

# Project Administration Manual

Project Number: 43024

Loan Number:

May 2011

People's Republic of China: Xinjiang Altay Urban  
Infrastructure and Environment 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 Altay Prefecture Government and the Project 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 Altay Prefecture Government and the Project 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
APG	=	Altay Prefecture Government
APMO	=	Altay project management office
AFS	=	audited financial statements
APMO	=	Altay project management office
CAREC	=	Central Asia Regional Economic Cooperation
CQS	=	consultant qualification selection
DMF	=	design and monitoring framework
DMS	=	detailed measurement survey
EEM	=	external environmental monitor
EIA	=	environmental impact assessment
EMC	=	environmental monitoring center
EMP	=	environmental management plan
EPB	=	environmental protection bureau
GAP	=	gender action plan
IA	=	implementing agency
ICB	=	international competitive bidding
LIBOR	=	London interbank offered rate
NCB	=	national competitive bidding
O&M	=	operation and maintenance
PAM	=	project administration manual
PIU	=	project implementing unit
PLG	=	project leading group
PMO	=	project management office
PPMS	=	project performance management system
PRC	=	People's Republic of China
PIC	=	project implementation consultant
PSA	=	poverty and social assessment
QBS	=	quality based selection
QCBS	=	quality- and cost-based selection
RP	=	resettlement plan
RRP	=	report and recommendation of the President
SAP	=	social action plan
SOE	=	statement of expenditure
SOE	=	state-owned enterprise
TA	=	technical assistance
XUAR	=	Xinjiang Uygur Autonomous Region
XUARG	=	Xinjiang Uygur Autonomous Region Government
3R	=	Reduction, Reuse, and Recycling

## I. PROJECT DESCRIPTION

Borrower	People's Republic of China
Classification	Targeting classification: General intervention Sector (subsectors): Multisector (urban transport, water supply and sanitation, and energy) Themes (subthemes): Economic growth (promoting economic efficiency and enabling business environment) Social development (human development) Environmental sustainability (urban environmental improvement) Gender mainstreaming: Effective Gender Mainstreaming (EGM) Climate change: Climate change adaptation and mitigation Location impact: Urban (high)
Environment Assessment	Category A. The project environmental impact assessment was uploaded to the ADB website on 9 November 2010 and circulated to ADB's Board of Directors on 12 November 2010.
Involuntary Resettlement	Category A
Indigenous Peoples Assessment	Category B
Period of Utilization	Until 30 June 2018
Estimated Project Completion Date	31 December 2017
Executing Agency	Altay Prefecture Government

### A. Background

1. The project will improve urban infrastructure facilities and the environment in five border counties of Altay Prefecture in the Xinjiang Uygur Autonomous Region (XUAR), which will help upgrade urban living conditions and rehabilitate the environment. Improving urban infrastructure in project counties will contribute to long-term poverty reduction and improve quality of life, particularly the health status of about 100,000 urban residents in five counties. The project's components comprise (i) construction and/or upgrading of 59 kilometers (km) of roads; (ii) improved raw water abstraction, four new or expanded water supply works with a total capacity of 16,890 cubic meters per day (m<sup>3</sup>/day), and laying of water pipes with a total length of 153 km; (iii) six new wastewater treatment works with a total capacity of 31,200 m<sup>3</sup>/day and 78 km of collector and trunk sewers; (iv) five new landfills with a total capacity of 238 tons/day; (v) two new or upgraded central heating coal fired boiler stations, 15 heating exchange stations, and heating pipes with a length of 18 km; (vi) new construction of infrastructure for White Birch Forest Scenic Area with an area of 6.3 square kilometers (km<sup>2</sup>); and (vii) project implementation support and targeted capacity building for the project's implementing entities in county governments.<sup>1</sup>

2. **Rationale.** One of the top current priorities of the People's Republic of China (PRC) is the development of XUAR. XUAR is one of the poorest and most remote regions in the PRC being located in the northwestern part of the country and with a large ethnic minority population comprising 46% Uygur and 15% other minority ethnic groups.<sup>2</sup> Around 97% of the population lives in an oasis belt that covers only 8% of the region's total land area. Water availability is a critical concern to the fragile ecology of XUAR, which is predominantly a desert territory with

<sup>1</sup> The Asian Development Bank (ADB) provided project preparatory technical assistance. ADB. 2009. *Technical Assistance to the People's Republic of China for Preparing the Xinjiang Altay Urban Infrastructure and Environment Improvement Project*. Manila.

<sup>2</sup> All data refer to year 2009 from XUAR Statistical Yearbook (unless otherwise stated).

strong winds, low rainfall, and high evaporation rate.

3. Recognizing the need for improved national support, the government inaugurated a counterpart or twinning scheme in March 2010 whereby assistance from other provinces would be used to strengthen personnel issues, technology transfer, management skills, and financial deficiencies thereby assisting and improving the capacity of the various ethnic groups in XUAR to improve their standard of living. In May 2010, the government outlined a number of policies and measures to aid XUAR. In particular 19 nominated provinces/municipalities will contribute funds of about CNY10 billion (\$1.5 billion) during the period from 2011 to 2020 to strengthen the development of XUAR, which thus, within this period, will achieve noticeable impacts in key areas to achieve a significantly improved standard of living. Under the counterpart support arrangement, Jilin Province will provide support to Buerjin, Habahe, and Jimunai Counties of Altay Prefecture, located in the north of XUAR, while Heilongjiang Province will provide support to Fuhai and Qinghe Counties also of Altay from 2011 to 2020.

4. XUAR's cross-border trade with its neighboring countries has grown rapidly from \$1.77 billion in 2001 to \$22.22 billion in 2008, the highest among the PRC's border provinces and autonomous regions.<sup>3</sup> Kazakhstan is XUAR's largest trading partner; this trade includes raw minerals imports and exports of food produce and manufactured goods. The trade with Mongolia comprises food products, agricultural equipment, livestock and manufactured goods. The present inadequacy of basic infrastructure and urban service delivery in XUAR's northern border areas constrains the expansion of this trade and, with it, economic growth.

5. Altay Prefecture is the most northerly area in XUAR, comprises one city (Altay City) and six counties (Buerjin, Fuhai, Fuyun, Habahe, Jimunai, and Qinghe) and shares a border totaling 1,175 km with Kazakhstan, Mongolia, and Russia. The total population in the Prefecture in 2009 was 658,000 comprising 51.4% Kazakh, 41.6% Han, and 7% other ethnic groups. Whilst 44% of this population was urban based, about 18% lived below the official poverty line with Jimunai and Qinghe designated as national poverty counties. The XUAR and Altay governments have accorded high priority to infrastructure improvement to support development, which will also benefit neighboring countries through the Central Asia Regional Economic Cooperation (CAREC)<sup>4</sup> program. ADB has been supporting the promotion of regional trade through this program and is working with other development partners to advance cross-border cooperation. Together with other areas in XUAR, Altay City and Kanas Scenic Zone in Buerjin are involved in two ongoing ADB loan projects aimed to improve infrastructure and environment in the region.<sup>5</sup>

6. Altay suffers from a very harsh climate, with sub-zero temperatures between November and March, and annual precipitation of about 180 millimeters but high evaporation of more than 2,000 millimeters. It has scenic mountains, lakes, and rivers, an arable area of 11,000 km<sup>2</sup> and meadows of 98,000 km<sup>2</sup>, making tourism one of its pillar industries. The present focus is on the

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<sup>3</sup> Xinjiang shares borders with Afghanistan, India, Kazakhstan, Kyrgyz Republic, Mongolia, Pakistan, Russian Federation, and Tajikistan.

<sup>4</sup> ADB initiated the CAREC Program in 1997. Its goal is to improve living standards and to reduce poverty in CAREC countries through more efficient and effective regional economic cooperation. To date, the Program has focused on financing infrastructure projects and improving the region's policy environment in priority areas of transport, energy, and trade policy and facilitation. ADB. 2006. *Technical Assistance to the People's Republic of China for Logistics Development and Capacity Building in Xinjiang Uygur Autonomous Region*. Manila.

<sup>5</sup> ADB. 2008. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the People's Republic of China for the Xinjiang Municipal Infrastructure and Environmental Improvement Project* (Loan 2420-PRC); and ADB. 2009. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the People's Republic of China for the Xinjiang Urban Transport and Environmental Improvement Project* (Loan 2526-PRC).

national top-ranked tourist destination of Kanas Scenic Zone which attracted 850,000 tourist trips in 2008 with earnings from domestic tourism of CNY670 million (\$100 million). Other developing tourist destinations include “Sandao Haizi” (“Three Seas”) in Qinghe, White Birch Scenic Area in Habahe, places along the major rivers (Eerqisi and Wulungu Rivers) and their tributaries, and the four land ports, two open to Mongolia and two open to Kazakhstan. Whilst tourism has the potential to contribute significantly to economic growth in the region, by its spending power and job creation, it also relies on good accommodation, excellent delivery of municipal services, safe and available transport and a pristine environment.

7. Across Altay, infrastructure facilities are inadequate to meet existing demands and hinder the expansion of local economies. Road surfaces are severely damaged by winter freezing and traffic, and the road network is incomplete. Utilities are either non-existent or are old, fragile, and mostly inadequate resulting in frequent service failures and environmental pollution. Water supply capacity is restricted by inadequate infrastructure and water quality is compromised by high seasonal turbidity. Most of the county areas are un-sewered and wastewater treatment capacity is marginal. Refuse collection and disposal are poorly managed with most landfills almost similar to unregulated dumping grounds. Decentralized heating plants have low efficiency coal-fired boilers while hot water distribution has limited coverage, thus creating serious pollution problems in urban areas. All of these threaten human health, pollute the environment, and constrain necessary improvements in living standards. Therefore, comprehensive urban infrastructure improvements are needed urgently.

8. The project has the following demonstration features: **multisector integrated approaches**. The project adopts multisector integrated approaches in urban development by providing essential road, water supply, wastewater and solid waste management, and centralized heating infrastructure to five county seat towns in Altay (except Fuyun County) and the Takeshiken Land Port. The holistic approach to improved infrastructure will (i) improve living conditions and the urban environment, (ii) support tourism to enhance inclusive growth, and (iii) help raise the efficiency at land ports. This will facilitate Altay’s growing cross-border trade and tourism, create favorable conditions for trade-related investment and employment, and expedite the development of the processing and services industries, all critical for poverty alleviation.

9. **Low impact urban development with low carbon footprint.** The project will support the PRC Country Partnership Strategies of 2008–2010<sup>6</sup> and 2011–2015 which emphasize on increased urbanization with minimal impact on the environment. A parallel technical assistance initiated by ADB, namely the Resource-Efficient Towns Development in the Xinjiang Altay,<sup>7</sup> has highlighted initiatives for the limiting impacts of urban activity on the environment. This technical assistance developed a plan<sup>8</sup> to promote reduction, reuse, and recycling (3R) approaches to municipal service delivery and the application of renewable energy use, which have been incorporated in the project design and implementation. In particular, the promotion of the 3Rs will recommend service delivery improvements such as solid waste recycling, water demand management, wastewater effluents and sludge reuse, and the introduction of renewable energy. It also provides for a public awareness and training campaign to build awareness and ensure the effective application of the 3Rs principle. Wastewater treatment schemes will also provide effluents and sludge suitable for irrigation and fertilization of windbreak forest in arid lands, thus avoiding the need to abstract raw river water or discharge polluting effluents to the rivers, which

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<sup>6</sup> ADB. 2008. *Country Partnership Strategy: People’s Republic of China, 2008–2010*. Manila.

<sup>7</sup> Funded under ADB. 2009. Technical Assistance for Project Preparation Support for Livable Cities in Asia. Manila. [TA 7450 (REG)].

<sup>8</sup> A Demonstration Plan for Application of Renewable Energy and Reduction, Reuse, and Recycling of Resources (3Rs) (Supplementary Document).



conforms to the ADB Water Policy.<sup>9</sup> Well-managed potable water supply, wastewater reuse, solid waste recycling, and reduced pollution through improvements in the centralized heating system are vital in keeping the environment and economy sustainable. It complies with the government's development objective of environmental-friendly towns in the 12th Five-Year Plan.

10. **Enhanced long term operational efficiency and sustainability.** The project is consistent with ADB's strategic priorities in urban infrastructure. To address weak performance incentives and low institutional capacity, the project will provide an institutional capacity building program for implementing agencies and for future operation and maintenance (O&M) units. Due to the small scale and remote location, an individual component may not have either the skilled personnel or the capacity to engage them full time. Therefore, the project will set up regional technical support groups for water, wastewater, and solid waste management. Under the scheme, the project counties will develop and share their technical capacities. The project complies with the core development agenda of environmentally sustainable growth and inclusive economic growth promoted in ADB's Strategy 2020.<sup>10</sup>

11. **Impact and Outcome.** The impact will be better living standards and conditions in the project counties. The outcome will be integrated and more efficient municipal services in the project counties of Altay.

12. **Outputs.** The project will implement 26 components based on seven main outputs. These are (i) construction and/or upgrading of 59 km of roads of varying widths and capacities, including lighting, signage and traffic controls; (ii) water supply including better quality raw water abstraction, four new water supply plants with a total capacity of 16,890 cubic meters per day (m<sup>3</sup>/day), and laying of water pipes with a total length of 153 km; (iii) wastewater treatment and disposal consisting of six new wastewater treatment plants with a total capacity of 31,200 m<sup>3</sup>/day and 78 km of collector and trunk sewers; (iv) solid waste management comprising five new landfills with a total capacity of 238 tons per day, 11 km of access roads, 10-kilovolt power line, transfer stations, multiple waste collection points, and provision of transport and auxiliary equipment, and environmental improvement of five existing landfills; (v) centralized heating supply including two new or upgraded central heating coal-fired boiler stations, 15 heating exchange stations, and heating pipes with a length of 18 km; (vi) new construction of infrastructure in White Birch Forest Scenic Area; and (vii) capacity building that will include intensive project management and implementation training for the Altay project management office (PMO) and county PMOs, and additional capacity assistance for other agencies concerned.<sup>11</sup> Detailed description of components is in I. B.

13. **Project Investment Plan.** The project investment cost is estimated at \$168.52 million, including taxes and duties<sup>12</sup> of \$9.57 million. The total cost includes physical and price contingencies, and interest during construction.

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<sup>9</sup> ADB. 2003. *Water for All: The Water Policy of the Asian Development Bank*. Manila (adopted in 2001).

<sup>10</sup> ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2008–2020*. Manila.

<sup>11</sup> Including project implementing units, O&M agencies, county environmental protection bureaus, and agencies involved with social and resettlement issues.

<sup>12</sup> The calculation of taxes and duties to be financed under the project is based on the following principles: (i) the amount of taxes and duties financed by the ADB loan should not represent an excessive share of the project investment plan, (ii) the taxes and duties should apply only to ADB-financed expenditures, and (iii) the financing of taxes and duties should be material and relevant to the success of the project.

**Table 1: Project Investment Plan**  
(\$ million)

<b>Item</b>	<b>Amount<sup>a</sup></b>
<b>A. Base Cost<sup>b</sup></b>	
1. Roads construction and upgrading	61.05
2. Water supply	22.72
3. Wastewater management	19.87
4. Heat supply	14.49
5. Solid waste management	19.87
6. New infrastructure construction in the White Birch Forest Scenic Area	3.89
7. Capacity building	1.50
<b>Subtotal (A)</b>	<b>143.38</b>
<b>B. Contingencies<sup>c</sup></b>	<b>17.73</b>
<b>C. Financing Charges During Implementation<sup>d</sup></b>	<b>7.41</b>
<b>Total (A+B+C)</b>	<b>168.52</b>

<sup>a</sup> Includes taxes and duties of \$9.57 million to be financed by the government and the Asian Development Bank (ADB) loan. The ADB loan will cover taxes, duties, transportation, and insurance costs on items financed by ADB. ADB agreed to finance taxes and duties under this project, after due consideration and upon finding that the amount of taxes and duties does not constitute an excessive share of project costs.

<sup>b</sup> In 2010 prices.

<sup>c</sup> Physical contingencies computed at 5%. Price contingencies computed at an average of 0.4% on foreign exchange costs and an average of 3.96% on local currency; includes provision for potential exchange rate fluctuation under the assumption of the purchasing power parity exchange rate.

<sup>d</sup> Includes interest and commitment charges. Interest during construction for the ADB loan has been computed at the 5-year forward London interbank offered rate plus a spread of 0.3%. Commitment charges for the ADB loan are 0.15% per year to be charged on the undisbursed loan amount.

Note: Numbers may not sum precisely because of rounding.

Source: ADB estimates.

14. **Financing Plan.** The total cost of the project is estimated as \$168.52 million. The government has requested a loan of \$100 million from ADB's ordinary capital resources to help finance the project. The loan will have a 26-year term including a grace period of 6 years, an interest rate determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility, a commitment charge of 0.15% per year, interest and other charges during construction to be capitalized in the loan, and such other terms and conditions set forth in the draft loan and project agreements. The loan will cover civil works, equipment, project management consulting services, and capacity building. The government will finance the remaining amount of \$68.52 million of project cost including contingencies. The government has provided ADB with (i) the reasons for its decision to borrow under ADB's LIBOR-based lending facility based on 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 2: Financing Plan**  
(\$ million)

<b>Source</b>	<b>Amount</b>	<b>%</b>
Asian Development Bank Loan	100.00	59.00
Government	68.52	41.00
<b>Total</b>	<b>168.52</b>	<b>100.00</b>

Source: Asian Development Bank estimates.

15. **Relending arrangements.** The borrower of the loan is the PRC. The loan proceeds will be entirely made available to the Xinjiang Uygur Autonomous Region Government (XUARG) under a subsidiary loan agreement, upon terms and conditions satisfactory to ADB. XUARG,

through the Altay Prefecture Government (APG), will make the loan proceeds available to the project county governments in the amounts indicated in the PAM. The relending terms and conditions of the loan proceeds will be the same as those of the ADB loan. Each county government will bear the foreign exchange and interest rate variation risks in proportion to the loan amount it receives.

16. **Implementation Arrangements.** A Xinjiang Project Leading Group (PLG) and Xinjiang project management office (PMO) were formally established by XUARG in 2006 and have now been assigned the role of overseeing and managing the preparation and implementation of the project. All project components are located within the jurisdiction of the Altay Prefecture and therefore APG will be the project executing agency. Altay PLG, established in 2007, will be responsible to provide prefecture level policy guidance for the project. APG through the Altay PMO will undertake detailed project coordination and will engage and supervise the technical engineering design institutes, project implementation consultants, and external social and environmental monitors involved in the project. The Altay PMO will also manage the procurement process. Both the Xinjiang and Altay PMOs have previous experience in implementing ADB-financed projects. Each project county government will be the implementing agency (IA) for the project components carried out in its jurisdiction. Each IA will designate its county urban construction bureau to be the project implementing unit (PIU) The implementation arrangements are described in fuller detail in Section III of this project administration manual.

17. **Procurement.** All procurement to be financed under the loan will be carried out in accordance with ADB's Procurement Guidelines (2010, as amended from time to time). Contract packages for the components have been formulated in consultation with the government, and procurement capacity assessments of APG, IAs, and PIUs have been undertaken. The general findings at each level (APG, IAs, and PIUs) and the recommendation to address any gaps/weakness have been identified in the procurement capacity assessments. Civil works contracts valued over \$10 million and contracts for goods and related services above \$1.0 million shall follow ADB procedures for international competitive bidding (ICB). Civil works contracts valued at \$10 million or less and contracts for goods and related services at \$1.0 million or less will be procured following national competitive bidding (NCB) procedures acceptable to ADB;<sup>13</sup> packages for goods and related services valued at \$100,000 and less and civil works valued at \$200,000 and less will be procured through shopping procedures. The selection and engagement of contractors and suppliers will be subject to ADB approval. Before the start of any procurement ADB and the government will review the public procurement laws of the central and autonomous region governments to ensure consistency with ADB's Procurement Guidelines. It is recommended that prior review be applied for all ICB contracts, the first NCB contract for civil works, and the first NCB contract for goods for each IA, and post review for other procurement modes.

18. **Consulting Services.** The project includes provision for funding 11 person-months of international and 100 person-months of national consulting services to support the APG, IAs, O&M units, and the PMOs in project implementation, operational management and institutional capacity building, and in improving public awareness. The consulting package is to be provided through a consultancy firm which will be selected using quality- and cost-based selection (QCBS) in accordance with the Guidelines on the Use of Consultants (2010, as amended from time to time).

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<sup>13</sup> ADB will require APG to use ADB-approved standard bidding documents (to be developed as necessary) to ensure high quality and consistency of the documents; this will facilitate ADB review.

19. **Project Benefits and Beneficiaries.** Some 100,000 residents will benefit both directly and indirectly from the project. Indirect benefits will arise from the boost that improved infrastructure will give to economic development in general, and to tourism and cross-border trade in particular. This economic growth will create new jobs that will be particularly beneficial to the poor. The direct benefits will be a significantly improved urban living environment—that is, one that is cleaner, healthier, more pleasant and easier to move around. The access to a safe and reliable source of domestic water supply that the project will provide will be particularly beneficial to residents of the older, brick house parts of the county seats who are currently dependent on often contaminated pressure wells for their domestic water. Many of these residents are among the most economically vulnerable residents. Improvements in solid and liquid waste management will be particularly beneficial to women, who often still have the major responsibility for care of the home and the children.

20. **Risks and Assumptions.** The project has no unusual technical risks and conventional engineering designs with proven reliability and performance will be adopted for all the infrastructure components. Mitigating measures will be put into place to address any risks identified during the detailed design of physical improvement works. During implementation, it is proposed a project implementation consultant will support the PMOs and the project management teams to ensure that equipment and works comply with the design and quality assurance requirements. The project implementation consultant will also provide support and guidance to PMOs in respect of compliance with ADB procurement requirements and in establishing monitoring arrangements for construction, resettlement and social impacts, and for environmental management.

21. The following risks could affect timely implementation and realization of Project outputs and benefits: (i) lack of strong project coordination between APMO, county PMOs, and the project management teams in the synchronization of project activities and requirements; (ii) delays in implementing land acquisition and resettlement programs; (iii) delays in the provision of counterpart funding; (iv) inadequate technical capacity at county level; (v) a lack of community awareness of environmental issues; and (vi) lack of sustainable O&M for physical components.

22. Risk (i) is mitigated through the PMOs' past experience in implementing similar projects. Risk (ii) will be mitigated by expeditious implementation of the detailed measurement surveys, early availability of AP compensation funding, and strict operational compliance with the RPs. Risk (iii) will be mitigated through covenanted assurances from local governments for timely provision of counterpart funding for which they are responsible and, if required, commitment letters from commercial banks offering loans. Risks (iv), (v), and (vi) will be mitigated through capacity building to the designated project agencies as included for in the project design.

## **B. Detailed Description of Components**

23. The project has twenty-six (26) components in five counties in Altay of XUAR, five of which are for roads, five of which are for water supply, six of which are for wastewater treatment, five of which are for solid waste treatment, four of which are for heating, and one of which is for White Birch Forest scenic area infrastructure (which includes roads, water supply, wastewater treatment, and environmental sanitation).

24. Institutional capacity development is also being provided for including (i) training to strengthen the capacity of agencies that will implement, operate, and maintain the components; (ii) strengthening of management practices in project implementation and in public utility O&M;

and (iii) support for public awareness programs to ensure sustainability of project benefits.

### Components

Component	Subcomponent	Description
<b>Buerjin County</b>	Road	Upgrading and new construction of 14 roads with a total length of 19.4 km, including 6 arterial roads 7 secondary roads, and 1 branch road, with associated road lighting, greening and traffic facilities; road maintenance equipment
	Water Supply	New construction of 1 WTP in the county seat with a capacity of 9,000 m <sup>3</sup> /day; new construction of water transmission pipelines DN400 and DN500 with a total length of 71.7 km in county seat; new construction of 4.5 km of water supply pipe network DN150 to DN400 in economic development zone
	Wastewater	New construction of 1 WWTP with a capacity of 6,000 m <sup>3</sup> /day with 1.3 km of access roads, 3 km of 10 kV power line; new construction of 11.5 km of wastewater pipeline network DN300 to DN600, and 1 wastewater lifting pumping station
	Solid Waste	1 solid waste sanitary landfill with a capacity of 38 tpd with associated facilities and equipments including 1 km of access roads, new construction of 0.3 km of 10 kV power line; and 20 garbage collection stations.
<b>Fuhai County</b>	Road	Upgrading of 5 roads in the old urban area and new construction of 3 roads in the railway station area, totaling 8 roads with a total length of 9.6 km, including 3 arterial roads, 3 secondary roads, and 2 branch roads, with associated road lighting, greening and traffic facilities; road maintenance equipment
	Wastewater	New construction of 1 WWTP with a capacity of 7,000 m <sup>3</sup> /day with 2 km of access roads; 2 km of 10 kV power line; new construction of 10.7 km of wastewater pipeline network DN400 to DN600
	Solid Waste	1 solid waste sanitary landfill with a capacity of 60 tpd with associated facilities and equipments including 7 km of access roads; 70 garbage collection stations, new construction of 7 km of 10 kV power line
	Heating	Upgrading of 7.3 km of primary and secondary heating pipeline network (primary pipeline 3km and secondary pipeline 4.3 km)
<b>Habahe County</b>	Road	New construction of 5 roads with a total length of 5.6 km, including 1 arterial road and 4 secondary roads, with associated road lighting, greening, traffic facilities, and combined services trench; road maintenance equipment
	Water Supply	New construction of 5.6 km of water supply pipeline DN200 to DN400.
	Wastewater	New construction of 1 WWTP with a capacity of 8,000 m <sup>3</sup> /day with 0.8 km of access roads; 3 km of 10 kV power line; new construction of 15.7 km of wastewater pipelines DN300 to DN700
	Solid Waste	1 solid waste sanitary landfill with a capacity of 60 tpd with associated facilities and equipments including 1 km of access roads; 60 garbage collection stations and new construction of 4 km of 10 kV power line
	Heating	New construction of 4 heating exchange stations and 2.5 km of primary heating pipelines DN250 to DN400
	White Birch Forest Scenic Area Infrastructure	New construction of infrastructure in White Birch Forest Scenic Area, including 11.4 km roads, small bridges, parking lots, 8.5 km of water supply pipelines (DN50 to DN100) and a WTP of 90 m <sup>3</sup> /day with associated facilities, 7 km of DN200 of wastewater pipelines and a septic tank and 1 garbage collection station

Component	Subcomponent	Description
<b>Jimunai County</b>	Road	Upgrading of 5 roads with a total length of 11 km, including 3 arterial roads and 2 secondary roads, with associated road lighting, greening and traffic facilities, a combined services trench of 1.9 km; and road maintenance equipment
	Water Supply	New construction of 30 km of water distribution pipeline network, DN150 to DN400
	Wastewater	New construction of 1 WWTP with a capacity of 5,000 m <sup>3</sup> /day with 0.6 km of access roads and associated facilities, 3 km of 10 kV power line; new construction of 21.8 km of wastewater pipelines DN300 to DN600
	Solid Waste	1 solid waste sanitary landfill with a capacity of 50 tpd with associated facilities and equipments including 1.5 km of access roads; 60 garbage collection stations; new construction of 3.5 km of 10 kV power line
	Heating	New construction of 1 boiler house with 3x14 MW boilers; 8 heating exchange stations, and 4.2 km of heating pipelines DN200 to DN450
<b>Qinghe County</b>	Water Supply in county seat	New construction of 1 WTP with a capacity of 6,000 m <sup>3</sup> /day; new construction and upgrading of 13.9 km of water supply pipelines of DN200 to DN400
	Wastewater in county seat	New construction of 1 WWTP with a capacity of 4,000 m <sup>3</sup> /day with 1 km of access roads, 0.5 km of 10 kV power line; new construction of 5.8 km of wastewater pipelines DN300 to DN600; 1 wastewater pumping station, and DN300 PE pressure pipeline
	Solid Waste in county seat	New construction of 1 solid waste sanitary landfill with a capacity of 30 tpd with associated facilities and equipments including 0.7 km of access roads; 40 garbage collection stations; and new construction of 3 km of 10 kV power line
	Heating in county seat	Upgrading of 1 x 46 MW boiler house; new construction of 3 heating exchange stations and 3.8 km of heating pipelines DN250 to DN500
	Road in Takeshiken Land Port	upgrading of 6 roads with a total length of 2.1 km, including 2 arterial roads and 4 secondary roads with associated road lighting, greening and traffic facilities; road maintenance equipment; refuse collection facilities
	Water supply in Takeshiken Land Port	New construction of 1 WTP with a capacity of 1,800 m <sup>3</sup> /day; new construction of 15.8 km of water supply pipelines DN100 to DN300
	Wastewater in Takeshiken Land Port	New construction of 1 WWTP with a capacity of 1,200 m <sup>3</sup> /day with 1.3 km of access roads; 3 km of 10 kV power line; new construction of 7.4 km of wastewater pipelines DN300 to DN400; 1 wastewater pumping station, and DN250 PE pressure pipeline

DN = Nominal Pipe Size, km = kilometer, kV = kilovolt, m<sup>3</sup>/day = cubic meter per day, MW = megawatt, PE = polyethylene, tpd = ton per day, WTP = water treatment plant, WWTP = wastewater treatment plant.

### C. Activities to Promote 3R under the Project

#### List of 3R and Renewable Energy interventions to be implemented under the Project

	Field	Content (Specific actions and measures)	Benefits (including potential benefits)
<b>I</b>	<b>Works</b>		
1	Use of solar energy	Solar water heaters at landfills, WTPs, and WWTPs; two-way (electrical and solar) road lighting	Reduction in use and reliance on electricity
2	Use of effluents	Use of effluents of WWTPs for irrigation of windbreak forests	Reduction in standard of treatment of effluents with corresponding savings in cost; meeting irrigation needs of windbreak forests, thus saving clean water otherwise needed; increase of afforested areas providing carbon capture
3	Resources	Use of WWTP sludge on land in	Effective use of nutrients; soil improvement;

	utilization of WWTP sludge	Buerjin County and Takeshiken Land Port	increase of afforested areas providing carbon capture
4	Reduction of quantity of waste	Separation, recycling, and treatment in each phase of the domestic solid waste collection and treatment process: separation and recycling in households; separation in garbage containers; transfer stations; landfill – construction wastes and domestic wastes separately dumped	Maximization of recycling and reuse; reduction in use of landfill; reduction in cost of transport of wastes; resource savings; reduction in environmental risks
<b>II</b>	<b>Management</b>		<b>Potential Benefits</b>
5	Water saving	Institutional strengthening, monitoring and assessment	Reduction in use of water resources; reduction in losses in the water supply and distribution processes; improved management of water supply and wastewater (including treatment and pipe networks); enhancement of efficiency; cost reduction, to ensure sustainable development
6	Management and execution	Management of hazardous wastes, and use and promotion of renewable energy	Environmental protection; cost recovery; reduced use of capacity of landfills; reduction in use and reliance on electricity; good for the implementation of rules and regulations related to garbage dumping and treatment, thus protecting the environment and surface water
7	Price control	Establishment of tariff mechanisms and incentive mechanisms	Support of sustainability of utility services; protection of poor people; reduction in consumer demand

WTP = water treatment plant, WWTP = wastewater treatment plant.

## II. IMPLEMENTATION PLANS

### A. Project Readiness Activities

Indicative Activities	2010						2011												Who responsible
	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	
Establish project implementation arrangements																			APG, IA, PMO, PIU
Feasibility study report approval																			XDRC, APMO
Recruitment of Tendering Company																			APMO
Advance Contracting																			APMO, TC
Prepare FCAR and PFER																			APMO, AFB, ADRC, XFB, XDRC
Review and approval of FCAR and PFER																			NDRC, MOF
Management review meeting																			ADB
Loan Negotiations																			ADB, MOF, XUARG
ADB Board approval																			ADB
Loan signing																			ADB, MOF
Government legal opinion provided																			MOF, MOFA
Loan effectiveness																			ADB, MOF

ADB = Asian Development Bank, ADRC = Altay Development and Reform Commission, AFB = Altay Finance Bureau, APG = Altay Prefecture Government, APMO = Altay project management office, IA = implementing agency, FCAR = foreign capital application report, MOF = Ministry of Finance, MOFA = Ministry of Foreign Affairs, NDRC = National Development and Reform Commission, PFER = project financing evaluation report, PIU = project implementing unit, TC = tendering company, XDRC = Xinjiang Development and Reform Commission, XFB = Xinjiang Finance Bureau, XUARG = Xinjiang Uygur Autonomous Region.



## B. Overall Project Implementation Plan

Task Name	Start	Finish	2010		2011				2012				2013				2014				2015				2016				2017																												
			3	4	1	2	3	4	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. Design and Monitoring Framework																																																									
1. Buerjin County	Dec 2010	Oct 2016																																																							
Land Acquisition and Resettlement	Dec 2010	Jun 2012																																																							
Design and Tender Documentation	Dec 2010	Mar 2013																																																							
Tendering	Mar 2011	Jun 2013																																																							
Water supply component	Sep 2011	Oct 2013																																																							
Wastewater component	May 2011	Oct 2014																																																							
Road component	Jun 2012	Oct 2015																																																							
Solid waste component	Sep 2012	Oct 2014																																																							
Equipment supply and installation	Jun 2013	Oct 2015																																																							
2. Fuhai County	Dec 2010	Dec 2016																																																							
Land Acquisition and Resettlement	Dec 2010	May 2013																																																							
Design and Tender Documentation	Dec 2010	Feb 2014																																																							
Tendering	May 2011	May 2015																																																							
Wastewater component	Jun 2013	Dec 2016																																																							
New Roads (Wenxing Road, Zongsi Road, Hengsan Road)	Jul 2013	Dec 2015																																																							
Upgraded Roads (Huancheng East Road, Beixin Road, Zhenxing East Road, Xingfu East Road, and Tuanjie Road)	Jun 2012	Dec 2014																																																							
Heating component	Jun 2014	Dec 2016																																																							
Solid waste component	Jul 2012	Dec 2015																																																							
Equipment supply and installation	Oct 2014	Dec 2016																																																							
3. Habahe County	Dec 2010	Oct 2016																																																							
Land Acquisition and Resettlement	Dec 2010	May 2012																																																							
Design and Tender Documentation	Dec 2010	Mar 2014																																																							
Tendering	Apr 2011	May 2014																																																							

Task Name	Start	Finish	2010		2011				2012				2013				2014				2015				2016				2017			
			3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Roads (Beihuan Road and Guihuasan Road)	Jul 2013	Nov 2015																														
Roads (Tuanjie Road, Wenhua Road, and Xingfu Road)	Jul 2013	Nov 2015																														
Water supply component	Jul 2013	Oct 2015																														
Wastewater component	Jul 2013	Oct 2015																														
Heating component	Aug 2012	Oct 2015																														
Solid waste component	Aug 2012	Oct 2014																														
White Birch Forest Infrastructure	May 2015	Oct 2016																														
Equipment supply and installation	Aug 2011	Oct 2015																														
4. Jimunai County	Dec 2010	Nov 2016																														
Land Acquisition and Resettlement	Dec 2010	Apr 2013																														
Design and Tender Documentation	Dec 2010	Oct 2014																														
Tendering	May 2012	Apr 2015																														
Tuanjie Road, Xingfu Road, and Caigang Road	Jul 2013	Oct 2015																														
Bian'an Road and Guanghui Road	Apr 2015	Oct 2016																														
Water supply component	Jul 2014	Oct 2016																														
Wastewater component	Jul 2014	Oct 2016																														
Heating component	Jul 2013	Oct 2016																														
Solid waste component	Apr 2014	Oct 2016																														
Equipment supply and installation	Aug 2013	Nov 2016																														
5. Qinghe County	Dec 2010	Nov 2016																														
Land Acquisition and Resettlement	Dec 2010	Jun 2013																														
Design and Tender Documentation	Dec 2010	Mar 2015																														
Tendering	Jun 2011	Jun 2015																														
Water supply component	Sep 2015	Nov 2016																														
Wastewater component	Aug 2015	Nov 2016																														

Task Name	Start	Finish	2010		2011				2012				2013				2014				2015				2016				2017			
			3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Heating component	Aug 2015	Sep 2016																														
Solid waste component	Jul 2015	Nov 2016																														
Equipment supply and installation	Sep 2014	Nov 2016																														
6. Qinghe County Takeshiken Land Port	Dec 2010	Nov 2016																														
Land Acquisition and Resettlement	Dec 2010	Jun 2013																														
Design and Tender Documentation	Dec 2010	Mar 2015																														
Tendering	Jun 2011	Jun 2015																														
Road component	Sep 2014	Oct 2016																														
Water supply component	Sep 2015	Nov 2016																														
Wastewater component	Sep 2015	Nov 2016																														
Equipment supply and installation	Sep 2014	Nov 2016																														
7. Capacity Development and Institutional Strengthening																																
Recruit and mobilize implementation support consultants																																
Develop 6-year training plan																																
Training for capacity building																																
Monitoring and reporting on the implementation of the resettlement plans, EMDP, SAP, GAP, and EMP																																
Conduct project-specific surveys to measure results for the midterm review and project completion																																
B. Management Activities																																
Procurement plan key activities to procure contract packages																																
Consultant selection procedures																																
Environment management plan key activities																																
Gender action plan key activities																																
Communication strategy key activities																																
Annual/Midterm review																																
Project completion report																																

### III. PROJECT MANAGEMENT ARRANGEMENTS

#### A. Project Implementation Organizations – Roles and Responsibilities

1. Project implementation involves numerous local government agencies at the autonomous region, administrative offices, county, and town level, as well as some state-owned enterprises (SOEs), public institutions, and private sector companies as agencies that will operate and maintain the project facilities. ADB will be responsible for administering ADB-financed components of the project.

Project Implementation Organizations	Management Roles and Responsibilities
<b>1. Overall Guidance</b>	
Xinjiang Project Leading Group	<p>The Xinjiang Project Leading Group, led by the Vice Governor of XUARG and including high level officials from Xinjiang Finance Bureau, Development and Reform Commission, Housing and Urban-Rural Construction Bureau, and APG as members, has been established to:</p> <ul style="list-style-type: none"> <li>➤ Provide overall policy guidance</li> <li>➤ Facilitate inter-agency coordination and resolve any institutional problems affecting project implementation at the autonomous region level</li> <li>➤ Xinjiang Finance Bureau will be responsible for operation of the imprest account, submission of the withdrawal applications, retention of supporting documents, and any reporting requirements, including, the annual audit report and financial statements.</li> </ul>
Xinjiang Project Management Office (XPMO)	<p>The XPMO, comprising Xinjiang Housing and Urban-Rural Construction Bureau, Xinjiang Finance Bureau and Xinjiang Development and Reform Commission, will:</p> <ul style="list-style-type: none"> <li>➤ Supervise APMO and county PMOs and provide support as needed</li> <li>➤ Liaison with the Ministry of Finance, the NDRC, and the XUARG agencies on matters related to the project</li> </ul>
<b>2. Project Execution</b>	
Executing agency: The Government of Altay Prefecture (APG)	<p>The Government of Altay Prefecture (APG) will be the executing agency and will manage the preparation and implementation of the project.</p>
Altay Project Leading Group (APLG)	<p>Chaired by a Governor of Altay and comprised members of all relevant government agencies, the APLG is to facilitate inter-agency coordination, and resolve any institutional problems affecting project implementation at prefecture level.</p>
Altay Project Management Office (APMO)	<p>APMO is set up comprising Altay Development and Reform Commission, Altay Finance Bureau and Altay Construction Bureau to:</p> <ul style="list-style-type: none"> <li>➤ Carry out day-to-day activities of the project and provide coordination support for preparation and implementation of the project across the project counties</li> <li>➤ Implement the capacity development component</li> </ul>
<b>3. Project Implementation</b>	
Implementing Agency (IAs): County Governments	<p>The five county governments of Buerjin, Fuhai, Habahe, Jimunai, and Qinghe will be the implementing agencies for all components in their respective areas of administrative jurisdiction. They will</p>

Project Implementation Organizations	Management Roles and Responsibilities
	assume the debt servicing responsibility as the end-user of the ADB loan for the portion of the loan used for the counties.
County Project Leading Groups	PLG is established in each of county to: ➤ Provide guidance and support on the implementation of the components in their respective county ➤ Ensure timely provision of counterpart funds and any other resources for project implementation
County Project Management Offices	County PMO is established in each of county to: ➤ Liaison with APMO ➤ Coordinate the work of all agencies within the county that are involved in the project
Project Implementing Units (PIUs): County Construction Bureaus (CCBs)	The five county CCBs are assigned by their county governments as PIUs to: ➤ Carry out day-to-day implementation of the components in their respective county, including procuring civil works and goods under the project ➤ Establish and maintain the required project accounting arrangements and other implementation recording systems
<b>4. Project Operation and Maintenance (O&amp;M)</b>	
Operation and Maintenance (O&M) units	The five IAs have assigned relevant agencies or state-owned enterprises to be responsible for the future operation and maintenance of the project facilities once the construction has been successfully completed. The specific O&M units assigned to manage each individual component are set out in the table below.

#### Proposed Project Operation and Maintenance Arrangements

Component	Subcomponent	Operation and Maintenance Unit	Type of Unit
Buerjin	Road	Buerjin County Public Facilities Maintenance Center	PI
	Water supply	Buerjin County Jincheng Water Supply and Wastewater Company	SOE
	Wastewater	Buerjin County Jincheng Water Supply and Wastewater Company	SOE
	Solid Waste	Buerjin County Environmental Sanitation Team	PI
Fuhai	Road	Fuhai County Wastewater Treatment Station	PI
	Wastewater	Fuhai County Wastewater Treatment Station	PI
	Solid waste	Fuhai County Environmental Sanitation Team	PI
	Heating	Fuhai County Zhongsheng Heating	PE
Habahe	Road	Akeqi Town Urban Construction Maintenance Center	PI
	Wastewater	Habahe County Tap Water Company	SOE
	Solid waste	Akeqi Town Urban Construction Maintenance Center	PI
	Heating	Habahe County Tianye Heating Supply Center	PE
	Water Supply	Habahe County Tap Water Company	SOE
	Tourist Area Water Supply and Drainage	Habahe County Tap Water Company	SOE

Component	Subcomponent	Operation and Maintenance Unit		Type of Unit
Jimunai	Road	Jimunai County Jiyun Municipal Construction Company		SOE
	Water supply	Jimunai County Jiyun Municipal Construction Company		SOE
	Wastewater	Jimunai County Jiyun Municipal Construction Company		SOE
	Solid waste	Tuoputiereke Town Environmental Sanitation Team		PI
	Heating	Jimunai County Jiyun Municipal Construction Company		SOE
Qinghe	County seat	Water supply	Qinghe County Fuyuan Water Supply and Drainage Company Limited	SOE
		Wastewater	Qinghe County Fuyuan Water Supply and Drainage Company Limited	SOE
		Solid waste	Qinghe County Environmental Sanitation Team	PI
		Heating	Qinghe County Ankang Heating Company Limited	SOE
	Takeshiken Land Port	Road	Qinghe County Environmental Sanitation Team	PI
		Water supply	Qinghe County Fuyuan Water Supply and Drainage Company Limited	SOE
		Wastewater	Qinghe County Fuyuan Water Supply and Drainage Company Limited	SOE

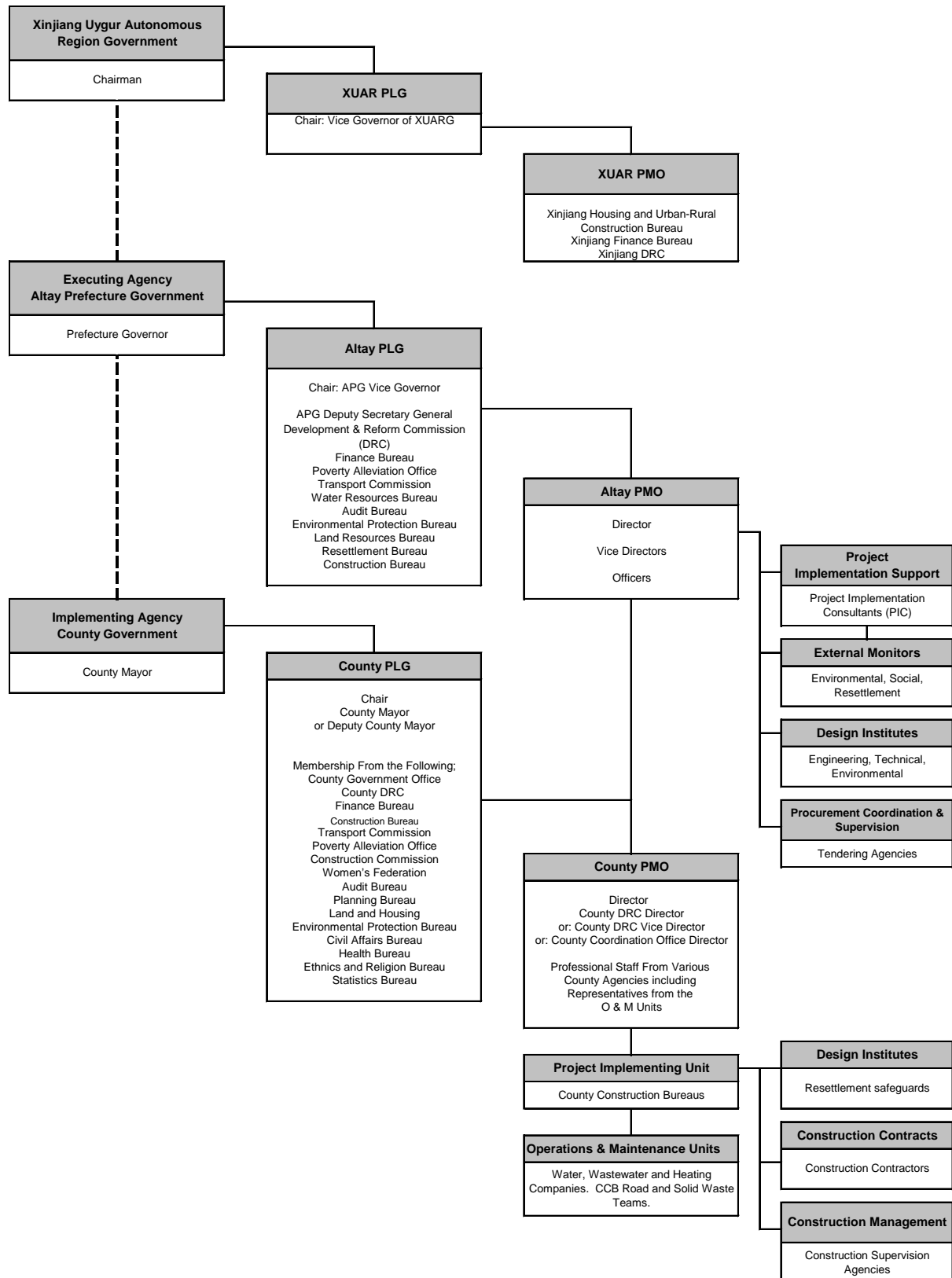
PE = private enterprise, PI = public institution (under local government supervision), SOE = state-owned enterprise.

PE = private enterprise, PI = public institution (under local government supervision), SOE = state-owned enterprise.

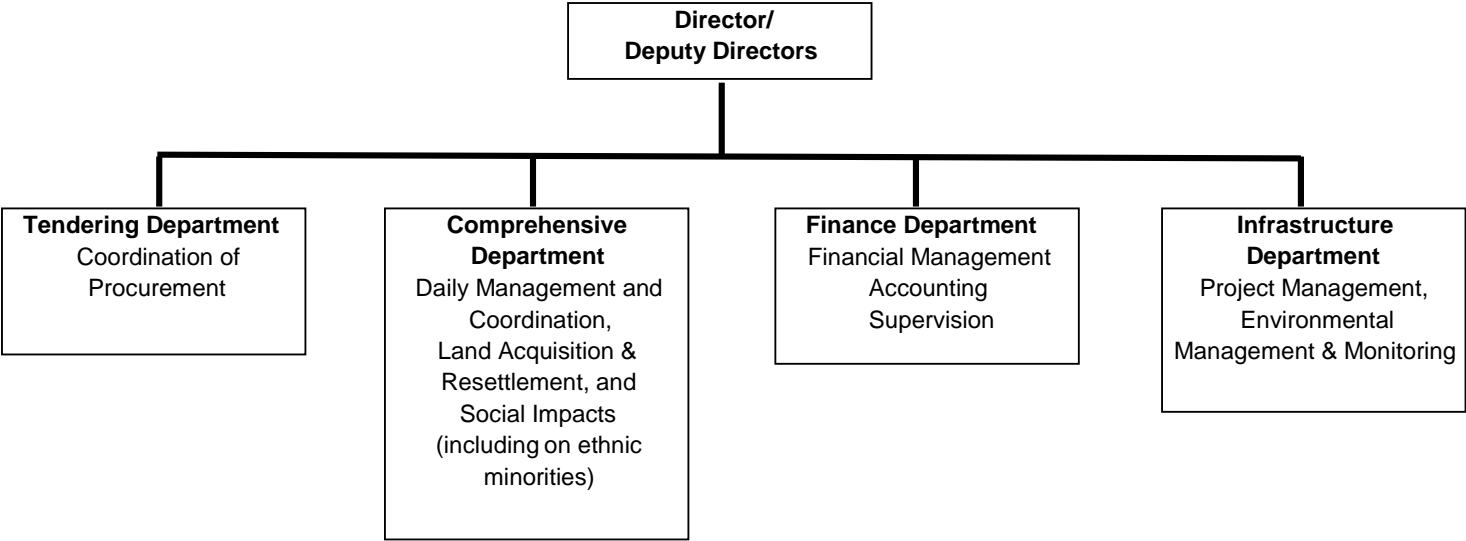
## B. Key Persons Involved in Implementation

<b>Executing Agency</b>		
Altay Prefecture Government	Agency Name	Officer's Name: Mr. Li Yuxin
		Position: Director, Altay Project Management Office
		Deputy Secretary General, Altay Prefecture Government, Xinjiang Uygur Autonomous Region
		Telephone: +86 906 2128108
		Email address: yhxmb3@sina.com
ADB EASS Division Director		Office Address: 341 Jiefang South Road, Altay City, Altay Administrative Offices, Xinjiang Uygur Autonomous Region, the People's Republic of China
	Staff Name:	Mr. Fei Yue
	Position:	Officer-in-Charge, EASS
	Telephone No.:	632 5699
	Email address:	fyue@adb.org
Mission Leader	Staff Name:	Ms. Jingmin Huang
	Position:	Urban Development Specialist, EASS
	Telephone No.:	632 6181
	Email address:	jhuang@adb.org
	Staff Name:	Mr. Antoine Morel
Team Members	Position:	Environment Specialist, EASS
	Telephone No.:	683 1964
	Email address:	amorel@adb.org
	Staff Name:	Ms. Madhumita Gupta
	Position:	Senior Safeguards Specialist (Resettlement), EASS
	Telephone No.:	632 5164
	Email address:	mgupta@adb.org
	Staff Name:	Ms. Wendy Walker
	Position:	Senior Social Development Specialist, EASS
	Telephone No.:	632 5955
	Email address:	wwalker@adb.org

## C. Project Organization Structure



**Organization Chart of Altay Project Management Office**





#### IV. COSTS AND FINANCING

1. The project is estimated to cost \$168.52 million equivalent, inclusive of taxes and duties of \$9.57 million, physical and price contingencies, and financial charges during implementation.

2. **Financing Plan.** The Government of the People's Republic of China (PRC) has requested a loan of \$100 million from the Asian Development Bank's (ADB) ordinary capital resources to help finance the project. The loan will have a 26-year term including a grace period of 6 years, an interest rate determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility, a commitment charge of 0.15% per year, the interest and other charges during construction to be capitalized in the loan, and such other terms and conditions set forth in the draft loan and project agreements. The loan will cover civil works, equipment, project management consulting services, and capacity building. The loan will also finance taxes and duties on items financed by ADB and financial charges during implementation.

##### Project Investment Plan (\$ million)

Item	Amount <sup>a</sup>
<b>A. Base Cost<sup>b</sup></b>	
1. Roads construction and upgrading	61.05
2. Water supply	22.72
3. Wastewater management	19.87
4. Heat supply	14.49
5. Solid waste management	19.87
6. New infrastructure construction in the White Birch Forest Scenic Area	3.89
7. Capacity building	1.50
<b>Subtotal (A)</b>	<b>143.38</b>
<b>B. Contingencies<sup>c</sup></b>	<b>17.73</b>
<b>C. Financing Charges During Implementation<sup>d</sup></b>	<b>7.41</b>
<b>Total Project Cost (A+B+C)</b>	<b>168.52</b>

<sup>a</sup> Includes taxes and duties of \$9.57 million to be financed by the government and the Asian Development Bank (ADB) loan. The ADB loan will cover taxes, duties, transportation, and insurance costs on items financed by ADB. ADB agreed to finance taxes and duties under this project, after due consideration and upon finding that the amount of taxes and duties does not constitute an excessive share of project costs.

<sup>b</sup> In 2010 prices.

<sup>c</sup> Physical contingencies computed at 5%. Price contingencies computed at an average of 0.4% on foreign exchange costs and an average of 3.96% on local currency; includes provision for potential exchange rate fluctuation under the assumption of the purchasing power parity exchange rate.

<sup>d</sup> Includes interest and commitment charges. Interest during construction for the ADB loan has been computed at the 5-year forward London interbank offered rate plus a spread of 0.3%. Commitment charges for the ADB loan are 0.15% per year to be charged on the undisbursed loan amount.

Note: Numbers may not sum precisely because of rounding.

Source: ADB estimates.

3. The county governments will be responsible for financing 41% of the total project cost. The financing plan for the project is shown below.

##### Financing Plan (\$ million)

Source	Amount	%
Asian Development Bank Loan	100.00	59.00
Government	68.52	41.00
<b>Total</b>	<b>168.52</b>	<b>100.00</b>

Source: Asian Development Bank estimates.

## A. Detailed Cost Estimates by Expenditure Category

Item	CNY Million			\$ Million			% of Base Cost	% of Total Cost
	Foreign Exchange Costs	Local Currency Costs	Total Cost	Foreign Exchange Costs	Local Currency Costs	Total Cost <sup>a</sup>		
<b>A. Base Costs<sup>b</sup></b>								
1. Civil Works	134.19	402.57	536.77	20.33	61.00	81.33	57%	48%
2. Equipment and Materials	243.89	27.10	270.99	36.95	4.11	41.06	29%	24%
3. Land Acquisition and Resettlement	0.00	52.84	52.84	0.00	8.01	8.01	6%	5%
4. Environmental Assessment and Training	0.00	3.38	3.38	0.00	0.51	0.51	0%	0%
5. Project Management and Supervision	0.00	72.46	72.46	0.00	10.98	10.98	8%	7%
6. Capacity Building	9.90	0.00	9.90	1.50	0.00	1.50	1%	1%
<b>Subtotal (A)</b>	<b>387.98</b>	<b>558.36</b>	<b>946.34</b>	<b>58.79</b>	<b>84.60</b>	<b>143.38</b>	<b>100%</b>	<b>85%</b>
<b>B. Contingencies<sup>c</sup></b>								
1. Physical	19.40	27.92	47.32	2.94	4.23	7.17	5%	4%
2. Price	5.88	63.81	69.69	0.89	9.67	10.56	7%	6%
<b>Subtotal (B)</b>	<b>25.28</b>	<b>91.73</b>	<b>117.01</b>	<b>3.83</b>	<b>13.90</b>	<b>17.73</b>	<b>12%</b>	<b>11%</b>
<b>C. Financing Charges During Implementation<sup>d</sup></b>								
1. Interest during construction	47.21	0.00	47.21	7.15	0.00	7.15	5%	4%
2. Commitment charges	1.67	0.00	1.67	0.25	0.00	0.25	0%	0%
<b>Subtotal (C)</b>	<b>48.88</b>	<b>0.00</b>	<b>48.88</b>	<b>7.41</b>	<b>0.00</b>	<b>7.41</b>	<b>5%</b>	<b>4%</b>
<b>Total Project Cost (A+B+C)</b>	<b>462.14</b>	<b>650.08</b>	<b>1,112.22</b>	<b>70.02</b>	<b>98.50</b>	<b>168.52</b>	<b>118%</b>	<b>100%</b>

<sup>a</sup> Includes taxes and duties of \$9.57 million to be financed from government and the Asian Development Bank (ADB) loan. ADB loan will cover taxes and duties on items financed by ADB.

<sup>b</sup> In 2010 prices.

<sup>c</sup> Physical contingencies computed at 5%. Price contingencies computed at an average of 0.4% on foreign exchange costs and an average of 3.96% on local currency includes provision for potential exchange rate fluctuation under the assumption of the purchasing power parity exchange rate.

<sup>d</sup> Includes interest and commitment charges. Interest during construction for ADB loan has been computed at the 5-year forward London interbank offered rate plus a spread of 0.3%. Commitment charges for the ADB loan are 0.15% per year to be charged on the undisbursed loan amount.

Note: Numbers may not sum precisely because of rounding.

Source: ADB estimates.

## B. Allocation and Withdrawal of Loan Proceeds

CATEGORY		ADB FINANCING	
Number	Item	Amount Allocated (\$000)	Percentage and Basis for Withdrawal from the Loan Account
		Category	Subcategory
1	<b>Civil Works</b>	50,036	
1.1	Buerjin		8,878
1.2	Fuhai		12,539
1.3	Habahe		13,042
1.4	Jimunai		10,282
1.5	Qinghe		5,295
2	<b>Equipment and Materials</b>	41,059	
2.1	Buerjin		13,908
2.2	Fuhai		5,730
2.3	Habahe		5,079
2.4	Jimunai		8,012
2.5	Qinghe		8,330
3	<b>Capacity Building</b>	1,500	
4	<b>Interest and Commitment Charge</b>	7,405	
<b>Total</b>		<b>100,000</b>	

## C. Loan Allocation by County

County	Amount Allocated (\$ million)	Percentage
Buerjin County	25	25%
Fuhai County	20	20%
Habahe County	20	20%
Jimunai County	20	20%
Qinghe County	15	15%
<b>Total of ADB Loan</b>	<b>100</b>	<b>100%</b>

## D. Detailed Cost Estimates by Financier

**Table D1: Overall Project**  
(\$ million)

Item	Total Costs <sup>a</sup>	ADB		Government	
		Amount	% of Cost Category	Amount	% of Cost Category
<b>A. Investment Cost<sup>b</sup></b>					
1. Civil Works	81.33	50.04	62%	31.29	38%
2. Equipment and Materials	41.06	41.06	100%	0.00	0%
3. Land Acquisition and Resettlement	8.01	0.00	0%	8.01	100%
4. Environmental Assessment and Training	0.51	0.00	0%	0.51	100%
5. Project Management and Supervision	10.98	0.00	0%	10.98	100%
6. Capacity Building	1.50	1.50	100%	0.00	0%
<b>Subtotal (A)</b>	<b>143.38</b>	<b>92.59</b>	<b>65%</b>	<b>50.79</b>	<b>35%</b>
<b>B. Contingencies<sup>c</sup></b>					
1. Physical	7.17		0%	7.17	100%
2. Price	10.56		0%	10.56	100%
<b>Subtotal (B)</b>	<b>17.73</b>	<b>0.00</b>	<b>0%</b>	<b>17.73</b>	<b>100%</b>
<b>C. Financing Charges During Implementation<sup>d</sup></b>					
1. Interest during construction	7.15	7.15	100%	0.00	0%
2. Commitment charges	0.25	0.25	100%	0.00	0%
<b>Subtotal (C)</b>	<b>7.41</b>	<b>7.41</b>	<b>100%</b>	<b>0.00</b>	<b>0%</b>
<b>Total Project Cost (A+B+C)</b>	<b>168.52</b>	<b>100.00</b>	<b>59%</b>	<b>68.52</b>	<b>41%</b>
<b>% of Total Project Cost</b>	<b>100%</b>	<b>59%</b>		<b>41%</b>	

<sup>a</sup> Includes taxes and duties of \$9.57 million to be financed from government and the Asian Development Bank (ADB) loan. ADB loan will cover taxes and duties on items financed by ADB.

<sup>b</sup> In 2010 prices.

<sup>c</sup> Physical contingencies computed at 5%. Price contingencies computed at an average of 0.4% on foreign exchange costs and an average of 3.96% on local currency includes provision for potential exchange rate fluctuation under the assumption of the purchasing power parity exchange rate.

<sup>d</sup> Includes interest and commitment charges. Interest during construction for ADB loan has been computed at the 5-year forward London interbank offered rate plus a spread of 0.3%. Commitment charges for the ADB loan are 0.15% per year to be charged on the undisbursed loan amount.

Note: Numbers may not sum precisely because of rounding.

Source: ADB estimates.

**Table D2: Counterpart Funds by County**  
(\$ million)

Item	ADB		Buerjin County		Fuhai County		Habahe County		Jimunai County		Qinghe County		Total Cost <sup>a</sup>
	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	
<b>A. Investment Costs<sup>b</sup></b>													
1. Civil Works	50.04	62%	7.75	10%	6.82	8%	5.70	7%	6.72	8%	4.31	5%	81.33
2. Equipment and Materials	41.06	100%	0.00	0%	0.00	0%	0.00	0%	0.00	0%	0.00	0%	41.06
3. Land Acquisition and Resettlement	0.00	0%	1.77	22%	2.93	37%	1.55	19%	1.22	15%	0.53	7%	8.01
4. Environmental Assessment and Training	0.00	0%	0.09	18%	0.09	18%	0.12	23%	0.09	17%	0.12	24%	0.51
5. Project Management and Supervision	0.00	0%	2.48	23%	1.65	15%	2.22	20%	2.61	24%	2.02	18%	10.98
6. Capacity Building	1.50	100%	0.00	0%	0.00	0%	0.00	0%	0.00	0%	0.00	0%	1.50
<b>Subtotal (A)</b>	<b>92.59</b>	<b>65%</b>	<b>12.09</b>	<b>8%</b>	<b>11.48</b>	<b>8%</b>	<b>9.59</b>	<b>7%</b>	<b>10.63</b>	<b>7%</b>	<b>6.99</b>	<b>5%</b>	<b>143.38</b>
<b>B. Contingencies<sup>c</sup></b>	<b>0.00</b>	<b>0%</b>	<b>4.07</b>	<b>23%</b>	<b>3.95</b>	<b>22%</b>	<b>3.48</b>	<b>20%</b>	<b>3.79</b>	<b>21%</b>	<b>2.45</b>	<b>14%</b>	<b>17.73</b>
<b>C. Financing Charges During Implementation<sup>d</sup></b>	<b>7.41</b>	<b>100%</b>	<b>0.00</b>	<b>0%</b>	<b>0.00</b>	<b>0%</b>	<b>0.00</b>	<b>0%</b>	<b>0.00</b>	<b>0%</b>	<b>0.00</b>	<b>0%</b>	<b>7.41</b>
<b>Total Project Cost (A+B+C)</b>	<b>100.00</b>	<b>59%</b>	<b>16.16</b>	<b>10%</b>	<b>15.43</b>	<b>9%</b>	<b>13.07</b>	<b>8%</b>	<b>14.42</b>	<b>9%</b>	<b>9.44</b>	<b>6%</b>	<b>168.52</b>
<b>% Total Project Cost</b>		<b>59%</b>		<b>10%</b>		<b>9%</b>		<b>8%</b>		<b>9%</b>		<b>6%</b>	<b>100%</b>

<sup>a</sup> Includes taxes and duties of \$9.57 million to be financed from government and the Asian Development Bank (ADB) loan. ADB loan will cover taxes and duties on items financed by ADB.

<sup>b</sup> In 2010 prices.

<sup>c</sup> Physical contingencies computed at 5%. Price contingencies computed at an average of 0.4% on foreign exchange costs and an average of 3.96% on local currency includes provision for potential exchange rate fluctuation under the assumption of the purchasing power parity exchange rate.

<sup>d</sup> Includes interest and commitment charges. Interest during construction for ADB loan has been computed at the 5-year forward London interbank offered rate plus a spread of 0.3%. Commitment charges for the ADB loan are 0.15% per year to be charged on the undisbursed loan amount.

Note: Numbers may not sum precisely because of rounding.

Source: ADB estimates.

### E. Detailed Cost Estimates by Outputs/Components

Item	Total Cost	Road Construction and Upgrading		Water Supply		Wastewater		Heat Supply		Solid Waste Management		Park Infrastructure Improvement	
		Amount	% of Cost	Amount	% of Cost	Amount	% of Cost	Amount	% of Cost	Amount	% of Cost	Amount	% of Cost
<b>A. Base Costs</b>													
1. Civil Works	81.33	42.68	52%	8.41	10%	10.31	13%	5.03	6%	11.86	15%	3.05	4%
2. Equipment and Materials	41.06	9.06	22%	12.23	30%	6.97	17%	7.33	18%	4.89	12%	0.58	1%
3. Land Acquisition and Resettlement	8.01	5.12	64%	0.22	3%	0.84	11%	0.39	5%	1.43	18%	0.00	0%
4. Environmental Monitoring	0.51	0.12	22%	0.07	13%	0.09	18%	0.08	16%	0.14	27%	0.02	4%
5. Project Management and Supervision	10.98	4.07	37%	1.79	16%	1.66	15%	1.66	15%	1.55	14%	0.25	2%
<b>Subtotal (A)</b>	<b>141.88</b>	<b>61.05</b>	<b>43%</b>	<b>22.72</b>	<b>16%</b>	<b>19.87</b>	<b>14%</b>	<b>14.49</b>	<b>10%</b>	<b>19.87</b>	<b>14%</b>	<b>3.89</b>	<b>3%</b>
<b>B. Capacity Building</b>													
1. Capacity Building	1.50	0.32	21%	0.19	13%	0.33	22%	0.27	18%	0.31	20%	0.08	5%
<b>Subtotal (B)</b>	<b>1.50</b>	<b>0.32</b>		<b>0.19</b>		<b>0.33</b>		<b>0.27</b>		<b>0.31</b>		<b>0.08</b>	
<b>Total Base Costs</b>	<b>143.38</b>	<b>61.37</b>	<b>43%</b>	<b>22.91</b>	<b>16%</b>	<b>20.20</b>	<b>14%</b>	<b>14.76</b>	<b>10%</b>	<b>20.17</b>	<b>14%</b>	<b>3.97</b>	<b>3%</b>
<b>C. Contingencies</b>													
1. Physical	7.17	3.07	43%	1.15	16%	1.01	14%	0.74	10%	1.01	14%	0.20	3%
2. Price	10.56	5.17	49%	1.25	12%	1.38	13%	0.88	8%	1.55	15%	0.33	3%
<b>Subtotal (C)</b>	<b>17.73</b>	<b>8.24</b>	<b>46%</b>	<b>2.39</b>	<b>13%</b>	<b>2.39</b>	<b>13%</b>	<b>1.62</b>	<b>9%</b>	<b>2.56</b>	<b>14%</b>	<b>0.53</b>	<b>3%</b>
<b>Financing Charges During Development</b>													
1. Interest during construction	7.15	2.79	39%	1.36	19%	1.01	14%	0.82	11%	0.96	13%	0.21	3%
2. Commitment charges	0.25	0.10	39%	0.04	17%	0.04	15%	0.03	12%	0.03	14%	0.01	3%
<b>Subtotal (D)</b>	<b>7.41</b>	<b>2.89</b>	<b>39%</b>	<b>1.40</b>	<b>19%</b>	<b>1.05</b>	<b>14%</b>	<b>0.84</b>	<b>11%</b>	<b>1.00</b>	<b>13%</b>	<b>0.22</b>	<b>3%</b>
<b>Total Project Cost (A+B+C+D)</b>	<b>168.52</b>	<b>72.50</b>	<b>43%</b>	<b>26.71</b>	<b>16%</b>	<b>23.64</b>	<b>14%</b>	<b>17.23</b>	<b>10%</b>	<b>23.73</b>	<b>14%</b>	<b>4.72</b>	<b>3%</b>

## F. Detailed Cost Estimates by Year

Item	Total Cost <sup>a</sup>	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
<b>A. Base Costs<sup>b</sup></b>							
1. Civil Works	81.33	5.5	13.33	20.95	23.6	17.95	0.00
2. Equipment and Materials	41.06	3.71	5.05	8.43	17.85	6.02	0.00
3. Land Acquisition and Resettlement	8.01	3.28	2	1.9	0.82	0.00	0.00
4. Environmental Assessment and Training	0.51	0.14	0.1	0.06	0.14	0.04	0.03
5. Project Management and Supervision	10.98	2.27	2.22	2.11	3.15	0.68	0.55
6. Capacity Building	1.5	0.57	0.3	0.26	0.2	0.09	0.08
<b>Subtotal (A)</b>	<b>143.38</b>	<b>15.47</b>	<b>23</b>	<b>33.71</b>	<b>45.76</b>	<b>24.78</b>	<b>0.66</b>
<b>B. Contingencies<sup>c</sup></b>							
1. Physical	7.17	0.97	1.26	2.21	2.21	0.49	0.03
2. Price	10.56	0.77	1.21	3.11	4.02	1.31	0.14
<b>Subtotal (B)</b>	<b>17.73</b>	<b>1.74</b>	<b>2.47</b>	<b>5.32</b>	<b>6.23</b>	<b>1.8</b>	<b>0.17</b>
<b>C. Financing Charges During Development<sup>d</sup></b>							
1. Interest during construction	7.15	0.12	0.24	0.61	1.71	2.18	2.29
2. Commitment charges	0.25	0.1	0.08	0.05	0.03	0.00	0.00
<b>Subtotal (C)</b>	<b>7.41</b>	<b>0.22</b>	<b>0.32</b>	<b>0.66</b>	<b>1.74</b>	<b>2.18</b>	<b>2.29</b>
<b>Total Project Cost (A+B+C)</b>	<b>168.52</b>	<b>17.43</b>	<b>25.79</b>	<b>39.69</b>	<b>53.73</b>	<b>28.76</b>	<b>3.12</b>
<b>Percentage</b>	<b>100%</b>	<b>10%</b>	<b>15%</b>	<b>24%</b>	<b>32%</b>	<b>17%</b>	<b>2%</b>

<sup>a</sup> Includes taxes and duties of \$9.57 million to be financed from government and the Asian Development Bank (ADB) loan. ADB loan will cover taxes and duties on items financed by ADB.

<sup>b</sup> In 2010 prices.

<sup>c</sup> Physical contingencies computed at 5%. Price contingencies computed at an average of 0.4% on foreign exchange costs and an average of 3.96% on local currency includes provision for potential exchange rate fluctuation under the assumption of the purchasing power parity exchange rate.

<sup>d</sup> Includes interest and commitment charges. Interest during construction for ADB loan has been computed at the 5-year forward London interbank offered rate plus a spread of 0.3%. Commitment charges for the ADB loan are 0.15% per year to be charged on the undisbursed loan amount.

Note: Numbers may not sum precisely because of rounding.

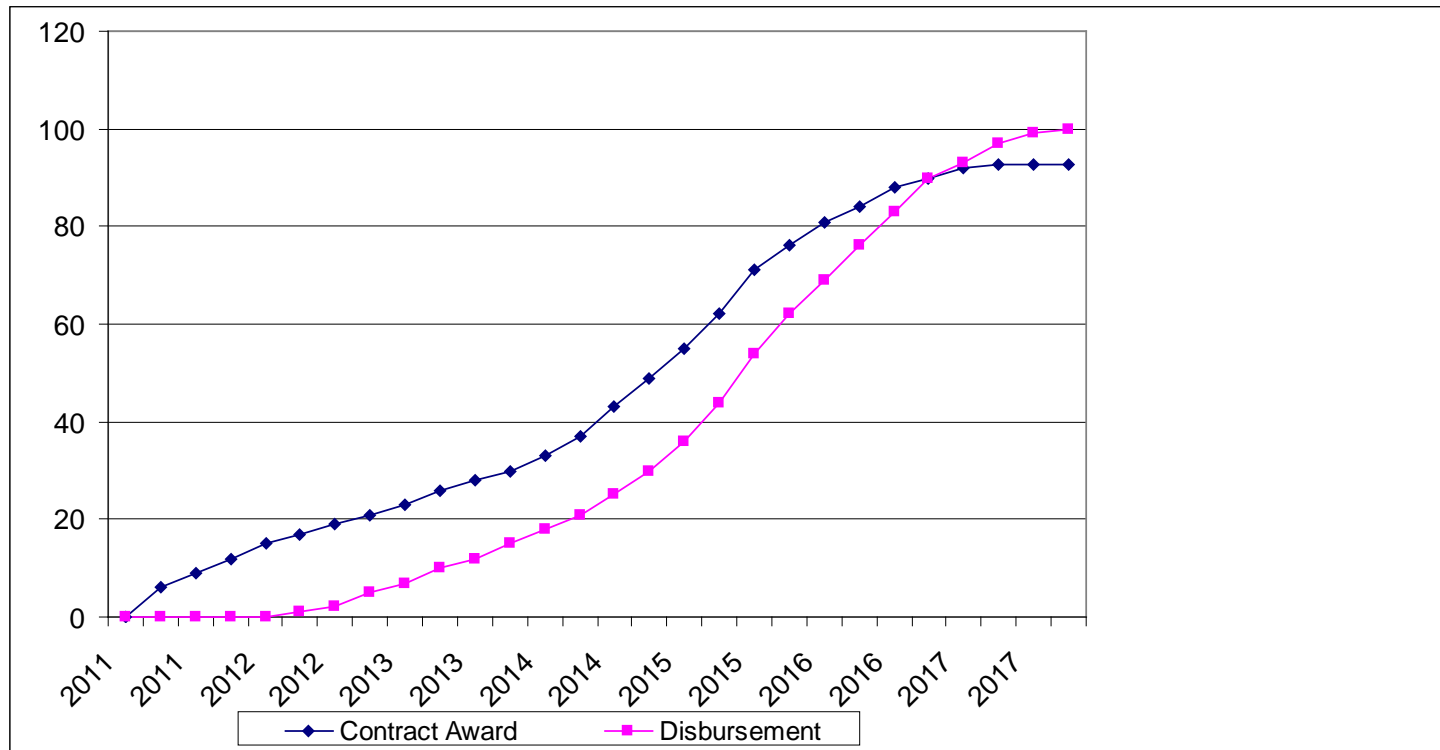
Source: ADB estimates.

## G. Contract and Disbursement S-curve

**Projections of Cumulative Contract Awards and Disbursement<sup>a</sup>**  
(\$ million)

	2011				2012				2013				2014				2015				2016				2017			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Contract Awards</b>	0	6	9	12	15	17	19	21	23	26	28	30	33	37	43	49	55	62	71	76	81	84	88	90	92	92.59	92.59	92.59
<b>Disbursement</b>	0	0	0	0	0	1	2	5	7	10	12	15	18	21	25	30	36	44	54	62	69	76	83	90	93	97	99	100

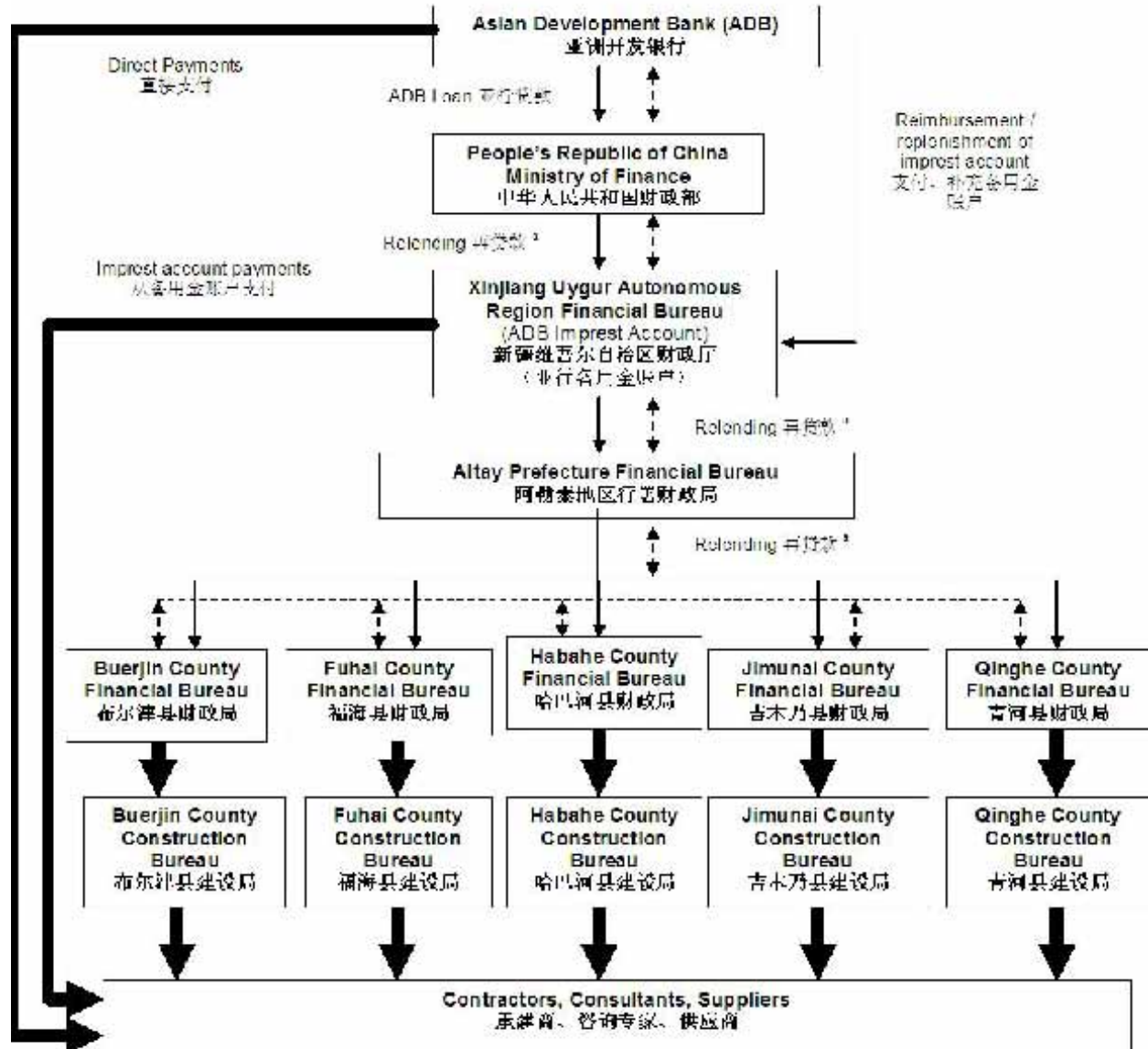
<sup>a</sup> Contracts exclude interest during construction of \$7.41 million.





## H. Fund Flow Diagram

### Indicative Fund Flow of ADB Loan

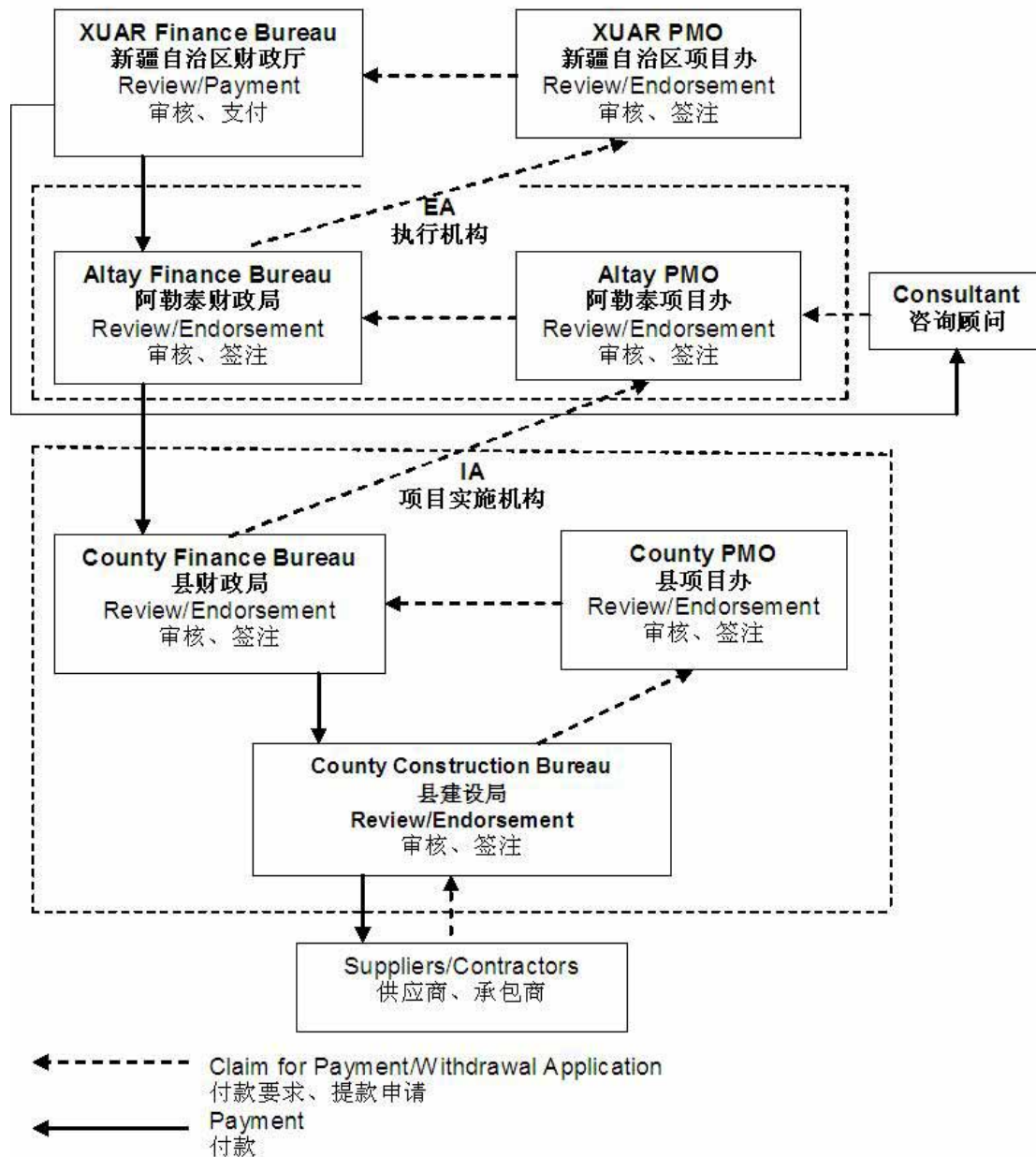


\* ADB loan will be relented on the same terms and conditions as those received by the Ministry of Finance.  
亚行贷款会按财政部所接受时同样条款而贷款。



## Indicative Flow of Fund under Imprest Account

### Payment/Withdrawal Application 付款、提款申请



EA = executing agency, IA = implementing agency, PMO = project management office, XUAR = Xinjiang Uygur Autonomous Region.

## **V. FINANCIAL MANAGEMENT**

### **A. Financial Management Assessment**

1. Financial management assessment has been conducted for the project in accordance with Asian Development Bank's (ADB) Guidelines for the Financial Management and Analysis of Projects<sup>14</sup> and the publication Financial Due Diligence—A Methodology Note.<sup>15</sup> The financial management assessment considers the county governments in their role as the implementing agencies (IAs) for the project. The financial management assessment includes review of the accounting and reporting system, internal and external auditing arrangements, fund disbursement procedures, and information systems. The instrument used for the assessment was ADB's financial management assessment questionnaire.

2. The assessment concluded that the financial management capacity of IAs is adequate for the implementation of the project, and training in ADB procedures will be required in procurement, disbursement, project management, and accounting systems. Issues or risks/deficiencies associated with the entity's financial management systems are identified where necessary capacity development measures are recommended to ensure that the IA is able to meet the component's accounting and reporting requirements. The Xinjiang Uygur Autonomous Region Government (XUARG) Finance Bureau is managing two existing ADB projects and has the financial capacity to administer the imprest account.

#### **1. Risk Analysis**

3. A Financial Management Internal Control and Risk Management Assessment was conducted.<sup>16</sup> The risk-assessment approach is based largely on International Standard on Auditing 400: Risk Assessment and Internal Control. Inherent risk was assessed as negligible in large part due to country-level risks and past ADB experiences.<sup>17</sup> Control risk was also rated as negligible, due to country-level risks and past ADB experiences.<sup>18</sup> Particular weaknesses concerned understanding of and adherence to financial management policies and procedures of ADB.

#### **2. Risk Mitigation**

4. The actions proposed to be undertaken on establishment of the project implementing agency include: (i) clear definition and description of the responsibilities of all IA staff, and (ii) recruitment of additional financial staff. The actions proposed to be undertaken during the implementation of the project include: (i) close liaison among the EA, IAs and the ADB to ensure that ADB guidelines are followed; (ii) regular interagency coordination at all levels to discuss the project implementation progress and performance; (iii) regular training on ADB's disbursement policies; (iv) separate accounts maintained for all project components financed by ADB and the Government, and to be duly audited; (v) semiannual and annual progress reports on project

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<sup>14</sup> ADB. 2005. *Financial Management and Analysis of Projects*. Manila.

<sup>15</sup> ADB. 2009. *Financial Due Diligence A Methodology Note*. Manila.

<sup>16</sup> Refer page 24 of ADB. 2005. *Financial Management and Analysis of Projects*. Manila. No financial management assessment was conducted for the Xinjiang Finance Bureau, which has been successfully implementing two other ADB projects.

<sup>17</sup> Inherent risk is the susceptibility of the financial management system to factors arising from the environment in which it operates, such as country rules and regulations and entity working environment (assuming absence of any counter checks or internal controls).

<sup>18</sup> Control risk is the risk that the accounting and internal control framework is inadequate to ensure funds are used economically and efficiently and for the purpose intended, and that the use of funds is properly reported.

implementation and operation prepared; and (vi) close monitoring of loan covenants compliance status, including submission of audited project accounts.

5. The PIUs will be responsible for implementation of the subprojects in the project counties. The PIUs will be required to adhere to sound financial management requirements during the implementation of the project. The PIU, supported by an accountant and a finance clerk, will be required to maintain separate project records and accounts adequate to identify the: (i) goods and services financed from loan proceeds; (ii) financing resources received; (iii) expenditures incurred on the components of each project; and (iv) counterpart funds received and expended.

6. The assessment identifies that technical assistance could be provided in the following areas: (i) budget preparation and oversight; (ii) strengthening the internal audit function; (iii) establishing safeguard system to ensure the safety of data; and (iv) development of a financial policies and procedures manual to guide financial management, reporting and related administrative activities.

## **B. Disbursement**

7. ADB loan proceeds will be disbursed in accordance with the procedures set out in ADB's *Loan Disbursement Handbook* (2007, as amended from time to time),<sup>19</sup> and detailed arrangements agreed upon between the Government and ADB.

8. Pursuant to ADB's Safeguard Policy Statement (2009),<sup>20</sup> ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the Safeguard Policy Statement. 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 the components financed by ADB.

9. To facilitate project implementation through timely release of loan proceeds, the XUARG will establish an imprest account promptly after loan effectiveness at a commercial bank acceptable to ADB.<sup>21</sup> The Xinjiang Finance Bureau will administer the imprest account. The ceiling of the imprest account will not exceed the estimated expenditures for the succeeding six months to be funded from the imprest account, or 10% of the loan amount, whichever is lower. The request for initial advance to the imprest account should be accompanied by an Estimate of Expenditure Sheet<sup>22</sup> setting out the estimated expenditures to be funded through the imprest account for the first six (6) months of project implementation, and submission of evidence satisfactory to ADB that the imprest account has been duly opened. 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.<sup>23</sup>

10. To expedite flow of funds and simplify the documentation process, the ADB statement-of-expenditure (SOE) procedure will be used for liquidation and replenishment of the imprest account, and for reimbursement of eligible expenditures not exceeding \$200,000 per individual

<sup>19</sup> Available at: [http://www.adb.org/Documents/Handbooks/Loan\\_Disbursement/loan-disbursement-final.pdf](http://www.adb.org/Documents/Handbooks/Loan_Disbursement/loan-disbursement-final.pdf)

<sup>20</sup> Available at: <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf>

<sup>21</sup> The bank charges on the imprest account will be financed from the proceeds of the loan.

<sup>22</sup> Available in Appendix 29 of the *Loan Disbursement Handbook*.

<sup>23</sup> Follow the format provided in Appendix 30 of the *Loan Disbursement Handbook*.

transaction. The payments in excess of the SOE ceiling will be reimbursed, liquidated, or replenished based on full supporting documentation. 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.<sup>24</sup>

11. Before the submission of the first withdrawal application, the borrower 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 \$100,000, unless otherwise approved by ADB. The borrower 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.

### **C. Accounting**

12. XUARG and the APG/IA 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.

### **D. Auditing**

13. The APG 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 six 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 account and the SOE procedures. The government has 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.

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<sup>24</sup> 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/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-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-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-Operating-Costs.xls)  
[http://www.adb.org/documents/handbooks/loan\\_disbursement/SOE-Free-Format.xls](http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Free-Format.xls)

## **VI. PROCUREMENT AND CONSULTING SERVICES**

### **A. Advance Contracting and Retroactive Financing**

1. All advance contracting and retroactive financing will be undertaken in conformity with the Asian Development Bank's (ADB) Procurement Guidelines (2010, as amended from time to time)<sup>25</sup> and ADB's Guidelines on the Use of Consultants (2010, as amended from time to time).<sup>26</sup> The issuance of invitations to bid under advance contracting and retroactive financing will be subject to ADB approval. The borrower, the executing agency, Altay prefecture Government (APG), implementing agencies (IAs) and project implementing units (PIUs) have been advised that approval of advance contracting and retroactive financing does not commit ADB to finance the project. In addition, APG, IAs, and PIUs have also been advised, where advance contracting is approved ADB's approval must be sought for the draft prequalification and bidding documents before they are issued.

2. To expedite project implementation, the government requested ADB to approve advance contracting, which includes the recruitment of consultants, and the request for retroactive financing of eligible expenditures of up to \$20 million (20% of the ADB loan) to be incurred prior to loan effectiveness but not more than a maximum of 12 months before the signing of the Loan Agreement.

3. Advance contracting will include (i) prequalification of contractors, tendering, and bid evaluation for civil works packages; (ii) preparation of tender documents for the procurement of materials and equipment; (iii) award of contracts; and (iv) recruitment of consultants. The issuance of invitations to bid under advance contracting will be subject to ADB approval. Eleven civil works contracts and a consulting service contract will be procured through advance contracting (shown in goods and works contracts).

4. The government was informed that as a general rule 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 requested are procured in accordance with ADB's Procurement Guidelines or Guidelines on the Use of Consultants; (iii) the amount to be retroactively financed does not exceed 20% of the loan amount, and (iv) the expenditures must have been incurred before effectiveness of the relevant loan but, generally, no earlier than 12 months before signing of the Loan Agreement. In either instance, detailed assessments (due diligence) on each retroactive financing proposal must demonstrate that (a) the expenditures incurred are genuine, reasonable, and material to getting the project off the ground, and (b) they were incurred for proper reasons, in a transparent manner over a reasonable period of time.

### **B. Procurement of Goods, Works, and Consulting Services**

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

6. An assessment of the capacity of APG, IAs, and PIUs to procure the goods, works, and consulting services have been conducted, and the major findings and recommendations to be made on actions required to overcome weakness or constraints is summarized in a supplementary document of the report and recommendation of the President. Based on the

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<sup>25</sup> Available at: <http://www.adb.org/Documents/Guidelines/Procurement/Guidelines-Procurement.pdf>

<sup>26</sup> Available at: <http://www.adb.org/Documents/Guidelines/Consulting/Guidelines-Consultants.pdf>



ADB loan arrangements and the previous procurement record of Xinjiang project management office (PMO) and Altay PMO, it is concluded that procurement capacity and the procedural arrangements in place are adequate to facilitate full compliance with ADB procurement guidelines and the risk of mis-procurement is acceptably low.

7. International competitive bidding procedures will be used for civil works contracts estimated to exceed \$10 million, and supply contracts estimated to exceed \$1 million. Contracts for goods and for works estimated to cost less than the above ICB threshold values, but more than \$100,000 for goods and \$200,000 for works, will be procured on the basis of national competitive bidding (NCB) procedures in accordance with the People's Republic of China (PRC) Tendering and Bidding Law (1999), subject to modifications agreed upon with ADB. Shopping will be used for contracts for procurement of works and equipment worth less than \$200,000 and \$100,000 respectively.

8. 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.

9. 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.

10. All consultants will be recruited according to ADB's Guidelines on the Use of Consultants.<sup>27</sup> The terms of reference for all consulting services are detailed in Section D.

11. An estimated 111 person-months (11 international and 100 national) of consulting services are required to (i) facilitate project management and implementation, and (ii) strengthen the institutional and operational capacity of the executing agency. Consulting firms will be engaged using the quality- and cost-based selection (QCBS) method with a standard quality: cost ratio of 80:20 and a full technical proposal will be required for the bidding.

### C. Procurement Plan

12. **Project Procurement Thresholds.** Except as ADB may otherwise agree, the following process thresholds will apply to procurement of goods and works.

Procurement of Goods and Works	
Method	Threshold
ICB for Works <sup>a</sup>	>\$10 million
ICB for Goods <sup>a</sup>	>\$1 million
NCB for Works <sup>a</sup>	≤\$10 million
NCB for Goods <sup>a</sup>	≤\$1 million
Shopping for Works	≤\$200,000
Shopping for Goods	≤\$100,000

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

<sup>a</sup> Refer to paragraph 3 of Project Administration Instructions 3.04, National Competitive Bidding.

13. **ADB Prior or Post Review.** All ICB contracts should be submitted to ADB for prior review and approval. The first NCB procurement documents for goods and the first NCB

<sup>27</sup> 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/>

procurement documents for civil works for each IA should be submitted for ADB review and approval. Subsequent NCB will be subject to post review.

### Procurement of Goods and Works

Procurement Method	Prior or Post	Comments
ICB Works	Prior	
ICB Goods	Prior	
NCB Works	The first NCB procurement documents for goods and the first NCB procurement documents for civil works for each IA should be submitted for ADB review and approval. Subsequent NCB will be subject to post review.	
NCB Goods		
Shopping for Works	Post	
Shopping for Goods	Post	

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

### Recruitment of Consulting Firms and Individual Consultants

Procurement Method	Prior or Post	Comments
<b>Firm</b>		
QCBS <sup>a</sup>	Prior	
QBS	Prior	
Other selection methods: CQS, and SSS	Prior	
<b>Individual Consultants</b>		
Individual Consultants Selection	Prior	

CQS = consultants qualification selection, QBS = quality-based selection, QCBS = quality- and cost-based selection, SSS = single source selection.

<sup>a</sup> A fixed quality-cost ratio of 80:20 will be used.

### 1. Goods and Works Contracts Estimated to Cost More than \$1 million

14. The following table lists goods and works contracts for which procurement activities are expected to commence within the next 18 months.

### Goods and Works Contracts

	General Description	Contract Value (\$ million)	Procurement Method	Expected Date of Advertisement	ADB Review
<b>Buerjin County</b>					
<b>Water Supply</b>					
<b>Works</b>					
BEJ-W-C01	1. Laying of water transmission pipelines and water intake works in the county seat 2. Works for WTP in the county seat and pumping station in economic development zone 3. Laying of water transmission pipelines in economic development zone including river crossing and crossing through National Road No. 217 4. Ecological rehabilitation works	4.56	NCB	2012	Post
<b>Goods</b>					
BEJ-W-E01	Materials of water transmission and water distribution pipelines	6.50	ICB	2011	Prior (advance)



	<b>General Description</b>	<b>Contract Value (\$ million)</b>	<b>Procurement Method</b>	<b>Expected Date of Advertisement</b>	<b>ADB Review</b>
	in the county seat				contracting)
<b>Wastewater Works</b>					
BEJ-D-C01	1. Laying of wastewater pipelines to boiler room and to WWTP 2. Works for WWTP	1.89	NCB	2011	Post
<b>Solid Waste Works</b>					
BEJ-S-C01	1. Works for landfill 2. Buildings and structures for landfill management area 3. Access road and overhead 10 kV power lines leading to landfill	1.24	NCB	2013	Post
<b>Road and Wastewater Works</b>					
BEJ-T&D-C01	Roadwork in the county seat: Youyifeng Road, Yueliangwan Road, Shuanghu North Road, Yingbin Road, Wolongwan Road, Hebin Road, Kanasi Road, Wucaitan Road, Shenxianwan Road, Huancheng Road, and Baihuayuan Road; laying of wastewater pipelines along Binhe Road, Wolongwan Road, Wucaitan Road, Shuanghu North Road, and Yingbin Road	6.77	NCB	2012	Post
<b>Road, water supply and wastewater Works</b>					
BEJ-T&W&D-C02	Roadwork in the economic development zone: Xingjiang Road, Xingsheng Road and Minzu Road; laying of water supply and wastewater pipelines along Xingsheng Road, Xingjiang Road, and Minzu Road	2.17	NCB	2014	Post
<b>Fuhai County Wastewater Works</b>					
FH-D-C01	Laying of wastewater pipes; works for distribution well, aerated lagoon, screening room, and road reinstatement	1.96	NCB	2014	Post
<b>Solid Waste Works</b>					
FH-S-C01	Solid waste collection facilities, landfill works and management area, access road to landfill and other ancillary works	3.65	NCB	2011	Prior (advance contracting)
<b>Road Works</b>					
FH-T-C01	Works for new roads: Wenxing Road, Zongsi Road, and Hengsan Road	6.36	NCB	2013	Post
FH-T-C02	Works for upgraded roads:	6.68	NCB	2015	Post

	<b>General Description</b>	<b>Contract Value (\$ million)</b>	<b>Procurement Method</b>	<b>Expected Date of Advertisement</b>	<b>ADB Review</b>
	Huancheng East Road, Beixin Road, Zhenxing East Road, Xingfu East Road, and Tuanjie Road; wastewater works				
<b>Heating</b>					
<b>Goods</b>					
FH-H-E01	Materials and equipment for heating supply works Stage 1	1.25	ICB	2015	Prior
<b>Habahe County</b>					
<b>Road</b>					
<b>Works</b>					
HBH-T-C01	Roadwork including Beihuan Road and Guihuasan Road	5.72	NCB	2013	Post
HBH-T-C02	Roadwork including Wenhua Road, Tuanjie Road, and Xingfu Road	3.92	NCB	2013	Post
<b>Water Supply and Wastewater</b>					
<b>Works</b>					
HBH-W&D-C01	Laying of water supply pipelines, laying of wastewater pipelines, works for WWTP	2.63	NCB	2011	Post (advance contracting)
<b>Solid Waste</b>					
<b>Works</b>					
HBH-S-C01	Environmental sanitation works, including solid waste collection and transfer system, landfill, management area, and associated works outside the landfill	2.81	NCB	2013	Post
<b>White Birch Forest</b>					
<b>Works</b>					
HBH-B-C01	White Birch Forest infrastructure works including roadwork, water supply pipe network, WTP works, wastewater pipe network, and WWTP works	3.05	NCB	2015	Post
<b>Jimunai County</b>					
<b>Road</b>					
<b>Works</b>					
JMN-T-C01	Roadwork including Guanghui Road and Bianan Road	5.11	NCB	2014	Post
JMN-T-C02	Roadwork including Caigang Road, Tuanjie Road, and Xingfu Street	4.78	NCB	2015	Post
<b>Water Supply</b>					
<b>Goods</b>					
JMN-W-E01	Water supply pipeline materials	1.53	ICB	2015	Prior
<b>Water Supply and Wastewater</b>					
<b>Works</b>					
JMN-W&D-C01	Laying of water supply pipelines; laying of wastewater pipelines, and WWTP works	2.60	NCB	2014	Post
<b>Solid Waste</b>					
<b>Works</b>					
JMN-S-C01	Environmental sanitation works, including solid waste collection and transfer system, landfill,	2.30	NCB	2011	Post (advance contracting)

	<b>General Description</b>	<b>Contract Value (\$ million)</b>	<b>Procurement Method</b>	<b>Expected Date of Advertisement</b>	<b>ADB Review</b>
	management area, and associated works outside the landfill				
<b>Heating Works</b>					
JMN-H-C01	Central heating works including heating pipework, boiler room, chimney and ancillary works, heat exchange stations	2.21	NCB	2014	Post
<b>Qinghe County Water Supply Works</b>					
QH-W-C01	Water supply works including water supply pipe network, and WTP works	1.46	NCB	2015	Post
<b>Wastewater Works</b>					
QH-D-C01	Wastewater works including wastewater pipe network, and WWTP works	1.15	NCB	2015	Post
<b>Solid Waste Works</b>					
QH-S-C01	Environmental sanitation works, including solid waste collection and transfer system, landfill, management area and associated works outside the landfill	1.86	NCB	2015	Post
<b>Heating Works</b>					
QH-H-C01	Central heating works including heating pipework, boiler room, chimney and ancillary works, heat exchange stations	1.51	NCB	2011	Post (advance contracting)
<b>Goods</b>					
QH-H-E02	Boiler equipment for central heating works	1.40	ICB	2011	Prior (advance contracting)
<b>Takeshiken Land Port of Qinghe County Road Works</b>					
QH.T-T-C01	Roadwork including Guihuawu Road, Guihuasan Road, Wenhua West Road, Wenhua East Road, Zhongxin West Road, and Guihuaer Road	1.53	NCB	2015	Post
<b>Water Supply Works</b>					
QH.T-W-C01	Water supply works including water supply pipework, WTP works and water intake works	1.2	NCB	2014	Post

First column is reference number: BEJ = Buerjin County, FH = Fuhai County, HBH = Habahe County, JMN = Jimunai County, QH = Qinghe County, QH.T = Takeshiken Land Port of Qinghe County, T = traffic road, W = water supply, D = wastewater, S = solid waste/sanitation, H = heating, B = White Birch Forest, C = civil works, E = equipment. ICB = international competitive bidding, NCB = national competitive bidding, WTP = water treatment plant, WWTP = wastewater treatment plant.

## 2. Consulting Services Contracts Estimated to Cost More Than \$100,000

15. The following table lists consulting services contracts for which procurement activities are expected to commence within the next 18 months.

### Consulting Services Contracts

General Description	Recruitment Method	Advertisement Date (quarter/year)	International or National Assignment	Comments
Project Implementation Management and Capacity Building	QCBS (80:20)	2 <sup>nd</sup> /2011	Both	(advance contracting)

QCBS = quality- and cost-based selection.

## 3. Goods and Works Contracts Estimated to Cost Less than \$1 million

16. The following table groups smaller-value goods, works, and consulting services contracts for which procurement activities are expected to commence within the next 18 months.

### Goods and Works Contracts

	General Description	Contract Value (\$ million)	Procurement Method	Expected Date of Advertisement	ADB Review
<b>Buerjin County</b>					
<b>Water Supply</b>					
<b>Goods</b>					
BEJ-W-E02	Materials of water transmission pipelines in the economic development zone, and water supply pipelines along Xingsheng Road, Xingjiang Road and Minzu Road	0.50	NCB	2015	Post
BEJ-W-E03	Equipment of WTP in the county seat and secondary pumping station in the economic development zone	0.48	NCB	2014	Post
<b>Wastewater</b>					
<b>Goods</b>					
BEJ-D-E01	Wastewater pipeline materials along Binhe Road, Wolongwan Road, Wucaitan Road, Shuanghu North Road, Yingbin Road, Xingjiang Road, Xingsheng Road and Minzu Road, and to boiler room, and to WWTP	0.44	NCB	2011	Post
BEJ-D-E02	WWTP equipment	0.84	NCB	2013	Post
BEJ-D-E03	Power supply, laboratory, and mechanical repair equipment, vehicles, and boiler of WWTP	0.38	NCB	2015	Post
<b>Solid Waste</b>					
<b>Goods</b>					
BEJ-S-E01	Special environmental sanitation equipment and vehicles	0.95	NCB	2015	Post
BEJ-S-E02	General environmental sanitation equipment and vehicles	0.78	NCB	2013	Post
BEJ-S-E03	1. Solid waste collection facilities	0.55	NCB	2015	Post

	<b>General Description</b>	<b>Contract Value (\$ million)</b>	<b>Procurement Method</b>	<b>Expected Date of Advertisement</b>	<b>ADB Review</b>
	(garbage collection stations, trash cans, and garbage trucks) 2. Equipment for landfill and management area				
<b>Road</b>					
<b>Goods</b>					
BEJ-T-E01	Road lighting equipment	0.62	NCB	2014	Post
BEJ-T-E02	Traffic safety facilities and equipment	0.36	NCB	2014	Post
BEJ-T-E03	General road maintenance plant and equipment	0.65	NCB	2012	Post
BEJ-T-E04	Special road maintenance plant and equipment	0.86	NCB	2011	Prior (advance contracting)
<b>Fuhai County</b>					
<b>Wastewater</b>					
<b>Goods</b>					
FH-D-E01	PLC control automation system, laboratory equipment, power supply equipment for wastewater works	0.17	NCB	2015	Post
FH-D-E02	Excavator, pipeline dredging vehicle, one sewage suction truck, van, cleaning and transport vehicles, and domestic water tanker for wastewater works	0.23	NCB	2015	Post
FH-D-E03	Concrete wastewater pipeline materials	0.85	NCB	2015	Post
<b>Solid Waste</b>					
<b>Goods</b>					
FH-S-E01	Environmental sanitation equipment and vehicles	0.58	NCB	2011	Post (advance contracting)
<b>Road</b>					
<b>Goods</b>					
FH-T-E01	General road maintenance plant and equipment	0.99	NCB	2014	Post
FH-T-E02	Special road maintenance plant and equipment	0.74	NCB	2015	Post
<b>Heating Works</b>					
FH-H-C01	Laying of heating pipelines	0.69	NCB	2011	Post (advance contracting)
<b>Goods</b>					
FH-H-E02	Materials and equipment for heating supply works Stage 2	0.91	NCB	2015	Post
<b>Habahe County</b>					
<b>Road</b>					
<b>Goods</b>					
HBH-T-E01	Road lighting equipment and traffic safety facilities and equipment	0.95	NCB	2014	Post
HBH-T-E02	Road maintenance equipment	0.71	NCB	2014	Post
<b>Water Supply and Wastewater</b>					
<b>Goods</b>					

	<b>General Description</b>	<b>Contract Value (\$ million)</b>	<b>Procurement Method</b>	<b>Expected Date of Advertisement</b>	<b>ADB Review</b>
HBH-W&D-E01	Water supply pipeline materials; wastewater pipeline materials	0.76	NCB	2011	Post (advance contracting)
HBH-W&D-E02	Water supply mechanical equipment (pipe network leakage detector and water quality testing equipment); equipment supply and installation for WWTP	0.62	NCB	2013	Post
<b>Solid Waste</b>					
<b>Goods</b>					
HBH-S-E01	Environmental sanitation equipment, including solid waste collection and transfer system equipment, landfill and management area equipment	0.48	NCB	2014	Post
<b>Heating Works</b>					
HBH-H-C01	Central heating works including heating pipe network and heat exchange station	0.61	NCB	2013	Post
<b>Goods</b>					
HBH-H-E01	Materials and equipment for central heating including heating pipe network materials and heat exchange station equipment	0.98	NCB	2013	Post
<b>White Birch Forest</b>					
HBH-B-E01	Equipment for White Birch Forest infrastructure works including water supply pipeline materials, WTP equipment and installation, wastewater pipeline materials, and WWTP equipment and installation	0.58	NCB	2014	Post
<b>Jimunai County</b>					
<b>Road</b>					
<b>Goods</b>					
JMN-T-E01	Road lighting equipment	0.82	NCB	2014	Post
JMN-T-E02	Traffic safety facilities and equipment	0.52	NCB	2014	Post
JMN-T-E03	Road maintenance equipment	0.90	NCB	2013	Post
<b>Wastewater</b>					
<b>Goods</b>					
JMN-D-E01	Wastewater pipeline materials	0.55	NCB	2013	Post
JMN-D-E02	WWTP equipment and installation	0.77	NCB	2014	Post
<b>Solid Waste</b>					
<b>Goods</b>					
JMN-S-E01	Environmental sanitation equipment, including solid waste collection and transfer system equipment, landfill and management area equipment, and associated equipment outside the landfill	0.84	NCB	2011	Post (advance contracting)
<b>Heating Goods</b>					
JMN-H-E01	Heating pipeline materials	0.65	NCB	2013	Post

	<b>General Description</b>	<b>Contract Value (\$ million)</b>	<b>Procurement Method</b>	<b>Expected Date of Advertisement</b>	<b>ADB Review</b>
JMN-H-E02	Boiler equipment for central heating works	0.96	NCB	2014	Post
JMN-H-E03	Equipment for ancillary works for central heating and heat exchange station equipment	0.46	NCB	2013	Post
<b>Qinghe County</b>					
<b>Water Supply and Wastewater</b>					
<b>Goods</b>					
QH-W&D-E01	Water supply pipeline materials; wastewater pipeline materials	0.74	NCB	2013	Post
<b>Water Supply</b>					
<b>Goods</b>					
QH-W-E01	WTP equipment including process equipment and equipment for main structures	0.65	NCB	2014	Post
QH-W-E02	Plant, instrumentation and electricity transformation and distribution equipment for WTP	0.58	NCB	2014	Post
<b>Wastewater</b>					
<b>Goods</b>					
QH-D-E01	WWTP equipment	0.71	NCB	2014	Post
<b>Solid Waste</b>					
<b>Goods</b>					
QH-S-E01	Environmental sanitation equipment, including solid waste collection and transfer system equipment, landfill and management area equipment, and associated equipment outside the landfill	0.71	NCB	2015	Post
<b>Heating</b>					
<b>Goods</b>					
QH-H-E01	Heating pipeline materials	0.35	NCB	2013	Post
QH-H-E03	Equipment for ancillary works for central heating and heat exchange station equipment	0.36	NCB	2015	Post
<b>Takeshiken Land Port of Qinghe County</b>					
<b>Road</b>					
<b>Goods</b>					
QH.T-T-E01	Road equipment including road lighting and traffic facilities and equipment, road maintenance equipment and environmental sanitation equipment	0.93	NCB	2013	Post
<b>Water Supply and Wastewater</b>					
<b>Goods</b>					
QH.T-W&D-E01	Water supply pipeline materials; wastewater pipeline materials	0.59	NCB	2013	Post
<b>Water Supply</b>					
<b>Goods</b>					
QH.T-W-E01	Water supply equipment including WTP equipment, water intake equipment and patrol vehicles	0.64	NCB	2014	Post
<b>Wastewater</b>					
<b>Works</b>					
QH.T-D-C01	Wastewater works including	0.9	NCB	2013	Post

	General Description	Contract Value (\$ million)	Procurement Method	Expected Date of Advertisement	ADB Review
	wastewater pipe network, and WWTP works				
<b>Goods</b>					
QH.T-D-E01	WWTP equipment	0.68	NCB	2014	Post

Note: First column is reference number: BEJ = Buerjin County, FH = Fuhai County, HBH = Habahe County, JMN = Jimunai County, QH = Qinghe County, QH.T = Takeshiken Land Port of Qinghe County, T = traffic road, W = water supply, D = wastewater, S = solid waste/sanitation.

WTP = water treatment plant, WWTP = wastewater treatment plant.

#### 4. Goods, Works, and Consulting Services Contracts Estimated to Cost Less than \$100,000

17. The following table groups smaller-value goods, works and consulting services contracts for which procurement activities are expected to commence within the next 18 months.

##### Goods and Works Contracts Estimated to Cost Less than \$100,000

General Description		Contract Value (\$ million)	Procurement Method	Expected Date of Advertisement	ADB Review
Fuhai County Road Goods					
FH-T-E03	Road maintenance instrumentation	0.01	Shopping	August 2011	Post

##### Indicative List of Packages Required Under the Project

18. The following table provides an indicative list of all procurement (goods, works and consulting services) over the life of the project.

##### Indicative List of Packages Required Under the Project (\$ million)

General Description	Estimated Number of Contracts	Procurement Method	Domestic Preference Applicable	Comments
	1	Shopping	n.a	
Goods	47	NCB	n.a	
	4	ICB	Yes	
Works	28	Shopping		
		NCB	n.a	
Consulting Services	1	QCBS		Includes consulting services, training, study tours, and project implementation equipment

ICB = international competitive bidding, ICS = international consultant selection, NCB = national competitive bidding, QCBS = quality- and cost-base selection, S = shopping.

#### 5. National Competitive Bidding for PRC

19. 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 are 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 thirty (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 a prequalification process precedes the bidding.
- (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.
- (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/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) Re-bidding shall not be allowed solely because the number of bids is less than three (3).

#### **D. Consultant's Terms of Reference (Draft)**

20. **Introduction.** Altay project management office (APMO) will be responsible for engaging consultants to assist in project implementation and management as well as provision of training to Altay and county PMOs, IAs, operation and maintenance (O&M), units and other agencies for

the Xinjiang Altay Urban Infrastructure and Environment Improvement Project. The consulting services will be provided in two parts:

- (i) **Advance Support.** Three months of domestic consulting support to assist APMO and local PMOs in (a) the initial setting up of project management systems, (b) design review and bidding document preparation, (c) advice on procurement procedures in accordance with the ADB's Procurement Guidelines, and (d) the implementation of resettlement plans and establishing internal resettlement monitoring procedures. This consultant will be engaged by ADB as individual ADB staff consultant.
- (ii) **Comprehensive Project Implementation Support and Capacity Building** involving international and domestic consulting inputs totaling 111 months (see paragraph 23 for details) to encompass the construction phase including advice, training, and support on (a) design review and support to local design institutes, (b) procurement; (c) construction management (progress tracking, potential contract variations, contract claims, resolving unforeseen technical issues, etc.); (d) establishing project accounting and financial reporting systems and ongoing support in financial reporting; (e) environmental monitoring and updating of EMPs; (f) resettlement plan implementation (including internal monitoring); and (g) implementation of the project performance management system and support in progress reporting to ADB.

21. The capacity building will also cover:

- (i) Strengthening of implementing agencies to be familiar with ADB's procurement and disbursement procedures.
- (ii) Strengthening of O&M agencies to give assurance on project sustainability including advice and training on (a) measures to improve access to services through a review of procedures and financing of new connections (water, wastewater, and district heating) and of tariff structures and other support to the financially disadvantaged; (b) creating financial sustainability by financial management strengthening, with particular emphasis on budgeting, cost control and financial planning, conducting periodic reviews of tariff and cost recovery levels, and developing strategies for transitional subsidies leading to achieving full cost recovery; (c) creating institutional sustainability through advice on organizational development (increasing management and financial autonomy of O&M entities, improving corporate governance, etc.); strengthening of business planning systems; and enhancing customer service and customer communications by both local governments and O&M entities; and (d) creating operational sustainability by strengthening of capacity in water treatment plant and wastewater treatment plant (WWTP) operations (including monitoring and control systems), wastewater source control (including permitting systems), landfill operations, preparation of operational procedures (to meet ISO 9000 requirements), and establishment of planned preventative maintenance plans.
- (iii) Creating "value added" from the project by working with local agencies to (a) encourage behavior change in looking after the local environment; (b) support the development of small businesses to maximize the leverage of economic stimulus created by the project; (c) enhance community health awareness (including HIV/AIDS and STD); (d) enhance gender awareness; (e) develop an energy efficiency program for district heating; (f) identify and implement 3R

- (reduce, reuse, and recycling of waste) initiatives; and (g) improve traffic management and road safety
- (iv) Planning, organization, and implementation of a comprehensive training program including (a) domestic study tours to view best Chinese practice in the different sectors of the project; (b) seminars and workshops in Xinjiang on all areas of capacity building; (c) on the job training (such as on the O&M of new project facilities); and (d) extended training or work placements within the PRC (e.g., at technical training schools in larger cities, or work placements at operational WWTP or sanitary landfills).

22. APG will recruit the Consultants in accordance with ADB's Guidelines on the Use of Consultants (2010, as amended from time to time).

23. **Consulting Inputs and Costs.** Summary of consultancy and associated costs are set out below, with further details in the annex. Consultant inputs (months) are summarized below.

### 1. Overall Summary

Item Description	Unit	Number	Unit Cost	Estimate	Notes Reference
International consulting fees and per diem	Month	11	21,000	231,000	
International travel	Trip	8	2,000	16,000	1
National consulting fees and per diem	Month	100	4,600	460,000	2, 3
National travel	Trip	60	1,000	60,000	
Office equipment for consultants				20,000	
Office support	Month	48		24,000	4,5
Surveys and consultations				20,000	
Publicity material				14,000	
Local travel				20,000	
Contingency				65,000	
<b>Subtotal for Consulting</b>				<b>930,000</b>	
Implementing agency equipment				170,000	6
Training				400,000	7
<b>Subtotal</b>				<b>570,000</b>	
<b>Overall Total</b>				<b>1,500,000</b>	

### 2. Analysis of Consulting Inputs

Expertise	International		National		Notes
	Months	Trips	Months	Trips	
<b>Implementation, and Operation and Maintenance</b>					
<b>Capacity Building</b>					
Team leader/Deputy	8	5	28	11	8
Procurement	0	0	4	3	
Financial	0	0	5	5	
Institutional strengthening and training and capacity building	0	0	5	5	
Environmental	0	0	5	5	
Resettlement	0	0	5	5	
Project performance management system and Social (gender, ethnic minority)	3	3	12	5	9
Traffic management/Road safety	0	0	3	2	

<b>Expertise</b>	<b>International</b>		<b>National</b>		<b>Notes</b>
Water Supply Operations	0	0	4	2	
Wastewater Operations	0	0	6	3	
Solid Waste Management	0	0	6	3	
District Heating	0	0	4	2	
<b>Subtotal</b>	<b>11</b>	<b>8</b>	<b>87</b>	<b>51</b>	
<b>Social and Public Awareness</b>					
Environmental	0	0	3	2	
Gender	0	0	3	2	
Health	0	0	3	2	
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>7</b>	
<b>Economic Development</b>					
Small Business Advisor	0	0	4	2	10
<b>Overall Total</b>	<b>11</b>	<b>8</b>	<b>100</b>	<b>60</b>	

Notes:

1. This estimate assumes some travel will be from within the People's Republic of China, (PRC) as it is likely the team leader (TL) would be PRC-based.
2. In practice the rates of national experts will vary quite significantly depending on their discipline and seniority, \$4,600 per month including per diem is considered a reasonable assumption for the average rate.
3. Advance support will need one national consultant as ADB staff consultant. Three months of total input time are assumed. The main expertise should be in project management and procurement.
4. The main parts of the consulting services are assumed to be provided over a 4-year period. There may be a need for TL/deputy team leader (DTL) and project performance management system (PPMS) inputs at the end of year 5 to help with project completion reporting, but no need to maintain a full time office in year 5.
5. Employment of an office secretary with English language skills.
6. Estimates provided by individual counties as contained in Annex 7 of Supplementary Document 19: Institutional Analysis and Capacity Building Assessment, and with costs as summarized in the table above.
7. This is a lump sum provision based on the overall budget breakdown agreed with Xinjiang project management office and Altay project management office for equipment and training to be financed under the loan.
8. The TL would be expected to spend approximately 4 months in the field in year 1 and then 1 month in each of years 2, 3, 4, and 5. The DTL would be 10 months for the first year and then part time thereafter.
9. It is assumed the international consultant would need to make three inputs, one at the project inception to establish the PPMS, a second (short) input at project midterm, and a third input to undertake the social assessment needed for project completion reporting.
10. It is assumed that half-yearly visits (2 months duration) be made over a 2-year period.
11. An exchange rate of \$1 = CNY6.6 is assumed.

24. **Implementation.** The overall consultancy will be provided over a 5-year implementation period. Reports are to be submitted are as follows:

- (i) an inception report (within 1 month of commencement),
- (ii) a detailed training plan within 3 months of commencement,
- (iii) half-yearly progress reports compatible with APMO's reporting obligations to ADB,
- (iv) safeguards monitoring reports compatible with APMO's reporting obligations to ADB, and
- (v) a completion report that is compatible with APMO's reporting obligations to ADB at the conclusion of project implementation (assuming physical works are completed within 4 years as currently envisaged).

25. All reports are to be submitted to APMO in both Chinese and English (for onward transmission to ADB as may be required).

**Capacity Building and Project Management Institutional Strengthening through QCBS**

**Summary of Consulting Services**

1. The capacity building consultant will work primarily with Altay project management office (APMO) and the project implementing units but also with other agencies as required, and especially the designated O&M units, providing advice, assistance, and where necessary training on the following:

**A. Project Management and Implementation Support**

- (i) The development of comprehensive project implementation plans and procedures for monitoring and control.
- (ii) The introduction of document control, design supervision, and contract management systems for the project. This should utilize and adapt as necessary the arrangements set up for the earlier ADB urban environmental funded projects in Xinjiang.
- (iii) The review of designs, drawings and the bidding documents, including the identification of potential technical problems and suggesting means of resolving these, including the incorporation of environmental mitigation measures where appropriate.
- (iv) Ensure that bidding documents include for contractors to provide equipment operating and maintenance manuals in Chinese and that training in equipment and maintenance is adequately provided for.
- (v) International competitive bidding, local competitive bidding, and international shopping contract procedures in accordance with the ADB's Procurement Guidelines (2010, as amended from time to time).
- (vi) The development of reporting procedures to the ADB, including those covering construction progress, withdrawal and payment.
- (vii) Exercising construction supervision and management including:
  - (a) approval of construction methods;
  - (b) ensuring work is undertaken according to the intent of contract specifications;
  - (c) control over construction quality;
  - (d) adherence to contract work programs and recovery of slippage;
  - (e) site health and safety procedures;
  - (f) record keeping systems to protect client interests in event of claims, etc.; and
  - (g) claims assessment and determination.
- (viii) Provide advice and support on asset commissioning and handover, including a review of documentation provided by the contractors and that they have fully discharged their training obligations.
- (ix) Provide advice and training on the establishment and operation of project accounting and disbursement procedures.
- (x) Provide advice and training on project financial controls, reporting, and audit.
- (xi) Establish a project performance management system (PPMS) including its detailed design, data collection, and analysis procedures, and the provision of training in its use. In order to avoid duplication of resources the outcome of this

work should as far as possible be compatible with the PRC Ministry of Finance project reporting system.

- (xii) Undertake a review of the independent resettlement monitoring and reporting arrangements and the reports so produced. Recommend actions necessary to ensure compliance with approved resettlement plans.
- (xiii) Develop and advise on the implementation of an environmental monitoring program and reporting procedures to ensure appropriate mitigation measures are undertaken during the project construction and operational phases of the project facilities.
- (xiv) Ensuring that requirements of the agreed social development action plan for the project, including the project impact on minorities are fully integrated into project monitoring systems. Provide advice on the implementation of the social development action plan as required.
- (xv) Assisting in periodic reviews of service cost recovery and monitoring progress made towards the strategic objective of full cost recovery in respect of the water supply, wastewater, and district heating and municipal solid waste services.
- (xvi) Identifying potential opportunities for private sector involvement in the project operations and maintenance phase and, where necessary, advising the relevant project owners on how these could be implemented in practice.

## **B. Operational Improvements**

### **2. Specific tasks will include:**

- (i) Generic needs (potentially relevant to all components)
  - (a) Review asset recording systems and provide advice on how these can be improved and integrated, including the application of geographic information system.
  - (b) Review levels of service targets and systems for monitoring service performance and recommend changes/improvements.
  - (c) Provide advice and support on the preparation of operational procedures
  - (d) Review maintenance arrangements, plans and procedure. Assess the adequacy of these and recommend improvements.
  - (e) Undertake energy audits at each operational facility and recommend cost effective measures to reduce energy consumption where these are available.
  - (f) Identify and make recommendations on any operational cost saving measures that present themselves.
- (ii) Water Supply
  - (a) Provide advice on staffing required for the new/upgraded water treatment plant and assist in the process of writing job descriptions and recruitment.
  - (b) Advise on water quality control procedures, sampling and analysis.
  - (c) Review arrangements the operation and maintenance of the water distribution network and for measuring levels of non-revenue water. Develop action plans to deal with non-revenue water wherever this exceeds target levels and assist in their implementation.
  - (d) Provide input to the Altay water/wastewater operations technical support group to be formed under the project (a forum of operational representatives to discuss common problems, issues, and mutual support and cooperation under Xinjiang Urban Water Association).

- (iii) Wastewater Management
  - (a) Provide advice on wastewater treatment plant process controls and monitoring requirements to allow consistent compliance with relevant effluent targets.
  - (b) Review sludge disposal practices and provide advice if more cost effective and climate friendly approaches are feasible, taking account of sludge composition.
  - (c) Review rates of effluent discharge for irrigation to avoid overspill to local watercourses and recommend suitable control procedures.
  - (d) Investigate levels of surface water infiltration into sewers and assess the impact such infiltration is having on operational costs. Recommend remedial measures accordingly.
  - (e) Review equipment and methods adopted for inspection and maintenance of the sewer network and recommend improvements as appropriate.
  - (f) Review arrangements for wastewater source management, including permitting of discharges and record keeping. Consider and recommend appropriate improvements including improved inter-agency data-sharing and cooperation.
  - (g) Provide input to the Altay water/wastewater operations technical support/cooperation group to be formed under the project.
- (iv) Roads
  - (a) Review existing arrangements for the maintenance of roads and related infrastructure and assess the changes needed to maximize the life of both existing and newly constructed roads.
  - (b) Review existing road safety and accident prevention programs and recording systems of road accidents. Assess the effectiveness of existing arrangements and recommend appropriate improvements.
- (v) Municipal Solid Waste
  - (a) Review arrangements for waste separation at source, at transfer stations and at the new landfills with a view to optimizing resource recovery and recycling and reducing the net volume deposited in the landfills (the 3R approach).
  - (b) Review the effectiveness of arrangements for the collection and disposal of hazardous household waste (e.g., batteries).
  - (c) Advise the local government departments on implementing and policing the compliance with state regulations concerning the collection and safe disposal of itemized materials.
  - (d) Based on the above reviews, recommend improvements in the waste collection, sorting and treatment/disposal process including new local regulations, improvements in public awareness, and possible incentive programs.
  - (e) Provide input to the Altay municipal solid waste management technical support group for the exchange of views on local municipal solid waste issues and practice (a forum of operational representatives to discuss common problems, issues and mutual support and cooperation under Xinjiang Municipal Engineering Association).
- (vi) Central (District) Heating services
  - (a) Review existing operational practices and recommend relevant improvements including those in respect of:

1. encouraging energy demand management by users, and
2. energy efficiency of the centralized heating infrastructure.

**C. Improved Public Utility Management**

- (i) Review management procedures and provide advice and support in the areas of
  - (a) financial management, including budgetary control,
  - (b) business planning and performance management, and
  - (c) quality management systems.

**D. Enhancing Public Awareness and Promoting Environmentally Friendly Behavior**

- (i) Review the results of the socioeconomic survey undertaken during the project preparatory technical assistance and the records of other stakeholder consultations.
- (ii) Hold selective supplementary stakeholder discussions and other public participation events to gain a more in depth understanding of stakeholder views on urban environmental issues and desirable behavior changes that should be promoted.
- (iii) Use the results of the survey and consultations to design a detailed public education program to improve awareness in environmentally friendly and energy efficient living.
- (iv) Assist in the implementation of the program, including the preparation of relevant public education material.
- (v) Suggest a mechanism for monitoring the effectiveness of the program.

**E. Enhancing Gender Awareness**

- (i) Hold consultations with local women's groups and review existing material/survey results to identify gender awareness issues.
- (ii) Design and prepare a gender awareness program that incorporates the gender action plan developed and agreed during project preparations to respond to the identified issues.
- (iii) Assist in the implementation of the program.

**F. Development of Community Health Program**

- (i) Hold discussions with local health officials to understand specific local health issues resulting from poor urban environmental conditions, and as a consequence of the project implementation (such as increased risk in HIV transmission).
- (ii) Identify the social groups most at risk from these health concerns.
- (iii) Design a targeted community health awareness program based on these investigations.
- (iv) Assist in the implementation of the program, including the preparation of relevant materials for promoting awareness.
- (v) Suggest a mechanism for monitoring the effectiveness of the program.



## **G. Economic Development**

- (i) Undertake a brief desk study of socioeconomic conditions in the project area and make a site visit to the area to view local conditions.
- (ii) Customize and deliver a series of workshops on the establishment and development of small business ventures, focusing especially on key success factors and the common reasons for small business failure.
- (iii) Hold a series of one to one consultations with small business owners and those considering a business start-up offering appropriate advice and suggestions.
- (iv) Conduct follow up visits and individual consultations and conduct more detailed workshops on specific topics relevant to small business success (e.g., relevant laws and regulations, obtaining finance, marketing, business planning, cash flow management, etc.).

## **H. Training**

3. Training is a critical cross-cutting theme relevant to all aspects of the capacity building work and the appointed consulting company will be expected to ensure that appropriate training is provided in a timely manner so that consulting inputs have maximum effect. Thus consulting work plans and the training program must be fully coordinated. Specific tasks necessary to ensure training resources are effectively used include:

- (i) In consultation with APMO and the IAs, to review the training needs identified during the project preparatory technical assistance and identify any specific supplementary needs; based on this analysis prepare a detailed training plan and implementation program for APMO and ADB approval.
- (ii) Support APMO and the other relevant agencies in the implementation of the training program (once approved).
- (iii) At the mid term point of the project and in full consultation with the project stakeholders, undertake an interim review of training provided under the capacity building program and recommend adjustments to the training plan as necessary
- (iv) Use this review to also assess the effectiveness of capacity building measures generally and make recommendations accordingly to deal with these findings, together with any supplementary capacity building needs that might have been identified during the course of project implementation.
- (v) At the completion of the loan consulting undertake a further review of training provided, its effectiveness and lessons learned, the results of such review to be included in the final report of the loan consulting.

## VII. SAFEGUARDS

### A. Environment

1. **Domestic environmental impact assessments (EIAs) and consolidated project EIA.** The project is classified as environmental category A. EIAs were prepared for all subprojects and were reviewed and approved by the respective county environmental protection bureaus (EPB). The methods and standards applied in the preparation of EIAs for the project components are in accordance with the guidelines of the Ministry of Environmental Protection, and also meet national and Xinjiang Uygur Autonomous Region (XUAR) laws and regulations. A consolidated project EIA, including an environmental management plan (EMP), and environmental monitoring program, was prepared which complies with the Asian Development Bank's (ADB) policies and requirements including ADB's Safeguard Policy Statement (2009). The EIA was disclosed on ADB's website on 9 November 2010.
2. **Environmental Management Plan (EMP).** EMPs have been developed for all components. The EMPs and the consolidated project EMP define all potential impacts of the project components, mitigation measures to avoid or reduce these impacts to acceptable levels, and define the responsibilities, procedures, and budgets for implementation of the environmental management.
3. **EMP implementation responsibilities.** Institutional responsibilities in EMP implementation and supervision are defined in Table I.6 of the consolidated project EMP. As the executive agency, the Altay Prefecture Government (APG) will have the overall accountability for the overall project and its subprojects for ensuring compliance with the laws and regulations of People's Republic of China (PRC) as well as the provisions of ADB's Safeguard Policy Statement. Each county government will be accountable for ensuring the implementation of the environmental management plan and coordinating the environmental audit and monitoring of the subproject(s) in the respective county. The county construction bureaus as the implementing agencies (IAs) on behalf of the county governments will be responsible for ensuring the implementation of the specific mitigation measures in cooperation with contractors as contained in the EMP.
4. The Altay project management office (APMO) will be responsible for setting up the environmental management system, consisting of inspection, monitoring, reporting, and initiating corrective actions or measures. In the engineering design stage, APG and IAs will pass the EMP to the design institutes for incorporating mitigation measures into the detailed designs. The EMP will be updated at the end of the detail design, submitted to APMO and ADB for review, and finally be passed to the construction contractors. To ensure that contractors will comply with the EMP's provisions, APMO, county PMOs, and IAs will prepare and provide the following specification clauses for incorporation into the bidding procedures: (i) a list of environmental management requirements to be budgeted by the bidders in their proposals; (ii) environmental clauses for contractual terms and conditions; and (iii) full EIAs and consolidated project EIA for compliance.
5. The APMO will recruit a project management consulting service including a national environment specialist through international competitive bidding. The consultant will assist the APMO and the county PMOs to supervise the compliance with ADB safeguard policies and PRC environmental protection laws and regulations, and ensure that the environmental reporting requirements are met. Monitoring responsibilities and procedures are further discussed in Section B of Chapter IX.

6. Each IA will nominate dedicated, trained, and qualified environment specialists which will be responsible for (i) implementing the EMPs and developing further implementation details; (ii) supervising contractors' implementation of mitigation measures during construction; (iii) implementing training programs for contractors; (iv) incorporating environmental management, monitoring, and mitigation measures into construction and operation management plans; (v) developing and implementing internal regular environmental monitoring; and (vi) reporting performance of the EMP to APMO, county PMO, and responsible agencies. National consultants will assist the IAs in preparing the required EMP progress reports and carrying out training programs.

7. The EPB at the county level will ensure the compliance with the PRC and local environmental regulations through regular and random environmental compliance monitoring and inspection during construction and operation. The licensed environmental monitoring centers will conduct the actual environmental compliance monitoring and inspection. Appropriate penalties may be levied against the implementing units, operators, and contractors for noncompliance.

8. Construction contractors will be responsible for implementing mitigation measures during construction, while the county PMOs, and IAs will be responsible for supervising the implementation of such measures during the construction.

9. **Training.** To ensure effective implementation of the EMP, the capacity of the IAs, contractors, and supervision companies must be confirmed, and all parties involved in mitigation measures and monitoring of environmental performance must have a common understanding of the goals, methods, and practices of environmental management. The APMO, county PMOs, IAs, and county EPBs will be offered EMP training that is specific to their roles for the project. Training will focus on environmental management, environmental monitoring and supervision, mitigation planning, emergency response, environmental policymaking, and other environmental management techniques. However, the main training emphasis (>50% of training budget) will be to ensure that contractors are well versed in environmentally sound practices and are able to undertake all construction with the appropriate environmental safeguards (Table I.7 of the EMP). Funding of this training will be included in the proper budget and in the operation and maintenance budgets during the operation phase. Training will be facilitated by the project management consultants.

10. **EMP costs.** Cost estimates for mitigation measures, environmental monitoring, public consultations, and capacity building were estimated in the EMP. Internal monitoring costs will be borne by the IAs and contractors during construction and by the IAs during operation. External monitoring costs will be from the loan implementation consultancy budget. Before implementing a monitoring plan, responsible agencies will present a more detailed breakdown of the estimated budget. During project implementation, the budgets will be adjusted based on actual requirements. Contractors will bear the costs for all mitigation measures during construction, which will be included in the tender and contract documents. The IAs will bear the costs related to mitigation measures during operation and the costs related to environmental supervision during construction and operation. The project as a whole will bear costs for training. A budget for training programs will be included in the construction and operation contracts. During the operation phase, the training budget will be included in the operation and maintenance budget.

11. **Public consultation.** Past and future public consultation, including a project level grievance redress mechanism, is discussed in section E of this project administration manual.

## B. Involuntary Resettlement

12. The project will have significant land acquisition and resettlement impacts (i.e., Category A). The IAs with the support of a local institute prepared five full resettlement plans (RPs) for the 26 components in the five project counties. The resettlement planning and implementation is designed to ensure that the affected persons (APs)<sup>28</sup> will be better off or at least not worse off as a result of the project.

13. In total, the permanent land acquisition and house demolition required by the project will affect a total of 205 households and 657 persons. Among these, 353 ethnic minority people will be affected, accounting for 54%. The project will affect 7 townships, 7 communities, 8 administrative villages, and 1 state-owned farm. In total, the project will acquire about 51.47 hectares (ha) of collective land, of which 40.77 ha (79%) is classified as grassland, and 68.70 ha of state-owned land will be acquired. A total of 16,143.76 square meters (m<sup>2</sup>) of residential houses and 2,772.89 m<sup>2</sup> shops and enterprises will be demolished. The impacts of the project are summarized in Table 1.

**Table 1: Summary of Land Acquisition and Resettlement Impacts**

County	Permanent Land Acquisition (ha)				House demolition (m <sup>2</sup> )		Affected Households	Affected Persons	Ethnic Minorities
	Collective	Of which			Residential	Shops and enterprises			
		Grassland	Cultivated land	State-owned					
Buerjin	19.15	19.15		0.89	3,608.07	1,630.00	59	204	151
Fuhai	8.62	0.00	8.62	25.47	6,380.22	398.90	40	159	37
Habahe	0.00	0.00		31.01	1,741.81	0.00	55	79	7
Jimunai	13.06	10.98		5.97	3,611.66	743.99	35	122	78
Qinghe	10.63	10.63		5.36	802		16	93	80
Total	51.47	40.77	8.62	68.70	16,143.76	2,772.89	205	657	353

14. The land acquisition and resettlement compensation standards will follow Document [XJJF (1999) Number 3] and Document [XFGJF (2005) Number 1138] of the XUAR Development Planning Commission, Department of Finance and Measures of XUAR for the Implementation of the Land Administration Law of the PRC (XUAR PC [1999] Number 9-13, effective from 1 October 1999), Document DOF [XJJF (2001) Number 500] of XUAR Development Planning Commission and ADB's Safeguard Policy Statement. The respective county PMOs, PIUs, and local town and township governments will provide necessary assistance for house construction and relocation during resettlement implementation.

15. **Institutional arrangements:** The respective component implementing units will establish project resettlement units for supervision of implementation, continued public consultation, monitoring of progress, and response to grievances. The grievance address procedures will be established and explanations will be included in the resettlement information booklets. Each county PMO and implementing unit will have at least two full-time staff responsible for land acquisition and resettlement, respectively. The staff from each component

<sup>28</sup> ADB's Safeguard Policy Statement (2009) trigger for involuntary resettlement changed the terminology of "affected persons" to "displaced persons" which are defined as persons who are physically and/or economically displaced as a result of involuntary acquisition of land or involuntary restrictions on land use or on access to legally designated parks and protected areas. In the PRC, although the resettlement plans maintain the original terminology of "affected persons", the definition is equivalent to ADB's definition of "displaced persons".

resettlement unit will take the lead responsibility for coordinating the planning, implementation, financing, and monitoring of land acquisition and resettlement. They will work closely with relevant village officials, land administration bureaus, house demolition offices and grassland monitoring and supervision station, and will be responsible for supervision and monitoring of resettlement (e.g., delivery of entitlements, selection of new housing sites, restoration of incomes, provision of replacement land, and other economic measures). The resettlement supervision milestones are in Annex 1. A training program will be organized for the resettlement officers.

16. RPs will be updated/finalized based on final design and census of APs/detailed measurement survey and sent to ADB for review and approval prior to commencement of land acquisition and house demolition and award of civil works contracts. All compensation and resettlement assistances will be paid to affected households prior to commencement of construction activities. The cost estimate for land acquisition and resettlement for the five components is equivalent to CNY56.91 million or \$8.37 million in 2010 prices. Resettlement implementation will be scheduled to precede the component construction schedules. Resettlement implementation will be completed prior to component construction. The implementing units and the county governments will ensure that such funds are made available on a timely manner.

17. **Grievance Redress Mechanism.** The project IAs will establish the four stages of grievance mechanism at the village-level, township government, county land acquisition office, and People's court as elaborated below:

- (i) Stage 1: If any displaced person is dissatisfied with the RP, he/she can report this to village/community committee orally or in writing. In case of an oral appeal, the village/community committee shall make a disposition and keep written records. Such appeal should be solved within 2 weeks;
- (ii) Stage 2: If the displaced person is dissatisfied with the disposition of Stage 1, he/she may file an appeal to the township government/urban district office after receiving such disposition, which shall make a disposition within 2 weeks;
- (iii) Stage 3: If the displaced person is dissatisfied with the disposition of Stage 2, he/she may file an appeal to the County Land and Resources Bureau / House Demolition Management Office after receiving such disposition, which shall make a disposition within 30 days; and
- (iv) Stage 4: If the displaced person is still dissatisfied with the disposition of Stage 3, he/she may apply for administrative reconsideration with the County PMO or file an administrative action in the county people's court in accordance with the Civil Procedure Law of the PRC after receiving such disposition.

18. Displaced persons may file an appeal on any aspect of resettlement, including compensation rates, etc. The above means of appeal, and the names, locations, persons responsible and telephone numbers of the appeal accepting agencies will be communicated to the displaced persons at a meeting, through an announcement or the resettlement information booklet, so that the displaced persons know their right of appeal. Mass media will be used to strengthen publicity and reportage, and comments and suggestions on resettlement from all parties concerned will be compiled into messages for disposition by the resettlement organization at all levels. All agencies will accept grievances and appeals from the affected people for free, and costs so reasonably incurred will be disbursed from the contingency costs. During the whole construction period of the project, these appeal procedures will remain effective to ensure that the affected people can use them to address relevant issues.

19. **Monitoring.** See Section IX D.

### **C. Indigenous Peoples**

20. The project is classified as Indigenous Peoples category B. In the county seats, over a third of the beneficiaries, in total, will be people from ethnic minority groups—predominantly Kazakh. In the county seats, there was no marked difference in income levels among the different ethnic groups. While religious beliefs and some traditional customs have been retained, ethnic minority households are physically and socially integrated with the rest of the population. However, not all ethnic minority people—especially those middle-aged or older—speak Chinese. Moreover, traditionally, most of the local ethnic minority cultures discourage women from being outspoken in public. This aspect of traditional gender roles still affects the extent to which some ethnic minority women will actively participate in mixed public meetings, even when they are in attendance.

21. Accordingly, a number of measures have been developed in the project design to enable the effective involvement and participation of both ethnic minority men and women in planning and decision-making throughout the entire project cycle, especially with respect to those activities involving information dissemination, consultation, resettlement, prevention of communicable diseases, and benefits from temporary employment opportunities. Livelihood restoration measures for ethnic minority people affected by resettlement are also incorporated in the RP and project design.

22. An ethnic minority development plan (EMDP) has been prepared. Key issues addressed in the EMDP ensure (i) that affected ethnic minority people are effectively involved in planning, implementation, and monitoring of the project; (ii) that impacts and risks potentially affecting ethnic minority people are mitigated; and (iii) that ethnic minority people will benefit from such positive impacts as temporary job creation. Prior to the commencement of any component, the county PMO will ensure that briefings on ADB's policies with respect to ethnic minorities, and on the EMDP, are provided both for their own members, and for IAs. The Ethnic and Religious Affairs Bureaus (ERABs) will assist in these briefings. Contractors, their supervisors, and workers will also be required to undergo briefings on local ethnic minority customs and beliefs, and to ensure that no offence to ethnic minority beliefs or customs occurs during construction.

23. The EMDP includes measures to mitigate potential social risks and to enhancement project benefits, particularly for women and the poor. The project will support (i) the employment of local labor, in general, on construction sites; (ii) the targets set for the contractors with respect to the employment of poor, ethnic minorities, and women; (iii) processes intended to assist contractors achieve these targets; (iv) measures to facilitate the effective inclusion of ethnic minority men and women in project activities, by removing potential language and cultural barriers to such participation; and (v) measures to reduce the risk of unintentional offence being caused to ethnic minority communities during project implementation. The RPs provide for special training to assist ethnic minorities affected by land acquisition or resettlement. Implementation and monitoring of the EMDP is included in the loan assurances and design and monitoring framework.

24. The EMDP actions to be implemented under the EMDP are for the most part to be included as part of the project's administrative budget. Where local government agencies collaborate with actions in the EMDP, the local government administrative budgets will cover the costs of local government staffing and other related costs.

25. Each PMO will nominate at least one person to be responsible for overseeing the implementation of the EMDP, the social action plan, the gender action plan (GAP), and to coordinate the socioeconomic monitoring. The ERABs in each county will provide support as necessary, as will the community offices, the county centers for disease control (CDC) and the Labor management committees. An external monitoring agency to provide independent monitoring and evaluation of the project has been included in the overall project budget.

RESETTLEMENT SUPERVISION MILESTONES<sup>29</sup>

Table 1: Resettlement Supervision Milestones for Five Counties

Number	Resettlement Tasks	Target	Responsible Agency	Schedule	Notes
1	Submission of updated/revised RP (5 full RPs)	Based on final design / red line and DMS	Xinjiang PMO, Altay PMO, county PMOs, and IAs	June 2011	
2	RPs are based on detailed design		ADB	June 2011	
3	Disclosure of RPs	Disclosure of compensation rates, income restoration options, institutional and grievance mechanism, implementation schedule and monitoring and evaluation	County PMOs, IAs and local governments, Village collective	February 2011	Compensation rates have already been disclosed to APs during preparation of the RPs.
4	Payment of compensation	Completion of payments prior to commencement of construction	County PMOs, IAs and local governments, Village collective	Buerjin: June 2011 Fuhai: June 2011 Habahe: June 2011 Jimunai: June 2012 Qinghe: June 2012	Payments of compensation to APs should start after approval of the updated/revised RPs by ADB. The dates listed are for the first contracts in the component, and the dates of payment of compensation to APs for the subsequent contracts in the components will be at least 30 days before the date of contract award.
5	Award of Civil Works		County PMOs, IAs and local governments	Buerjin: April 2012 Fuhai: March 2013	The IAs agreed that contracts will be awarded after completion of

<sup>29</sup> These resettlement milestones are part of the resettlement plans approved by RSES and will be updated during project implementation.



Number	Resettlement Tasks	Target	Responsible Agency	Schedule	Notes
				Habahe: February 2012 Jimunai: November 2012 Qinghe: April 2013	payment of compensation to the APs.
6	Commencement of construction		County PMOs, IAs and local governments	Buerjin: May 2012 Fuhai: April 2013 Habahe: March 2012 Jimunai: December 2012 Qinghe: May 2012	Construction will commence immediately after contract awards. All compensation needs to be paid to APs prior to commencement of civil works construction.
7	Hiring IMA	An independent agency acceptable to ADB	County PMOs	By March 2011	
8	Baseline survey	20 % of APs	IMA	By June 2011	
9	Internal supervision and monitoring	RP implementation	IAs/county PMOs, Xinjiang PMO, Altay PMO	Semiannual reports	A consolidated report submitted to ADB through Xinjiang PMO semiannually
10	Resettlement completion report (internal)	RP implementation	IAs/IMA, Xinjiang PMO, Altay PMO, county PMOs	Dec 2014	1 combined report submitted to ADB through Xinjiang PMO
11	External monitoring reports	RP implementation	IMA, Xinjiang PMO, Altay PMO, county PMOs	Semiannual report during RP implementation; two annual reports after completion of land acquisition and resettlement activities	Semiannual monitoring during activities, followed by two annual evaluations
12	Documentation of Consultation		IAs	Ongoing	Provide to IMA
13	Documentation of Grievances		IAs	Ongoing	Provide to IMA

ADB = Asian Development Bank, AP = affected person, IA = implementing agency, IMA = independent monitoring agency, PMO = project management office, RP = resettlement plan.

**Table 2: Buerjin County – Resettlement Supervision Milestones**

Number	Resettlement Tasks	Target	Responsible Agency	Schedule	Status
<b>A.</b>	<b>Disclosure</b>				
1	Information booklet to APs	59 households	PMO	2010.10	Done
2	RP distribution	20 copies	County PMO	2010.11	Done

Number	Resettlement Tasks	Target	Responsible Agency	Schedule	Status
3	RP placed on ADB website			2010.11	Done
<b>B.</b>	<b>RP and Budget</b>				
1	Approval of feasibility study	All components	Xinjiang DRC	2010.12	Done
2	Approval of RP and budget	CNY12.29 million	County government	2010.10	Done
3	Approval of compensation rates		County government	2010.10	Done
<b>C.</b>	<b>Detailed Design and RP Updating</b>				
1	Establishment of cut-off date		County PMO	2010.10	Done
2	Detailed design for components		Design institutes	2011.2	Done
3	Pegging and DMS		County Land Resources Bureaus	2011.6	
4	Updated RP based on DMS		PMO, APG	2011.6	
5	Land use approval	19.15 hectares grassland	Land Resource Bureau and grass monitoring and supervision station	2011.5	Done
<b>D.</b>	<b>Compensation Agreements</b>				
1	Sign agreements	59 households	County Land Resource Bureau/house demolition office/county PMO	2011.6	
2	Payment of compensation	households		2011.6	
<b>E.</b>	<b>Detailed Rehabilitation Plans</b>				
1	Meeting on resettlement of RPs, rehabilitation plans		County PMO and villages, township RO	2011.3	Done
2	Technical training plans for APs	All APs	County PMO	2011–2013	
3	New houses construction			2011.12	
4	APs move to new houses	24 households	County PMO	2012.2	
<b>F.</b>	<b>Implementing Capacity</b>				
1	Resettlement staff	2 communities and 5 villages	County Land Resource Bureau/house demolition office/county PMO	2011.5	
2	Training of staff	All staff	County Land Resource Bureau/house demolition office/county PMO	2011.6	
3	Setting of grievance redress mechanism	2 staff	County PMO and Land Resources Bureau	2011.2	Done
<b>G.</b>	<b>Monitoring and Evaluation</b>				
1	Baseline survey	20% of the affected	External monitor	2011 .6	

Number	Resettlement Tasks	Target	Responsible Agency	Schedule	Status
		households			
2	Set-up of internal supervision		County PMO	2011.1	Done
3	Contract of external monitor		PMO	2011.5	Done
4	Internal monitoring reports	Quarterly	PMO	2011–2014	
5	External monitoring reports	Semiannual	External monitor	201–2014	
6	Post evaluation report	Once	External monitor	2014.12	
H.	<b>Documentation of Consultation</b>		PMO	2010–2014	

ADB = Asian Development Bank, AP = affected persons, APG = Altay Prefecture Government, DMS = detailed measurement survey, DRC = development and reform commission, PMO = project management office, RO = resettlement office, RP = resettlement plan.

**Table 3: Fuhai County – Resettlement Supervision Milestones**

Number	Resettlement Tasks	Target	Responsible Agency	Schedule	Status
<b>A.</b>	<b>Disclosure</b>				
1	Information booklet to APs	40 households	PMO	2010.10	Done
2	RP distribution	20 copies	County PMO	2010.11	Done
3	RP placed on ADB website			2010.11	Done
<b>B.</b>	<b>RP and Budget</b>				
1	Approval of feasibility study	All components	Xinjiang DRC	2010.12	Done
2	Approval of RP and budget	CNY20.31 million	County government	2010.10	Done
3	Approval of compensation rates		County government	2010.10	Done
<b>C.</b>	<b>Detailed Design and RP Updating</b>				
1	Establishment of cut-off date		County PMO	2010.10	Done
2	Detailed design for components		Design institutes	2011.2	Done
3	Pegging and DMS		County Land Resources Bureaus	2011.6	
4	Updated RP based on DMS		PMO, APG	2011.6	
5	Land use approval	8.61 hectares arable land	Land Resource Bureau	2011.5	Done
<b>D.</b>	<b>Compensation Agreements</b>				
1	Sign agreements	40 households	County Land Resource Bureau/house demolition office/county PMO	2011.6	
2	Payment of compensation	40 households		2011.6	
<b>E.</b>	<b>Detailed Rehabilitation Plans</b>				
1	Meeting on resettlement of RPs, rehabilitation plans		County PMO and villages, township RO	2011.3	Done
2	Technical training plans for APs	All APs	County PMO	2011–2013	

Number	Resettlement Tasks	Target	Responsible Agency	Schedule	Status
3	House plot arrange		County PMO	2011.6	
4	New houses construction		County PMO	2011.12	
5	APs move to new houses	29 households	County PMO	2012.2	
<b>F.</b>	<b>Implementing Capacity</b>				
1	Resettlement staff	1 villages	County Land Resource Bureau/house demolition office/county PMO	2011.5	
2	Training of staff	All staff	County Land Resource Bureau/house demolition office/county PMO	2011.6	
3	Setting of grievance redress mechanism	2 staff	County PMO and Land Resources Bureau	2011.2	Done
<b>G.</b>	<b>Monitoring and Evaluation</b>				
1	Baseline survey	20% of the affected households	External monitor	2011 .6	
2	Setup of internal supervision		County PMO	2011.1	Done
3	Contract of external monitor		PMO	2011.5	Done
4	Internal monitoring reports	Quarterly	PMO	2011–2014	
5	External monitoring reports	Semiannual	External monitor	2011–2014	
6	Post evaluation report	Once	External monitor	2014.12	
<b>H.</b>	<b>Documentation of Consultation</b>		PMO	2010–2014	

ADB = Asian Development Bank, AP = affected persons, APG = Altay Prefecture Government, DMs = detailed measurement survey, DRC = development and reform commission, PMO = project management office, RO = resettlement office, RP = resettlement plan.

**Table 4: Habahe County – Resettlement Supervision Milestones**

Number	Resettlement Tasks	Target	Responsible Agency	Schedule	Status
<b>A.</b>	<b>Disclosure</b>				
1	Information booklet to APs	55 households	PMO	2010.10	Done
2	RP distribution	20 copies	County PMO	2010.11	Done
3	RP placed on ADB website			2010.11	Done
<b>B.</b>	<b>RP and Budget</b>				
1	Approval of feasibility study	All components	Xinjiang DRC	2010.12	Done
2	Approval of RP and budget	CNY10.77 million	County government	2010.10	Done
3	Approval of compensation rates		County government	2010.10	Done
<b>C.</b>	<b>Detailed Design and RP Updating</b>				
1	Establishment of cut-off date		County PMO	2010.10	Done
2	Detailed design for components		Design institutes	2011.2	Done

Number	Resettlement Tasks	Target	Responsible Agency	Schedule	Status
3	Pegging and DMS		County Land Resources Bureaus	2011.6	
4	Updated RP based on DMS		PMO, APG	2011.6	
5	Land use approval	195.46 mu state-owned farmland	Land Resource Bureau	2011.5	Done
<b>D.</b>	<b>Compensation Agreements</b>				
1	Sign agreements	1 state-owned farm/55 households	County Land Resource Bureau/house demolition office/county PMO	2011.6	
2	Payment of compensation	households		2011.6	
<b>E.</b>	<b>Detailed Rehabilitation Plans</b>				
1	Meeting on resettlement of RPs, rehabilitation plans		County PMO and villages, township RO	2011.3	Done
2	Adjust farmland	29 workers on the farm	The state-owned farm	2011.6	
3	Technical training plans for APs	All APs	County PMO	2011–2013	
4	New houses construction			2011.12	
5	APs move to new houses	10 households	County PMO	2012.2	
<b>F.</b>	<b>Implementing Capacity</b>				
1	Resettlement staff	4 communities and 2 villages	County Land Resource Bureau/house demolition office/county PMO	2011.5	
2	Training of staff	All staff	County Land Resource Bureau/house demolition office/county PMO	2011.6	
3	Setting of grievance redress mechanism	2 staff	County PMO and Land Resources Bureau	2011.2	Done
<b>G.</b>	<b>Monitoring and Evaluation</b>				
1	Baseline survey	20% of the affected households	External monitor	2011.6	
2	Set-up of internal supervision		County PMO	2011.1	Done
3	Contract of external monitor		PMO	2011.5	Done
4	Internal monitoring reports	Quarterly	PMO	2011–2014	
5	External monitoring reports	Semiannual	External monitor	2011–2014	
6	Post evaluation report	Once	External monitor	2014.12	
<b>H.</b>	<b>Documentation of Consultation</b>		PMO	2010–2014	

ADB = Asian Development Bank, AP = affected persons, APG = Altay Prefecture Government, DMS = detailed

measurement survey, DRC = development and reform commission, PMO = project management office, RO = resettlement office, RP = resettlement plan.

**Table 5: Jimunai County – Resettlement Supervision Milestones**

Number	Resettlement Tasks	Target	Responsible Agency	Schedule	Status
<b>A.</b>	<b>Disclosure</b>				
1	Information booklet to APs	35 households	PMO	2010.10	Done
2	RP distribution	20 copies	County PMO	2010.11	Done
3	RP placed on ADB website			2010.11	Done
<b>B.</b>	<b>RP and Budget</b>				
1	Approval of feasibility study	All components	Xinjiang DRC	2010.12	Done
2	Approval of RP and budget	CNY 9.85 million	County government	2010.10	Done
3	Approval of compensation rates		County government	2010.10	Done
<b>C.</b>	<b>Detailed Design and RP Updating</b>				
1	Establishment of cut-off date		County PMO	2010.10	Done
2	Detailed design for components		Design institutes	2011.2	Done
3	Pegging and DMS		County Land Resources Bureaus	2011.6	
4	Updated RP based on DMS		PMO, APG	2011.6	
5	Land use approval	10.98 hectares grassland	Land Resource Bureau and grass monitoring and supervision station	2011.5	Done
<b>D.</b>	<b>Compensation Agreements</b>				
1	Sign agreements	30 households	County Land Resource Bureau/house demolition office/county PMO	2011.6	
		5 households affected by Bian'an Road and Guanghui Road		2012.5	
2	Payment of compensation	30 households	county PMO	2011.6	
		5 households affected by Bian'an Road and Guanghui Road		2012.6	
<b>E.</b>	<b>Detailed Rehabilitation Plans</b>				
1	Meeting on resettlement of RPs, rehabilitation plans		County PMO and villages, township RO	2011.3	Done
2	Technical training plans for APs	All APs	County PMO	2011–2013	
3	New houses construction	18 households	County PMO	2011.12	
		5 shops by Bian'an Road and Guanghui Road	County PMO	2012.12	

Number	Resettlement Tasks	Target	Responsible Agency	Schedule	Status
4	APs move to new houses	18 households	County PMO	2012.2	
		5 shops by Bian'an Road and Guanghui Road	County PMO	2012.12	
<b>F.</b>	<b>Implementing Capacity</b>				
1	Resettlement staff	1 community and 3 villages	County Land Resource Bureau/house demolition office/county PMO	2011.5	
2	Training of staff	All staff	County Land Resource Bureau/house demolition office/county PMO	2011.6	
3	Setting of grievance redress mechanism	2 staff	County PMO and Land Resources Bureau	2011.2	Done
<b>G.</b>	<b>Monitoring and Evaluation</b>				
1	Baseline survey	20% of the affected households	External monitor	2011 .6	
2	Set-up of internal supervision		County PMO	2011.1	Done
3	Contract of external monitor		PMO	2011.5	Done
4	Internal monitoring reports	Quarterly	PMO	2011–2014	
5	External monitoring reports	Semiannual	External monitor	2011–2014	
6	Post evaluation report	Once	External monitor	2014.12	
<b>H.</b>	<b>Documentation of Consultation</b>		PMO	2010–2014	

ADB = Asian Development Bank, AP = affected persons, APG = Altay Prefecture Government, DMs = detailed measurement survey, DRC = development and reform commission, PMO = project management office, RO = resettlement office, RP = resettlement plan.

**Table 6: Qinghe County – Resettlement Supervision Milestones**

Number	Resettlement Tasks	Target	Responsible Agency	Schedule	Status
<b>A.</b>	<b>Disclosure</b>				
1	Information booklet to APs	16 households	PMO	2010.10	Done
2	RP distribution	20 copies	County PMO	2010.11	Done
3	RP placed on ADB website			2010.11	Done
<b>B.</b>	<b>RP and Budget</b>				
1	Approval of feasibility study	All components	Xinjiang DRC	2010.12	
2	Approval of RP and budget	CNY 3.69 million	County government	2010.10	Done
3	Approval of compensation rates		County government	2010.10	Done
<b>C.</b>	<b>Detailed Design and RP Updating</b>				
1	Establishment of cut-off date		County PMO	2010.10	Done
2	Detailed design for components		Design institutes	2011.2	Done
3	Pegging and DMS		County Land Resource Bureaus	2011.6	
4	Updated RP based on DMS		PMO, APG	2011.6	
5	Land use approval	10.63 hectares grassland	Land Resource Bureau and grass monitoring and supervision station	2011.5	Done
<b>D.</b>	<b>Compensation Agreements</b>				
1	Sign agreements	12 households	County Land Resource Bureau/house demolition office/county PMO	2011.6	
		4 households affected by the heating component	house demolition office/county PMO	2012.5	
2	Payment of compensation	12 households	County Land Resource Bureau/house demolition office/county PMO	2011.6	
		4 households affected by the heating component	house demolition office/county PMO	2012.6	
<b>E.</b>	<b>Detailed Rehabilitation Plans</b>				
1	Meeting on resettlement of RPs, rehabilitation plans		County PMO and villages, township RO	2011.3	Done
2	Technical training plans for APs	All APs	County PMO	2011–2013	
3	New houses construction			2011.12	



Number	Resettlement Tasks	Target	Responsible Agency	Schedule	Status
4	APs move to new houses	1 household	County PMO/ Takeshiken township government	2012.2	
		4 households affected by the heating component	House demolition office/county PMO	2012.6	
<b>F.</b>	<b>Implementing Capacity</b>				
1	Resettlement staff	2 communities and 5 villages	County Land Resource Bureau/house demolition office/county PMO	2011.5	
2	Training of staff	All staff	County Land Resource Bureau/house demolition office/county PMO	2011.6	
3	Setting of grievance redress mechanism	2 staff	County PMO and Land Resources Bureau	2011.2	Done
<b>G.</b>	<b>Monitoring and Evaluation</b>				
1	Baseline survey	20% of the affected households	External monitor	2011 .6	
2	Set-up of internal supervision		County PMO	2011.1	Done
3	Contract of external monitor		PMO	2011.5	Done
4	Internal monitoring reports	Quarterly	PMO	2011– 2014	
5	External monitoring reports	Semiannual	External monitor	2011– 2014	
6	Post evaluation report	Once	External monitor	2014.12	
<b>H.</b>	<b>Documentation of Consultation</b>		PMO	2010– 2014	

ADB = Asian Development Bank, AP = affected persons, APG = Altay Prefecture Government, DMs = detailed measurement survey, DRC = development and reform commission, PMO = project management office, RO = resettlement office, RP = resettlement plan.

## VIII. GENDER AND SOCIAL DIMENSIONS

### A. Summary Poverty Reduction and Strategy Policy

1. A social, poverty, and gender analysis was undertaken in accordance with Asian Development Bank (ADB) guidelines. The analysis collected information to assist in the design of the project by identifying the poor and economically vulnerable, examining causes of poverty and recommending poverty reduction measures within the scope of the project.

2. **Design Features.** The project will implement the following:

- (i) **Gender Action Plan (GAP).** The GAP includes measures to address gender concerns in all project components and capacity building. This includes measures to ensure (i) that there will be sufficient project management and project implementation consultant staff with appropriate awareness of gender issues to effectively oversee the implementation and monitoring of the GAP; (ii) the effective inclusion of women in all project activities including environmental and road safety awareness programs; and (iii) that, as far as possible, the targets set for the employment of women on construction sites are met, and that the work conditions and pay of men and women on these sites are equitable. Resettlement plan measures will mitigate any possible negative impacts of the project on women due to land acquisition and environmental impacts. Implementation and monitoring of the GAP is included in the loan assurances and the design and monitoring framework. The GAP is below. No additional budget is necessary for the actions which are covered in the design of the project.
- (ii) **Social Action Plan (SAP).** The SAP will facilitate continued consultation and participation of communities in the project, as well as ensure that labor rights and entitlements are observed and that the needs of poor households are considered. The SAP is shown below as well.

### B. Gender and Development

3. The poverty and social assessment indicates that women support all of the components, but especially the solid and liquid waste disposal components and the water supply component. They perceive that the project will improve their living environments, improve access and mobility and create employment opportunities. A GAP has been prepared for the project and gender specific indicators have been included in the project's monitoring framework to ensure that targets are met; and that women fully participate in and enjoy the benefits of the project. The staff responsible for social safeguards and gender will work with women's federations, contractors, and community office staff to facilitate the participation of women in paid work opportunities for physical works; and, ensure that all PRC labor laws and core labor standards are respected. Project assurances (i) prioritize women for employment, with specific targets for each component in each county seat; (ii) ensure implementation of the project's GAP; and (iii) ensure targets and GAP implementation will be monitored. The safeguard staff will have gender expertise and be responsible for ensuring the implementation of the GAP, and reporting on progress and achievements.

4. In the poverty and social assessment, women were particularly supportive of the proposed improvements to the infrastructure. Generally, it was agreed in consultative meetings

that, given women's role in the family, they will be likely to benefit disproportionately from improved infrastructure for a number of reasons:

- (i) The water supply is neither good quality nor reliable, adding to the burden of cooking and washing clothes and cleaning the house, which are mainly the work of women; the combined effects of improved solid and liquid waste disposal should reduce the amount of time required to maintain cleanliness of the home and the family, especially for those women with young children.
- (ii) Women do more than men in disposing of garbage and wastewater.
- (iii) Because women are more likely to be responsible for jobs such as fetching water and disposing garbage and wastewater, they are more exposed to these sources of pollution than men.
- (iv) Broken heating and water pipes force women to undertake more physical work, fetching water, preparing heavy clothing for children, etc.
- (v) Because there are limited garbage disposal facilities, there are often quarrels between neighbors as some people throw garbage wherever they want and others try to stop them. Usually, women are involved more in these quarrels.
- (vi) There are also safety considerations—harmful litter (e.g., broken glass) disposed of in public places poses an injury risk if not to women themselves then to their children.

5. Women as pedestrians will benefit from improved road safety measures incorporated into road design, from the upgrading or construction of new footpaths, provision of non-motorized access lanes and overhead street lighting.

6. The GAP has been developed to ensure that women are kept fully informed and consulted throughout the project. Targets for the employment of women on the project construction have also been set. This is particularly important, as there is general agreement that women are discriminated against in the labor market, especially women over the age of 35.

7. The GAP includes provisions to ensure that project management offices and IA staff are fully briefed on gender in development and the GAP, at the time of commencement of project implementation in each county.

8. The safeguard and gender staff will ensure gender disaggregated baseline and survey data will be collected; that the GAP is implemented and that implementation of targets and GAP will be monitored. The project implementation consultant will include a gender/social specialist to mentor the safeguard staff as necessary, and to facilitate achievement of the Project's gender and development objectives. The GAP will be monitored during ADB review missions and supervision supported by the ADB Senior Social Development Specialist.

**GENDER ACTION PLAN**  
**(Effective Gender Mainstreaming)**

Action	Targets/Indicators	Responsibility	Budget	Time
<b>For All Outputs</b>				
Increased employment opportunities with targets for women (20–50%) and ethnic minorities (40–55%) in the GAP and EMDP (DMF – impact indicator). Specific targets for each county and each target follow this GAP and are also included in the EMDP.	Contractors' employment data (to be disaggregated by sex, income status, age, and ethnicity).	Contractors, monitored by IA and IUs, Labor Management Committee IAs, COs, ACWF contractors, Center for Disease Control, and contractors monitored by safeguard staff, IAs, and IUs if necessary	Contractors' budget  Administrative budgets	Prior to and during works
Ensure equal pay for equal work	Equal payment for equal work by male and female workers	Safeguard staff, Traffic Police, COs, Department of Education, water and wastewater disposal, heating supply companies	Contractors' budget  Administrative budgets	
Ensure work environments on construction sites are conducive to the participation of women	Any latrines and/or washing arrangements on construction sites are gender appropriate			
Provide separate HIV/AIDS/STIs awareness and prevention training for construction workers and communities	Contractors' training records, disaggregated by sex Community training records disaggregated by sex			
Prior to commencement of any major works resident information sessions held about start and finish dates, temporary disruption to services, and safety	Sessions held for all beneficiary neighborhoods, with at least 50% of participants women			
<b>Road Outputs.</b> Road safety programs focusing also on nonmotorized transport and pedestrian safety conducted for schools and residents (DMF)	Number of sessions held, with at least 50% of participants women (baseline: 0 in 2010) Number of sessions held, with at least 50% of participants girls (baseline: 0 in 2010)	Safeguard staff traffic police, COs, Department of Education	Administrative budgets	Prior to road construction
<b>Water Supply Outputs.</b> Public awareness	Number of sessions for all	PMO, IAs, COs, water	Administrative	Before

Action	Targets/Indicators	Responsibility	Budget	Time
programs on health and water quality, water conservation, public consultation on tariffs and construction safety (DMF)	affected neighborhoods, with at least 50% of participants women (baseline: 0 in 2010)	supply companies, contractors	budgets	completion of works
<b>Solid Waste Outputs.</b> Public awareness programs on environmental awareness including location of garbage bins, recycling, collection process, maintenance of community solid waste facilities, etc. (DMF)	Number of sessions with at least 50% women participants (baseline: 0 in 2010)  Number of community solid waste groups initiated	Safeguard staff, COs, IUs	Administrative budgets	Prior to placement of any garbage bins
<b>Project Management</b>				
Project implementation consultant to include a social/gender specialist on team  Ensure at least one staff member is allocated responsibility for social/gender issues in each PMO and IA (hereafter referred to as "safeguard staff")  Community offices to nominate at least one woman to act as link between residents and the PMO, and to attend all project-related public meetings, consultations, etc. to facilitate effective participation of all attendees	Experienced specialist available to advise and assist with implementation gender training and to mentor safeguard staff if required  At least one person appointed to this role in each PMO/IA  All COs have at least one woman member in place	PIC  PMOs and IAs  COs	PIC budget  Routine administrative budget of PMO	At time of mobilization
<b>Capacity Building Output</b>				
Gender awareness training for all prefecture and county PMO and IA staff, to include discussion of (i) ADB gender policies; (ii) the GAP; and (iii) the benefits to be derived from gender mainstreaming in infrastructure projects Orientation for staff from community offices on GAP to establish a working relation that can be effective  A 6-year (2011–2017) training plan for project management, O&M, financial management, and institutional development developed with	Number of specific gender trainings developed by PIC social/gender specialists that are conducted  Number of participants (to be disaggregated by sex and occupational status)  Number and gender of staff trained, areas of training	PIC to provide training; PMOs and IAs to ensure attendance  PMO, COs, safeguard staff  Agencies responsible for organizing training, and agencies selecting participants	Administrative budgets of agencies  No costs	At project commencement and throughout the project

Action	Targets/Indicators	Responsibility	Budget	Time
gender targets; sustainable O&M arrangements and functioning; organization structure and financial management system enhanced (DMF)		<b>PMOs, IAs, relevant agencies affected by decisions</b>		

ADB = Asian Development Bank, CO = community office, DMF = design and monitoring framework, EMDP = ethnic minority development plan, GAP = gender action plan, IA = implementing agency, IU = implementing unit, O&M = operation and maintenance, PIC = project implementation consultant, PMO = project management office, STI = sexually transmitted infection.

**Table 1: New Jobs Created by Project, and Percentage of Women and Ethnic Minority People to be Targeted for Employment - Buerjin**

Buerjin								
Subcomponent jobs				Road	Water supply	Wastewater	Solid waste	Heating
Management personnel	Number			6	8	8	6	Not applicable
Technical personnel	Number			10	6	6	4	
Temporary work (unskilled)	Heavy manual labor	Number		40	40	40	20	
		Ethnic minorities %		45%	45%	45%	30%	
		Women %		20%	25%	25%	15%	
	Light manual labor	Number		20	20	20	10	
		Ethnic minorities %		50%	55%	40%	40%	
		Women %		40%	40%	20%	20%	
Post construction permanent jobs	Skilled	Number		4	2	2	2	
		Ethnic minorities %		25%	0%	0%	25%	
		Women %		50%	0%	0	0	
	Unskilled	Number		13	14	5	14	
		Ethnic minorities %		54%	50%	60%	50%	
		Women %		30%	30%	20%	30%	
Total			17	16	7	16		

**Table 2: New Jobs Created by Project, and Percentage of Women and Ethnic Minority People to be Targeted for Employment - Habahe**

Habahe								White Birch Forest		
Subcomponent jobs			Road	Water supply	Wastewater	Solid waste	Heating	Road	Water supply	Wastewater
Management personnel		Number	6	8	8	6	8	2	2	3
Technical personnel		Number	8	6	7	5	6	5	4	4
Temporary (unskilled) work	Heavy manual labor	Number	40	30	40	40	30	25	20	20
		Ethnic minorities	45%	40%	45%	45%	45%	25%	20%	20%
		Women	30%	25%	30%	20%	20%	15%	15%	15%
	Light manual labor	Number	20	20	20	20	10	15	10	10
		Ethnic minorities	50%	55%	55%	55%	30%	40%	30%	30%
		Women	40%	40%	30%	20%	30%	30%	20%	20%
Post construction permanent jobs	Skilled	Number	2	5	3	2	12	2	2	2
		Ethnic minorities	33%	40%	0	0	50%	0	0	0
		Women	0	20%	0	0	25%	0	0	0
	unskilled	Number	13	0	4	18	14	6	2	2
		Ethnic minorities	45%	0	50%	45%	45%	50%	50%	0
		Women	55%	0	25%	25%	30%	50%	0	0
Total			15	5	7	20	26	8	4	4

**Table 3: New Jobs Created by Project, and Percentage of Women and Ethnic Minority People to be Targeted for Employment - Fuhai**

Fuhai								
Subcomponent jobs				Road	Water supply	Wastewater	Solid waste	Heating
Management personnel		Number		9	Not applicable	8	8	6
Technical personnel		Number		10		6	6	4
Temporary work (unskilled)	Heavy manual labor	Number	40	40		40	30	
		Ethnic minorities	40%	40%		40%	30%	
		Women	30%	20%		20%	30%	
	Light manual labor	Number	20	20		20	15	
		Ethnic minorities	55%	55%		55%	40%	
		Women	40%	40%		40%	40%	
Jobs added after work completion		Number		15		9	7	10

<b>Fuhai</b>							
<b>Subcomponent jobs</b>			<b>Road</b>	<b>Water supply</b>	<b>Wastewater</b>	<b>Solid waste</b>	<b>Heating</b>
Post construction permanent jobs	Skilled	Number	5		2	2	0
		Ethnic minorities	40%		50%	50%	0
		Women	20%		0	0	0
	Unskilled	Number	15		6	17	0
		Ethnic minorities	46%		50%	45%	0
		Women	60%		35%	45%	0
	<b>Total</b>		<b>20</b>		<b>8</b>	<b>19</b>	<b>0</b>

**Table 4: New Jobs Created by Project, and Percentage of Women and Ethnic Minority People to be Targeted for Employment - Jimunai**

<b>Jimunai</b>							
<b>Subcomponent jobs</b>			<b>Road</b>	<b>Water supply</b>	<b>Wastewater</b>	<b>Solid waste</b>	<b>Heating</b>
Management personnel	Number		9	7	6	8	7
Technical personnel	Number		12	5	7	6	5
Temporary work (Unskilled)	Heavy manual labor	Number	45	40	40	40	45
		Ethnic minorities %	40%	40%	40%	40%	40%
		Women %	25%	25%	20%	20%	25%
	Light manual labor	Number	20	20	20	20	20
		Ethnic minorities %	55%	55%	40%	40%	55%
		Women %	40%	40%	30%	30%	40%
Post construction permanent jobs	Skilled	Number	2	0	2	2	10
		Ethnic minorities %	0	0	0	0	40%
		Women %	0	0	0	0	20%
	Unskilled	Number	13	0	5	14	40
		Ethnic minorities %	60%	0	40%	50%	50%
		Women %	55%	0	20%	35%	35%
	<b>Total</b>		<b>15</b>	<b>0</b>	<b>7</b>	<b>16</b>	<b>50</b>



**Table 5: New Jobs Created by Project, and Percentage of Women and Ethnic Minority People to be Targeted for Employment - Qinghe**

Qinghe							Takeshiken Land Port			
Subcomponent jobs			Road	Water supply	Wastewater	Solid waste	Heating	Road	Water Supply	Wastewater
Management personnel	Number		Not applicable	6	8	8	6	5	4	4
Technical personnel	Number			6	5	6	5	8	4	4
Temporary work (Unskilled)	Heavy manual labor	Number		30	30	35	30	30	20	20
		Ethnic minorities %		40%	30%	30%	40%	40%	40%	40%
		Women %		25%	20%	20%	25%	30%	20%	25%
	Light manual labor	Number		25	25	25	20	20	20	20
		Ethnic minorities %		50%	40%	40%	50%	50%	40%	40%
		Women %		25%	20%	20%	25%	30%	30%	20%
		Post construction permanent jobs		Skilled	Number	4	2	2	4	2
Ethnic minorities %	50%				0	0	25%	0	0	0
Women %	25%				0	0	25%	0	0	0
Unskilled	Number			11	5	14	10	8	4	3
	Ethnic minorities %			55%	40%	55%	50%	50%	50%	35%
	Women %			45%	40%	35%	40%	55%	25%	0
Total					15	7	16	14	10	6

### C. Social Action Plan

9. The SAP will facilitate continued consultation and participation of communities in the project, as well as ensure that labor rights and entitlements are observed and that the needs of poor households are considered.

10. Core labor standards will be implemented. Civil works contracts will stipulate (i) that local people will receive priority with respect to employment; (ii) that equal wages will be paid for work of equal value, and that women's wages will be paid directly to them; (iii) that no child or forced labor will be employed; and (iv) that all employees will be provided with a written contract in accordance with the format prescribed by Chinese national law, but with a separate note in both Chinese and Kazakh attached that informs the intended employee where he/she can go for assistance with translation or understanding the terms and conditions. Specific targets for the employment of women and ethnic minority people have been included in the GAP and in the ethnic minority development plan. The project management offices, implementing agencies (IAs), and project IAs will monitor contractors'

compliance with these project assurances in conjunction with the Department of Labor and Human Resources and the Department of Civil Affairs.

11. The project will reduce exposure to an increased risk of HIV/AIDS/STIs by (i) requiring civil works contractors, with the assistance of the Center for Disease Control, to raise awareness of HIV/AIDS/STIs for construction workers; and (ii) collaborating with the Center for Disease Control to ensure that their HIV/AIDS awareness activities are extended to communities in the vicinity of any possible construction camp during the period of construction. The IAs and project IAs will monitor and report on progress.

### SOCIAL ACTION PLAN

Component	Activity	Indicator	Responsible Party	Budget source
<b>Project Management</b>	Project implementation consultant to include a social/gender specialist with experience in community development  At least one staff is in PMO and IAs is responsible for social/gender issues	Terms of reference and consultant recruited  Number of staff assigned responsibility	PMO/IAs	Project implementation consultant budget and PMO/IA administrative budget
<b>Capacity Building</b>	Conduct workshop in each county seat to (i) brief PMO/IA staff on Asian Development Bank policies with respect to resettlement and ethnic minorities, the SAP, GAP, EMDP, and RPs, contractors' obligations, project assurances, etc.; and (ii) establish a process for interaction between COs, PMO safeguard staff, and other relevant agencies  Nomination by each subcomponent utility agency of a staff member to be the contact person for interaction with public, and publicize name and phone number of that person in all COs  Campaign on environmental awareness planned and implemented  Road safety sessions conducted for neighborhoods and schools in which major road upgrading or	Number of participants (disaggregated by sex)  Number of contact staff  Number of environmental awareness and road safety sessions and beneficiaries (disaggregated by sex and ethnicity)  Number of meetings, beneficiaries (disaggregated by sex and ethnicity)	Project implementation consultants  PMO/IAs  All China Women's Federation /Department of Environment Projection/Traffic Police  CDC with advice from Xinjiang Prevention and Treatment of HIV/AIDS office	Administrative budgets of PMO/IAs/ Department of Environment Projection/Traffic Police  CNY 10,000 per country to cover costs of producing IEC materials in Kazakh

Component	Activity	Indicator	Responsible Party	Budget source
	<p>construction will take place</p> <p>Display/distribution of IEC materials and holding of separate community meetings for men and women about HIV/AIDS/STIs wherever there is an increased risk of transmission due to camps for construction workers from outside the county</p>			
<b>Community Participation</b>	<p>Information sessions be held, for residents who will have new access to piped water to them: (i) water quality; (ii) tariffs—what they will be, how they are calculated, and why tariffs are charged; (iii) protecting home and communal pipes; (iv) how to organize a connection; (v), water conservation practices; (vi) what to do if residents have concerns</p> <p>Information session to be held, prior to commencement of any major construction work, to inform residents about (i) start and finish dates of construction, (ii) temporary disruption to services, and (iii) child safety issues during construction works</p> <p>Hold community meetings before locating garbage bins provided by project; COs to determine the placement which is likely to maximize their proper use by local residents and convey results of discussions to IAs</p>	<p>Number of communities covered, information sessions and beneficiaries (disaggregated by sex and ethnicity)</p>	<p>Safeguard staff, IAs, COs, companies responsible for relevant utility and contractor representative</p>	<p>Administrative budgets</p>
<b>Employment</b>	<p>Ensure contractors employ local labor for unskilled work where appropriate</p> <p>Ensure contractors conform to national and provincial core labor standards regarding minimum wages, equal pay for equally work, non-employment of child labor, OH&amp;S requirements</p> <p>Ensure that all employment contracts have a note attached telling people in both Chinese and Kazakh where they can go for advice on contract contents, or</p>	<p>Number of local people employed in skilled and unskilled temporary construction jobs</p> <p>(i) Equal pay paid for equal work (ii) No child labor employed (iii) At least minimum wages, as stipulated in local regulations, paid to</p>	<p>Contractors/Supervision Consultants/PMO/IAs</p> <p>Briefing notes to be supplied by CDC, based on advice from Xinjiang HIV/AIDS Prevention and Treatment Office. Contractors to ensure</p>	<p>Administrative costs</p> <p>HIV/AIDS training costs addressed in contractor bidding documents</p>

Component	Activity	Indicator	Responsible Party	Budget source
	<p>explanation in Kazakh of content</p> <p>Ensure all contractors respect and workers are briefed on local customs and beliefs</p> <p>Provide training in HIV/locally prevalent communicable diseases to workforce at time of their mobilization</p>	<p>workers</p> <p>Number of briefings and community grievances</p> <p>Number of trainings and participants (disaggregated by sex)</p>	briefings carried out, monitored by safeguard staff and IAs	
<b>Monitoring</b>	<p>Ensure that the monitoring and evaluation undertaken:</p> <p>(i) collects data on stakeholders' participation in trainings, meetings, and any other community activities, disaggregated by age, sex, income, and occupation</p> <p>(ii) properly analyzes disaggregated data and includes this analysis in project progress reports</p> <p>involves regular field visits of PIC social specialist and safeguard staff to review progress and to support CO staff responsible for helping with consultative and information dissemination meetings, etc.</p>	All monitoring reports have a carefully analyzed section on progress of implementing social actions prescribed in the SAP, GAP, EMDP, and RPs	Safeguard staff/PMO/IAs	Administrative and external monitoring budgets

CDC = Center for Disease Control; CO = community office; EMDP = ethnic minority development plan; IA = implementing agency; IEC = information, education, and communication; GAP = gender action plan; PIC = project implementation consultant; PMO = project management office; RP = resettlement plan; SAP = social action plan; STI = sexually transmitted infection.

## IX. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION

### A. Project Design and Monitoring Framework

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<b>Impact</b> Better living standards and conditions in the project counties	<b>By 2020 (baseline year 2009)</b> Per capita annual disposable income of urban households increased from CNY13,000 to CNY36,000  Incidences of waterborne and insect- and vermin-transmitted diseases in county seats decreased, from 2.5 to 1.5% in Buerjin, from 9.1 to 3.2% in Fuhai, from 2.5 to 1% in Habahe, from 2.3 to 1.6% in Jimunai, and from 3 to 1% in Qinghe  Increased employment opportunities with targets for women (20%–50%) and ethnic minorities (40%–55%) in the GAP and EMDP	Statistical reports periodically published by the statistics bureaus of Xinjiang Uygur Autonomous Region and Altay Prefecture  Public health department statistics  Contractors' employment data (to be disaggregated by sex, income status, age, and ethnicity)	<b>Assumptions</b> The National Strategy for Development of the West remains a national priority.  Government support continues for institutional strengthening and financial reform.  <b>Risk</b> Development pressures outpace planned infrastructure development.
<b>Outcome</b> Integrated and more efficient municipal services in the project counties of Altay	<b>By 2017 (baseline year 2009)</b> Urban population provided with potable water supply increased to 90%, from 82% in Buerjin, 75% in Fuhai, 80% in Habahe, 65% in Jimunai, and 69% in Qinghe  Urban population provided with wastewater collection and treatment increased from 51 to 85% in Buerjin, from 53 to 85% in Fuhai, from 60 to 85% in Habahe, from 45 to 80% in Jimunai, and from 47 to 85% in Qinghe  Resource utilization of WWTP sludge from 0 to 30%  Urban population provided with solid waste collection and treatment increased to 90%, from 65% in Buerjin,	Annual urban construction reports issued by the construction bureaus of project counties  Annual urban construction reports issued by the construction bureaus of project counties  Annual urban construction reports issued by the construction bureaus of project counties  Annual urban construction reports issued by the construction bureaus of project counties	<b>Assumptions</b> Priorities for public infrastructure investment remain constant.  Customers are willing to pay higher tariffs.  Increased demand for municipal services to achieve full capacity utilization  <b>Risks</b> Lack of project coordination and synchronization between agencies  Infrastructure is poorly operated or maintained.

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
	<p>59% in Jimunai, 63% in Fuhai, 63% in Habahe, and 59% in Qinghe</p> <p>Buildings provided with centralized heating supply increased, from 520,000 to 750,000 m<sup>2</sup> in Habahe, from 270,000 to 610,000 m<sup>2</sup> in Jimunai, and from 420,000 to 750,000 m<sup>2</sup> in Qinghe</p>	Annual urban construction reports issued by the construction bureaus of project counties	
<b>Outputs</b> 1. Road components in Buerjin, Fuhai, Habahe, and Jimunai counties operational  2. Water supply components in Buerjin, Habahe, Jimunai, and Qinghe counties operational  3. Wastewater components in Buerjin, Fuhai, Habahe, Jimunai, and Qinghe counties operational  4. Solid waste components in Buerjin, Fuhai, Habahe, Jimunai, and Qinghe counties operational  5. Heating supply components in Fuhai, Habahe, Jimunai, and Qinghe counties operational  6. New construction of infrastructure in White Birch Forest Scenic Area in place  7. <b>For all outputs</b> Capacity to deliver municipal services	<p><b>By 2017</b>  47 new and upgraded roads totaling 59.1 km opened to traffic</p> <p>3 new WTPs with total capacities of 16,890 m<sup>3</sup>/day and water pipelines of 153.3 km operational</p> <p>6 new WWTPs with total capacities of 31,200 m<sup>3</sup>/day and wastewater pipelines of 78 km operational</p> <p>Stabilized WWTP sludge used as soil enhancers on windbreak forests in Buerjin County and Takeshiken Town</p> <p>5 new sanitary landfills with total capacity of 238 tons per day and garbage collection and transfer facilities operational</p> <p>2 new or upgraded central-heating, coal-fired boiler stations; 15 heating exchange stations; and heating pipelines of 17.8 km operational</p> <p>Roads, water supply, wastewater collection and treatment, and environmental sanitation for White Birch Forest Scenic Area operational</p> <p><b>By 2017</b>  A 6-year (2011–2017) training plan for project management,</p>	<p>Project completion certification issued by the construction bureaus of project counties</p> <p>Project completion certification issued by construction bureaus of project counties</p> <p>Project completion certification issued by construction bureaus of project counties</p> <p>Project completion certification issued by the construction bureaus of project counties</p> <p>Project completion certification issued by Habahe County Construction Bureau</p> <p>Monitoring reports on institutional development</p>	<p><b>Assumptions</b>  Relevant authorities continue to offer strong support to the county PMOs and implementing agencies on capacity development for project implementation and operation.</p> <p>Project implementation support and training enable efficient compliance with ADB requirements and procedures, including on procurement and disbursement.</p> <p><b>Risks</b>  Delays in land acquisition approvals and implementation</p> <p>Exceptional weather affects the annual effective construction period.</p> <p>Delays in counterpart funding</p> <p>Lack of sustainable operation and maintenance of physical components</p> <p>Failure of the public to change behavior, thus reducing the positive impact of new infrastructure on the</p>



## **B. Monitoring**

1. **Project performance monitoring.** The project performance management system (PPMS) indicators, their relevance, and monitoring practicalities will be discussed with the project management offices (PMOs), implementing agencies (IAs), and other project beneficiaries during project implementation. Disaggregated baseline data for output and outcome indicators gathered during project processing will be updated and reported quarterly through the executing agency's quarterly progress reports and after each Asian Development Bank (ADB) review mission. These quarterly reports will provide information necessary to update ADB's project performance reporting system. At the start of implementation of the project, the Altay PMO, and county PMOs, and the project management teams, with the assistance of the project implementation consultant, will develop comprehensive PPMS procedures to generate data systematically on the inputs and outputs of the components, as well as the indicators to be used to measure the project impact taking into account the components' scope. The Altay PMO will (i) refine the PPMS; (ii) confirm achievable targets; (iii) finalize monitoring, recording, and reporting arrangements; and (iv) establish systems and procedures, no later than 6 months after loan effectiveness. Altay PMO will be responsible for monitoring and reporting on the performance of the project. The basis for performance monitoring will be the design and monitoring framework (DMF). The DMF identifies the performance targets for the impact, outcomes and outputs of the project. By collection of data from the sources identified in the DMF, the Altay PMO will be able to report on an annual basis the performance of the project. Specific reporting requirements will be set out in the agreement between the ADB and the government. The Altay PMO will collect the data, calculate the indicators, analyze the results, and prepare a brief report describing the extent to which the project is generating the intended outputs and outcomes in the counties, as well as the overall impact on the development sector in Altay.

2. **Compliance monitoring.** The compliance status of loan and project covenants will be reported and assessed through the semiannual progress reports and verified by ADB review missions.

### **1. Safeguards Monitoring**

#### **a. Environment**

3. A detailed environmental monitoring program has been developed and is defined in the project EMP (Table I.4). The program considers the scope of monitoring, monitoring parameters and frequency, data processing, and quality control requirements.

4. **Internal monitoring.** During construction and operation phases, the IAs will make appropriate arrangements for internal monitoring according to the progress of implementation. The IAs will, at the outset of component implementation, prepare detailed internal monitoring programs to be implemented by the contractors and licensed environmental institutes (under IAs) during construction and operation phases. These will be carried out more frequently than the external monitoring programs. These monitoring programs and budgets will be included in the Project tendering documents and budgets, as well as in the construction and operation contracts. Internal monitoring reports will be made available to the Altay Prefecture/county EPBs on a monthly basis during construction. When complaints are received from the public (either directly or via the formal grievance redress mechanism), monitoring staff will conduct additional inspections immediately.



5. **External (compliance) monitoring.** Licensed environmental monitoring centers (EMCs) will carry out compliance monitoring twice a year on behalf of Altay and county EPBs during construction and operation. The external compliance monitoring program is to ensure that the IAs and their contractors and operators are in compliance with PRC environmental standards and regulations. Semiannual compliance monitoring reports will include (i) project background, (ii) construction and operation activities, (iii) environmental conditions, (iv) measurement or sampling locations, (v) analytical results, (vi) interpretation and implication of the monitoring results, (vii) determination of the compliance status with regard to applicable regulations and standards, and (viii) recommendations for improvement. The EMCs will submit semiannual compliance reports to the EPBs and the PMO.

6. **External environmental monitoring verification.** The project management consulting service will include an external environmental monitor (EEM). The EEM will review project progress and environmental compliance with the EMP based on field visits, and the review of the internal and compliance monitoring reports. The findings of the EEM will be reported to ADB and the executing agency through the semiannual environmental progress report. The results will be used to evaluate (i) the extent and severity of environmental impacts compared with the predicted impacts, (ii) performance of the environmental protection measures or compliance with related rules and regulations, (iii) impact trends, and (iv) the overall effectiveness of the EMPs. The semiannual environmental progress report will identify any environment-related implementation issues, and define necessary corrective actions.

7. **Environmental acceptance monitoring and audit.** Within 3 months after the construction completion or no later than 1 year, with the permission from the local environmental authority, the environmental acceptance monitoring and audit reports on the completion of the subcomponents will be (i) prepared by a qualified environmental institute in line with the PRC's regulation on project completion environmental audit (Ministry of Environmental Protection, formerly the State Environmental Protection Administration, 2001), (ii) reviewed and approved by the environmental authority that have approved the EIA reports, and (iii) finally submitted to ADB.

8. **Project design and monitoring framework.** At the outset of each component's implementation, the IAs will develop (i) a project DMF to systematically generate data on inputs and outputs of the project components; and (ii) detailed environmental and related socioeconomic indicators to measure impacts. Under the project DMF, the IAs will report baseline and progress data at the requisite time intervals. The IAs will be responsible for analyzing and consolidating the data through their management information systems. The project DMF will be designed to permit adequate flexibility to adapt remedial action regarding design, schedules, activities, and development impacts.

Reports		From	To	Frequency of reporting
<b>Construction Phase</b>				
Internal monitoring and inspection	Internal monitoring reports by IAs (or through environmental supervision consultants contracted by IAs)	IAs	County EPBs	Monthly
	Internal environmental monitoring and inspection reports based on the monthly reports	IAs	PMO	Twice a year
External monitoring and	Semiannual external (compliance) monitoring reports	EMCs	PMO, EPBs	Twice a year

<b>Reports</b>		<b>From</b>	<b>To</b>	<b>Frequency of reporting</b>
inspection				
Reports to ADB	Semiannual environmental progress reports based on all the internal and external (compliance) reports	PMO with support of LIEC	ADB	Twice a year
<b>Operation</b>				
Internal monitoring	Routine environmental monitoring reports	IAs/Operator	County EPB and PMO	Monthly
External monitoring and inspection	Environmental compliance reports	EMCs	PMO, EPBs	Twice a year
Reports to ADB	Semiannual environmental reports based on internal and external monitoring reports	PMO with support of LIEC	ADB	Yearly (for 3 years following commencement of operation)

ADB = Asian Development Bank, EMCs = environmental monitoring centers, EPB = Environment Protection Bureau, IA = implementing agency, LIEC = loan implementation environmental consultant, PMO = project management office.

#### **b. Resettlement**

9. Internal and external monitoring of resettlement plan (RP) implementation will be conducted. Monitoring methodologies are specified in the RPs. Each implementing unit will carry out internal supervision and monitoring to ensure compliance with the provisions of the RP and semiannual progress reports to ADB. The PMO and implementing units have agreed to a set of supervision milestones with ADB, to ensure timely and effective implementation of resettlement activities. An independent agency under contract to the Xinjiang PMO will implement external monitoring and evaluation. This agency will be engaged prior to the commencement of land acquisition so they can conduct baseline surveys before people are displaced. Semiannual external monitoring reports will be prepared by the agency and forwarded directly to both the PMO and ADB during resettlement implementation. After completion of land acquisition and resettlement activities, annual evaluation will be carried out for another 2 years. Such evaluation reports will be submitted to ADB.

#### **c. Ethnic Minority Development Plans**

10. Internal and external monitoring of EMDP implementation will be conducted. Each IA will carry out internal supervision and monitoring to ensure compliance with the provisions of the EMDP, and that the objectives of the EMDP are being met. The independent agency under contract to the Altay PMO to implement external monitoring and evaluation of the RPs will also undertake monitoring and evaluation of the EMDP at the same time. The objectives of the latter monitoring are outlined in the EMDP. The findings will be included in semiannual external monitoring reports will be forwarded directly to both the PMO and ADB.

#### **d. PPMS Monitoring of Social Inputs**

11. At the start of project implementation, the APG, PMOs, and IAs, with the assistance of the project implementation consultant (PIC), will develop comprehensive PPMS procedures to generate data systematically on the inputs and outputs of the components, and verify the

indicators to be used to measure social and economic project impacts. They will (i) refine the PPMS, (ii) confirm achievable targets, (iii) finalize monitoring and recording arrangements, and (iv) establish systems and procedures. Key indicators in the SAP, GAP, and EMDP will be incorporated into the overall PPMS.

12. A monitoring plan covering a number of performance indicators will be refined to measure and monitor benefits as well as anticipated risks and possible negative impacts from the components. The safeguard staff will use this, with the assistance of the project PIC social/gender specialist, to contribute to the PPMS and DMF. The safeguard staff will be responsible for coordination of the internal social and safeguard monitoring. The PIC social/gender specialist will provide on-the-job training for the PMO safeguard staff as required. They, in turn, will train and supervise community members to facilitate the data gathering for the internal monitoring process. If necessary, the PIC social/gender specialist will assist with this training. The safeguard staff and the PIC social/gender specialist will be expected to undertake a number of field visits when monitoring is being carried out.

### **C. Evaluation**

13. ADB and the government will review project implementation at least once a year. In addition, ADB and the government undertake a comprehensive midterm review 2 years after the start of project implementation to have a detailed evaluation of the scope, implementation arrangements, resettlement, achievement of scheduled targets, and progress on the agenda for policy reform and capacity-building measures. Feedback from the PPMS activities will be analyzed. Within 6 months of physical completion of the project, Altay PMO will submit a project completion report to ADB.<sup>30</sup>

### **D. Reporting**

14. The Altay PMO will provide ADB with (i) semiannual 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.

15. APG, through the Altay PMO, has agreed on the following reporting commitments: (i) submission of semiannual progress reports during project implementation; (ii) submission of semiannual reports on the progress of safeguards monitoring, i.e., resettlement activities, environment plan implementation, EMDP implementation, and SAP and GAP implementation; (iii) submission of project completion report 6 months after completion of the project; and (iv) submission of audited project accounts and financial statements 6 months after the end of fiscal year. PPMS data will be incorporated in the semiannual progress reports. The reporting schedule is in the table below.

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<sup>30</sup> Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>

## Reporting Schedule

Report	Reference	Due Time
<ul style="list-style-type: none"> <li>○ Project Performance Management System <ul style="list-style-type: none"> <li>● Develop comprehensive PPMS procedures</li> <li>● Reporting of baseline and progress data including environmental management plan</li> </ul> </li> </ul>	Project Agreement, Schedule, paragraphs	No later than 6 months after loan effectiveness Semiannual, together with the semiannual project progress reports
<ul style="list-style-type: none"> <li>○ Semiannual Project Progress Reports</li> </ul>	Project Agreement, Schedule, Article	Semiannual, within 1 month after the end of each 6 months (July and January)
<ul style="list-style-type: none"> <li>○ Audited Project Accounts and Financial Statements Auditor's Report (including Auditor's opinion on the use of the imprest account and statement of expenditures)</li> </ul>	Project Agreement, Schedule, Article	Not later than 6 months after the closure of fiscal year (June)
<ul style="list-style-type: none"> <li>○ Land Acquisition and Resettlement Monitoring <ul style="list-style-type: none"> <li>● Internal monitoring reports for the executing and implementing agencies</li> </ul> </li> </ul>	Project Agreement, Schedule, paragraphs	Included in the semiannual project progress reports
<ul style="list-style-type: none"> <li>● Construction Phase – External Monitoring Report</li> <li>● Operations Phase – External Monitoring Report</li> </ul>		Baseline report and then twice a year Annual reports for two years after the resettlement activities completion
<ul style="list-style-type: none"> <li>● Resettlement Completion Report</li> </ul>		within 3 months after project completion
<ul style="list-style-type: none"> <li>○ EMDP Monitoring <ul style="list-style-type: none"> <li>● Internal monitoring reports for the IAs/EA</li> <li>● External Monitoring and Evaluation Report</li> </ul> </li> </ul>	Project Agreement, Schedule, paragraphs	Baseline report and then twice a year Included in the semiannual project progress reports Semiannual reports
<ul style="list-style-type: none"> <li>○ Other Social Monitoring <ul style="list-style-type: none"> <li>● Reporting on gender action plan implementation</li> <li>● Reporting on social action plan implementation</li> <li>● Reporting on poverty monitoring</li> </ul> </li> </ul>	Project Agreement, Schedule, paragraphs	Included in the semiannual project progress reports
<ul style="list-style-type: none"> <li>○ Environmental Report <ul style="list-style-type: none"> <li>● Construction Phase – Environment Progress Report</li> <li>● Operations Phase – External Monitoring Report</li> </ul> </li> </ul>	Project Agreement, Schedule, paragraphs	Twice a year 2 annual reports within 3 months after project completion
<ul style="list-style-type: none"> <li>○ Project Completion Report</li> </ul>	Project Agreement, Schedule, Article	Not later than 3 months after the physical completion of the project

## **E. Stakeholder Communication Strategy**

16. Project information will be communicated through public consultation, information disclosure mechanism in ADB's and government's websites, meetings, interviews, focus group discussions, and community consultation meetings, in accordance with ADB's requirements of information disclosure policy.

17. **Environment.** The implementing agencies have disclosed the relevant environmental information to the affected people through rounds of consultations in 2010 and results were used to modify the EIAs and project design. The consolidated project EIA was disclosed on ADB's website on 9 November 2010. Future plans for public involvement during the design, construction, and operation phases were developed during project preparation and were defined in the consolidated project EMP (Table I.5). These plans include public participation in (i) monitoring impacts and mitigation measures during construction and operation, (ii) evaluating environmental and economic benefits and social impacts, and (iii) interviewing the public after the project is completed. In particular, households living near heating subcomponents and along new road alignments will be targeted. Public participation plans are part of the project implementation and management plan. Costs for public participation activities during construction are included in the project funding. The unit costs are estimated as CNY20,000 (\$2,941) for each public investigation on a particular issue, CNY5,000 (\$735) for each public workshop, and CNY6,000 (\$882) for each press conference. The IAs will cover costs for public participation activities during operation.

18. A grievance redress mechanism has been established to prevent and address community concerns, reduce risks, and assist the project to maximize environmental and social benefits. In consultation with the EA and the county PMOs, it is agreed that each county PMO will establish a complaints center. Contact details for the complaints center will be publicly disseminated on information boards at construction sites and at the main entrance of county Construction Bureaus. When a complaint arises, people will call the respective complaint center which will initiate the grievance redress mechanism until the issues are solved, following the procedure defined in the EMP.

19. **Resettlement and EMDP.** All of the affected households and towns/townships, leaders and town and township and county governments will be involved in the project impact and social-economic survey. Through meetings, interviews, focus group discussions, public consultation workshops, and community consultation meetings, local representatives have participated in the planning and concerns have been integrated into the RPs. Before implementation, the Altay PMO, county governments, implementing units and leaders will further discuss and consult with the APs' representatives the impacts on every town/township and the detailed compensation plan to ensure APs' interests are protected and to provide employment opportunities for the APs' livelihoods as a result of project implementation. Altay PMO and county governments have disclosed the RPs and EMDP in county and community offices and to affected people in the local language in February 2011. The RPs and EMDP have been posted on the ADB website. Resettlement information booklets have been distributed to affected households. This booklet contains information such as the affected project area, proposed land acquisition and relocation implementation progress and procedure, compensation standards for land acquisition, relocation assistance, and livelihood restoration strategy. The respective component implementing units will establish project resettlement units for supervision of implementation, continued public consultation, monitoring of progress, and response to grievances. The grievance address procedures will be established and explanations have been included in the resettlement information booklets.

20. Public disclosure of all project documents have been undertaken through the IA and on the ADB website including the project information document, DMF, project EIA, RPs, EMDP, and the report and recommendation of the President. Disclosure of social and environmental monitoring reports will be undertaken during project implementation.

21. Consultations with communities will take place throughout all phases of the project cycle. Procedures for this consultation are outlined in the project EIA, RPs, SAP, GAP, and EMDP. These procedures are intended to ensure that women and other vulnerable groups are not only included in the communication involving the community, but have the opportunity to participate effectively.

22. The above plans also document key information dissemination and consultative activities to be implemented at particular points of implementation. The community involvement processes incorporated in the plans are intended not only to inform people about the component or specific activities related to its preparation and implementation, but also to enable people in the community to ask questions, make suggestions, state preferences and express concerns. The PMO safeguard staff will be responsible for ensuring that information dissemination and consultative activities are carried out in accordance with the project EIA, RPs, SAP, GAP, and EMDP.

## **X. ANTICORRUPTION POLICY**

1. The Asian Development Bank (ADB) reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project.<sup>31</sup> 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.<sup>32</sup>

2. To support these efforts, relevant provisions are included in the Loan Agreement, ADB's relevant Guidelines and the bidding documents for the project. ADB's Anticorruption Policy (1998, as amended to date) was explained to and discussed with the executing agency, the Altay Prefecture Government (APG), project management offices (PMOs), and implementing agencies. Consistent with its commitment to good governance, accountability and transparency, ADB reserves the right to investigate any alleged corrupt, fraudulent, collusive, or coercive practices relating to the project. To address the risks on governance and corruption related to procurement of civil works, relevant provisions of ADB's Anticorruption Policy are included in the loan 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 APG and all contractors, suppliers, consultants, and other service providers as they relate to the project. APG has indicated its commitment to promote good governance and establish a corruption-free environment under the project, and the Xinjiang Uygur Autonomous Region Government (XUARG) has confirmed it will provide support to help achieve this objective. Further to this, a number of good governance and anticorruption provisions have been included in the Loan and Project Agreements. These include the requirements for APG to (i) involve the agencies responsible for oversight of each IA in bidding and construction to enhance construction quality control and supervise effective work such as the construction bureau and roads/communications bureau; (ii) introduce a dual-signing system in which the civil works contract winner also signs an anticorruption agreement with the employer;<sup>33</sup> (iii) periodically inspect the contractors' activities related to fund withdrawals and settlements; and (iv) engage the project management consultant to support the Altay PMO, county PMOs, and the project management teams to ensure good governance, accountability, and transparency in project operations. XUARG will, in consultation with relevant central government ministries, update rules and regulations on local government and corporate governance and anticorruption measures and to enhance transparency of local government and public utility operations. Pertinent loan covenants include:

3. APG shall, and shall cause the implementing agencies to, comply with ADB's Anticorruption Policy. Altay and the implementing agencies agree (i) that ADB reserves the right to investigate any alleged corrupt, fraudulent, collusive or coercive practices relating to the project; and (ii) to cooperate fully with and to cause each implementing agency to cooperate fully with any such investigation and to extend all necessary assistance, including providing access to all relevant books and records, as may be necessary for the satisfactory completion of any such investigation. In particular, APG shall (i) conduct periodic inspections on the contractors' activities related to fund withdrawals and settlements; and (ii) ensure that all contracts financed by ADB in connection with the project include provisions specifying the right

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<sup>31</sup> Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

<sup>32</sup> ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

<sup>33</sup> Employer will be the implementing agency or county-level agency.

of ADB to audit and examine the records and accounts of Altay PMO, each implementing agency and all contractors, suppliers, consultants and other service providers as they relate to the project.

4. APG shall also undertake the following anticorruption actions: (i) involve full-time officials from the Altay Discipline Investigation Bureau in bidding, the award of contracts and implementing construction contracts; (ii) introducing a dual-signing system, in which a civil works contract winner signs an anticorruption contract with the employer when it executes the civil works contract; and (iii) periodically inspecting the contractor's fund withdrawals and settlements.

5. In furtherance of the principles of transparency, participation, accountability and zero-tolerance for corruption, APG shall enhance and further develop relevant websites that describe the project in order to provide the public with information on the project including setting out (i) a summary of the audited financial statements of the project, (ii) the procurement plan and tracking of procurement contract awards, (iii) any proposed tariff increases and associated scheduled public hearings, (iv) relevant laws and regulations, and (v) any information relating to pro-poor subsidies or tariff life-lines. APG and the county governments shall also periodically make such information available on radio and in newspapers.

6. In order to systematically identify governance risks and mitigate their effects a risk assessment and management plan in accordance with ADB's Governance And Anticorruption Action Plan II policy has been prepared and is summarized in the Annex to the Section of the PAM.



## **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.<sup>34</sup>

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<sup>34</sup> For further information see: <http://compliance.adb.org>

## **XII. RECORD OF PAM CHANGES**

1 All revisions/updates during course of implementation should be retained in this Section to provide a chronological history of changes to implemented arrangements recorded in the PAM.