

Project Administration Manual

Project Number: P40643
Loan Number: L2526
May 2010

People's Republic of China: Xinjiang Urban
Transport and Environmental Improvement Project

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Project Administration Manual Purpose and Process

The project administration manual (PAM) describes the essential administrative and management requirements to implement the project on time, within budget, and in accordance with Government and Asian Development Bank (ADB) policies and procedures. The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The Xinjiang Uygur Autonomous Region Government (XUARG) (executing agency) and implementing agencies are wholly responsible for the implementation of ADB financed projects, as agreed jointly between the borrower and ADB, and in accordance with Government and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by XUARG and implementing agencies of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At Loan Negotiations the borrower and ADB shall agree to the PAM and ensure consistency with the Loan Agreement. Such agreement shall be reflected in the minutes of the Loan Negotiations. In the event of any discrepancy or contradiction between the PAM and the Loan Agreement, the provisions of the Loan Agreement shall prevail.

After ADB Board approval of the project's report and recommendations of the President (RRP) changes in implementation arrangements are subject to agreement and approval pursuant to relevant Government and ADB administrative procedures (including the Project Administration Instructions) and upon such approval they will be subsequently incorporated in the PAM.

Abbreviations

ADB	=	Asian Development Bank
CQS	=	consultant qualification selection
EIA	=	environmental impact assessment
EMDP	=	ethnic minority development plan
EMP	=	environmental management plan
FGD	=	focus group discussion
GDP	=	gross domestic product
IA	=	implementing agency
ICB	=	international competitive bidding
km	=	kilometer
LIBOR	=	London interbank offered rate
m ²	=	square meter
NCB	=	national competitive bidding
O&M	=	operation and maintenance
PAM	=	project administration manual
PLG	=	project leading group
PMO	=	project management office
PPMS	=	project performance management system
PRC	=	People's Republic of China
RP	=	resettlement plan
QCBS	=	quality- and cost based selection
RRP	=	report and recommendation of the President to the Board
SEIA	=	summary environmental impact assessment
SOE	=	statement of expenditure
SPS	=	Safeguard Policy Statement
XUARG	=	Xinjiang Uygur Autonomous Region Government

I. PROJECT DESCRIPTION

A. Location and Description

1. The project is to be implemented in the cities of Altay, Changji, Hami, Kuytun, and Turpan in the Xinjiang Uygur Autonomous Region. The project aims to improve urban road infrastructure, traffic management and safety, and environmental sanitation in the Xinjiang Uygur Autonomous Region (Xinjiang). The project consists of five components that seek to improve urban living conditions and public health, and protect the environment by upgrading and extending roads and sanitation infrastructure in the project cities. Based on specific transport conditions of the project cities, the project will (i) construct 37.4 kilometers (km) of new roads and upgrade 70.5 km of existing roads; (ii) install traffic signal systems, bus stops and bays, road furniture including road barriers, pedestrian crossings, signage, and marking; and (iii) construct and install environmental sanitation facilities such as public toilets, garbage collection stations, trash cans, as well as provide solid waste management equipment.

B. Beneficiaries

2. Xinjiang is predominantly an ethnic minority region of Western PRC, with 40.0% of the population being Han. The major ethnic group is the Uygur, constituting 45.9% of the total population. Other significant ethnic minority groups include the Kazakh constituting 6.9% of the total population and the Hui constituting 4.4%. Of the five cities, Turpan has the highest percentage of ethnic minorities (78%), followed by Altay (39%), Changji (28%), and Kuytun (5%). According to the socioeconomic survey undertaken during project preparation, the urban poverty rate is about 27% in Altay, 10.9% in Changji, 17.4% in Hami, 8.5% in Kuytun, and 12.2% in Turpan. Average per capita incomes are CNY1,332 per annum (\$0.52 per day) in Altay, CNY1,493 (\$0.58 per day) in Changji, CNY1,116 (\$0.44 per day) in Hami, CNY1,000 (\$0.39 per day) in Kuytun, and CNY918 (\$0.36 per day) in Turpan.

3. The project beneficiaries will be the residents in the five project cities, including the ethnic minorities and the poor. The project is expected to entail the following benefits: (i) generation of employment opportunities directly and indirectly related to the project; (ii) improved living standards in the project cities because of the upgraded and newly constructed roads and facilitation of greater mobility, access, and affordability of key basic services and destinations for the local population; (iii) improved urban road safety and reduced incidence of traffic accidents; and (iv) improved environment and public health associated with the provision of public toilets and bathrooms, and sustainable solid waste management practices.

C. Rationale

4. ADB has been actively supporting the PRC's Western Region Development Strategy, which aims to spur economic development of the Western Region of the PRC including Xinjiang, by providing technical assistance and financial resources to improve urban infrastructure (transportation, communications, power, and water resources) and support inclusive economic growth. The main pillars of the strategy are investments in urban infrastructure, preservation of the environment, and attraction of private sector investments in the region's economy. The project will complement other ADB-financed projects aimed at improving infrastructure and environment in the region.

5. The project, which covers the fast growing cities of Altay, Changji, Hami, Kuytun, and Turpan, is designed to (i) improve the urban road infrastructure and achieve the environmental objectives approved in the city master plans and 11th Five-Year Plan 2006–2010, (ii) facilitate access to environmental sanitation facilities and enable their proper functioning, (iii) improve air quality and reduce dust pollution caused by poor surface road conditions, (iv) improve road safety and reduce traffic delay, (v) improve environmental hygiene and public health through the construction of sanitation infrastructure and provision of environmental sanitation equipment, (vi) introduce environmental management in urban downtown areas and expanding urban areas, and (vii) catalyze economic growth and improve poor people's well-being.

6. The project is consistent with ADB's Urban Sector Strategy (1999), which supports investments in the urban sector as a dynamic engine of economic growth and employment creation, innovation, and entrepreneurship. The project also supports ADB's country partnership strategy for the PRC to strengthen inclusive growth, improve the environment, catalyze investments, and improve governance. The project complements the ADB-financed Xinjiang Municipal Infrastructure and Environmental Improvement Project, which aims to improve road infrastructure and utility services in Alashankou land port, Kanas scenic region, and Yining City of Xinjiang.

D. Impact and Outcome

7. The impact of the project is sustainable socioeconomic growth and improved living standards in five cities of Xinjiang. The outcome of the project is improved urban road infrastructure, traffic management, and environmental sanitation in the cities of Altay, Changji, Hami, Kuytun, and Turpan.

E. Outputs

8. The project has five physical components: (i) Altay Roads and Environmental Improvement, (ii) Changji Roads and Environmental Improvement, (iii) Hami Roads and Environmental Improvement, (iv) Kuytun Roads and Environmental Improvement, and (v) Turpan Roads and Environmental Improvement. Based on specific transport conditions of the project cities, the project will (i) construct 37.4 km of new roads and upgrade 70.5 km of existing roads; (ii) install traffic signal system, bus stops and bays, and road furniture, including road barriers, pedestrian crossings, signage, marking, and green separators; and (iii) construct and install environmental sanitation facilities such as public toilets, garbage collection stations, trash cans, as well as provide street sweeper trucks. A summary of the five components, which are further broken down into 10 subcomponents, is in Table 1 below. Technical analysis of the components is in Supplementary Appendix C.

Table 1: Summary Description of the Project Components and Subcomponents

Component	Subcomponent	Description
Altay Roads And Environmental Improvement	Roads	Construct/upgrade 19 municipal roads with a total length of 28.02 km, including construction of 3 new roads, and upgrading of 16 existing roads; construct 5 new bridges; construct associated road facilities; and purchase road maintenance equipment.
	Environmental Improvement	Construct 10 public toilets and 20 garbage collection stations; install 654 trash cans and 102 refuse collection points; and

Component	Subcomponent	Description
		purchase 1 garbage compaction truck, 1 rear loader garbage truck, 1 street sweeper truck, 2 snow removing trucks, 1 grapple garbage truck, 1 excavator, 1 wheel loader, and 2 dump trucks.
Changji Roads And Environmental Improvement	Roads	Construct 9 new municipal roads with a total length of 23.24 km, including 1 bridge; construct associated road facilities; and purchase road maintenance equipment.
	Environmental Improvement	Construct 8 public toilets and 8 garbage collection stations; install 394 trash cans and 33 refuse collection points; and purchase 5 garbage compaction trucks, 5 garbage trucks, 4 street sweeper trucks, 2 snow removing trucks, 1 wheeled excavator, 1 aerial work vehicle, 1 crane, 1 tip truck, 1 sprinkling vehicle, and 1 pesticide spraying vehicle.
Hami Roads and Environmental Improvement	Roads	Upgrade 3 municipal roads, with a total length of 9.02 km; construct 3 culverts; construct associated road facilities; and purchase road maintenance equipment.
	Environmental Improvement	Install 182 trash cans and purchase 2 street sweeper trucks and 1 street cleaning truck.
Kuytun Roads And Environmental Improvement	Roads	Upgrade 13 municipal roads, with a total length of 23.6 km, including 2 trunk roads, 2 secondary roads, 9 branch roads, and construct 2 bridges; construct associated road facilities; and purchase road maintenance equipment.
	Environmental Improvement	Construct 11 public toilets and 21 garbage collection stations; install 480 trash cans, 105 garbage containers, and 3 rest stations for environmental sanitation workers; and purchase 4 garbage compaction trucks, 2 street sweeper trucks, 2 snow removing trucks, and 2 sprinkling vehicles.
Turpan Roads And Environmental Improvement	Roads	Construct/upgrade 14 municipal roads, with a total length of 22.76 km, including 5 trunk roads, 7 secondary roads, and 2 branch roads; construct 2 culverts, construct associated road facilities; and purchase road maintenance equipment.
	Environmental Improvement	Construct 11 public toilets and 26 garbage collection stations; install 502 trash cans and 130 garbage containers; and purchase 5 garbage compaction trucks, 4 street sweeper trucks, and 2 sprinkling vehicles.

km = kilometer.

9. The project also provides for institutional development and capacity building to ensure effective implementation of the project and sustainable O&M of the project facilities. Capacity building will include provision of (i) project management consulting services, and (ii) training during loan implementation. The training program will improve the knowledge and practical skills of the EA and IAs to conduct (i) infrastructure project design, planning, and management; (ii) project financing and financial management, including financial accounting, reporting and auditing, and project capital budgeting; (iii) traffic planning and management, including public transport and nonmotorized vehicles; and (iv) proactive environmental management and public education.

II. IMPLEMENTATION PLANS

A. Project Readiness Activities

Indicative Activities	Months									Who responsible
	1 July '09	2 Aug '09	3 Sep '09	4 Oct '09	5 Nov '09	6 Dec '09	7 Jan '10	8 Feb '10	9 Mar '10	
Advance contracting actions										XUARG
Retroactive financing actions										XUARG
Establish project implementation arrangements										XUARG
ADB Board approval										ADB
Loan signing										ADB, MOF, XUARG, PMO
Government legal opinion provided										XUARG
Government budget inclusion										XUARG
Loan effectiveness										ADB (EASS and OGC)

ADB = Asian Development Bank, EASS = Urban and Social Sectors Division, MOF = Ministry of Finance, OGC = Office of the General Counsel; PMO = project management office, XUARG = Xinjiang Uygur Autonomous Region Government.

1. Provision for advance contracting (recruitment of individual consultants and procurement of goods and civil works) – refer to Table 3 of the RRP.
2. Provision for retroactive financing – limit is \$10 million (10% of the loan) to be incurred not more than 12 months before signing of the loan agreement.

B. Overall Project Implementation Plan

	Task Name	Start	Finish	2009				2010				2011				2012				2013				2014			
				1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
A.	Altay Urban Roads and Environmental Sanitation	1/1/09	6/27/14																								
1.	Design and Tender Documentation	1/1/09	12/4/09																								
2.	Tendering	8/3/09	9/24/10																								
3.	Construction and Installation (including ancillary works)	6/2/10	9/27/13																								
4.	Procurement of Equipment	10/14/09	12/31/10																								
5.	Testing and Commissioning and Final Account	9/30/13	6/27/14																								
B.	Changji Urban Roads and Environmental Sanitation	1/1/09	6/27/14																								
1.	Design and Tender Documentation	1/1/09	12/4/09																								
2.	Tendering	4/6/09	5/31/13																								
3.	Construction and Installation (including ancillary works)	5/6/09	3/28/14																								
4.	Procurement of Equipment	10/7/09	12/31/10																								
5.	Testing and Commissioning and Final Account	1/6/14	6/27/14																								
C.	Hami Urban Roads and Environmental Sanitation	1/1/09	5/27/12																								
1.	Design and Tender Documentation	1/1/09	12/4/09																								
2.	Tendering	4/2/09	10/30/10																								
3.	Construction and Installation (including ancillary works)	5/6/09	9/26/12																								
4.	Procurement of Equipment	10/7/09	4/30/10																								
5.	Testing and Commissioning and Final Account	11/29/11	9/27/12																								
D.	Kuytun Urban Roads and Environmental Sanitation	1/1/09	5/25/12																								
1.	Design and Tender Documentation	1/1/09	12/4/09																								
2.	Tendering	4/6/09	4/29/11																								
3.	Construction and Installation (including ancillary works)	8/3/09	10/28/12																								
4.	Procurement of Equipment	8/19/09	8/27/10																								

	Task Name	Start	Finish	2009				2010				2011				2012				2013				2014			
				1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
5.	Testing and Commissioning and Final Account	10/31/11	5/25/12																								
6.	Turpan Urban Roads and Environmental Sanitation	1/1/09	10/26/12																								
7.	Design and Tender Documentation	1/1/09	12/4/09																								
8.	Tendering	6/1/09	6/24/11																								
9.	Construction and Installation (including ancillary works)	10/5/09	3/30/12																								
10.	Procurement of Equipment	9/7/09	9/30/11																								
11.	Testing and Commissioning and Final Account	4/2/12	10/26/12																								

III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations – Roles and Responsibilities

Project implementation Management Roles and Responsibilities organizations

- **Executing Agency**
Xinjiang Uygur Autonomous Region Government
 - Primarily responsible for implementation of the project, including finance and administration, technical and procurement matters, monitoring and evaluation and safeguards compliance
 - **Regional Project Management Office**
Xinjiang Construction Bureau
 - Oversees implementation of the project
 - City/Municipal PMOs
 - Responsible for implementation of respective components
 - **Asian Development Bank**
 - Primarily responsible for implementation of ADB-funded project components
-

B. Key Persons Involved in Implementation

Executing Agency

Xinjiang Uygur Autonomous Region Government

Officer's Name: Mr. Xianggun Li
Position: Deputy Director, Xinjiang Project Management Office
Telephone: 86 991 284 1298
Email address: jstjhcwc@sina.com
Office Address: 462 Zhongshan Road, Urumqi 830002
The People's Republic of China

ADB

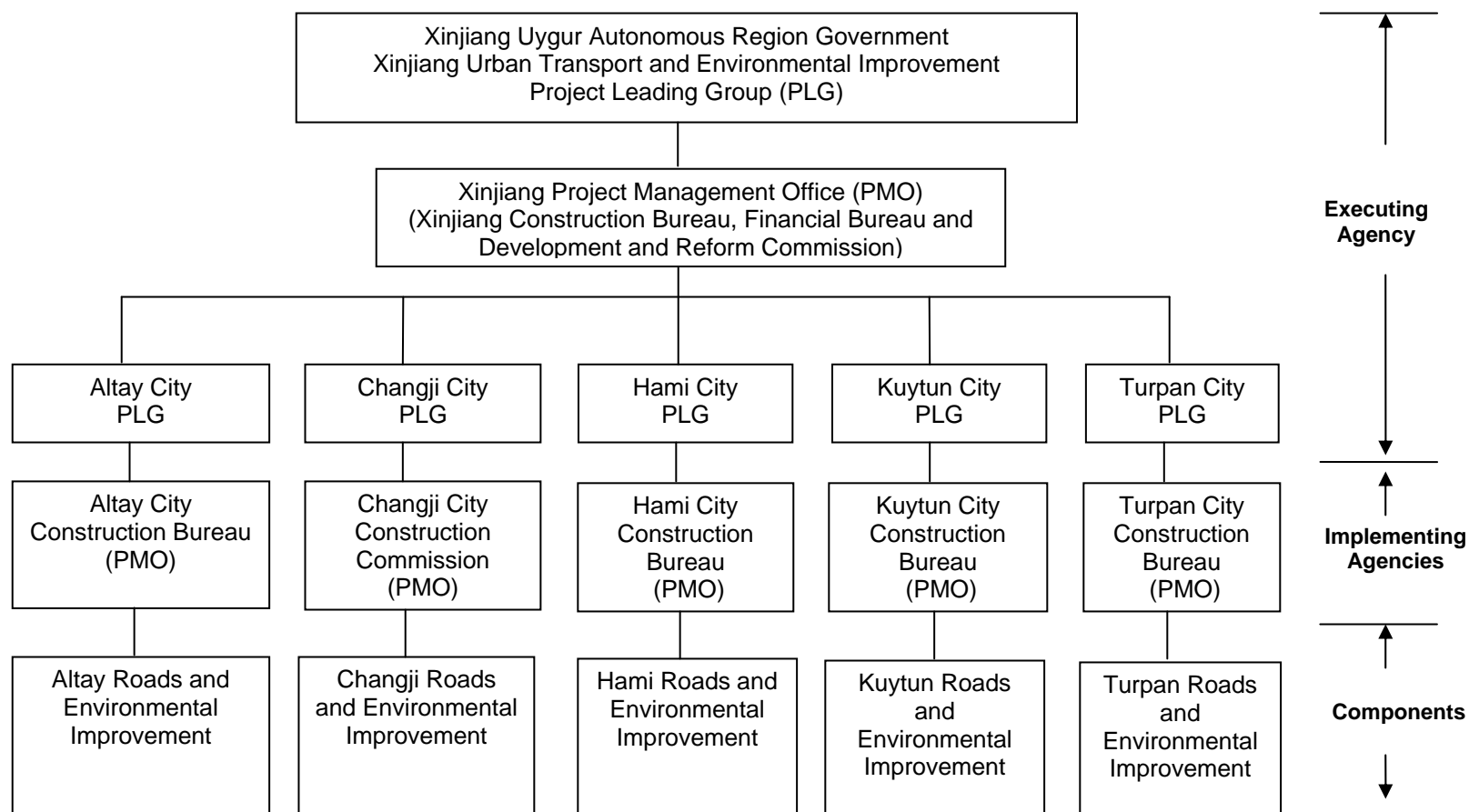
Urban and Social Sectors Division (EASS)

Staff Name: Amy Leung
Position: Director
Telephone No.: 632-6730 (office), 632-5613 (direct)
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Mission Leader

Staff Name: Raushan Mamatkulov
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Email address: rmamatkulov@adb.org

C. Project Organization Structure



IV. COSTS AND FINANCING

10. The government has requested a loan of \$100.0 million from ADB's ordinary capital resources to finance 53% of the cost of the project. The loan will cover civil works, equipment and supplies, project management consulting services and training, financial charges on the loan during construction, and bank charges on the project imprest account. The government will finance contingencies, taxes, duties, and land acquisition and resettlement costs. The city governments of Altay, Changji, Hami, Kuytun, and Turpan through tax and nontax revenues will provide counterpart funding, for which they have provided commitment letters to XUARG and ADB.

11. A financing plan for the project is summarized in Table 1 and the details of the cost estimates and financing plans for each component are in Tables 2 and 3. A loan of \$100.0 million from the ordinary capital resources of ADB will be provided under ADB's London interbank offered rate (LIBOR)-based lending facility. The loan will have a 25-year term including a grace period of 5 years, an interest rate determined in accordance with ADB's LIBOR-based lending facility, a commitment charge of 0.15% per annum, and such other terms and conditions as set forth in the draft Loan Agreement. The government has provided ADB with (i) reasons for its decision to borrow under ADB's LIBOR-based lending facility on the basis of these terms and conditions, and (ii) an undertaking that these choices were its own independent decision and not made in reliance on any communication or advice from ADB.

Table 1: Financing Plan

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank	100.0	53.4
Altay City Government	17.3	9.3
Changji City Government	25.7	13.7
Hami City Government	10.1	5.4
Kuytun City Government	15.3	8.2
Turpan City Government	18.8	10.1
Total	187.2	100.0

A. Detailed Cost Estimates by Expenditure Category

Table 2: Costs and Financing by Expenditure Account

Item	Cost		ADB Loan	Financing by Expenditure Account (\$ Million)					ADB Share by Expenditure Account ^a
	CNY 10,000	\$ Million		Altay City Gov't	Changji City Gov't.	Hami City Gov't.	Kuytun City Gov't.	Turpan City Gov't.	
A. Base Cost									
1. Construction									
Civil Works	66,765.6	97.5	68.4	7.9	5.6	3.1	9.0	3.4	70%
Equipment	14,371.3	21.0	21.0	0.0	0.0	0.0	0.0	0.0	100%
Land Acquisition and Resettlement	17,915.6	26.2	0.0	2.9	11.1	3.1	0.0	9.0	0%
Environmental Protection	1,611.1	2.4	0.0	0.1	0.1	0.0	0.1	0.1	0%
Survey, Research, Design, and Consulting Services	5,422.7	7.9	0.0	2.1	2.6	1.2	2.1	1.9	0%
Total Construction	106,086.2	154.9	89.4	13.0	19.4	7.5	11.2	14.3	58%
2. Capacity Building									
Consulting Services	342.5	0.5	0.5	0.0	0	0	0	0	100%
Training	479.5	0.7	0.7	0.0	0	0	0	0	100%
Project Management	205.5	0.3	0.3	0.0	0	0	0	0	100%
Total Capacity Building	1,027.5	1.5	1.5	0.0	0.0	0.0	0.0	0.0	100%
Total Base Cost (A1+A2)	107,113.7	156.4	90.9	13.0	19.4	7.5	11.2	14.3	58%
B. Contingencies									
Physical Contingency	8,833.2	12.9	0.0	2.5	3.9	1.5	2.5	2.5	0%
Price Contingency	6,045.8	8.8	0.0	1.7	2.4	1.0	1.6	2.1	0%
Total Contingencies	14,879.0	21.7	0.0	4.3	6.2	2.5	4.1	4.6	0%
C. Financing Charges During Implementation									
Interest During Implementation - ADB Loan	6,146.3	9.0	9.0	0.0	0.0	0.0	0.0	0.0	100%
Commitment Charges - ADB Loan	89.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	100%
Total Financing Charges During Implementation	6,235.3	9.1	9.1						
Total Project Costs (A+B+C)	128,228.0	187.2	100.0	17.3	25.7	10.1	15.3	18.8	53%
Financing by Source of Funds			53%	9%	14%	5%	8%	10%	

ADB = Asian Development Bank, Gov't. = government.

^a Amount of ADB loan proceeds allocated to the cost category.

Notes:

1. The amount disbursed by ADB for eligible expenditures under a cost category will be subject to the ceiling set by the allocation of loan proceeds for such cost category.

2. Counterpart funds will be from the city budgets.

3. Taxes and duties will be financed from the counterpart fund for the categories with 100% financing from ADB resources. However, percentage of financing for civil works is calculated on the gross of tax basis and financing is reduced to 70%. Bank charges will be financed from the loan resources.

4. Numbers may not sum precisely because of rounding.

Source: Asian Development Bank estimates.

B. Allocation and Withdrawal of Loan Proceeds

No.	Item	Amount Allocated (\$)		ADB Financing
		Category	Subcategory	
1	Civil Works	68,420,000		Percentage and Basis for Withdrawal from the Loan Account
1.1	Altay Subproject		11,430,000	59 percent of total expenditure
1.2	Changji Subproject		22,110,000	80 percent of total expenditure
1.3	Hami Subproject		8,785,000	74 percent of total expenditure
1.4	Kuytun Subproject		12,285,000	58 percent of total expenditure
1.5	Turpan Subproject		13,810,000	80 percent of total expenditure
2	Equipment (including taxes and duties)	20,980,000		
2.1	Altay Subproject		6,410,000	100 percent of total expenditure
2.2	Changji Subproject		4,760,000	100 percent of total expenditure
2.3	Hami Subproject		1,380,000	100 percent of total expenditure
2.4	Kuytun Subproject		3,760,000	100 percent of total expenditure
2.5	Turpan Subproject		4,670,000	100 percent of total expenditure
3	Institutional Strengthening and Training	1,500,000		
4	Interest and Commitment Charges	9,100,000		Amounts due
	Total	100,000,000		

C. Detailed Cost Estimates by Financier

Table 3: Summary Cost Estimates

Item	CNY10,000			\$ Million			Percent of Total Project Costs
	Foreign Exchange Costs	Local Currency Costs	Total Costs	Foreign Exchange Costs	Local Currency Costs	Total Costs	
A. Base Costs^a							
1. Construction							
Civil Works	32,715.1	34,050.4	66,765.6	47.8	49.7	97.5	52
Equipment	14,371.3	0.0	14,371.3	21.0	0.0	21.0	11
Land Acquisition and Resettlement	0.0	17,915.6	17,915.6	0.0	26.2	26.2	14
Environmental Protection	0.0	1,611.1	1,611.1	0.0	2.4	2.4	1
Survey, Research, Design, and Consulting Services	0.0	5,422.7	5,422.7	0.0	7.9	7.9	4
Subtotal (A1)	47,086.4	58,999.8	106,086.2	68.7	86.2	154.9	82.7
2. Capacity Building							
Consulting Services	342.5	0.0	342.5	0.5	0.0	0.5	0
Training	479.5	0.0	479.5	0.7	0.0	0.7	0
Management	205.5	0.0	205.5	0.3	0.0	0.3	0
Subtotal (A2)	1,027.5	0.0	1,027.5	1.5	0.0	1.5	0.8
Total Base Costs (A)	48,113.9	58,999.8	107,113.7	70.2	86.2	156.4	83.5
B. Contingencies							
Physical Contingency ^b	5,405.2	3,428.0	8,833.2	7.9	5.0	12.9	7
Price Contingency ^c	1,463.8	4,582.0	6,045.8	2.1	6.7	8.8	5
Total Contingencies	6,869.0	8,010.0	14,879.0	10.0	11.7	21.7	11.6
C. Financing Charges During Implementation^d							
Interest During Implementation - ADB Loan	6,146.3	0.0	6,146.3	9.0	0.0	9.0	4.9
Commitment Charges - ADB Loan	89.0	0.0	89.0	0.1	0.0	0.1	0.1
Total Financing Charges During Implementation	6,235.3	0.0	6,235.3	9.1	0.0	9.1	4.9
Total Project Costs	61,218.2	67,009.8	128,228.0	89.4	97.9	187.2	100.0

ADB = Asian Development Bank.

^a In end-2008 prices.

^b Physical contingency is estimated at 10% of base costs.

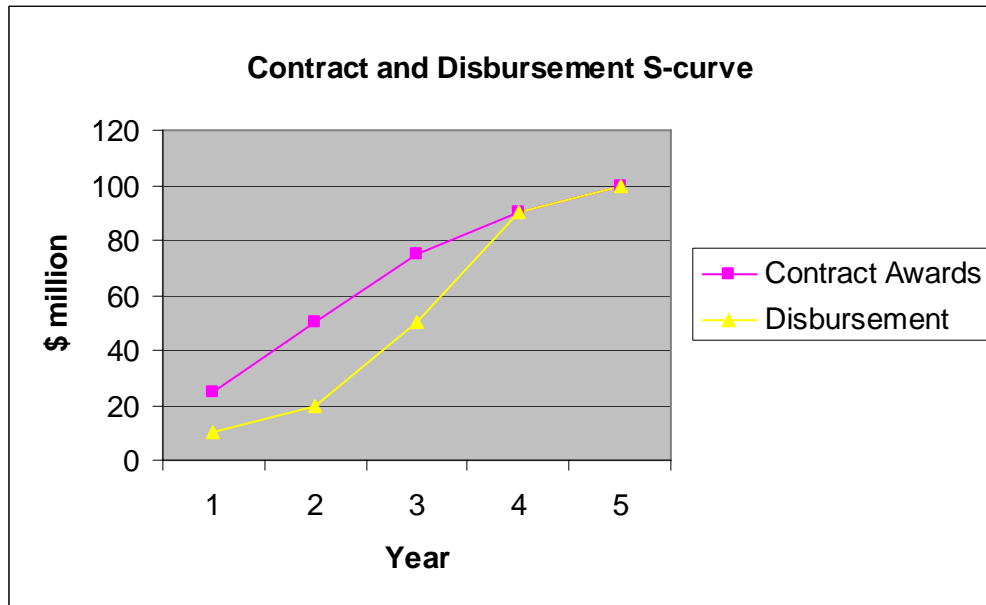
^c Price contingency is estimated at 1.2% foreign inflation rate and 5% local currency inflation rate from 2009 onwards.

^d Interest during construction computed at the 5-year forward London interbank offered rate, plus a spread of 0.20%.

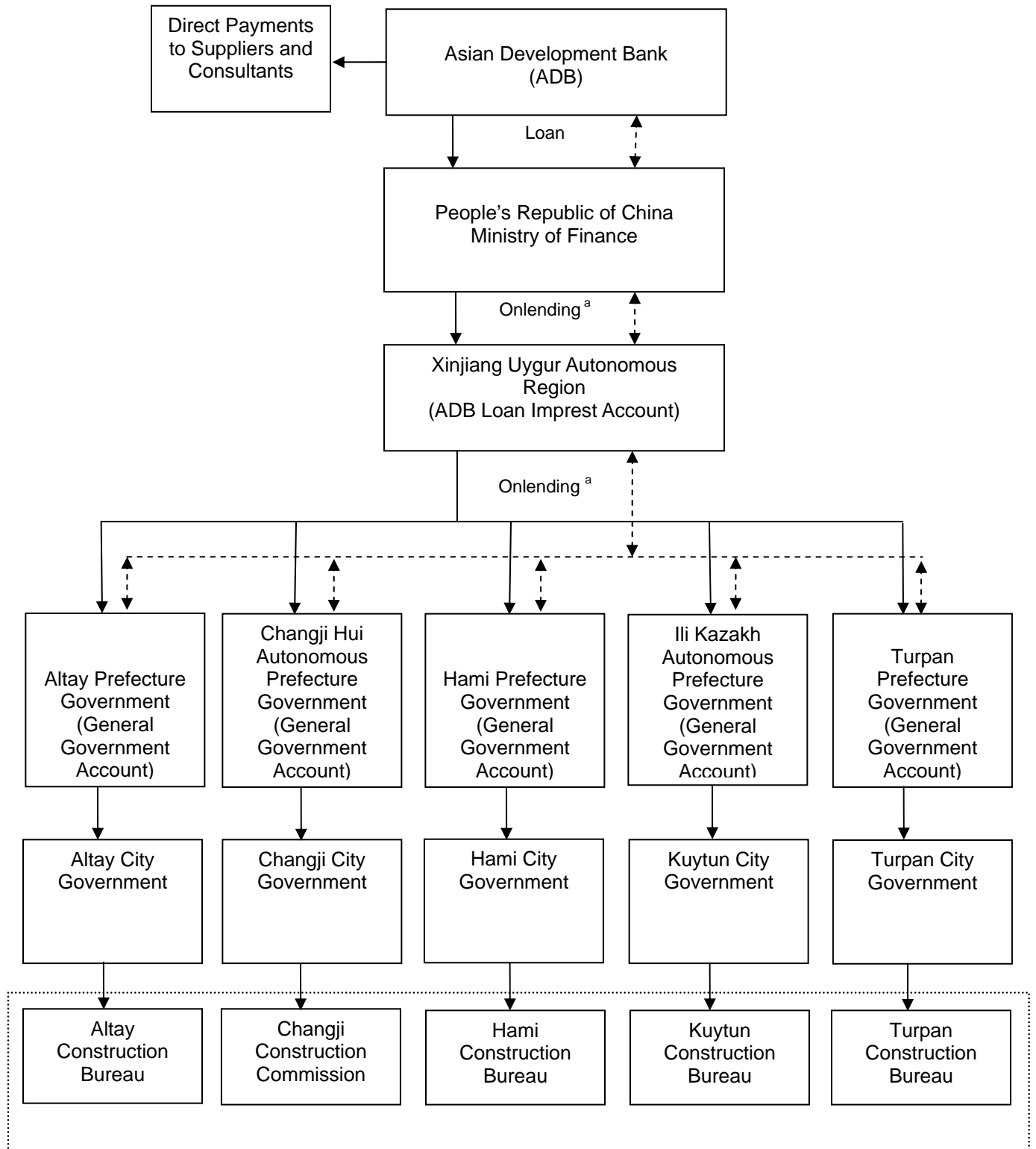
Exchange rate used: CNY6.85 = \$1.

Source: Asian Development Bank estimates.

D. Contract and Disbursement S-curve



E. Fund Flow Diagram



V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

1. Financial management assessment was carried out in accordance with ADB's Guidelines for the Financial Management and Analysis of Projects to assess the financial management capacity of the implementing agencies. The scope of the financial management assessment include: (i) review of the legal status and organizational structure; (ii) identification of the fund flow arrangements, (iii) assessment of the accounting departments and accounting staff; (iv) review of the existing accounting standard, policies and procedures, (v) evaluation of the budgeting, payment, and asset management; (vi) assessment of the internal and external auditing system, (vii) evaluation of the financial reporting system; and (ix) review of the accounting system. There are five implementing agencies: (i) Altay Construction Bureau, (ii) Changji Construction Commission, (iii) Hami Construction Bureau; (iv) Kuytun Construction Bureau; and (v) Turpan Construction Bureau. At the regional level, Xinjiang Construction Bureau coordinates the 5 city construction bureaus. The financial management arrangements for all implementing agencies are more or less the same since they are similar government organizations. All implementing agencies are government departments under city governments. There are three levels of organizations inside the construction bureaus: (i) government departments such as accounting, real estate, and general office; (ii) quasi government organizations, such as maintenance, waste management, and quality control, and (iii) firms, mainly in public utilities. Three construction bureaus have implemented externally financed projects for the last few years. Kuytun Construction Bureau, Altay Construction Bureau, and Hami Construction Bureau have implemented a Japanese-financed project on environmental improvement several years ago. Hai Construction Bureau has also utilized an Australian Government loan to build a wastewater treatment plant with a capacity of 100,000 m³/day. Turpan and Changji Construction Bureaus have not implemented any foreign-funded projects.

2. ADB funds will go to the 5 construction bureaus through the Ministry of Finance, XUARG, and the Municipal/City Governments. Each construction bureau will open separate accounts exclusively for the project. Counterpart funds will be paid through bank account transfer. Accounting staff in the implementing agencies have adequate experience on government accounting procedures and will be trained on ADB disbursement procedures. All implementing agencies follow the Chinese Government Accounting system. Such accounting procedures are well-established and effective.

3. All implementing agencies maintain an internal auditing system. Audit reports are released 45 days after auditing is completed. The audit is conducted based on the national standards on auditing issued by the central government. No major accountability issue has been found in the audit reports in the past years. The IAs prepare financial statements annually. Based on such findings, the conclusion is that the current organization structures of the implementing agencies are appropriate to the existing organization and the project.

B. Disbursement

4. The Loan proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2007, as amended from time to time),¹ and detailed arrangements agreed upon between the Government and ADB.

¹ Available at: http://www.adb.org/Documents/Handbooks/Loan_Disbursement/loan-disbursement-final.pdf

5. Pursuant to ADB's Safeguard Policy Statement (2009) (SPS),² ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the SPS. All financial institutions will ensure that their investments are in compliance with applicable national laws and regulations and will apply the prohibited investment activities list (Appendix 5) to subprojects financed by ADB.

6. To facilitate project implementation and funds flow, an imprest account will be set up upon loan effectiveness and will be exclusively used to finance ADB's share of eligible expenditures. The initial advance to be deposited will not exceed either 6 months of estimated expenditures to be financed from the imprest account, or 10% of the loan amount, whichever is lower. To expedite funds flow and simplify documentation process, the statement of expenditures (SOE) will be used for liquidation and replenishment of the imprest account and reimbursement of eligible expenditures not exceeding \$200,000 per individual payments. For those exceeding the SOE limits, reimbursement, liquidation and/or replenishment will require submission of full documentation. The imprest account will be opened and managed by the Xinjiang Provincial Finance Bureau on behalf of XPG at a commercial bank acceptable to ADB. Expenditures not utilizing the imprest account may utilize other disbursement procedures such as direct payment (to the contractor or supplier), commitment and reimbursement. Staff of the Xinjiang Finance Bureau will be responsible for all disbursement arrangements, including (i) preparing disbursement projections, (ii) requesting budgetary allocations for counterpart funds, (iii) collecting supporting documents, and (iv) preparing and sending withdrawal applications to ADB. The project will not utilize the second-generation imprest account (SGIA).

7. For every liquidation and replenishment request of the imprest account, the borrower will furnish to ADB (a) Statement of Account (Bank Statement) where the imprest account is maintained, and (b) the Imprest Account Reconciliation Statement (IARS) reconciling the above mentioned bank statement against the EA's records.³

8. SOE records should be maintained and made readily available for review by ADB's disbursement and review mission or upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit.⁴

9. Before the submission of the first withdrawal application, XUARG should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the borrower, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is US\$100,000, unless otherwise approved by ADB. XUARG is to consolidate claims to meet this limit for reimbursement and imprest account claims. Withdrawal applications and supporting documents will demonstrate, among other things that the goods, and/or services were produced in or from ADB members, and are eligible for ADB financing.

10. Each implementing agency has confirmed availability of counterpart funds.

² Available at: <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf>

³ Follow the format provided in Appendix 30 of the *Loan Disbursement Handbook*.

⁴ Checklist for SOE procedures and formats are available at:
http://www.adb.org/documents/handbooks/loan_disbursement/chap-09.pdf
http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Contracts-100-Below.xls
http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Contracts-Over-100.xls
http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Operating-Costs.xls
http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Free-Format.xls

C. Accounting

11. The XUARG will maintain separate project accounts and records by funding source for all expenditures incurred on the project. Project accounts will follow international accounting principles and practices including specific Government's accounting laws and regulations.

12. The IAs will keep records to allow the identification of goods and services financed from the loan proceeds, following accounting principles and practices prescribed by the accounting laws of the PRC. This law requires that the financial statements shall generally follow recognized accounting standards.

D. Auditing

13. The XUARG will cause the detailed consolidated project accounts to be audited in accordance with International Standards on Auditing by an auditor acceptable to ADB. The audited accounts will be submitted in the English language to ADB within 6 months of the end of the fiscal year by the executing agency. The annual audit report will include a separate audit opinion on the use of the imprest accounts, and the SOE procedures. The Government and XUARG have been made aware of ADB's policy on delayed submission, and the requirements for satisfactory and acceptable quality of the audited accounts. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures. For revenue generating projects only, ADB requires audited financial statements (AFS) for each executing and/or implementation agency associated with the project.

14. The IAs will set up and maintain separate project accounts and records. The financial statements of project accounts and the annual corporate financial statements for IAs will be subject to external audit by the audit bureau of the cities concerned, the XUARG audit bureau, and the state audit bureau. The audits will be carried out in accordance with PRC audit regulations and must meet ADB requirements. A separate auditor's opinion on the use of the Imprest account and statement of expenditure will be part of the audit reports. The IAs annual audited financial statements and audited project accounts will be submitted to ADB no later than 6 months after the end of the fiscal year throughout the implementation period.

VI. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting and Retroactive Financing

1. All advance contracting and retroactive financing will be undertaken in conformity with ADB's Procurement Guidelines (2010, as amended from time to time)⁵ and ADB's Guidelines on the Use of Consultants (2010, as amended from time to time).⁶ The issuance of invitations to bid under advance contracting and retroactive financing will be subject to ADB approval. The borrower, XUARG, and IAs have been advised that approval of advance contracting and retroactive financing does not commit ADB to finance the project.

2. To expedite project implementation, XUARG has requested advance contracting for the recruitment of consultants, training, and procurement of goods, and civil works. Advance contracting will include (i) preparation of tender documents, (ii) evaluation of bids, and (iii) recruitment of consultants. All advance contracting and retroactive financing will be undertaken in conformity with ADB's Procurement Guidelines. The issuance of invitations to bid under advance contracting and retroactive financing will be subject to ADB approval.

3. Retroactive financing has been requested for eligible expenditures of up to \$20 million (equivalent to 20% of the ADB loan). XUARG has been informed that retroactive financing is permitted only if (i) it is specifically agreed by ADB and the Borrower, (ii) the goods, works, services and consultants for which it is required are procured in accordance with ADB's Procurement Guidelines or Guidelines on the Use of Consultants; and (iii) the amount to be retroactively financed does not exceed 20% of the loan amount. The expenditures must have been incurred before effectiveness of the loan, but generally no earlier than 12 months before the signing date of the Loan Agreement. The Government, XUARG, and the IAs have also been advised that approval of advance contracting and retroactive financing does not commit ADB to finance the project.

B. Procurement of Goods, Works and Consulting Services

4. All procurement of goods and works will be undertaken in accordance with ADB's Procurement Guidelines.

5. International Competitive Bidding (ICB) will be used for civil works contracts estimated to cost \$10 million and above. National Competitive Bidding (NCB) will be used for civil works contracts estimated to cost over \$100,000 equivalent up to \$10 million. For goods and equipment, ICB will be used for values exceeding \$1 million, while NCB will be used for good and equipment below \$1 million equivalent. All ICB contracts are subject to prior review. Prior review and approval of ADB of the procurement documents (prequalification, bidding, contract) is required.

6. Before the start of any procurement ADB and the Government will review the public procurement laws of the central and state governments to ensure consistency with ADB's Procurement Guidelines. Under NCB, before the start of any procurement ADB and the Government will review the public procurement laws of the central and state governments to ensure consistency with ADB's Procurement Guidelines. For NCB, the first draft English language of the procurement documents (prequalification, bidding documents, draft contract)

⁵ Available at: <http://www.adb.org/Documents/Guidelines/Procurement/Guidelines-Procurement.pdf>

⁶ Available at: <http://www.adb.org/Documents/Guidelines/Consulting/Guidelines-Consultants.pdf>

should be submitted for ADB approval regardless of the estimated contract amount. Subsequent procurement are subject to post review.

7. An 18-month procurement plan indicating threshold and review procedures, goods, works, and consulting service contract packages and national competitive bidding guidelines is in Section C.

8. All consultants will be recruited according to ADB's Guidelines on the Use of Consultants.⁷ The terms of reference for all consulting services are detailed in Section D.

9. The project will provide funding for 17 person months of international consulting services and 35 person-months of national consulting services to support the PMOs and IAs in project implementation and management and institutional capacity building. Consulting firm will be recruited in accordance with ADB's Guidelines on the Use of Consultants using the quality and cost based selection method. The project will provide funding for international and national consulting services to support the Xinjiang and city PMOs and IAs in project implementation and management and institutional capacity building. XUARG has requested advance contracting for the recruitment of consultants. The consulting services will cover (i) support to the Xinjiang and city PMOs and IAs in project preparation and management, (ii) PPMS, (iii) transport planning and traffic control, (iv) financial management, (v) social development, (vi) environmental management, (vii) O&M, and (viii) institutional strengthening. Capacity building for the PMOs and IAs will be achieved through consultant inputs, training courses provided by universities, specialized institutes and firms, in-country and/or overseas study visits, and acquisition of additional equipment financed from the loan. Outline terms of reference for project consulting services are in Supplementary Appendix G.

C. Procurement Plan

10. This procurement plan shows the thresholds and particular contracts required to carry out the project. Project information for the procurement plan is in Table 1.

Table 1: Project Information

Country	People's Republic of China
Name of Borrower	People's Republic of China
Project Name	Xinjiang Urban Transport and Environmental Improvement Project
TA Reference	TA 4930-PRC
Date of Effectiveness	
Amount	\$100.0 million
Of which committed	
Executing Agency	Xinjiang Uygur Autonomous Region Government
Date of the Original Procurement Plan	27 May 2009
Period Covered by this Plan	2009–2014

TA = technical assistance.

11. Equipment, materials, and goods and services financed under the loan will be procured in accordance with ADB's Procurement Guidelines and follow ADB procedures. Necessary thresholds for all contract packages envisaged in this project are shown in Table 2.

⁷ Checklists for actions required to contract consultants by method available in e-Handbook on Project Implementation at: <http://www.adb.org/documents/handbooks/project-implementation/>

Table 2: Procurement Thresholds, Goods and Services, Works, Supply, and Installation

Procurement Method	To be Used for Value
ICB Works	\$10.0 million or more
ICB Goods	\$1.0 million or more
NCB Works	More than \$0.1 million but less than \$10.0 million
NCB Goods	More than \$0.1 million but less than \$1.0 million
Shopping	\$0.1 million or less
Exceptional Methods	None anticipated

ICB = international competitive bidding, NCB = national competitive bidding.

12. Consulting services will be selected using quality- and cost-based selection, consultants' qualifications selection, and least-cost selection. The threshold for consulting services selection is in Table 3.

Table 3: Procurement Thresholds, Consultants Services

Procurement Method	To be Used for Value
Quality- and Cost-Based Selection	\$200,000 or more
Consultants' Qualifications Selection	Above \$100,000 but less than \$200,000
Least-Cost Selection	\$100,000 or less
Alternative Methods	No alternative methods are proposed

13. The prior or post review requirements for the procurement and consultant recruitment methods are shown in Table 4.

Table 4: ADB Prior or Post Review

Procurement Method	Prior or Post	Comments
Procurement of Goods and Works		
ICB Works	Prior	The first draft English language version of the procurement documents should be submitted for ADB review and approval regardless of the estimated contract amount in each project city. ADB-approved procurement documents should be used as a model for all NCB procurement financed by ADB for the project, and need not be subjected to further review. ADB will review the BER and award of contract on a post-review basis. Prior review will be applied for all ICB contracts, the first NCB contract for works and goods, and post review for other procurement modes.
ICB Goods	Prior	
NCB Works	Prior	
NCB Goods	Prior	The first draft English language version of the procurement documents should be submitted for ADB review and approval regardless of the estimated contract amount in each project city. ADB-approved procurement documents should be used as a model for all NCB procurement financed by ADB for the project, and need not be subjected to further review. ADB will review the BER and award of contract on a post-review basis. Prior review will be applied for all ICB contracts, the first NCB contract for works and goods, and post review for other procurement modes.
Recruitment of Consulting Firms		
Quality- and Cost-Based Selection	Prior	
Quality-Based Selection	Prior	
Other selection methods:	Prior	

Procurement Method	Prior or Post	Comments
Consultants' Qualifications, Least-Cost Selection, Fixed Budget, and Single Source		

ADB = Asian Development Bank, BER = bid evaluation report, ICB = international competitive bidding, NCB = national competitive bidding.

14. Goods and works contracts (more than \$1 million) are shown in Table 5 and consulting services contracts (more than \$100,000) are in Table 6. Smaller-value goods, works, and consulting services contracts are summarized in Table 7. An indicative list of all procurement over the life of the project is shown in Table 8. All international competitive bidding packages will be procured following ADB's Procurement Guidelines.

Table 5: Goods and Works Contracts Estimated to Cost More Than \$1 Million

Ref	General Description	Procurement Method	Prequalification of Bidders (y/n)	Advertisement Date	Comments
A. Works					
Altay Roads and Environmental Improvement					
A.1	Gongyuan Road, Jinshan Road, Jinshan North Road, Wenhua Road, Tuanjie South Road, Tuanjie North Road civil works, and lighting installation	NCB		Aug 2009	
A.2	1–10 Branch Roads, Qianjin Street, Yuanyichang Road, Beier Road, Huanchengxi Road, Qiaodong Road civil works and lighting installation	NCB		Sep 2009	
A.3	Hongdun Road, Tuanjie South Road, Jiefang North Road, Donghou Street, Donghoujie Road civil works and lighting installation	NCB		Jul 2010	
A.4	Binghe Road, Lanjing Road, and other affiliated facilities	NCB		May 2009	Proposed for advance contracting and retroactive financing
A.5	Bridges and affiliated facilities	NCB		Aug 2009	
Changji Roads and Environmental Improvement					
A.6	South Park Road civil works and street lighting installation, and traffic safety facilities	NCB		Apr 2009	Proposed for advance contracting and retroactive financing
A.7	North Waihuan Road, West Waihuan Road civil works, and street lighting installation	NCB		Aug 2009	
A.8	Jianguo West Road, Jiankang West Road,	NCB		Mar 2012	

Ref	General Description	Procurement Method	Prequalification of Bidders (y/n)	Advertisement Date	Comments
A.9	Ningbian West Road civil works, and street lighting installation Tacheng Road civil works and street lighting installation	NCB		Mar 2013	
A.10	Qingnian Road, Shihezi Road civil works, and street lighting installation	NCB		Mar 2011	
A.11	Hami Roads and Environmental Improvement Bayinan Road, Bayibei Road civil works, and street lighting installation	NCB		Jul 2009	
A.12	Renmin Road civil works and street lighting installation	NCB		Mar 2009	Proposed for advance contracting and retroactive financing
A.13	Kuytun Roads and Environmental Improvement Wulumuqi West Road, Xiyi Street, and Hebukesaiier Street, Eming Street, Wusu Street, Kuerle Road, and Kashi Road	NCB		Apr 2009	Proposed for advance contracting and retroactive financing
A.14	Beijing East Road, Wulumuqi East Road, Hutubi Street, Tacheng Road, and Qitai West Road	NCB		Feb 2010	
A.15	Tuanjie South Street	NCB		Feb 2011	
A.16	Turpan Roads and Environmental Improvement Gaochang Road, Wenhua West Road, Xingfu Road civil works, and street lighting installation	NCB		Mar 2010	
A.17	Junmingongjian Road, Guangmin Road, Yucai Road civil works, and street lighting installation	NCB		Mar 2011	
A.18	Qiquanhu Road, Donghuan Road, Bozikelike Road civil works, and street lighting installation	NCB		Mar 2011	
A.19	Munaer Road, Huoyanshan Road civil works, and street lighting installation	NCB		Apr 2009	Proposed for advance contracting and retroactive financing
A.20	Sichou Road, luzhou Road, Changyeyuan Road civil works, and street lighting installation	NCB		Mar 2010	
B. Goods					
	Altay Roads and Environmental Improvement				
B.1	Street Lighting	ICB		Aug 2009	
B.2	Environmental Sanitation	ICB		Aug 2009	

Ref	General Description	Procurement Method	Prequalification of Bidders (y/n)	Advertisement Date	Comments
B.3	Facilities/Vehicles and Road Maintenance Equipment Changji Roads and Environmental Improvement Environmental Sanitation	ICB		Jun 2009	
B.4	Facilities/Vehicles and Road Maintenance Equipment Kuytun Roads and Environmental Improvement Streetlights for Wulumuqi West Road, Xiyi Street, and Hebukesai Street, Eming Street, Tacheng Street, Kuerle Road, Kashi, and Qitai West Road	ICB		May 2009	
B.5	Streetlights for Beijing East Road, Wulumuqi East Road, Hutubi Street, Wusu, and Tuanjie South Street	ICB		Feb 2010	
B.6	Environmental Sanitation Facilities/Vehicles and Roads Maintenance Equipment Turpan Roads and Environmental Improvement	ICB		May 2009	
B.7	Environmental Sanitation Facilities/Vehicles and Road Maintenance Equipment	ICB		Jul 2009	

ICB = international competitive bidding, NCB = national competitive bidding.

Table 6: Consulting Services Contracts Estimated to Cost More than \$100,000

General Description	Recruitment Method	Advertisement Date	Comments
C1. Consulting Service	QCBS (80/20)	Jun 2009	
C2. Project Management	CQS	Jun 2009	

CQS = consultants' qualifications selection, QCBS = quality- and cost-based selection.

Table 7: Goods and Works Contracts Estimated to Cost Less than \$1 Million and Consulting Services Contracts Less than \$100,000

General Description	Number of Contracts	Procurement/ Recruitment Method	Comments
Consulting Service for Project Start-Up Preparation (one domestic)	1	SSS	Proposed for advance contracting and retroactive financing
External Resettlement Plan and Ethnic Minority Development Plan Monitoring Organization	1	LCS	Proposed for advance contracting and retroactive financing
Works for Public Toilets, Garbage Stations, Public Transport Station	5	NCB	Contract packaging details are listed in Table A8.9

General Description	Number of Contracts	Procurement/ Recruitment Method	Comments
Road Safety Facilities, Streetlights, Roads Maintenance Equipment and Greening Equipment, Sanitation Equipment	11	NCB	Contract packaging details are listed in Table A8.9

LCS = least-cost selection, NCB = national competitive bidding, SSS = single source selection.

Table 8: Indicative List of Packages Required Under the Project⁸

General Description	Procurement Method	Domestic Preference Applicable	Comments
Works	ICB/NCB		
Goods	ICB/NCB		
	Recruitment Method	Type of Proposal	Comments
Consulting Services	QCBS(80/20)		

ICB = international competitive bidding, NCB = national competitive bidding, QCBS = quality- and cost-based selection.

15. **National Competitive Bidding.** The Borrower's Law of Tendering and Bidding of the People's Republic of China promulgated by Order No. 21 of the President of the People's Republic of China on 30 August 1999, is subject to the following clarifications required for compliance with the Guidelines:

- (i) All invitations to prequalify or to bid shall be advertised in the national press, or official gazette, or a free and open access website in the Borrower's country. Such advertisement shall be made in sufficient time for prospective bidders to obtain prequalification or bidding documents and prepare and submit their responses. In any event, a minimum preparation period of 30 days shall be given. The preparation period shall count (a) from the date of advertisement, or (b) when the documents are available for issue, whichever date is later. The advertisement and the prequalification and bidding documents shall specify the deadline for such submission.
- (ii) Qualification requirements of bidders and the method of evaluating the qualification of each bidder shall be specified in detail in the bidding documents, and in the prequalification documents if the bidding is preceded by a prequalification process.
- (iii) If bidding is preceded by a prequalification process, all bidders that meet the qualification criteria set out in the prequalification document shall be allowed to bid and there shall be no limit on the number of pre-qualified bidders.

⁸ The current package value estimates were calculated based on the currency exchange rate at the time of project appraisal and subject to revision in accordance with the currency exchange rate at the time of procurement.

- (iv) All bidders shall be required to provide a performance security in an amount sufficient to protect the Borrower/Project Executing Agency in case of breach of contract by the contractor, and the bidding documents shall specify the required form and amount of such performance security.
- (v) Bidders shall be allowed to submit bids by mail or by hand.
- (vi) All bids shall be opened in public; all bidders shall be afforded an opportunity to be present (either in person or through their representatives) at the time of bid opening, but bidders shall not be required to be present at the bid opening.
- (vii) All bid evaluation criteria shall be disclosed in the bidding documents and quantified in monetary terms or expressed in the form of pass or fail requirements.
- (viii) No bid may be rejected solely on the basis that the bid price falls outside any standard contract estimate, or margin or bracket of average bids established by the Borrower/Project Executing Agency.
- (ix) Each contract shall be awarded to the lowest evaluated responsive bidder, that is, the bidder who meets the appropriate standards of capability and resources and whose bid has been determined (a) to be substantially responsive to the bidding documents and (b) to offer the lowest evaluated cost. The winning bidder shall not be required, as a condition of award, to undertake responsibilities for work not stipulated in the bidding documents or otherwise to modify the bid as originally submitted.
- (x) Each contract financed with the proceeds of the loan shall provide that the suppliers and contractors shall permit ADB, at its request, to inspect their accounts and records relating to the performance of the contract and to have said accounts and records audited by auditors appointed by ADB.
- (xi) Government-owned enterprises in the Borrower's country may be permitted to bid if they can establish that they (a) are legally and financially autonomous, (b) operate under commercial law, and (c) are not a dependent agency of the Borrower/Project Executing Agency.
- (xii) Rebidding shall not be allowed solely because the number of bids is less than three (3).

Table 9: List of Goods and Works Contracts Estimated to Cost Less than \$1 Million

Ref	Contract Package Type and Description		Procurement Method
Works for public toilets, garbage stations, and public transport station			
Altay			
D1	Roads	Public Transport Station	NCB
D2	Environmental Sanitation	Public Toilets	NCB
Changji			
D3	Environmental Sanitation	Public Toilets and Garbage Collection Stations	NCB
Kuytun			
D4	Environmental Sanitation	Public Toilets and Garbage Collection Stations	NCB
Turpan			
D5	Environmental Sanitation	Public Toilets and Garbage Collection Stations	NCB
Total			
Road safety facilities, streetlights, roads maintenance equipment and greening equipment, sanitation equipment			
Hami			
E1	Roads	Streetlights for Bavinan Road, Bavibei	NCB

Ref	Contract Package Type and Description		Procurement Method
E2	Roads	Road and Renmin Road Traffic Safety Facilities for Baiyinan Road, Beiyibei Road and Renmin Road	NCB
E3	Roads	Roads Maintenance Equipment and Greening Equipment	NCB
E4	Environmental Sanitation	Sanitation Equipment	NCB
Changji			
E5	Roads	Streetlights for North Waihuan Road, West Waihuan Road, Ningbian West Road, South Park Road	NCB
E6	Roads	Streetlights for Jianguo West Road, Tacheng Road, Shihezi Road	NCB
E7	Roads	Streetlights for Qingnian Road and Jiankang West Road	NCB
Turpan			
E8	Roads	Streetlights for Munaer Road, Huoyanshan Road and Sichou Road.	NCB
E9	Roads	Streetlights for Luzhou Road, Chanyeyuan Road, Gaochang Road, Wenhua West Road and Xingfu Road.	NCB
E10	Roads	Streetlights Junmingongjian Road, Guangmin Road, Yucai Road, Qiquanhu Road, Donghuan Road and Bozikelike Road.	NCB
E11	Roads	Traffic Safety Equipment	NCB
	Total		

NCB = national competitive bidding.

D. Consultant's Terms of Reference

1. Background

16. The assignment is an implementation consultancy funded as part of an Asian Development Bank loan to assist the implementation of an urban transport and environmental improvement project. The project will help the Project Cities, Altay, Changji, Hami, Kuytun and Turpan in XUAR to improve their urban transport and environment in achieving long-term sustainable development. The Consultants will assist the implementation, commissioning and operational elements of the project to be carried out in accordance with the policies and guidelines of the Asian Development Bank and thereby to improve the urban transport and environment of Altay, Changji, Hami, Kuytun and Turpan in XUAR. The outline and more detailed terms of reference (TOR) of the consultancy are described in the following sections.

2. Project Objectives

17. The project objectives are to (i) implement the urban transport infrastructures and achieve the environmental objectives approved in city master plans and 11th Five-Year Plan; (ii) facilitate the accessibility and enable the proper functioning of the built environmental facilities; (iii) improve air quality and reduce the dust caused by poor surface road conditions; (iv) improve the comfort of road users including pedestrians and drivers, enhance road safety, and reduce traffic delay; (v) improve environmental hygiene and public health through the provision of environmental sanitation equipment and facilities; (vi) introduce environmental management in urban town centre areas and expanding urban areas; (vii) catalyze economic growth in XUAR,

which will improve poor people's income and well-being in five cities (Altay, Changji, Hami, Kuytun and Turpan) which are consistent with the PRC's development priorities.

18. The objective of the services is to provide adequate technical, institutional, managerial, financial and operational supports in the project implementation.

3. Scope of Services

19. With the help of international consultants, the XUAR PMO, City PMOs and the IAs will develop the aspects of expertise in (i) efficient construction & operation of the facilities; (ii) functional areas covering, administration, finance and accounting; (iii) human resource development; and (iv) financial sustainability.

20. The Consultant will work with XUAR PMO and the senior management of City PMOs and IAs. They will, based on a sound understanding of local conditions and the project provide assistance and advice to the City PMOs and IAs. The consulting services require (i) building the capacity of staff in the PMOs and IAs; (ii) monitoring the construction and operations, including the impact of social aspects and on environment; and (iii) monitoring the process of resettlement. These tasks, include (i) reviewing designs, specifications, and tender documents; (ii) construction supervision, quality control and monitoring of progress over the project implementation period; (iii) training for the PMOs and IAs in finance, accounting, mechanical, and O&M training; (iv) developing traffic and transport planning skills and a management information system for the PMO and the IAs; (v) social, resettlement and environmental monitoring; (vi) project management; (vii) efficient operating procedures; (viii) preventive maintenance; (ix) financial management; (x) human resources development; (xi) corporate governance; and (xii) providing advice to the PMOs and IAs on the improvements of their performance.

21. The Consultant will also provide construction management services for the duration of the construction period of the project. The Consultant is expected to accomplish the following activities:

- (i) Preparing and updating of the construction schedule for all the works as defined in the contract documents,
- (ii) Developing and implement procedures for monitoring the contractors quality, environmental and health and safety management systems,
- (iii) Developing and implementing procedures for monitoring and controlling the financial progress of the contracts, including assessment and approval of variation orders,
- (iv) Reporting to the PMOs and IAs at monthly intervals on the physical and financial progress of the contracts, including recommendations for managing/ameliorating delays and cost increases,
- (v) Reviewing and commenting on the contractors proposed working methods (particularly in respect to environmental impacts and sustainability),
- (vi) Reviewing and approving contractors 'as-built' drawings,
- (vii) Overseeing all commissioning and putting to work activities.

4. Detailed Tasks by Area of Expertise

22. The Consultant will work with the XUAR PMO City PMOs and IAs and provide assistance and advice on the following:

5. Skills, Expertise and Qualifications of Consultants

23. All candidates for international consultants must have at least ten years of working experience as full time employees in foreign projects of similar nature or local projects financed by international financial organizations. The candidates of the consultants who have both English and Chinese language ability will be preferable. The basic requirements of qualification and terms of reference for consultants are as follows:

6. International Consultants

24. **Team Leader/Urban Transport Specialist.** As the team leader, he/she will coordinate the activities of all consultants. He must have at least 20 years of international working experience in similar projects and 10 years of management experience. At least 5 years of working experience in projects of similar nature in China will be preferably considered. He/she should have had at least one previous assignment as the team leader of the consultants in similar project and have no difficulty in using English and have good skill and ability to communicate with EA and IAs. For the purpose of the consulting services, the team leader will, based on the knowledge and the experience of previous projects, establish the working arrangements, take overall responsibility for team performance, provide ongoing support to the EA and IAs and monitor project implementation. He/she will also assist the XUAR PMO, City PMOs and IAs in communication with ADB to ensure smooth project implementation, attend the meetings held by ADB missions for the project and undertake the following:

- (i) Oversee and coordinate the work of consultants engaged to assist with project implementation;
- (ii) Develop and help implement project implementation plans and procedures for monitoring and control;
- (iii) Recommend a practical and effective design supervision system;
- (iv) Review designs drawings and bidding documents, including the identification of potential technical problems and suggesting means of resolving these, avoid design mistakes which may increase cost, and also include the incorporation of environmental mitigation measures where appropriate.
- (v) Advise on the development of reporting procedures to ADB, including those covering withdrawal and payment;
- (vi) Provide advice and assistance on start-up, commissioning and testing of the newly constructed facilities;
- (vii) Review the IAs operation, maintenance and asset management programs and recommend improvements to these to help assure effective and sustainable service delivery;
- (viii) Provide advice to the IAs on performance improvements; and
- (ix) Provide training and on-the-job guidance on the above items.
- (x) assist in preparing project progress reports required by ADB
- (xi) Any other tasks which may be assigned by EAs or IAs

25. **Procurement and Contract Specialist.** The procurement and contract management specialist shall have at least 15 years of working experience and 5 years of working experience in similar projects in the PRC. The contract management specialist should have sound and sufficient experience in contract negotiation and controlling procurement processes. He should have prior experience in similar projects and management position. He shall help the EA and IAs to prepare the bidding documents, draft contracts acceptable to the ADB, and provide practical procedures.

- (i) Review bidding documents, Introduce document control and contract management systems;
- (ii) Advise on the implementation of International competitive bidding, local competitive bidding and international shopping contract procedures in accordance with ADB's Procurement Guidelines; Advise on the development of reporting procedures to ADB, including those covering construction progress,
- (iii) Advise on management control of construction supervision and construction quality; adherence to contract work programs and recovery of slippage; site health and safety procedures; record keeping systems to protect client interests in event of claims etc; and claims assessment and determination;
- (iv) Develop monthly construction progress report
- (v) Any other tasks which might be assigned by EA or IAs

26. **Social/Minority Development/Resettlement/PPMS Specialist.** This consultant shall have at least 15 years or working experience, including at least 5 years in similar assignments. He shall finish, in close cooperation with local engineers, the resettlement monitoring reports. He shall understand very well both ADB requirements and Chinese national regulations on the resettlement issue.

- (i) Review the social impact of the project through the social impact indicators;
- (ii) Review and monitor the progress in resettlement to ensure that implementation is in accordance with the Resettlement Plan (RP);
- (iii) Assist the Executing Agency (EA) and the Implementation Agencies (IA) in conducting independent monitoring of the progress and effectiveness of RP implementation;
- (iv) Evaluate the income restoration and post-resettlement conditions of the APs, AHs and host communities;
- (v) Assess if the land acquisition and resettlement is implemented in accordance with the RP and if the goals and principles of the RP are achieved;
- (vi) Recommend any measures to improve the implementation of the RP;
- (vii) Prepare the monitoring report which should include: (i) conclusion of investigation and evaluation; (ii) major existing and potential problems; (iii) recommended mitigation or prevention measures which will be incorporated into a revised plan if necessary; and (iv) assessment of previous follow-up actions.
- (viii) In consultation with the PMO, develop a detailed framework for the project PPMS including overall system design; refinement of indicators, targets and goals; and design of report formats. Selected indicators should provide a practical and meaningful measure of key project impacts and achievements. Specified targets and goals should be measurable and achievable. In consultation with the PMO and the IAs, develop a comprehensive training and capacity building program to ensure the institutional and operational sustainability of the project. This task must be completed within the first 6 months of the contract.
- (ix) Produce the first PPMS report in consultation with the PMO.
- (x) Train the staff of PMO to use and maintain the PPMS framework and advise as needed in the preparation of periodic PPMS reports following the first report.

27. **Environmental Specialist.** This consultant shall have at least 20 years or working experience, including at least 5 years in similar assignments. He shall finish, in close cooperation with local engineers, the resettlement monitoring reports. He shall understand very well both ADB requirements and Chinese national regulations on the environmental management issue.

- (i) Review the project environmental management plan (EMP) and develop detailed plans and procedures to implement it. Revise the EMPs as needed to account for changes in engineering design or to overcome any apparent deficiencies. Review the EMPs and implementation plans and procedures with the PMO and the IAs for all sub-components and ensure that all understand these fully. This task must be completed within the first 6 months of the contract.
- (ii) Develop the format of the EMP reports for each IA based on ADB specific requirements and conduct training in environmental monitoring, reporting and corrective actions. These inputs must be completed within the first 6 months of contract commencement.
- (iii) Review environmental monitoring reports prepared by the IAs and construction contractors and confirm that reporting requirements and other EMP procedures are being followed. This review will be conducted on a semi-annual basis.
- (iv) Conduct semi-annual inspections at project construction sites to monitor the implementation of mitigation measures and the residual impacts of construction activity. This monitoring will serve to assess and confirm the findings of the routine ongoing environmental monitoring which is the responsibility of the PMO and the IAs.
- (v) Confirm that agreed EMP mitigation measures are implemented. Determine whether the measures effectively minimize adverse environmental effects. Advise on modifications to mitigation measures where residual adverse impacts violate standards or are otherwise deemed to be unacceptable.
- (vi) Prepare mission reports to document the findings of EMP investigations.
- (vii) Develop formats for semi-annual EMP reports submitted to the ADB and prepare the initial EMP report. Train the PMO staff to prepare subsequent EMP reports for the ADB and advise as needed in the preparation of subsequent reports.
- (viii) Prepare inputs on environmental impacts to the first MIS and PPMS reports. Train PMO staff to prepare subsequent inputs for the subsequent MIS and PPMS reports.
- (ix) Assist PMO and IAs to implement a public awareness program dealing with environmental protection. The program plans should identify (i) the target areas and stakeholders, (ii) the need for and scope of the program, (iii) a program implementation schedule, and (iv) a program resource and funding strategy. The potential program scope encompasses construction impacts, traffic safety and air quality and environmental sanitation. Public information and promotion materials should be visual and easy to understand. Stakeholders may include general urban residents, residents of impact areas, businesses, students, etc. The public awareness program should include a public complaints procedure. Planning for the public awareness program must be completed within the first 6 months of the contract and the program plan should be documented in a mission report.
- (x) Monitor implementation of the public environmental protection awareness program on a semi-annual basis and advise the PMO as needed on its implementation.
- (xi) Review the operation and maintenance program for project facilities to ensure environmental sustainability of the project.
- (xii) Assist with the development and implementation of environmental impact components of the PPMS. Develop implementation plans and procedures for water quality, air quality of project areas in consultation with the local environmental protection bureaus and other responsible agencies within the project cities.

28. **Financial Management Specialist.** The financial specialist shall have at least 15 years of working experience in similar projects and fields. Previous working experience in the PRC and in the field of financial program development will be preferable and knowledge of Chinese accounting regulations and practices would be a distinct advantage. He/she will participate in preparing the annual work plan and reviewing budget and expenditures of the project and its components. He/she will help in preparing, establishing and operating computerised project management information and accounting system and a financial management software, and take all the relevant assignments needed for the purpose of implementing a sound financial performance of this project. Work closely with the XUAR Finance Bureau and other relevant municipal government units:

- (i) Review arrangements made by the PMO and IAs for project budgeting, accounting, internal control, financial reporting and auditing. Assure that these arrangements are adequate for purposes of the financial management of ADB loan funds. Recommend improvements as required to these systems. This task must be completed within the first 6 months of the contract.
- (ii) Plan and implement training programs for PMO and IA accounting and finance staff dealing with: (a) ADB procedures for disbursement, procurement, reporting and related matters; (b) Internal financial control including, among others, separation of functions, conflict of interest and other anti-corruption safeguards; (c) management of foreign exchange funds. ADB will provide training on ADB procedures. Suitably qualified specialists selected in consultation with the PMO and the ADB must provide training programs for items (b) and (c).
- (iii) Assist the city and management companies develop dedicated road maintenance funds. Assess current funding sources and assist in the design of a road operations and maintenance fund. Identify specific sources of funding for these funds.
- (iv) Evaluate the year by year compliance with ADB loan covenants dealing with counterpart funds, tariff reform, financial management, and the financial performance of revenue generating IAs.

7. National Consultants

29. **Deputy Team Leader/ Urban Transport Specialist.** The Deputy Team Leader will work closely with the International team leader and will be responsible for ensuring that the overall work program is completed efficiently and effectively within the time concerned. He should be major in urban transport engineering and shall have at least 15 years of working experience in similar projects or fields. He/she will report to the team leader and EA. The Deputy Team Leader will work for virtually the whole period of the project and will assist in preparing project progress reports required by ADB, and developing annual work plans and budgets and coordinate with other international consultants.

30. He shall cooperate with other consultants: review designs and drawings, including the identification of potential technical problems and suggesting means of resolving these, including avoid increasing cost due to potential design mistakes, ensure the quality and objective of the project and procurement.

31. The specialist may be required to visit the site, to check the construction procedures and to develop solutions to problems occurred in construction.

32. The Deputy Team Leader shall make initial diagnostic analysis for the existed problems in each IAs. This should be included in the Inception Report prepared by the consultants. The consultant works closely with the engineers, technicians and staffs of EA and IA to discuss and find out the sound approaches to the existing problems in urban transport. The consultants should prepare the work plan according to the problem identified and complete a report of institutional development action plan, which should be developed in 6 months after the commencing date of consulting service. He should develop or introduce a practical operation management program or advanced operational methods and equipment to identify and implement appropriate operational cost saving initiatives.

33. He will also be responsible for the technical training for concerned persons and make the investigations across the concerned agencies regarding their training need and prepare a training program which includes short term training, on job training and local and abroad training. The training program should be included in the institutional development action plan. The improvements to service quality and reliability through the use of operational standards and procedures linked to defined service standards and targets are also included in the TOR.

34. He will work closely with the other consultants and IA staffs and will help review the civil works or equipment contracts under this project. He shall help the EA and IAs to review the bidding documents and draft contract in accordance with ADB requirements. He shall assist in protecting the Client from claims, and he will cooperate with the international consultants to do so.

35. He should work closely with the IAs and EA and assist in undertake construction supervision and management including: construction methods; compliance with contract specifications; control over construction quality; He shall work closely with the other consultants, each IA and EA.

36. Any other tasks which may be assigned by EA or IAs, and EA may adjust the assignment according to the actual requirement.

37. **Social/Minority Development/Resettlement Monitoring/Social Specialist.** This consultant shall have at least 10 years or working experience, including at least 5 years in similar assignments. He shall finish, in close cooperation with local engineers, the resettlement monitoring reports. He shall understand very well the ADB requirements and Chinese national regulations on the social, minority development and resettlement issues.

38. Any other tasks which may be assigned by EA or IAs, and EA may adjust the assignment according to the actual requirements.

39. **Financial Management Specialist.** The consultant shall have at least 10 years experience in similar projects and assignments. The finance specialist will work closely with the international financial consultant and the financial experts of EA and IA. He/she will be responsible for compiling and preparing the project financial statements as required by ADB. He/she will also prepare the first annual work plans and budgets and monitor project expenditure. He will develop or introduce financial management software for this project. He should be responsible for tutoring /training/assisting the financial staff from the EAs and IAs, to ensure all those staff can manage/operate the loan disbursement according to the ADB procedure.

8. Reporting

- (i) Inception report – to be submitted after one month outlining the methodologies and work plan
- (ii) Quarterly report – to be submitted every three months outlining progress within the quarter
- (iii) Project completion report – identifying total progress, key outstanding issues and future development path

9. Indicative Staffing Schedule and Budget

40. Table 10 provides an indicative staffing schedule based on the needs of individual component as assessed during project preparation. Table 11 provides an indicative budget for the consulting services.

Table 10: Indicative Staffing Schedule

Job Title and Area of Expertise	Person-Months
I. International Specialists	
Team Leader/Urban Transport Specialist	8
Procurement/Contract Specialist	2
Social/Minority Development/Resettlement/PPMS Specialist	2
Environmental Specialist	2
Financial Management Specialist	3
International subtotal	17
II. Domestic Specialists	
Deputy Team Leader/Urban Transport Specialist	27
Social/Minority Development/Resettlement/PPMS Specialist	4
Finance Specialist	4
Domestic Subtotal	35

Table 11: Indicative Budget

Item	Budget (\$)
International Consultants	340,000
Domestic Consultants	122,500
Miscellaneous Expenses - Office Expenses/local transport	34,500
Project Management	300,000
Training	
- Local	200,000
- Overseas	500,000
Total	1,500,000

VII. SAFEGUARDS

1. **Land Acquisition and Resettlement.** The project will affect 28 subdistricts/villages/townships/neighborhoods in Altay, Changji, Hami, and Turpan. Land acquisition/house demolition will directly affect 3,921 persons. The resettlement plans have been prepared in compliance with the Land Administration Law of the PRC, relevant regulations of XUARG, and ADB's Involuntary Resettlement Policy. Based on consultations with local governments and affected persons and general practices in the project area, the IAs
2. **Ethnic Minorities.** The EMDPs are based on relevant laws and regulations of PRC and ADB's Policy on Indigenous Peoples (1998). The EMDPs ensure that ethnic minorities will benefit equitably from the project and that any negative impacts affecting them will be reduced or mitigated. Provisions to enhance the economic conditions of ethnic minorities have been integrated into the project design and project assurances. Compensation and livelihood restoration measures are included in the resettlement plans to ensure that ethnic minority households affected by land acquisition benefit equally from the project. Government policies and programs for ethnic minority development further protect and enhance project benefits.
3. **Environmental Aspects.** The project is classified as environment category A. Extensive public consultations involving surveys, meetings with stakeholders, and focus group discussions were undertaken during project preparation. An SEIA has been prepared based on the domestic environmental impact assessment (EIAs). The final SEIA was prepared by XUARG and posted in ADB website.
4. The project will improve the living and working environment of residents in the project cities. Construction of sanitation facilities will have environmental and public health benefits. The construction of public toilets, garbage bins, and garbage storage and transfer stations are important subcomponents to achieve these benefits. If sanitation facilities are not in place at the scheduled time, there would be adverse impacts on environmental and ecological resources in the conservation areas. The project cities and the hinterland areas presently lack adequate road networks and construction of new roads will improve connectivity within them. Upgrading of existing dirt roads will improve the currently dusty conditions during the dry season and muddy conditions during rainy and winter seasons, which is a major inconvenience to the residents. The roadworks will provide opportunities to install or upgrade municipal services such as pipelines, cables and conduits for water supply, wastewater collection, power, heating, and telecommunications that will bring environmental and social benefits to the population. Importantly, the project provides an opportunity for XUARG to put in place sound environmental management systems in fact growing cities and towns before economic development begins to take off, and establish adequate institutional capacity to ensure environment sustainability for future developments.
5. **Stakeholder Consultation.** During project preparation, several participatory approaches were used to solicit inputs from a range of stakeholders in the project cities. A socioeconomic survey at the household level covered 806 households and information relating to 2,874 people. Thirty FGDs involving an average of 18 persons per FGD or a total of 540 people were held. Public disclosure of all project documents will be made at the project management office in both Urumqi and each IA, as well as in ADB website. Resettlement plans and EMDPs will indicate how consultation will continue throughout project implementation.

VIII. GENDER AND SOCIAL DIMENSIONS

1. Aside from the economic and employment impacts, the social impacts of the project are clearly gender based. Upgrading and constructing new footpaths with street lighting, controlled pedestrian crossings, and traffic calming measures are interventions that women in each of the five project cities strongly support. They also support measures to improve public hygiene associated with rubbish collection and for poorer women without access to indoor toilets or bath rooms, the complementary measures proposed are measures the women themselves proposed. Women anticipate benefits such as an improved living environment, increased road safety and personal security, new employment opportunities, reduced time burdens and reduced incidence of preventable diseases.

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION

A. Project Design and Monitoring Framework

Design Summary	Performance Targets and/or Indicators	Data Sources and/or Reporting Mechanisms	Assumptions and Risks
Impact Sustainable socioeconomic growth and improved living standards in five cities of Xinjiang Uygur Autonomous Region (Xinjiang)	By 2017 (baseline year 2006) Disposable income of urban households and suburban farmers and herdsmen increased by 40% (sex disaggregated) Proportion of poor population reduced by 30% (sex disaggregated)	Annual social economic statistics reports Records of environmental protection bureaus	Assumptions 11 FYP and all five city master plans are implemented effectively. The good socioeconomic development of Xinjiang will continue after the 11FYP. All applicable national, regional, and city environmental laws are enforced effectively.
Outcome Improved urban road infrastructure, traffic management, and environmental sanitation in the cities of Altay, Changji, Hami, Kuytun, and Turpan	Altay City By 2014 (baseline year 2006) Amount of collected and transported waste increased by 10% Number of traffic accidents per 10,000 vehicles reduced by 25% Running time of urban public transport and residents travel time shortened by 62%–66% Incidence of environmental-related diseases reduced by 10% Changji City By 2014 (baseline year 2006) Urban road density increased by 0.9% Public transport operation rate increased by 0.6% Treatment of municipal waste increased by 10% Traffic accidents per 10,000 vehicles reduced by 3% Incidence of environmental-related diseases reduced by 10% Hami City By 2014 (baseline year 2006) Road network density increased by 0.7% Volume of municipal waste	Municipality records and statistics Police records/statistics Records of public transport companies	Assumption Urban road infrastructure and associated facilities are properly operated and maintained. Risks Traffic growth is underestimated. The road network and adjacent infrastructure are inadequately maintained because of lack of budget allocation for operation and maintenance.

Design Summary	Performance Targets and/or Indicators	Data Sources and/or Reporting Mechanisms	Assumptions and Risks
	<p>recycling increased by 6.1%</p> <p>Number of traffic accidents per 10,000 vehicles reduced by 14.8%</p> <p>Incidence of environmental-related diseases reduced by 10%</p> <p>Kuytun City By 2014 (baseline year 2006)</p> <p>Number of public transport routes increased by 18.2%</p> <p>Amount of collected and transported wastes increased by 103.8%</p> <p>Number of traffic accidents per 10,000 vehicles reduced by 6.5%</p> <p>Delay of public transport reduced from 5%–6% to 1%</p> <p>Incidence of environmental-related diseases reduced by 10%</p> <p>Turpan City By 2014 (baseline year 2006)</p> <p>Number of traffic accidents per 10,000 vehicles reduced by 5%</p> <p>Amount of collected and transported wastes increased by 100%</p> <p>Public transport running time reduced by 45%</p> <p>Incidence of environmental-related diseases reduced by 10%</p>		
<p>Output</p> <p>Component 1:</p> <p>Altay Roads and Environmental Improvement</p> <p>1.1 Constructed 3 new roads, upgraded 16 existing roads, and constructed 5 new bridges</p> <p>1.2 Built and procured new environmental sanitation facilities and equipment</p>	<p>By 2014</p> <p>1.59 km of new roads, 26.43 km of upgraded roads, and 281 m of bridges opened to traffic</p> <p>10 public toilets, 20 garbage collection stations, 654 trash cans, and 102 refuse collection points; 1 garbage compaction truck, 1 rear loader garbage truck, 1 street cleaning truck, 2 snow removing trucks, 1 grapple garbage truck, 1</p>	<p>Regular IA reports on contract expenditure and works progress</p> <p>Monitoring of project implementation and progress by ADB review missions</p> <p>Works construction records</p> <p>Works supervision</p>	<p>Assumption</p> <p>The works of the adjacent underground infrastructure are properly constructed, operated, and maintained.</p> <p>Risks</p> <p>Delayed provision of counterpart funding</p> <p>Low institutional capacity in terms of project technical, financial, and environmental management</p>

Design Summary	Performance Targets and/or Indicators	Data Sources and/or Reporting Mechanisms	Assumptions and Risks
<p>Component 2: Changji Roads and Environmental Improvement 2.1 Constructed 9 new roads and 1 new bridge</p> <p>2.2 Built and procured new environmental sanitation facilities and equipment</p>	<p>wheeled excavator, 1 wheel loader, and 2 tip trucks purchased</p> <p>By 2014 23.24 km of new roads and 1 bridge opened to traffic</p> <p>8 public toilets, 8 garbage collection stations, 394 trash cans, and 33 refuse collection points; 5 garbage compaction trucks, 5 garbage collection vehicles, 3 street cleaning trucks, 2 snow removing trucks, 1 wheeled excavator, 1 aerial work vehicle, 1 crane, 1 tip truck, 2 sprinkling vehicles, and 1 pesticide-spraying vehicle purchased</p>	<p>records</p> <p>Works completion and acceptance records</p> <p>Information from final accounts of works</p>	<p>Failure of the PMOs, IAs, and operation and maintenance organizations to monitor environmental impact and implement the environmental management plan during the project construction and operation</p> <p>Delayed construction because of short construction period</p>
<p>Component 3: Hami Roads and Environmental Improvement 3.1 Upgraded 3 existing roads</p> <p>3.2 Built and procured new environmental sanitation facilities and equipment</p>	<p>By 2014 9.02 km of upgraded roads opened to traffic</p> <p>182 trash cans and 2 street cleaning trucks and 1 high pressure cleaning vehicle operational</p>		
<p>Component 4: Kuytun Roads and Environmental Improvement 4.1 Upgraded 13 existing roads and constructed 2 new bridges</p> <p>4.2 Built and procured new environmental sanitation facilities and equipment</p>	<p>By 2014 23.6 km of upgraded roads and 2 bridges opened to traffic</p> <p>11 public toilets, 21 garbage collection stations, 480 trash cans, 105 garbage containers, and 3 rest stations for environmental sanitation workers; 4 garbage compaction trucks, 2 street cleaning trucks, 2 snow removing trucks, 2 sprinkling vehicles purchased</p>		
<p>Component 5: Turpan Roads and Environmental Improvement 5.1 Constructed 6 new roads and upgraded 8 existing roads</p>	<p>By 2014 11.89 km of new roads and 10.87 km of upgraded roads opened to traffic</p>		

Design Summary	Performance Targets and/or Indicators	Data Sources and/or Reporting Mechanisms	Assumptions and Risks
<p>5.2 Built and procured new environmental sanitation facilities and equipment</p> <p>For all 5 components: Improved institutional management capacity</p>	<p>11 public toilets, 26 garbage collection stations, 502 trash cans, and 130 garbage containers; 5 garbage compaction trucks, 4 street cleaning trucks, and 2 sprinkling vehicles purchased</p> <p>By 2014 Xinjiang PMO and the five project city PMOs and IAs:</p> <p>Project facilities management improved</p> <p>Traffic management improved</p> <p>Traffic planning improved</p> <p>City planning improved</p> <p>Financial management improved</p> <p>Landscaping management improved</p> <p>Capacity of road maintenance enhanced</p>	<p>ADB review missions</p> <p>Monitoring reports on institutional development including number of staff trained, areas of training, and strengthened organizations and procedures</p>	

Activities with Milestones	Inputs
<p>Component 1: Altay Roads and Environmental Improvement</p> <p>1.1. By 2009, design the facilities, acquire land, and procure the works.</p> <p>1.2. By 2014, construct/upgrade 19 municipal roads with a total of 28.02 km, including 3 proposed new roads and 16 roads to be upgraded; construct 5 new bridges; construct associated road facilities; and purchase road maintenance equipment.</p> <p>1.3. By 2014, construct 10 public toilets and 20 garbage collection stations; install 654 trash cans and 102 refuse collection points; and procure 1 garbage compaction truck, 1 rear loader garbage truck, 1 street sweeper truck, 2 snow removing trucks, 1 grapple garbage truck, 1 excavator, 1 wheel loader, and 2 tip trucks.</p> <p>Component 2: Changji Roads and Environmental Improvement</p> <p>2.1. By 2009, design the facilities, acquire land, and procure the works.</p> <p>2.2. By 2014, construct 9 new municipal roads with a total length of 23.24 km, including 1 bridge; construct associated road facilities; and purchase road maintenance equipment.</p> <p>2.3. By 2014, construct 8 public toilets and 8 garbage collection stations; install 394 trash cans and 33 refuse collection points; and purchase 5 garbage compaction trucks, 5 garbage collection vehicles, 4 street cleaning trucks, 2 snow removing trucks, 1 wheeled excavator, 1 aerial work vehicle, 1 crane, 1 tip truck, 1 sprinkling vehicle, and 1 pesticide-spraying vehicle.</p> <p>Component 3: Hami Roads and Environmental Improvement</p> <p>3.1. By 2009, design the facilities, acquire land, and procure the works.</p> <p>3.2. By 2014, upgrade 3 municipal roads, with a total length of 9.02 km; construct associated road facilities; and purchase road maintenance and greening equipment.</p> <p>3.3. By 2014, procure 182 trash cans, 2 street sweepers, and 1 street high-pressure cleaning truck.</p> <p>Component 4: Kuytun Roads and Environmental Improvement</p> <p>4.1. By 2009, design the facilities, acquire land, and procure the works.</p>	<p>ADB</p> <p>Provide \$100 million loan with timely disbursement based on the construction schedule of the works</p> <p>Government and IA</p> <p>Provide about \$87.2 million equivalent in counterpart funds with timely disbursement based on the construction schedule of the works:</p> <p>Altay Municipal Government: \$17.3 million</p> <p>Changji Municipal Government: \$25.7 million</p> <p>Hami Municipal Government: \$10.1 million</p> <p>Kuytun Municipal</p>

Activities with Milestones	Inputs
<p>4.2. By 2014, upgrade 13 municipal roads, with a total length of 23.6 km, including 2 trunk roads, 5 secondary roads, 9 branch roads, and construct 2 bridges; construct associated road facilities; and purchase road maintenance equipment.</p> <p>4.3. By 2014, construct 11 public toilets, and 21 garbage collection stations; install 480 trash cans, 105 garbage containers, and 3 rest stations for environmental sanitation workers; and procure 4 garbage compaction trucks, 2 street sweeper trucks, 2 snow removing trucks, and 2 sprinkling vehicles.</p>	<p>Government: \$15.3 million</p> <p>Turpan Municipal Government: \$18.8 million</p>
<p>Component 5: Turpan Roads and Environmental Improvement</p> <p>5.1. By 2009, design the facilities, acquire land, and procure the works.</p> <p>5.2. By 2014, construct/upgrade 14 municipal roads, with a total length of 22.76 km, including 5 trunk roads, 7 secondary roads, and 2 branch roads; construct associated road facilities; purchase road maintenance equipment; and construct 2 open culverts.</p> <p>5.3. By 2014, construct 11 public toilets and 26 garbage collection stations; install 502 trash cans and 130 garbage containers; and procure 5 garbage compaction trucks, 4 street sweeper trucks, and 2 sprinkling vehicles.</p> <p>Institutional Capacity Building for Project Management</p> <p>1. Complete organizational arrangements for Xinjiang PMO to be able to implement the project by 2009.</p> <p>2. Complete necessary organizational arrangements for IAs (hiring staff; setting up accounting systems; and improving financial, administrative, and human resource policies and procedures) by 2009.</p> <p>3. Develop plans, budgets, and procedures for loan implementation and project control in Xinjiang PMO by 2010.</p> <p>4. Complete Xinjiang PMO and IA staff training (training in ADB procedures, procurement, traffic management, road maintenance, pollution control, environmental monitoring, and financial management) by 2014.</p> <p>5. Xinjiang PMO and IAs refine the PPMS and establish targets and procedures no later than 6 months after loan effectiveness.</p>	

ADB = Asian Development Bank, FYP = five-year plan, IA = implementing agency, km = kilometer, m = meter, m² = square meter, PMO = project management office, PPMS = project performance management system.

B. Monitoring

1. Project Performance Monitoring

1. The PPMS indicators, their relevance, and monitoring practicalities have been discussed with the Xinjiang and city PMOs and IAs during project preparation. The indicators are based on the monitoring indicators in the design and monitoring framework. At the start of project implementation, the Xinjiang and city PMOs and IAs, with the loan implementation consultant's assistance, will develop comprehensive PPMS procedures to systematically generate data on the inputs and outputs of the subcomponents, as well as the indicators to be used to measure the project impact. The Xinjiang and city PMOs will (i) refine the PPMS; (ii) confirm achievable targets; (iii) finalize monitoring and recording arrangements; and (iv) establish systems and procedures, no later than 6 months after loan effectiveness.

2. Compliance Monitoring

2. The loan and project agreements specify the following covenants: legal, financial, safeguards and other covenants. These covenants are listed below:

3. **Financial covenants.** XUARG shall ensure that funds, facilities, services, land and other resources which are required, in addition to the proceeds of the Loan are made available in a timely manner.

4. **Counterpart financing.** XUARG shall cause each IA to ensure that (a) all local and foreign currency counterpart financing necessary for the project be provided in time as required to enable completion of project activities; (b) additional counterpart funding be provided for any shortfall of funds or cost overruns; and (c) in each fiscal year adequate funds be allocated for O&M of the project facilities to ensure that such facilities be operated and maintained in good condition.

5. **Financial Management System.** Each IA shall establish and maintain a sound financial management system in accordance with ADB's Guidelines for Governance and Financial Management of an ADB Investment Project, including the establishment of separate bank accounts and the maintenance of minimum balances to ensure smooth cash flow and the timely settlement of project construction liabilities and future debt servicing. The financial management system shall comprise (a) financial planning, budgeting, and budgetary control; (b) accounting consistent with applicable standards of the Borrower; (c) internal control; (d) data processing; and (e) financial reports.

6. **Environment.** XUARG shall ensure that each IA shall construct, operate, maintain, and monitor the project facilities in strict conformity with (a) all applicable national and provincial environmental laws and regulations, ADB's Environment Policy (2002), and other national, Xinjiang, and local laws and regulations and standards on environmental protection, health, labor, and occupational safety, and (b) all environmental mitigation and monitoring measures detailed in the design and construction contracts, the operational guidelines, and the approved EIAs, SEAI, and EMP for the project.

7. **Land Acquisition and Resettlement.** XUARG and each IA shall ensure that (i) prior to the commencement of construction works, all land and rights-of-way required by the project can be made available in a timely manner in accordance with the Borrower's relevant laws and regulations, including land use approvals and agreements with APs; (b) the RPs be implemented promptly and efficiently in accordance with their terms, and the provisions of the RPs be implemented in accordance with all applicable laws and regulations of the Borrower, and ADB's Involuntary Resettlement Policy (1995); (c) all APs be given adequate opportunity to participate in resettlement planning and implementation, and they be at least as well off as they would have been in the absence of the project; (d) counterpart funds be provided in time for land acquisition and resettlement activities; and (e) any amounts in excess of the RP budget estimates be provided.

8. Each IA shall ensure that each RP be updated according to the final design, including detailed measurement surveys for the respective subcomponents of the project, and the updated RPs be submitted to ADB for its concurrence prior to award of civil works contracts and disclosed to APs in accordance with ADB's applicable information disclosure requirements for settlement.

9. Each IA shall ensure that (i) adequate staff and resources be committed to supervising and internally monitoring the implementation of each RP and provide ADB with semi-annual monitoring reports during resettlement implementation, and a resettlement completion report for each subcomponent; (ii) an independent agency acceptable to ADB be contracted to carry out monitoring and evaluation, including data disaggregated by gender where applicable, and forward reports to ADB semi-annually; (iii) ADB be promptly advised of any substantial changes in the resettlement impacts, and if necessary, a revised RP be submitted to ADB for its approval; (iv) construction contract specifications include requirements to comply with the RPs and ensure prompt payment and delivery of entitlements to compensate APs for any permanent

and temporary project impacts to APs; and (v) construction and demolition contractors be supervised to ensure compliance with requirements of the RPs, applicable laws of the Borrower, and ADB's Involuntary Resettlement Policy.

10. **Social and Employment Standards.** Each IA shall ensure that contractors engaged under the project comply with all applicable labor laws of the Borrower. These requirements shall be tracked by the PPMS and external monitoring reports for RP and EMDP implementation.

11. Each IA shall ensure that (a) contractors engaged under the project not employ child labor; and (b) provisions be stipulated in all works contracts of the project to require contractors to incorporate occupational safety norms, disseminate information and training on prevention of HIV/AIDS and Sexually Transmitted Diseases, and (c) observe protocols concerning acceptable behavior toward the local population.

12. Each IA shall set employment targets for the poor and ethnic minorities who meet the job requirements for all construction and maintenance activities and ensure that the contractors provide the workers with adequate on-the-job training, use local unskilled labor and not differentiate wages based on gender, and monitor the project impact on poverty in accordance with guidelines set forth in the PPMS.

13. **Gender Development.** Each IA shall take all reasonable and necessary steps to encourage women living in the project areas to participate in the design, planning, implementation, and evaluation of the project, including causing the contractors to maximize employment of women in connection with the project; and monitor the project's impacts on women during project implementation and report them in the PPMS.

14. Each IA shall ensure that staff and resources be made available for monitoring women's involvement in the project planning, implementation, and evaluation and public awareness and education program, and on health, safety and labor issues

15. **Corporate Governance and Anticorruption.** XUARG and each IA shall undertake the following anticorruption actions: (i) involve the agencies responsible for oversight of each IA in bidding and construction to enhance construction quality control and supervise effective work; (ii) introduce a dual-signing system in which the civil works contract winner also signs an anticorruption contract with the employer; (iii) periodically inspect the contractor's activities related to fund withdrawals and settlements; and (iv) engage a project management consultant to support the Xinjiang and the IAs to ensure good governance, accountability, and transparency in project operations.

3. Poverty and Social Action Plans

16. The project will contribute to poverty reduction through improvements in urban transport network connectivity and environmental conditions, promoting sustainable economic growth, and supporting institutional reforms in five of XUARG's cities. The project will do the following: (i) create jobs and employment opportunities, (ii) improve living standards, (iii) protect environment, (iv) provide skills training, and (v) support gender inclusion. Poverty and social analysis was undertaken at preparatory stage, and such analysis was used to identify poverty reduction and social development objectives. The poverty and social action plans will be integrated into the design and monitoring framework and PPMS, including the measures to achieve the targets, avoid the risks and whether the benefits are being achieved.

17. Monitoring of the poverty and social action plans will be undertaken by the loan implementation consultants (to check). The government will provide an external monitoring organization (individual specialists or government agency) to assist in the surveys, analysis, safeguards assessment and monitoring.

18. Monitoring reports will be submitted to ADB every 6 months for the first 2 years of the project, and annually for the remaining 3 years. A post evaluation report will also be submitted as part of the ADB's project completion report. The external monitoring consultants/agency will be required to participate in the ADB's midterm review mission.

C. Evaluation

1. After loan signing, project inception mission is fielded. This continues the work done during processing and initiates the process of project implementation. The main function of the inception mission is to establish a working relationship between the ADB and the EA staff directly involved in implementing the project. ADB, XUARG, and the IAs will review project implementation jointly at least once a year and will undertake a comprehensive midterm review mission 2 years after the start of project implementation. This review will include detailed evaluation of the scope, implementation arrangements, resettlement, achievement of scheduled targets, and progress on the agenda for policy reform and capacity development measures. Feedback from the PPMS activities will be analyzed. Within 6 months of physical completion of the project, XUARG will submit a project completion report to ADB.⁹

D. Reporting

2. XUARG will provide ADB with (i) quarterly progress reports in a format consistent with ADB's project performance reporting system; (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions; (c) updated procurement plan and (d) updated implementation plan for next 12 months; and (iii) a project completion report within 6 months of physical completion of the project. To ensure projects continue to be both viable and sustainable, project accounts and the executing agency AFSs, together with the associated auditor's report, should be adequately reviewed.

Report	Reference In Loan/Project Agreement	Due time
Progress Reports	PA, Sec. 2.08	Semi-annual throughout project implementation
Resettlement Monitoring Report	PA Schedule	Semi annual during implementation; completion report for each subcomponent
Ethnic Minority Development Plan	PA Schedule	Semi-annual during implementation
Environment	PA Schedule	Semi-annual during implementation
Gender Action Plan	PA Schedule	
Audited project accounts and	PA, Sec. 2.09	6 months after end of related

⁹ Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>

financial statements		fiscal year
Project completion report	PA, Sec 2.08	3 months after completion of project facilities

E. Stakeholder Communication Strategy

3. During preparation, affected persons and ethnic minority populations living in the five project cities were extensively consulted about the likely positive and negative impacts of the project and participated in outlining actions to enhance positive outcomes. Other stakeholders consulted include (i) heads of affected person households (excluding Kuytun), (ii) village heads and villagers' representatives, (iii) local government agencies and departments, and (iv) women and vulnerable groups. From March to May 2008, consultative meetings were held in the five project cities and Urumqi to discuss and finalize the EMDPs. Upon ADB approval, the EMDPs will be endorsed and disclosed to the targeted villages, townships, and subdistricts and uploaded to the ADB website. The participation and disclosure plan will use notices and meetings to deal with all aspects of the project, such as notification of employment and training opportunities, land acquisition details, EMDP actions, and general information and feedback sessions. During the project implementation period, the PMOs will encourage affected persons to participate in additional resettlement activities such as skills training. Ethnic minorities will participate in the formulation of compensation standards and relocation plans. To resolve any grievances and ensure smooth construction and project implementation, a clear, transparent, and efficient complaint and appeals channel with redress mechanisms has been outlined. This will be the same for grievances arising from both resettlement plan and EMDP implementation. Monitoring indicators related to participation and feedback have been incorporated into the plan.

X. ANTICORRUPTION POLICY

1. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project.¹⁰ All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all project contractors, suppliers, consultants and other service providers. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the project.¹¹

2. To support these efforts, relevant provisions are included in the Loan Agreement regulations and the bidding documents for the project. In particular, all contracts financed by ADB in connection with the project shall include provisions specifying the right of ADB to audit and examine the records and accounts of XUARG, IA, and all contractors, suppliers, consultants and other service providers as they relate to the project. XUARG has indicated its commitment to promote good governance and establish a corruption-free environment under the project.

3. ADB's Anticorruption Policy (1998, as amended to date) was explained to and discussed with XUARG and the IAs. Consistent with its commitment to good governance, accountability and transparency, ADB reserves the right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive, or coercive practices relating to the project. To support these efforts, relevant provisions of the ADB Anticorruption Policy are included in the loan covenants and the bidding documents for the project. In particular, all contracts financed by ADB in connection with the project shall include provisions specifying the right of ADB to audit and examine the records and accounts of XUARG and the IAs and all contractors, suppliers, consultants, and other service providers as they relate to the project. For the project, XUARG will undertake the following anticorruption actions: (i) involve full-time officials from the provincial and municipal discipline investigation bureaus in bidding and construction to enhance construction quality control and supervise effective work; (ii) introduce a dual signing system in which the civil works contract winner also signs an anticorruption contract with the employer, (iii) periodically inspect the contractor's activities related to funding withdrawals and settlements; (iv) engage the project management consultant to support the PMO and the IAs to ensure good governance, accountability, and transparency in project operations; (v) in consultation with relevant government ministries, update rules and regulations on local and corporate governance and anticorruption and enhance transparency of the IA's operations; and (vi) disclose audited financial statements and project accounts and contract awards on the project websites of XUARG and the IAs.

¹⁰ Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

¹¹ ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

XI. ACCOUNTABILITY MECHANISM

1. People who are, or may in the future be, adversely affected by the project may address complaints to ADB, or request the review of ADB's compliance under the Accountability Mechanism.¹²

¹² For further information see: <http://compliance.adb.org/>.

XII. RECORD OF PAM CHANGES

1. The PAM is a living document, subject to change after ADB Board approval of the project's RRP. It is concise, yet informative, providing checklists of all activities related to project implementation, along with the necessary procedures for the XUARG and IAs to effectively implement and monitor the project.