s contribution to CSP outcomes.

c. **Components and outputs:** Policy recommendations, analysis, and training for human resource capacity building. Specific components are to be determined at the time of the TA fact-finding and during TA implementation.

d. **Expected results and deliverables:** Reports and policy recommendations.

e. **Social or environmental issues or concerns:** None.

f. **Plans for disseminating results/deliverables:**

    **For TA, method(s) of TA output dissemination:**
    - A conference/workshop/brown bag
    - Publication of article(s) in external journals or books
    - External press release to news agencies, including www.adb.org
    - Internal press release in *ADB Today*
    - Others (specify) ________________________

7. **Proposed executing/implementing agency or agencies:** Ministry of Finance (EA)

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

   During the 2006 Country Program Mission, the Ministry of Finance strongly requested this Project. Potential implementation agencies will be directly involved in identifying and designing specific components and implementation arrangements.

9. **Timetable for assistance design, processing, and implementation**

   a. **Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan:** 2007

   b. **Expected date of submission for approval**

      **Lending:**
      - Nonlending (project preparatory): Nonlending (other than project preparatory): June 2007

   c. **Period and duration of assistance**

      **Lending:**
      - Nonlending: 2007–2008 (1 year)
10. Financing Plan

a. For lending
   - Ordinary capital resources:
   - Asian Development Fund (loan):
   - Asian Development Fund (grant):
   - Other:

   If cofinancing is required, indicate amount and sources sought: $____, from ______________.

b. For nonlending
   - No resources required, other than ADB staff
   - ADB’s administrative budget:
     - Grant TA funds: $400,000
     - Other: $150,000

   If cofinancing is required, indicate amount and sources sought: $____, from ______________.

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount ($)</th>
</tr>
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<tbody>
<tr>
<td>ADB Financing</td>
<td>400,000</td>
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<tr>
<td>Government Financing</td>
<td>150,000</td>
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<td>Other Financing</td>
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</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>550,000</strong></td>
</tr>
</tbody>
</table>

Source: ADB estimates.

ADB = Asian Development Bank, ADF = Asian Development Fund, ADTA = advisory technical assistance, CSP = country strategy and program, PRC = People’s Republic of China, GDP = gross domestic product, RCSP = regional cooperation strategy and program, TA = technical assistance.
Table A4.1: Assistance Pipeline for Lending Products (2006)

<table>
<thead>
<tr>
<th>Project/Program Name</th>
<th>Poverty Classification</th>
<th>Thematic Priority Division</th>
<th>Year of PPTA</th>
<th>Total</th>
<th>Cost ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>ADB (OCR)</td>
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<tr>
<td><strong>2006 Firm Loans</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Agriculture and Natural Resources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Hunan Flood Management</td>
<td>GI</td>
<td>ENV, SD, ECO</td>
<td>EAAE</td>
<td>2004</td>
<td>497.00</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Energy</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Inner Mongolia Environment Improvement</td>
<td>GI</td>
<td>ECO, ENV</td>
<td>EAEN</td>
<td>2005</td>
<td>330.00</td>
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<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Transport and Communications</strong></td>
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<td></td>
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<td></td>
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<tr>
<td>1. Eastern Sichuan Road Development</td>
<td>GI</td>
<td>ECO</td>
<td>EATC</td>
<td>2005</td>
<td>752.00</td>
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<td>2. Taiyuan–Zhongwei Railway</td>
<td>GI</td>
<td>ECO</td>
<td>EATC</td>
<td>2005</td>
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<td>3. Heilongjiang Road Network Development</td>
<td>GI</td>
<td>ECO</td>
<td>EATC</td>
<td>2005</td>
<td>440.00</td>
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<td>4. Southern Gansu Roads Development</td>
<td>GI</td>
<td>ECO</td>
<td>EATC</td>
<td>2005</td>
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</tr>
<tr>
<td><strong>Subtotal</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Water Supply, Sanitation, and Waste Management</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1. Guangxi Nanning Urban Infrastructure Development</td>
<td>GI</td>
<td>ENV, SD, ECO</td>
<td>EASS</td>
<td>2004</td>
<td>240.00</td>
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<tr>
<td>2. Shandong Hai River Water Pollution Treatment</td>
<td>GI</td>
<td>ENV, SD</td>
<td>EASS</td>
<td>2003</td>
<td>165.00</td>
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<tr>
<td>3. Wuhan Wastewater and Stormwater Management</td>
<td>GI</td>
<td>ENV, SD</td>
<td>EASS</td>
<td>2005</td>
<td>165.00</td>
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<tr>
<td><strong>Subtotal</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Standby</strong></td>
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<td></td>
</tr>
<tr>
<td>1. Gansu Heihe Hydropower Development (MFF Tranche 1)</td>
<td>GI</td>
<td>ECO</td>
<td>EAEN</td>
<td>2006</td>
<td>45.00</td>
</tr>
<tr>
<td>2. Nanjing Qinhuai River Environmental Improvement Project</td>
<td>GI</td>
<td>ENV</td>
<td>EASS</td>
<td>2005</td>
<td>252.00</td>
</tr>
<tr>
<td>3. Guiyang Integrated Water Resources Management</td>
<td>GI</td>
<td>ENV, SD</td>
<td>EAAE</td>
<td>2005</td>
<td>300.00</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ADB = Asian Development Bank; EAAE = Agriculture, Environment, and Natural Resources Division; EAEN = Energy Division; EASS = Social Sectors Division; EATC = Transport Division; ECO = sustainable economic growth; ENV = environmental sustainability; Gov't = Government; OCR = ordinary capital resources; GI = general intervention; PPTA = project preparatory technical assistance; SD = inclusive social development

* Poverty classifications are preliminary and subject to review pending further analysis during project processing.

Table A4.2: Assistance Pipeline for Nonlending Products and Services (2006)

<table>
<thead>
<tr>
<th>Sector Assistance Name</th>
<th>Responsible Division</th>
<th>Assistance Type</th>
<th>ADB Source Amount ($'000)</th>
<th>Others Source</th>
<th>Total Amount ($'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2006</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Agriculture and Natural Resources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Chinese Herbs Plantation in Central and Western Regions</td>
<td>EAAE</td>
<td>PPTA</td>
<td>TASF 500</td>
<td>GEF 200</td>
<td>700</td>
</tr>
<tr>
<td>2. Henan and Shanxi Sustainable Agricultural Development (formerly Henan High Efficiency Agriculture Development [Sanmenxia Area] and Shanxi Integrated Agricultural Development in Valley and Watershed Area)</td>
<td>EAAE</td>
<td>PPTA</td>
<td>TASF 1,000</td>
<td>GEF 1,050</td>
<td>2,050</td>
</tr>
<tr>
<td>3. Qingdao Water Resources Management and Wetland Protection</td>
<td>EAAE</td>
<td>PPTA</td>
<td>TASF 500</td>
<td></td>
<td>500</td>
</tr>
<tr>
<td>4. Strengthening Flood Management Sustainability in Hunan Province</td>
<td>EAAE</td>
<td>ADTA</td>
<td>SPAN 500</td>
<td></td>
<td>500</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td></td>
<td>2,400</td>
<td>1,750</td>
<td>4,150</td>
</tr>
<tr>
<td><strong>Energy</strong></td>
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<td></td>
</tr>
<tr>
<td>1. Gansu Heihe Hydropower Development</td>
<td>EAEN</td>
<td>PPTA</td>
<td>TASF 500</td>
<td></td>
<td>500</td>
</tr>
<tr>
<td>2. Energy Conservation and Resource Management</td>
<td>EAEN</td>
<td>PPTA</td>
<td>TASF 300</td>
<td></td>
<td>300</td>
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<tr>
<td>3. Support for Establishing a Clean Development Mechanism Fund</td>
<td>EAEN</td>
<td>ADTA</td>
<td>TASF 600</td>
<td></td>
<td>600</td>
</tr>
<tr>
<td>4. Coalmine Safety Study</td>
<td>EAEN</td>
<td>ADTA</td>
<td>TBD 600</td>
<td></td>
<td>600</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td></td>
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<td><strong>Water Supply, Sanitation, and Waste Management</strong></td>
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<td>1. Technical and Vocational Education Development (formerly Education and Training for Poverty Reduction)</td>
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<td><strong>Health, Nutrition, and Social Protection</strong></td>
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<td>1. Implementation of Primary Health Care Strategy in Rural Areas</td>
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<td>1. Guangxi Longlin–Baise Expressway</td>
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<td>2. Central Yunnan Roads Development</td>
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<td>6. Resource-saving Transport Sector in PRC</td>
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<td>1. Strengthening the Legal and Implementation Framework for Anti-money Laundering</td>
<td>OGC</td>
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**ADB =** Asian Development Bank; **ADTA =** advisory technical assistance; **EAAE =** Agriculture, Environment, and Natural Resources Division; **EAEN =** Energy Division; **EASS =** Social Sectors Division; **EATC =** Transport Division; **GEF =** Global Environment Fund; **OGC =** Office of the General Counsel; **PPTA =** project preparatory technical assistance; **PRC =** People's Republic of China; **PRCM =** PRC Resident Mission; **SPAN =** Spanish Fund; **TASF =** Technical Assistance Special Fund; **TBD =** to be determined.