

Project Administration Manual

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Multitranche Financing Facility
People's Republic of China: Guangxi Regional
Cooperation and Integration Promotion Investment
Program (Tranche 2)

ABBREVIATIONS

ADB	–	Asian Development Bank
ASEAN	–	Association of Southeast Asian Nations
BEZs	–	border economic zones
EEM	–	external environmental monitor
EIT	–	environment impact tables
EMP	–	environmental management plan
FM	–	financial management
FMA	–	financial management assessment
GDOF	–	Guangxi Department of Finance
GMS	–	Greater Mekong Subregion
GPMO	–	Guangxi Foreign Loans Project Management Office
GGZAR	–	Government of Guangxi Zhuang Autonomous Region
GRM	–	grievance redress mechanism
GZAR	–	Guangxi Zhuang Autonomous Region
ICB	–	international competitive bidding
IEE	–	initial environmental examination
MFF	–	multitranches financing facility
MIS	–	management information system
M&E	–	monitoring and evaluation
NCB	–	national competitive bidding
PRC	–	People's Republic of China
PIE	–	project implementing entity
PPMS	–	project performance monitoring system
PMO	–	project management office
RF	–	resettlement framework
RP	–	resettlement plan
SDGAP	–	social development and gender action plan
SMEs	–	small and medium-sized enterprises
SoE	–	statement of expenditures
WA	–	withdrawal application

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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 the policies and procedures of the government and Asian Development Bank (ADB). The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The executing agency and the implementing agencies are wholly responsible for the implementation of ADB-financed projects, as agreed jointly between the borrower and ADB, and in accordance with the policies and procedures of the government and ADB. ADB staff is responsible for supporting implementation including compliance by the executing and implementing agencies of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At loan negotiations, the borrower and ADB shall agree to the PAM and ensure consistency with the Legal Agreements. 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 Legal Agreements 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.

I. PROJECT DESCRIPTION

1. The proposed Guangxi Regional Cooperation and Integration Promotion Investment Program will help the Guangxi Zhuang Autonomous Region (GZAR) of the People's Republic of China (PRC) implement its strategies and action plans for regional cooperation and integration with countries of the Association of Southeast Asian Nations (ASEAN), with a focus on developing the North–South Economic Corridor under the Greater Mekong Subregion (GMS) Cooperation Program. The geographical areas covered by tranche 2 of the Investment Program include: (i) Fangchenggang Municipality and Dongxing City; (ii) Chongzuo Municipality, Pingxiang City, and Daxin County; (iii) Baise Municipality and the border towns of Longbang and Yuexu in Jinxi County; and (iv) Qinzhou Municipality.

2. **Impact and Outcome** (refer to the Design and Monitoring Framework)

Impacts: (i) Economic growth potential of border areas in the PRC and Viet Nam realized; (ii) Efficient transport and trade operations along GMS North–South Economic Corridor achieved; and (iii) Economic integration between GZAR and rest of the GMS further strengthened.

Outcome: Benefits of regional cooperation and integration in border areas of Guangxi and northern Viet Nam captured.

3. **Outputs: Tranche 2.** The second tranche of the multitranche financing facility (MFF) will cover major investments of the MFF, including investments in border-connectivity and border economic zones (BEZ). In line with the framework financing agreement, those investments strongly support GZAR's Strategy and Action Plan for participation in GMS Program, aiming to deepen economic cooperation and integration with ASEAN member countries. The subprojects to be financed under tranche 2 are:

- (i) **Development of small and medium-sized enterprises (SME) enhanced.** This includes construction of SMEs' business development service information center, ASEAN vocational training facilities and other related facilities in Guilin University of Aerospace Technology which provides SME related training and courses both for the PRC and ASEAN students. The high in demand skills are automobile-making, advanced manufacturing, and electronic information, etc.¹ To further improve the quality of the programs, an advisory service, established under tranche 1, will support the Guilin University of Aerospace Technology to improve program design and contents of business management courses targeting SME managers and owners.
- (ii) **Cross-border e-commerce platforms developed.** This includes construction of e-commerce facilities, including electronic business data center and cross-border trade exhibition center, and related facilities in the Qinzhou Cross-Border Trade E-commerce Industrial Park. The relevant management information system (MIS) and information and communication technology (ICT) system will be also installed. An advisory service, established under tranche 1, will support to identify an appropriate MIS ICT system. It will also support the procurement and installation

¹ The Guilin University of Aerospace Technology has significant experiences in providing SME related courses and training, such as mechanical and automation program, electronic and information program, and automatic and equipment program, etc. It also has cooperation agreements with more than thirty related institutions of ASEAN countries, and plays a leading role in strengthening the cooperation between GZAR and ASEAN countries to improve labor skills, particularly SME related skills.

of the MIS ICT system to ensure that the system will be fully functional for Qinzhou e-commerce.

- (iii) **Key infrastructure and services for BEZs improved.** This includes (a) construction of cold storage, related inspection and detention facilities, surveillance facilities, and other related facilities in the Qinzhou Free Trade Port Area. These facilities will play a key role in managing cold-chain logistics for trade between the PRC and ASEAN countries.² In addition, to improve trade facility an advisory service, prepared under tranche 1, will support to analyze existing gaps in meeting sanitary and phytosanitary related international standards and recommend possible measures to fill the gaps;³ and (b) construction and rehabilitation of six roads, totaling 20.15 kilometers, a wastewater treatment plant with 10,000 cubic meters per day (m³/d) treatment capacity and 21.91 kilometers of wastewater collection pipelines in Chongzuo Sino–Viet Nam BEZ. It will improve key infrastructure, particularly in the areas of Xinhe Town, Jiangzhou, Chongzuo City in GZAR.
- (iv) **Physical and people’s connectivity for regional cooperation and integration improved.** This includes (a) construction of the eastern section of Changhu road totaling 3.7 kilometers in Dongxing City to improve physical connectivity with the border of Viet Nam, particularly the area of Mong Cai; (b) construction of educational, training and laboratory facilities, and other related facilities in Youjiang Medical College for Nationalities. This is to meet the growing demand for health and medical human resources in the regions, particularly in food safety, inspection and quarantine medical equipment management, and public health management. Strengthening those human resources is necessary to enhance the secured connectivity of people and goods between GZAR and ASEAN countries; (c) construction of a road totaling 2.668 kilometers leading to the cross-border point of Nonghuai in Pingxiang. The Nonghuai border point is designated as the import port of fruits, aquatic products, grains, etc. Improving physical connectivity in those cross-border points will enhance the trade and related economic activities between GZAR and Viet Nam.
- (v) **Technical and institutional support** will be provided for the executing agency, implementing agencies and project implementation entities for project management and implementation.

² Major trade goods are meat, fruit, vegetables, fishery products, and processed food.

³ The World Trade Organization SPS Agreement encourages governments to establish national SPS measures consistent with international standards, guidelines, and recommendations of the World Organization for Animal Health, International Plant Protection Convention, and Codex Alimentarius Commission. Under the advisory service, target goods will be identified for the gap analysis, which will be major product(s) traded in the Qinzhou Free Trade Port Area. The analysis will examine the gaps in SPS measures between the existing processes and the relevant international standards or guidelines. Recommendations to fill the gaps will be prepared. The recommendations will be submitted to the Guangxi Zhuang Autonomous Region Government and the Qinzhou Municipal Government (the Management Committee of Qinzhou Free Trade Port Area) for the improvements in SPS measures on the trade in the regions. The standardized SPS measures, meeting the international standards, will improve trade facility and efficiency in related transactions, which would further enhance cross-border trade between Guangxi and neighbor countries.

II. IMPLEMENTATION PLANS

A. Project Readiness Activities

Table 1: Project Readiness Activities

Indicative Activities	2017												2018									Who responsible
	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9					
Establish project implementation arrangements																				GPMO, Municipal PMOs, PIEs		
Advance contracting actions																					County/City PMUs, PIEs	
Prepare Comprehensive PFA Report																				GDRC		
Prepare Comprehensive LPEOR																				GDOF		
Review and endorsement of PFA and LPEOR																				MOF, NDRC		
State Council approval for loan negotiations																				MOF, GGZAR		
Loan Negotiations																				ADB, MOF, GGZAR		
ADB Management approval																				ADB		
Loan signing																				ADB, MOF		
Government legal opinion provided																				MOF, MOFA		
Loan effectiveness																					ADB, MOF	

ADB = Asian Development Bank, GDRC = Guangxi Development and Reform Commission, GDOF = Guangxi Department of Finance, GPMO = Guangxi Foreign Loans Project Management Office, GGZAR = Government of Guangxi Zhuang Autonomous Region (executing agency), LPEOR = loan project evaluation opinion report, MOF = Ministry of Finance, MOFA = Ministry of Foreign Affairs, NDRC = National Development and Reform Commission, PFA = project financing application, PIE = project implementing entity, PMO = Foreign Loans Project Management Office, PMU = project management unit.
 Source: Asian Development Bank.

B. Implementation Plan

Table 2: Tranche 2 Investment Program Implementation Plan

Tranche 2	2017		2018				2019				2020				2021				2022				2023				
	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. Chongzuo Sino-Viet Nam border economic cooperation zone demonstration project																											
Detailed design																											
Land acquisition																											
Resettlement																											
Organize Bidding																											
Contracts awarded																											
Civil works for roads construction and rehabilitation																											
2. Dongxing Changhu Road Construction Project (Physical Connectivity in Dongxiang)																											
Detailed design																											
Land acquisition																											
Resettlement																											
Organize Bidding																											
Contracts awarded																											
Civil works for eastern section of road																											
3. Road Connectivity in Pingxiang (Guangxi)-Lang Son (Viet Nam) Cross-Border Project (Physical Connectivity in Pingxiang)																											
Detailed design																											
Land acquisition																											
Resettlement																											
Organize Bidding																											
Contracts awarded																											
Civil works for road construction																											
4. Qinzhou cross-border trade e-commerce																											
Detailed design																											
Organize Bidding																											
Contracts awarded																											
Civil works for construction of e-commerce facilities and buildings																											
Procurement and installation of MIS ICT system																											
5. Qinzhou International Cold-chain Logistic demonstration																											

Tranche 2 (cont...)	2017		2018				2019				2020				2021				2022				2023				
	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	
Detailed design			■	■	■																						
Organize Bidding				■	■	■																					
Contracts awarded							■	■																			
Civil works for construction of cold-chain related facilities									■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Procurement of related equipment														■	■	■	■	■	■	■	■	■	■	■	■	■	■
Analysis of SPS standards								■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
6. PRC-ASEAN SMEs (SME Development in GUAT)																											
Detailed design			■	■	■	■	■																				
Organize Bidding				■	■	■	■	■	■	■	■	■	■														
Contracts awarded							■	■	■	■	■	■	■														
Civil works for construction of GUAT facilities									■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Procurement of related equipment										■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Supports to improve SME management courses										■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
7. PRC-ASEAN educational medicare cooperation (People's Connectivity: Expansion of YMCN)																											
Detailed design			■	■	■	■																					
Organize Bidding				■	■	■	■	■	■																		
Contracts awarded							■	■	■	■	■	■	■														
Civil works for construction of YMCN facilities									■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Procurement of related equipment										■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
8. Project Management																											
Recruitment of start-up consultants					■																						
Recruitment of project management firm				■	■	■	■																				
Inception/Annual/Mi dterm review				■				■				■				■				■				■			

III. PROGRAM MANAGEMENT ARRANGEMENTS FOR TRANCHE 2

A. Program Implementation Organizations: Roles and Responsibilities

4. Tranche 2 will be implemented from May 2018 to May 2023. The government of GZAR through Guangxi Foreign Loans Project Management Office (GPMO) will be the executing agency. Respective municipal governments will be the implementing agencies and state-owned enterprises at the local level will be the project implementing entities (PIEs), except for subprojects #6 and #7. Public educational institutions (universities) will be the implementing agencies and PIEs respectively for subprojects #6 and #7. A list of the implementing agency and PIE for each subproject is presented in Table 3.

Table 3. Implementing agency and project implementing entity for each subproject

No.	Project name	Implementing agency	Project Implementing Entity
1	Chongzuo Sino–Viet Nam Border Economic Cooperation Zone Demonstration Project (Phase I)	Chongzuo Municipal Government	Chongzuo City Xinghe Investment Development Co., Ltd.
2	Dongxing Changhu Road East Section Construction Project	Fangchenggang Municipal Government	Dongxing Development Investment Limited Liability Company
3	Road Connectivity in Pingxiang (Guangxi) –Lang Son (Viet Nam) Cross-Border Project	Chongzuo Municipal Government	Pingxiang Urban Construction Investment Co., Ltd.
4	Qinzhou Bonded Port Cross Border Trade E-Commerce Industrial Park Project	Qinzhou Municipal Government (Management Committee of Qinzhou Free Trade Port Area)	Guangxi Qinzhou Free Trade Port Area Investment Group. Ltd.
5	Qinzhou International Cold-Chain Logistics Demonstration Project	Qinzhou Municipal Government (Management Committee of Qinzhou Free Trade Port Area)	Guangxi Qinzhou Free Trade Port Area Investment Group. Ltd.
6	China–ASEAN SME Synergy Innovative Development Project	Guilin University of Aerospace Technology	Guilin University of Aerospace Technology
7	China–ASEAN Educational Medicare Cooperation Project	Youjiang Medical College for Nationalities	Youjiang Medical College for Nationalities

ASEAN = Association of Southeast Asian Nations, SME = small and medium-sized enterprises.

Source: Asian Development Bank.

5. The project management office (PMO) has been set up at the provincial level with designated staff. PMOs have been set up at all three municipal governments, i.e., Qinzhou, Chongzuo, and Fangchenggang, which manage subprojects also under tranche 1. Guilin University of Aerospace Technology and Youjiang Medical College for Nationalities will establish PMOs for respective subprojects. In addition, under each PIE, a project management unit (PMU) will be established (Figure 1).

6. The PIEs and PMUs will be responsible for day-to-day work of the implementation for respective subprojects under guidance by the implementing agencies, and close supervision by the executing agency. Each implementing agency will designate staff, including procurement and financial management staff, to its PMO to ensure the smooth and appropriate project

implementation. Also, each PIE will designate qualified staff to carry out day-to-day work of implementation, and ensure sound compliance with all relevant ADB guidelines and rules, and safeguards requirements.

7. To support the implementation of seven subprojects, a project management and capacity development firm will be engaged by the executing agency as project consultants under ADB loan. Their outline terms of references are in the summary of tranche 2 subprojects. And, procurement agents will be hired by the executing agency by its own financing. Procurement agents will support each step of the procurement processes (preparation of draft bidding documents, bid evaluation report, etc.), while the project consultants will support to ensure the compliance of procurement activities with all requirements of ADB project guidelines rules and covenants under tranche 2.

8. Design institutes and construction supervision consultants will be hired by respective PIEs for each subproject by its own financing. The project management and capacity development firm as well as procurement agents, design institutes, and construction supervision consultants will work closely with the implementing agencies and PIEs to carry out the actual implementation of each subproject; and report to the executing agency. The executing agency shall closely monitor all implementing activities, particularly procuring goods and works, and contracting. Also, the relevant project consultants will support the financial management of seven subprojects, including accounting, financial reporting, and internal auditing. The project consultants will closely work with the implementing agencies and PIEs to ensure sound account management and meet all requirements under ADB guideline and rules. They will report to the executing agency, and support the executing agency to prepare all needed documents for project financial management.

9. Technical experts, such as transport or road expert and logistics or building expert, are also included in the project management consultants (project management and capacity development firm). They will support to ensure technical due diligence, including the quality of constructions. Social and environment experts will also be the members of project management consultants, and will ensure the compliance of respective safeguards requirements for each of seven subprojects. All those consultants will closely work with respective implementing agencies and PIEs, and will report to the executing agency which shall take a responsibility for the close monitoring and the overall supervision.

10. In addition, consultants for external safeguards monitor and quick project start-up will be engaged by the executing agency and financed by the ADB loan. Consultants for quick projects start-up, will particularly work closely with each PIE to ensure the smooth and appropriate start-up of each subproject. The detailed arrangements will be as follows: (i) the first set of procurement consultant and financial management consultant will work closely for subprojects #6 and #7; (ii) the second set of procurement consultant and financial management consultant will closely work for subprojects #4 and #5 in Qinzhou and subproject #2 in Fangchenggang, and (iii) the third set of procurement consultant and financial management consultant will closely work for subprojects #1 and #3 in Chongzuo, including Pingxiang. The consultants will report to the executing agency and the implementing agencies of respective subprojects. The implementing agencies will closely monitor the implementation, and the executing agency will closely supervise the overall implementation.

Table 4: Investment Program Implementation Roles and Responsibilities

Project Implementation Organizations	Management Roles and Responsibilities
<p>Executing Agency</p> <ul style="list-style-type: none"> • Government of Guangxi Zhuang Autonomous Region through Guangxi Foreign Loans Project Management Office (GPMO) 	<ul style="list-style-type: none"> ➤ Take overall responsibility and provide overall coordination for implementation of the tranche 2's subprojects. ➤ Establish and maintain project advance account (administered by Guangxi Department of Finance). ➤ Submit withdrawal applications for tranche 2's subprojects to the Asian Development Bank (ADB). ➤ Ensure that counterpart funds and other resources for the tranche 2's subprojects are provided in a timely manner. ➤ Engage project management consulting services, and organize project implementation and management training. ➤ Engage procurement agent(s) to support project implementing entities (PIEs) which carry out contracts and procurement; and provide guidance to implementing agencies and PIEs on procurement issues. ➤ Submit bidding documents, bid evaluation reports, and other necessary documentations for tranche 2's subprojects to ADB for necessary approval. ➤ Perform consolidated financial statements; coordinate and ensure the annual audit; submit the annual audit report. ➤ Ensure disbursement coordination, and monitor budget allocations. ➤ Ensure that resettlement plans are implemented in a timely manner. ➤ Overall responsibility for EMP implementation and GRM coordination. ➤ Engage safeguards experts with suitable qualifications and experience for issues related to environment (including climate change and wildlife trafficking), involuntary resettlement, and indigenous peoples (ethnic minorities), and ensure compliance. ➤ Engage external environment, resettlement and social monitoring experts and ensure proper monitoring of implementation of safeguard measures. ➤ Submit progress and safeguards monitoring reports to ADB. ➤ Ensure compliance with all relevant covenants in the loan and project agreements under tranche 2. ➤ Monitor the project implementation progress and compliance status of tranche 2, and prepare and submit to ADB regular progress reports reflecting issues and time- bound actions taken (or to be taken). ➤ Prepare and submit to ADB project completion report of tranche 2 in a timely manner. ➤ Ensure sustainability of projects under tranche 2 during post implementation stage and report to ADB on the assessed development impacts.
<p>Steering Committee</p>	

Project Implementation Organizations	Management Roles and Responsibilities
<ul style="list-style-type: none"> • Leading Group for Utilization of Foreign Loans of Guangxi Zhuang Autonomous Region 	<ul style="list-style-type: none"> ➤ Headed by Vice Governor and consists of heads or representatives of Guangxi Development and Reform Commission, Guangxi Department of Finance, Environmental Protection Department, Education Department, Housing, Urban and Rural Development Department, Human Resources and Social Security Department, Transport Department, Land Resources Department, Commerce Department, Industry and ICT Commission, Audit Department, Entry-Exit Inspection and Quarantine Bureau (EEIQB), Nanning Customs District, Banking Regulation Bureau and CAPF Border Defense Force. ➤ Provide strategic and policy guidance to ensure successful implementation of tranche 2. ➤ Ensure adequate and smooth interagency coordination for tranche 2. ➤ Meet regularly (at least twice a year) to discuss key issues of tranche 2 and make decisions for effective resolutions of the issues.
<p>Implementing Agency</p>	
<ul style="list-style-type: none"> • Guilin University of Aerospace Technology 	<ul style="list-style-type: none"> ➤ Take overall responsibility for implementation of the subproject of Guilin University of Aerospace Technology (GUAT), Guangxi. ➤ Ensure provision of counterpart funds and other resources for subproject of GUAT in a timely manner. ➤ Ensure financial management functions, including accounting, auditing, funds-flow, disbursement, budgeting. ➤ Repay and/or guarantee repayment of the loan for subproject of GUAT.
<ul style="list-style-type: none"> • Youjiang Medical College for Nationalities 	<ul style="list-style-type: none"> ➤ Take overall responsibility for implementation of the subproject of Youjiang Medical College for Nationalities (YMCN). ➤ Ensure provision of counterpart funds and other resources for subproject of GUAT in a timely manner. ➤ Ensure financial management functions, including accounting, auditing, funds-flow, disbursement, budgeting. ➤ Ensure adequate and smooth interagency coordination. ➤ Meet regularly (at least twice a year) to discuss key issues of the subproject of YMCN and make decisions for effective resolution of issues. ➤ Repay and/or guarantee repayment of the loan for subproject of YMCN.
<ul style="list-style-type: none"> • Qinzhou Municipal Government (the Management Committee of Qinzhou Free Trade Port Area) 	<ul style="list-style-type: none"> ➤ Supervise implementation of subprojects in Qinzhou including: procurement and contract management, financial management, preparation of separate project accounts, and financial auditing of such accounts.

Project Implementation Organizations	Management Roles and Responsibilities
	<ul style="list-style-type: none"> ➤ Ensure provision of counterpart funds and other resources for tranche 2 subprojects in Qinzhou in a timely manner. ➤ Ensure financial management functions, including accounting, auditing, funds-flow, disbursement, budgeting. ➤ Ensure adequate and smooth interagency coordination. ➤ Meet regularly (at least twice a year) to discuss key issues of the subprojects in Qinzhou and make decisions for effective resolution of issues. ➤ Prepare and submit completion reports of Qinzhou's subprojects to GPMO in a timely manner. ➤ Repay and/or guarantee repayment of the loans for tranche 2 subprojects in Qinzhou.
<ul style="list-style-type: none"> • Chongzuo Municipal Government 	<ul style="list-style-type: none"> ➤ Take overall responsibility for implementation of tranche 2 subprojects in Chongzuo. ➤ Ensure provision of counterpart funds and other resources for tranche 2 subprojects in Chongzuo in a timely manner. ➤ Ensure financial management functions, including accounting, auditing, funds-flow, disbursement, budgeting. ➤ Ensure adequate and smooth interagency coordination. ➤ Repay and/or guarantee repayment of the loans for tranche 2 subprojects in Chongzuo. ➤ Provide guidance to and supervise subproject implementation by PIEs.
<ul style="list-style-type: none"> • Fangchenggang Municipal Government 	<ul style="list-style-type: none"> ➤ Supervise implementation of tranche 2 subproject in Fangchenggang including: procurement and contract management, financial management, preparation of separate project accounts, and financial auditing of such accounts. ➤ Prepare and submit completion report of tranche 2 subproject to GPMO in a timely manner. ➤ Provide guidance to and supervise subproject implementation by PIE. ➤ Ensure financial management functions, including accounting, auditing, funds-flow, disbursement, budgeting. ➤ Ensure provision of counterpart funds and other resources for tranche 2's subproject in Fangchenggang in a timely manner. ➤ Repay and/or guarantee repayment of the loan for tranche 2 subproject in Fangchenggang.
<p>PIEs for Tranche 2 Subprojects Guilin University of Aerospace Technology</p>	<ul style="list-style-type: none"> ➤ Set up and maintain a project management unit (PMU).

Project Implementation Organizations**Management Roles and Responsibilities**

- Under the guidance of the GPMO, be responsible for the implementation of and carry out day-to-day implementation of the China-Association of Southeast Asian Nations Small and Medium Enterprise (SMEs) Synergy Innovation Development subproject, including construction supervision, procuring goods and works under the subproject, maintaining separate project accounts in accordance with the People's Republic of China's accounting standards.
 - Secure technical expertise for works prior to bidding and ensure monitoring and quality assurance during construction and installation.
 - Support Safeguards Unit under GPMO to implement tranche 2 EMP and report on environmental and SDGAP compliance in quarterly progress reports and annual environmental and social monitoring reports.
 - Ensure compliance with EMP
 - Review invoices, payments; prepare and submit withdrawal applications; prepare financial statements; coordinate the audit.
 - Engage contractors and procure equipment with supports of consultants and procurement agents; and administer and monitor contractors and suppliers.
 - Prepare regular project progress reports and project completion report.
 - Responsible for operating and maintaining the completed subproject facilities.
 - Set up and maintain a project management unit (PMU).
 - Under the guidance of GPMO, be responsible for and carry out day-to-day implementation of the China-ASEAN Educational Medicare Cooperation Project (Phase 1) subproject, including construction supervision, procuring goods and works under the subproject and maintaining separate project accounts in accordance with PRC's accounting standards.
 - Secure technical expertise for works prior to bidding and ensure monitoring and quality assurance during construction and installation.
 - Review invoices, payments; prepare and submit withdrawal applications; prepare financial statements; coordinate the audit.
 - Engage contractors and procure equipment with supports of consultants and procurement agents; and administer and monitor contractors and suppliers.
 - Support Safeguards Unit under GPMO to implement tranche 2 EMP and report on environmental and SDGAP compliance in quarterly progress reports and annual environmental and social monitoring reports.
 - Ensure compliance with EMP
 - Prepare regular project progress reports and project completion report.
 - Responsible for operating and maintaining the completed subproject facilities.
- Youjiang Medical College for Nationalities
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Project Implementation Organizations	Management Roles and Responsibilities
<ul style="list-style-type: none"> • Guangxi Qinzhou Free Trade Port Area Investment Group, Ltd 	<ul style="list-style-type: none"> ➤ Set up and maintain a PMU consisting of competent information and communication technology project manager, information and communication technology chief engineer, accountant, and technical advisors. ➤ Under the guidance of the Qinzhou Municipal Government, be responsible for and carry out day-to-day implementation of the (i) Qinzhou Bonded Port Cross-Border Trade E-commerce Industrial Park Project, and (ii) Qinzhou International Cold-Chain Logistics Demonstration subproject, including procurement of goods and equipment, construction and installation supervision, and maintaining separate project accounts in accordance with PRC's accounting standards. ➤ Secure technical expertise for works prior to bidding and ensure monitoring and quality assurance during construction and installation. ➤ Review invoices, payments; prepare and submit withdrawal applications; prepare financial statements; coordinate the audit. ➤ Engage contractors and procure equipment with supports of consultants and procurement agents; and administer and monitor contractors and suppliers. ➤ Support Safeguards Unit under GPMO to implement tranche 2 EMP and report on environmental and SDGAP compliance in quarterly progress reports and annual environmental and social monitoring reports. ➤ Ensure compliance with EMP ➤ Prepare regular project progress reports and project completion report. ➤ Responsible for operating and maintaining the completed subproject facilities.
<ul style="list-style-type: none"> • Chongzuo City Xinghe Investment Development Co., Ltd. 	<ul style="list-style-type: none"> ➤ Under the guidance of GPMO and the Chongzuo Municipal Government, be responsible for and carry out day-to-day implementation of the Chongzuo Sino-Viet Nam Border Economic Cooperation Zone Demonstration subproject, including procurement of goods and equipment, construction and installation supervision, and maintaining separate project accounts in accordance with PRC's accounting standards. ➤ Secure technical expertise for works prior to bidding and ensure monitoring and quality assurance during construction and installation. ➤ Review invoices, payments; prepare and submit withdrawal applications; prepare financial statements; coordinate the audit. ➤ Engage contractors and procure equipment with supports of consultants and procurement agents; and administer and monitor contractors and suppliers. ➤ Support Safeguards Unit under GPMO to implement tranche 2 EMP and RP and report on environmental, resettlement, and social compliance in quarterly progress reports and annual environmental and social monitoring reports.

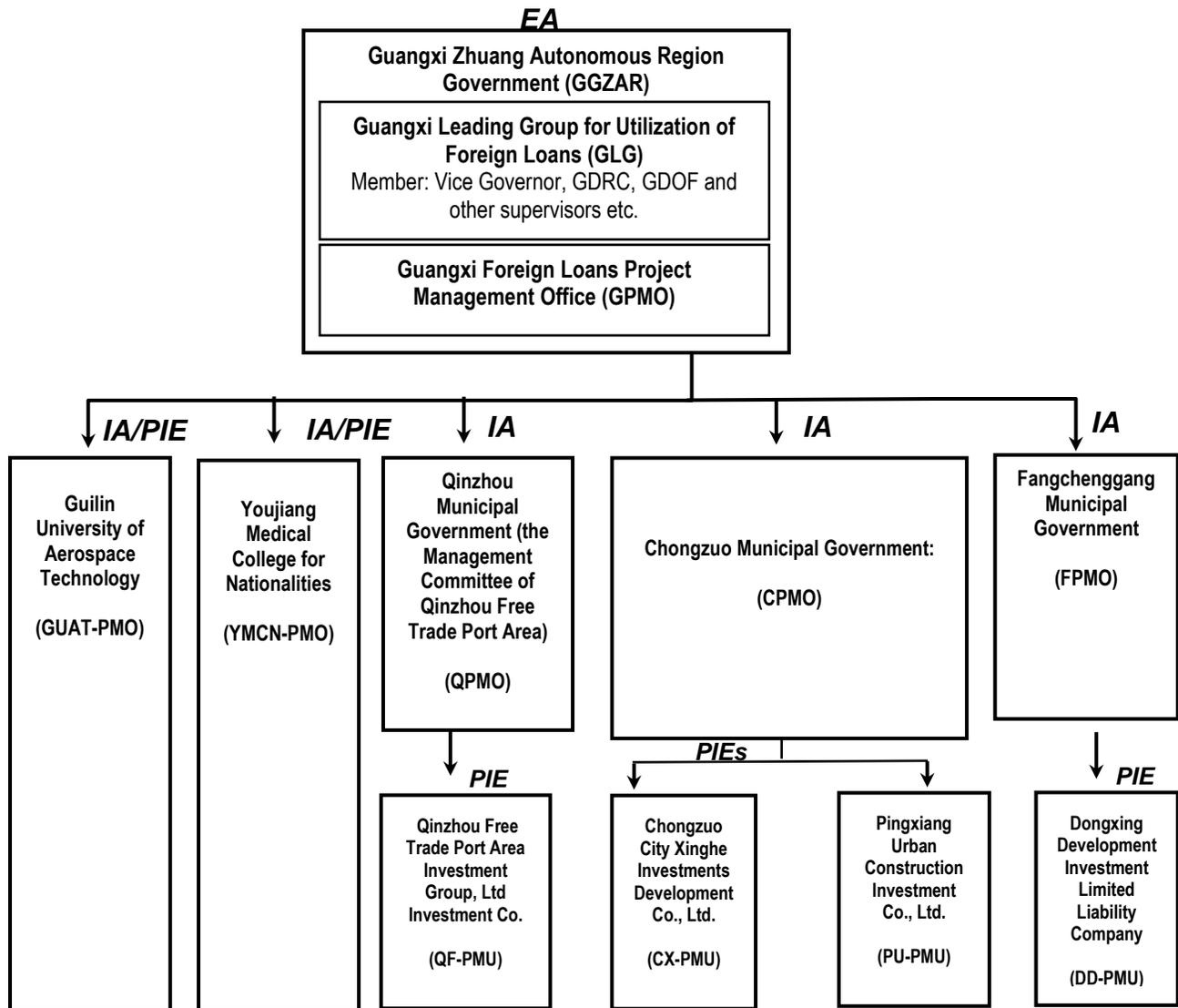
Project Implementation Organizations	Management Roles and Responsibilities
	<ul style="list-style-type: none"> ➤ Ensure compliance with EMP ➤ Prepare regular project progress reports and project completion report. ➤ Responsible for operating and maintaining the completed subproject facilities.
<ul style="list-style-type: none"> • Dongxing Development Investment Limited Liability Company 	<ul style="list-style-type: none"> ➤ Under the guidance of GPMO and the Fangchenggang Municipal Government, be responsible for and carry out day-to-day implementation of the Dongxing Changhu Road (East Section) Construction subproject, including procurement of goods and equipment, construction and installation supervision, and maintaining separate project accounts in accordance with PRC's accounting standards. ➤ Secure technical expertise for works prior to bidding and ensure monitoring and quality assurance during construction and installation. ➤ Review invoices, payments; prepare and submit withdrawal applications; prepare financial statements; coordinate the audit. ➤ Engage contractors and procure equipment with supports of consultants and procurement agents; and administer and monitor contractors and suppliers. ➤ Support Safeguards Unit under GPMO to implement tranche 2 EMP and RP, and report on environmental, social, and resettlement compliance in quarterly progress reports and annual environmental and social monitoring reports. ➤ Ensure compliance with EMP ➤ Prepare regular project progress reports and project completion report. ➤ Responsible for operating and maintaining the completed subproject facilities.
<ul style="list-style-type: none"> • Pingxiang Urban Construction Investment Co., Ltd. 	<ul style="list-style-type: none"> ➤ Under the guidance of the Chongzuo Municipal Government, carry out day-to-day implementation of the Road Connectivity in Pingxiang (Guangxi)-Lang Son (Viet Nam) Cross-Border subproject, including procurement of goods and equipment, construction and installation supervision, and maintaining separate project accounts in accordance with PRC's accounting standards. ➤ Prepare regular project progress reports and project completion report. ➤ Responsible for operating and maintaining the completed subproject facilities. ➤ Review invoices, payments; prepare and submit withdrawal applications; prepare financial statements; coordinate the audit. ➤ Support Safeguards Unit under GPMO to implement tranche 2 EMP and RP, and report on environmental, social, and resettlement compliance in quarterly progress reports and semi-annual environmental and social monitoring reports.

**Project Implementation
Organizations****Management Roles and Responsibilities**

- Engage contractors and procure equipment with supports of consultants and procurement agents; and administer and monitor contractors and suppliers.
 - Support Safeguards Unit under GPMO to implement tranche 2 (Environment Management Plan (EMP) and report on environmental and social compliance in quarterly progress reports and annual environmental and social monitoring reports.
 - Ensure compliance with EMP.
 - Secure technical expertise for works prior to bidding and ensure monitoring and quality assurance during construction and installation.
-
- Asian Development Bank
 - Assist GPMO and implementing agencies by providing timely guidance at each stage of the project for smooth implementation in accordance with the agreed implementation arrangements.
 - Review all the documents that require ADB approval.
 - Conduct periodic loan review missions, a mid-term review, and project completion mission.
 - Monitor compliance with all loan covenants including safeguard requirements.
 - Timely process withdrawal applications and release eligible funds.
 - Monitor compliance with financial audit recommendations.
 - Regularly post on ADB website the updated project information documents for public disclosure, and also the safeguards documents as per disclosure provision of the ADB's Safeguard Policy Statement (2009).
-

Source: Asian Development Bank.

Figure 1: Investment Program Organizational Structure for Tranche 2



EA = executing agency, GDOF = Guangxi Department of Finance, GDRC = Guangxi Development and Reform Commission, IA = implementing agency, PIE = project implementing entity.
Source: Asian Development Bank.

B. Key Persons Involved in Implementation

Executing Agency

Guangxi Foreign Loans Project
Management Office

Mr. Yan Bogui
Head of the PMO
Deputy Director General
Development and Reform Commission

Mr. Wu Tiancheng
Executive Head of the PMO
Division Director, Development and Reform Commission

Mr. Feng Xiaobing
Deputy Head of the PMO
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Fax: (86 771) 232 8850
Email: gxrcipmo2017@gxi.gov.cn
Rm. 1815, 111-1 Minzu Avenue
Nanning, Guangxi 530022, PRC

Implementing Agencies

Guilin University of Aerospace
Technology

Mr. Yi Xianghui
Vice President
Guilin University of Aerospace
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Fax: 0773-5863286
Email: yxh@guat.edu.cn
Address: Guilin, Guangxi, PRC

Youjiang Medical College for
Nationalities

Mr. Liao Pinhu
President
Youjiang Medical College for Nationalities or Guangxi
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Email: ymcn533000@126.com
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Qinzhou Municipal Government
(the Management Committee of
Qinzhou Free Trade Port Area)

Mr. Ma Xiangcong
Deputy Director
Qinzhou Municipal Development and Reform Commission

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Mr. Wang Wenyuan
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Chongzuo Municipal
Government

Mr. Li
Deputy Director
Chongzuo Municipal Development and Reform
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Fangchenggang Municipal
Government

Mr. Yu Jia
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IV. COSTS AND FINANCING

A. Cost Estimates Preparation and Revisions

11. The Government of the PRC has requested an MFF in an amount up to \$450.0 million from ADB's ordinary capital resources, including the PRC country allocation and regional set-aside, to help finance a part of the investment program. The MFF will consist of three tranches, subject to the government's submission of related periodic financing requests, execution of the related loan and project agreements for each tranche, and fulfillment of terms and conditions and undertakings set forth in the framework financing agreement. The first tranche, comprising two loans, is for a total of \$130.0 million. The second tranche is estimated to cost \$180.0 million with a 25-year term, including a grace period of 5 years, interest and other charges during construction to be capitalized. It will have (i) a straight-line repayment method, (ii) an annual interest rate determined in accordance with ADB's London interbank offered rate-based lending facility, (iii) a commitment charge of 0.15% per year, and (iv) such other terms and conditions set forth in the draft loan and project agreements. The financing plan of the MFF is in Table 5, and ADB financing for the investment program is in Table 6.⁴

**Table 5: Summary of Financing Plan
(\$ million)**

Source	Tranche 1 ^a (\$ million)	Tranche 2 ^b (\$ million)	Tranche 3 (\$ million)	Total (\$ million)	Share of Total (%)
Asian Development Bank					
OCR loan from country allocation	85.0	130.0	85.0	300.0	25.4
OCR loan from regional set-aside	45.0	50.0	55.0	150.0	12.7
Government	150.0	260.0	320.0	730.0	61.9
Total	280.0	440.0	460.0	1,180.0	100.0

ADB = Asian Development Bank, OCR = ordinary capital resources, PIE = project implementing entity.

^a The Guangxi Foreign Loans Project Management Office is also responsible for implementing the small and medium-sized enterprise training subproject and the project advisory support activities under tranche 1 in addition to project management. The organizational structure and fund flow diagrams of tranche 1 are in the Facility Administration Manual for MFF and tranche 1.

^b Includes taxes and duties of about \$42 million to be financed from government resources. Such amount does not represent an excessive share of the project cost.

Sources: Government of Guangxi Zhuang Autonomous Region and Asian Development Bank.

**Table 6: ADB Financing for the Investment Program
(\$ million)**

Item	Tranche 1 ^a	Tranche 2	Tranche 3	Total
Small and medium-sized enterprises development	83.0	30.5	10.6	124.1
Cross-border financial services	0.0	0.0	15.5	15.5
Cross-border e-commerce	22.3	10.7	13.0	46.0
Border economic zone development	6.9	50.9	58.6	116.4
Cross-border connectivity	0.0	72.5	30.8	103.3
Technical and institutional support	8.4	3.1	1.5	13.0
Financial charges during implementation	9.4	12.3	10.0	31.7
Total	130.0	180.0	140.0	450.0

^a Includes a \$63.58 million loan to be provided to small and medium-sized enterprise subprojects through the Guangxi Branch of the Bank of Communications using the Asian Development Bank's financial intermediation loan modality.

Source: Asian Development Bank estimates.

⁴ ADB. 2016. *Proposed Multitranche Financing Facility People's Republic of China: Guangxi Regional Cooperation and Integration Promotion Investment Program*.

12. The government will make the proceeds of each tranche available for purposes of financing projects under the MFF. It is expected that the government will finance the remaining cost of about \$730.0 million equivalent, or 62% of the total cost, including taxes and duties and other miscellaneous costs.

B. Key Assumptions

13. The following key assumptions underpin the cost estimates and financing plan:

- (i) Exchange rate: CNY 6.88 = \$1.00 (18 April 2017).
- (ii) Price contingencies based on expected cumulative inflation over the implementation period are as follows:

Table 7: Escalation Rates for Price Contingency Calculation

Item	2016	2017	2018	2019	2020	Average
Foreign rate of price inflation	1.5%	1.4%	1.5%	1.5%	1.5%	1.48%
Domestic rate of price inflation	2.0%	2.2%	2.3%	2.3%	2.3%	2.22%

Source: Asian Development Bank.

C. Detailed Cost Estimates by Expenditure Category

Table 8: Tranche 2 Cost Estimates by Expenditure Category

Item	In CNY Millions			In \$ millions			% of Base Cost
	Foreign Exchange	Local Currency	Total	Foreign Exchange	Local Currency	Total	
A. Investment Costs							
1. Civil works							
1A. Subprojects 1-3	76.0	683.9	759.9	11.0	99.4	110.4	28.9%
1B. Subprojects 4-6							
a. With ADB financing	57.1	514.3	571.4	8.3	74.7	83.1	21.7%
b. Full Government financing	6.7	60.2	66.9	1.0	8.8	9.7	2.5%
1C. Subproject 7							
a. With ADB financing	39.6	356.1	395.6	5.8	51.8	57.5	15.0%
b. Full Government financing	16.5	148.7	165.2	2.4	21.6	24.0	6.3%
2. Equipment	12.6	113.3	125.9	1.8	16.5	18.3	4.8%
3. Project management and capacity development	10.5	10.5	21.0	1.5	1.5	3.1	0.8%
4. Project preparation and supervision	89.0	89.0	177.9	12.9	12.9	25.9	6.8%
5. Land Acquisition and Resettlement	-	56.5	56.5	-	8.2	8.2	2.1%
Subtotal (A)	308.0	2,032.4	2,340.4	44.8	295.4	340.2	88.9%
B. Taxes and Duties							
	-	290.8	290.8	-	42.3	42.3	11.1%
Total Base Cost (A+B)	308.0	2,323.3	2,631.2	44.8	337.7	382.5	100.0%
C. Contingencies							
Physical Contingency	21.4	143.2	164.5	3.1	20.8	23.9	6.3%
Price Contingency	16.4	130.3	146.7	2.4	18.9	21.3	5.6%
Sub-total (C)	37.8	273.4	311.2	5.5	39.7	45.2	11.8%
D. Financing Charges During Implementation							
	87.1	-	87.1	12.3	-	12.3	3.2%
Total Project Cost (A+B+C+D)	432.9	2,596.7	3,029.6	62.6	377.4	440.0	115.0%

ADB = Asian Development Bank, CNY = Chinese Yuan.

Notes: Numbers may not sum precisely because of rounding.

Source: Asian Development Bank.

D. Allocation and Withdrawal of Investment Loan Proceeds

Table 9: Allocation and Withdrawal of Loan Proceeds

Number	Item	Total Amount Allocated for ADB Financing (\$) Category/Subcategory	Basis for Withdrawal from the Loan Account
1	Project Costs	149,584,873	Up to 100% of total expenditure claimed
2	Interest and Commitment Charges	12,320,354	100% of amounts due
3	Unallocated	18,094,773	
	TOTAL	180,000,000	

E. Detailed Cost Estimates by Financier

**Table 10: Tranche 2 Cost Estimates by Financier
(\$ million)**

Item	ADB		GOVT		Total Cost
	Amount	% of Cost Category	Amount	% of Cost Category	
A. Investment Costs					
1. Civil works					
1A. Subprojects 1-3	77.3	70.0%	33.1	30.0%	110.4
1B. Subprojects 4-6					
a. With ADB financing	45.7	55.0%	37.4	45.0%	83.1
b. Full Government financing	-	-	9.7	100.0%	9.7
1C. Subproject 7					
a. With ADB financing	23.5	40.9%	34.0	59.1%	57.5
b. Full Government financing	-	-	24.0	100.0%	24.0
2. Equipment	-	-	18.3	100.0%	18.3
3. Project management and capacity development	3.1	100.0%	-	-	3.1
4. Project preparation and supervision	-	-	25.9	100.0%	25.9
5. Land Acquisition and Resettlement	-	-	8.2	100.0%	8.2
Subtotal (A)	149.6	44.0%	190.6	56.0%	340.2
B. Taxes and Duties					
Total Base Cost (A+B)	149.6	39.1%	42.3	100.0%	42.3
C. Contingencies					
Physical Contingency	9.6	40.0%	14.3	60.0%	23.9
Price Contingency	8.5	40.0%	12.8	60.0%	21.3
Sub-total (C)	18.1	40.0%	27.1	60.0%	45.2
D. Financing Charges During Implementation					
Total Project Cost (A+B+C+D)	180.0	40.9%	260.0	59.1%	440.0

ADB = Asian Development Bank

^a Taxes and duties of about \$42.3 million to be financed from government resources.

Source: Asian Development Bank.

F. Detailed Cost Estimates by Outputs

Table 11: Tranche 2 Cost Estimates by Outputs
(\$ million)

Item	Total Cost	SME development		Cross-border e-commerce		BEZ development		Cross-border connectivity		Technical & institutional support	
		Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category
A. Investment Costs											
1. Civil works	284.7	57.8	20.3%	17.1	6.0%	69.8	24.5%	140.0	49.2%	-	0.0%
2. Equipment	18.3	17.1	93.6%	1.2	6.4%	-	0.0%	-	0.0%	-	0.0%
3. Project management and capacity developmer	3.1	-	0.0%	-	0.0%	-	0.0%	-	0.0%	3.1	100.0%
4. Project preparation and supervision	25.9	8.2	31.9%	-	0.0%	6.9	26.5%	10.8	41.6%	-	0.0%
5. Land Acquisition and Resettlement	8.2	-	0.0%	-	0.0%	3.4	41.2%	4.8	58.8%	-	0.0%
Subtotal (A)	340.2	83.2	24.5%	18.3	5.4%	80.1	23.5%	155.6	45.7%	3.1	0.9%
B. Taxes and Duties	42.3	10.3	24.5%	2.3	5.4%	10.0	23.5%	19.3	45.7%	0.4	0.9%
Total Base Cost (A+B)	382.4	93.5	24.5%	20.5	5.4%	90.0	23.5%	174.9	45.7%	3.4	0.9%
C. Contingencies											
Physical Contingency	23.9	5.0	20.9%	1.8	20.9%	6.4	26.8%	10.5	43.8%	0.2	0.9%
Price Contingency	21.3	5.0	23.5%	1.3	6.1%	5.2	24.5%	9.6	45.1%	0.2	0.8%
Sub-total (C)	45.2	10.0	22.1%	3.1	6.9%	11.6	25.7%	20.1	44.4%	0.4	0.8%
D. Financing Charges During Implementation	12.3	2.2	17.6%	0.8	6.9%	3.9	31.4%	5.1	41.6%	0.3	2.6%
Total Project Cost (A+B+C+D)	440.0	105.7	24.0%	24.5	5.6%	105.5	24.0%	200.2	45.5%	4.1	0.9%

BEZ = border economic zone, SME = small and medium-sized enterprises.

Source: Asian Development Bank.

G. Detailed Cost Estimates by Year

Table 12: Tranche 2 Cost Estimates by Year
(\$ million)

Item	Total Cost	2018	2019	2020	2021	2022	2023	
A. Investment Costs								
1. Civil works	284.7	11.6	44.5	83.3	85.7	56.7	3.0	-
2. Equipment	18.3	-	-	-	3.9	14.4	-	-
3. Project management and capacity development	3.1	0.7	0.8	0.5	0.5	0.5	0.1	-
4. Project preparation and supervision	25.9	15.0	7.4	1.5	0.9	0.9	0.1	-
5. Land Acquisition and Resettlement	8.2	-	8.2	-	-	-	-	-
Subtotal (A)	340.2	27.2	60.9	85.3	91.1	72.5	3.2	-
B. Taxes and Duties	42.3	3.4	7.6	10.6	11.3	9.0	0.4	
Total Base Cost (A+B)	382.5	30.6	68.5	95.9	102.4	81.5	3.6	-
C. Contingencies								
Physical Contingency	23.9	1.5	4.0	6.1	6.9	5.2	0.2	-
Price Contingency	21.3	0.7	2.5	5.3	7.4	5.2	0.2	-
Sub-total (C)	45.2	2.3	6.6	11.4	14.2	10.4	0.4	-
D. Financing Charges During Implementation	12.3	0.2	0.5	1.3	2.6	3.7	4.1	
Total Project Cost (A+B+C+D)	440.0	33.1	75.5	108.6	119.2	95.5	8.2	-
% Total Project Cost		7.5%	17.2%	24.7%	27.1%	21.7%	1.9%	100%

Source: Asian Development Bank.

H. Contract and Disbursement S-Curve

Table 13: Contract Awards and Disbursements (Tranche 2)
(\$ million, by quarter)

Year	Projected Contract Awards (\$ million)					Projected Disbursement (\$ million)				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
2018	0.00	0.00	0.00	1.03	1.03	0.00	0.00	0.00	3.94	3.94
2019	0.00	0.00	35.78	0.00	35.78	8.90	4.13	4.13	5.21	22.37
2020	15.68	27.68	31.71	10.87	85.94	8.35	12.31	13.73	15.02	49.40
2021	31.73	8.98	0.00	0.00	40.71	15.71	15.39	14.49	16.06	61.65
2022	0.00	0.00	0.00	0.00	0.00	13.58	10.16	7.02	8.02	38.77
2023	0.00	0.00	0.00	0.00	0.00	2.57	0.65	0.65	0.00	3.87
Total	47.41	36.66	67.49	11.90	163.45	49.10	42.64	40.02	48.23	180.00

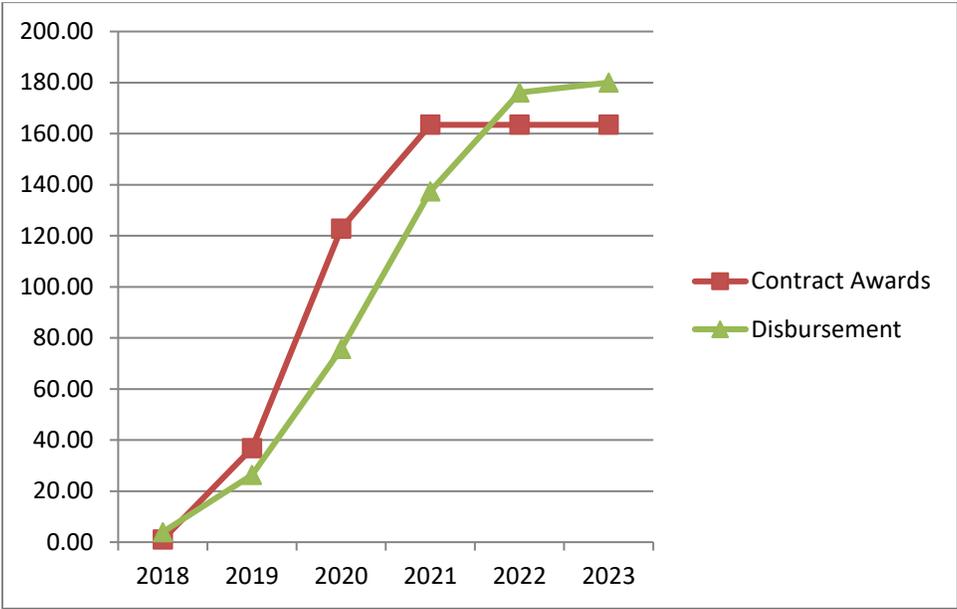
Source: Asian Development Bank estimates.

Table 14: Contract Awards and Disbursements (Tranche 2)
(cumulative)

Item	2018	2019	2020	2021	2022	2023
Contract Awards	1.03	36.80	122.74	163.45	163.45	163.45
Disbursement	3.94	26.31	75.71	137.36	176.13	180.00

Source: Asian Development Bank estimates.

Figure 2: Contract Awards and Disbursements Projections (Tranche 2)
(\$ million)



Source: Asian Development Bank.

V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

14. Under tranche 2, the six PIEs will implement the seven subprojects and undertake the specific accounting and financial reporting tasks. The five implementing agencies will ensure inter-agency coordination, provision of counterpart funds, and supervision of and reporting on implementation activities. The executing agency is overall responsible for coordination, preparation and implementation of the investment program and the subprojects, including some financial management (FM) tasks.

15. A financial management assessment (FMA) was conducted for PIEs of tranche 2 during March–May 2017 in accordance with ADB technical guidelines.⁵ The FMA considered the capacity of the PIEs, including funds-flow arrangements, staffing, accounting and financial reporting systems, financial information systems, and internal and external auditing arrangements. Based on the assessment, the key FM risks identified are (i) the PIEs do not have prior experience with ADB-financed projects, and two PIEs are newly established in 2016 and have limited operational experience; (ii) two PIEs have limited FM staffing (two finance and accounting staff each); (iii) the two higher education institutions currently apply cash-based accounting, but will have to apply accrual-based accounting for the respective ADB subprojects; (iv) three PIEs do not have an Internal Audit Unit and two of the three existing Internal Audit Units undertake pre-audit; and, (v) entity-level annual financial statements of the two higher education institutions do not, according to the legislation, require an external audit⁶, and the audit of the entity-level annual financial statements of another PIE was delayed.

16. The executing agency was covered with the 2016 FMA for tranche 1 and remains relevant. The 2016 tranche 1 FMA was the basis for the existing FM arrangements (described further below). The executing agency is implementing other ADB-financed projects⁷ and thus has sufficient knowledge and experience with ADB policies and procedures. Also, three of the five implementing agencies for tranche 2 have experience in implementing ADB-financed projects, and have sufficient knowledge of ADB policies and procedures.

17. It is concluded that the overall pre-mitigation program FM risk is *moderate*. The borrower and EA have agreed to implement an action plan as key measures to address identified deficiencies (Table 16). The FM action plans include (i) strengthening FM capacities, particularly for PIEs, by engaging relevant consultants under tranche 2, and also providing needed training to PIEs, and (ii) actions overseen by the GPMO to strengthen the project accounting and financial reporting systems and procedures of the PIEs. As outlined in the sections below, program FM procedures will be based on ADB's requirements – as regards disbursement, accounting and financial reporting, and external audit – which will provide adequate protection against fiduciary risks. The GPMO is in the process of engaging a FM consultant who will provide support in developing the accounting and financial reporting systems and procedures, including for the PIEs. In addition, the project management and capacity development consultants, engaged under tranche 2, will provide comprehensive assistance for PIEs on ADB policies and procedures, including disbursement, accounting, financial reporting and procurement. Also, the specific measures proposed to address identified issues are listed in the table below.

⁵ ADB. 2015. *Financial Management Assessment – Financial Management Technical Guidance Note*. Manila, May.

⁶ One of the universities conducts the external auditing regularly, as its own initiatives.

⁷ The GGZAR is currently the executing agency for the Guangxi Beibu Gulf Cities Development Project (43023-013) and the Guangxi Southwestern Cities Development Project (42010-013).

Table 15: Financial Management Risk Assessment and Mitigation Measures

	Risk Assessment		Mitigation Measures	Implementation Period
<i>Inherent Risk</i>				
Country-specific risks	Low	-		-
Entity-specific risks	Moderate		Relevant information and training will be provided to the IAs and PIEs on ADB procedures, including accounting and financial reporting requirements.	2018–2019
Overall Inherent Risk	Low-Moderate	-		-
<i>Project Risk</i>				
Implementing entities	Moderate		The GPMO will provide training to all PIEs on subproject accounting and financial reporting requirements.	2017–2018
Funds Flow	Moderate		The required counterpart funding will be re-confirmed with the IAs and PIEs, and funds provision monitored as a regular activity during implementation.	2018–2023
Staffing	Moderate		<i>Chongzuo City Xinghe Investment Development Co. Ltd.</i> will engage one additional finance/accounting staff prior to effectiveness.	2017- 2018
Accounting	Moderate		FM experts engaged under tranche 2 project management will provide training on accrual-based accounting to the relevant staff of <i>Guilin University of Aerospace Technology (GUAT)</i> and <i>Youjiang Medical College for Nationalities</i> to strengthen their capacity to undertake accrual-based accounting for ADB projects.	2018
Internal Audit	Moderate/Low		FM experts engaged under tranche 2 project management will provide training on Internal Auditing to all PIEs to strengthen their relevant knowledge.	2018
Reporting	Low	-		-
External Audit	Moderate		All PIEs, including GUAT, will be required to have their entity-level financial statements audited on an annual basis.	2018–2023
Information Systems	Low	-		-
Overall Project Risk	Moderate	-		-
Overall Risk	Moderate	-		-

ADB = Asian Development Bank, FM = financial management, GPMO = Guangxi Project Management Office, IA = Implementing Agency, IAU = Internal Audit Unit, PIE = Project Implementing Entity.

Source: Asian Development Bank (ADB).

18. On the basis of the GPMO already being in place and functioning, and given the proposed mitigation measures to be carried out, the residual program FM risk is considered to be *low* and the planned project arrangements hence deemed satisfactory.

C. Disbursement

Disbursement Arrangements for ADB Funds

19. The loan proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2017, as amended from time to time),⁸ and detailed arrangements agreed upon between the Government and ADB.⁹ Online training for project staff on disbursement policies and procedures is available.¹⁰ Project staff are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control.

20. The planned funds flow for tranche 2 investment loan is shown below. The responsibility for collecting and retaining supporting documents at the subproject-level rests with the PIEs and respective implementing agencies. Preparing and sending withdrawal applications to ADB will be undertaken by the executing agency.

21. Advance fund. To facilitate subproject implementation through timely release of loan proceeds, the executing agency will – through Guangxi Department of Finance (GDOF) – establish and maintain a separate advance account for the investment loan under tranche 2 promptly after loan effectiveness at a commercial bank. The currency of the advance account will be in US dollar. The advance account is to be used exclusively for ADB's share of eligible expenditures. GDOF, which establishes the advance account in its name, is accountable and responsible for proper use of advances to the advance account.

22. The total outstanding advance to the advance account should not exceed the estimate of ADB's share of expenditures to be paid through the advance account for the forthcoming six months. The executing agency, through GDOF, may request for initial and additional advances to the advance account based on an Estimate of Expenditure Sheet setting out the estimated expenditures to be financed through the account for the forthcoming six months. Supporting documents should be submitted to ADB or retained by the executing agency in accordance with ADB's *Loan Disbursement Handbook* (2017, as amended from time to time) when liquidating or replenishing the advance account.

23. Statement of Expenditure (SOE).¹¹ The SoE procedure may be used for reimbursement of eligible expenditures or liquidation of advances to the advance account. Supporting documents and records for the expenditures claimed under the SoE should be maintained and made readily available for review by ADB's disbursement and review missions, upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit.

24. Withdrawal application (WA): Before the submission of the first WA, the Borrower should submit to ADB sufficient evidence of the authority of the person(s) who will sign the WAs on behalf of the Guangxi Zhuang Autonomous Region Government (GGZAR), together with the authenticated specimen signatures of each authorized person. The minimum value per WA is in accordance with the Loan Disbursement Handbook. Individual payments below this amount should be paid (i) by the executing agency and subsequently claimed to ADB through reimbursement, or (ii) through the advance fund procedure, unless otherwise accepted by ADB.

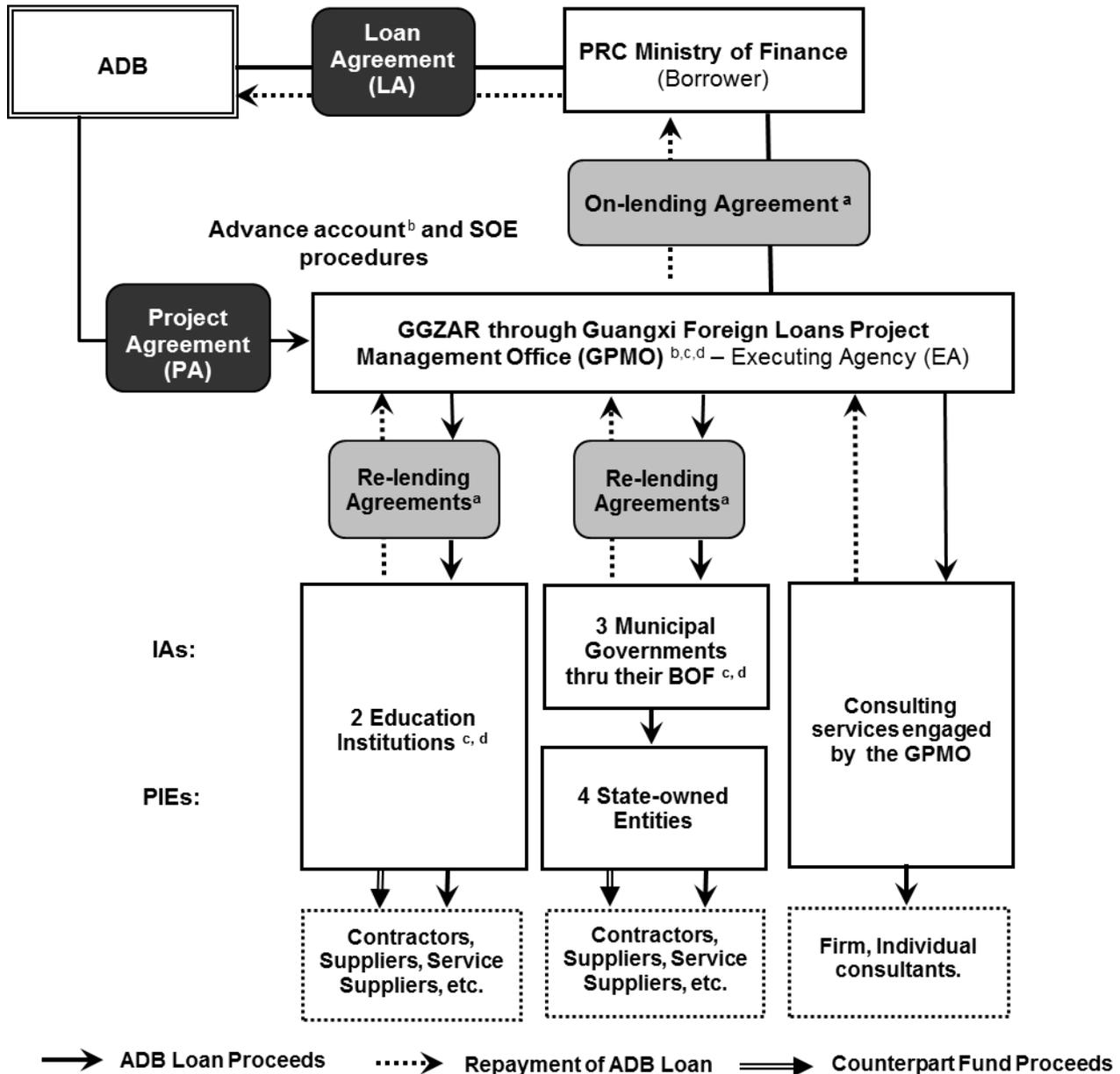
⁸ Available at: <http://www.adb.org/sites/default/files/institutional-document/33606/adb-loan-disbursement-handbook.pdf>.

⁹ ADB will sign a Loan Agreement with the PRC Ministry of Finance in its role as borrower and a Project Agreement with the GGZAR in its role as executing agency.

¹⁰ Disbursement eLearning: http://wpqr4.adb.org/disbursement_elearning.

¹¹ SoE forms are available in Appendix 7B of ADB's Loan Disbursement Handbook (2017, as amended from time to time).

Figure 4: Fund Flow Diagram for Tranche 2 Investment Loan



^a The ADB loan will be on-lend/re-lend on the same terms and conditions as those received by the PRC Ministry of Finance.

^b The advance account is established and administered by Guangxi Department of Finance.

^c GGZAR, implementing agencies and PIEs will establish and manage separate project accounts.

^d The implementing agencies are the PIEs themselves (subprojects no. 6 and 7) and municipal-level governments (subproject no. 1-5). The implementing agencies will each establish and manage a separate loan account for the ADB loan, and repay their loan directly to the GGZAR's DOF. Subproject day-to-day implementation and management will involve interaction with and supervision by the relevant PIEs.

ADB = Asian Development Bank, BOF = Bureau of Finance, DOF = Department of Finance, EA = Executing Agency, GGZAR = Government of Guangxi Zhuang Autonomous Region, GPMO = Guangxi Project Management Office, IA = Implementing Agency, LA = Loan Agreement, PA = Project Agreement, PIE = Project Implementing Entity, PRC = People's Republic of China, SOE = Statement of Expenditure.

Source: Asian Development Bank.

Disbursement Arrangements for Counterpart Funds

25. The executing agency shall, and shall cause the implementing agencies and other entities, in line with the cost estimate prepared for the subprojects, to make available, promptly and as needed, the necessary and stipulated counterpart funding funds as well as facilities, services, land and other resources.

D. Accounting

26. The GPMO will maintain and, through the implementing agencies, cause the PIEs to maintain separate books and records by funding source for all expenditures incurred for the subprojects. The basis of accounting will be accrual for all PIEs. The GPMO will prepare and, through the implementing agencies, cause the PIEs to prepare in-year and annual financial statements for the subprojects.

27. The accounting and financial reporting procedures will be supported through initiatives already agreed between the GGZAR and ADB for tranche 1.¹² This includes that the GGZAR within three months of the date of effectiveness of tranche 1 shall engage a professional accounting firm or consultants, acceptable to ADB, to assess the internal controls of the project management offices and PIEs and to recommend improvements, and shall take appropriate measures to implement such recommended improvements, if any.¹³

E. Auditing and Public Disclosure

28. The GPMO will cause the detailed consolidated project financial statements to be audited in accordance with International Standards on Auditing by an independent auditor acceptable to ADB based on a ToR acceptable to ADB. The audited project financial statements together with the auditor's opinion will be presented in the English language to ADB within 6 months from the end of the fiscal year by the GPMO.

29. For entities preparing independent entity financial statements, the audited entity financial statements, together with the auditor's report and management letter, will be submitted in the English language to ADB within one month after their approval by the relevant authority.

30. The audit report for the project financial statements will include a management letter and auditor's opinions, which cover (i) whether the project financial statements present an accurate and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting standards; (ii) whether the proceeds of the loan were used only for the purpose(s) of the project; and (iii) whether the borrower or executing agency was in compliance with the financial covenants contained in the legal agreements (where applicable).

31. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor.

32. The Government, GPMO, implementing agencies and PIEs have been made aware of ADB's approach to delayed submission, and the requirements for satisfactory and acceptable

¹² Paragraph 15 in the Schedule of the Project Agreement for Project 1 (Investment Loan Component) and Paragraph 19 in Chapter V of the 2016 facility administration manual for tranche 1.

¹³ The GPMO is currently in the process of engaging a FM consultant who will assist in developing project accounting and reporting systems, including for the PIEs.

quality of the audited project financial statements.¹⁴ ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the borrower), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. 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.

33. Public disclosure of the audited project financial statements, including the auditor's opinion on the project financial statements, will be guided by ADB's Public Communications Policy 2011.¹⁵ After the review, ADB will disclose the audited project financial statements and the opinion of the auditors on the project financial statements no later than 14 days of ADB's confirmation of their acceptability by posting them on ADB's website. The management letter, additional auditor's opinions, and audited entity financial statements will not be disclosed.¹⁶

VI. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting and Retroactive Financing

34. **Advance contracting.** All advance contracting will be undertaken in conformity with ADB Procurement Guidelines (2015, as amended from time to time) and ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). The issuance of invitations to bid under advance contracting will be subject to ADB approval. The borrower, executing agency, implementing agencies and PIEs have been advised that approval of advance contracting does not commit ADB to finance the project. Advance contracting will include advertisement, issuance of bidding document and evaluation of bids, and up to the recommendation of contracts award. Advance contracting is envisaged for business development services and other consulting service contracts.

35. **Retroactive financing.** Retroactive financing, which applies to the investment loan only, will be available for expenditures incurred prior to loan effectiveness, but not more than 12 months prior to loan signing, up to 20% of the loan amount under a tranche. The borrower, executing agency, implementing agencies and PIEs have been advised that approval of retroactive financing does not commit ADB to finance the project.

B. Procurement of Goods, Works, and Consulting Services

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

¹⁴ ADB's approach and procedures regarding delayed submission of audited project financial statements:

- (i) When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (a) the audit documents are overdue; and (b) if they are not received within the next 6 months, requests for new contract awards and disbursement such as new replenishment of advance accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.
- (ii) When audited project financial statements are not received within 6 months after the due date, ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of advance accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (a) inform the executing agency of ADB's actions; and (b) advise that the loan may be suspended if the audit documents are not received within the next 6 months.
- (iii) When audited project financial statements are not received within 12 months after the due date, ADB may suspend the loan.

¹⁵ Public Communications Policy: <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>.

¹⁶ This type of information would generally fall under public communications policy exceptions to disclosure. ADB. 2011. *Public Communications Policy*. Paragraph 97(iv) and/or 97(v).

Procurement Guidelines (2015, as amended from time to time).¹⁷ International competitive bidding (ICB) procedures will be used for civil works contracts estimated to exceed \$40 million, and goods contracts estimated to exceed \$10 million.¹⁸ Contract estimated at less than the ICB thresholds would be procured following national procedures in accordance with the PRC Tendering and Bidding Law (1999), subject to modifications as agreed with ADB and consigned in the national competitive bidding (NCB) annex to the procurement plan. Contracts for works estimated to cost less than the ICB threshold values, but from \$100,000 and contracts for goods estimated to cost less than the ICB threshold values, but from \$100,000 will be procured on the basis of NCB procedures. Shopping will be used for contracts for procurement of works and goods estimated at less than \$100,000.

37. 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 (2015, as amended from time to time). For procurement under NCB, the following provisions will apply: (i) the advertisement may be limited to the national press, an official gazette or an open access website; (ii) bidding shall follow the standard bidding documents issued by MOF and approved by ADB; and (iii) bidding documents may be only in the Chinese language, and Chinese Yuan (CNY) currency, may be used for the purpose of bidding and payment. Procurement under NCB and shopping will be subject to the provisions of the NCB annex of the procurement plan.

38. Procurement under ICB shall use the latest ADB standard bidding documents which can be downloaded from ADB's website.

39. All consultants will be recruited according to ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).¹⁹ The terms of reference for all consulting services are detailed in Appendix (Tranche 2 subproject summaries). An estimated 385 person-months of consulting services are required to (i) facilitate project management and implementation and strengthen the institutional and operational capacity of the executing and implementing agencies, (ii) carry out external monitoring of safeguards (environmental and social), (iii) provide start up support to the executing agency and implementing agencies, and (iv) to assist in preparation of subprojects for tranche 3. A consulting firm will be engaged using the quality- and cost-based selection (QCBS) method with a quality–cost ratio of 80:20, together with individual consultants.

C. Procurement Plan

Table 16: Basic Data (Tranche 2)

Project Name: Guangxi Regional Cooperation and Integration Promotion Investment Program – Tranche 2	
Project Number: 50050-004	Approval Number:
Country: People's Republic of China	Executing Agency: Government of Guangxi Zhuang Autonomous Region, through Foreign Loan Projects Management Office
Project Procurement Classification: B	

¹⁷ Available at <http://www.adb.org/Documents/Guidelines/Procurement/Guidelines-Procurement.pdf>

¹⁸ Subjected to further market assessment for the goods to be procured.

¹⁹ 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 Risk: Moderate	Implementing Agency: - Guilin University of Aerospace Technology - Youjiang Medical College for Nationalities - Qinzhou Municipal Government (the Management Committee of Qinzhou Free Trade Port Area) - Chongzuo Municipal Government - Fangchenggang Municipal Government
Project Financing Amount: \$ 180.0 million ADB Financing: \$180.0 million Non-ADB Financing: \$260.0 million	Project Closing Date: 30 November 2023
Date of First Procurement Plan: 11 January 2018	Date of this Procurement Plan: 11 January 2018

1. Methods, Thresholds, Review and 18-Month Procurement Plan

(a) Procurement and Consulting Methods and Thresholds

39. Except as ADB may otherwise agree, the following process thresholds shall apply to procurement of goods and works.

Procurement of Goods and Works		
Method	Threshold	Comments
International Competitive Bidding (ICB) for Works	\$40,000,000 or more	Prior review
International Competitive Bidding for Goods	\$10,000,000	Prior review
National Competitive Bidding (NCB) for Works	Beneath that stated for ICB, Works	Prior review for each implementing agency's first package
National Competitive Bidding for Goods ²	Beneath that stated for ICB, Goods	Prior review for each implementing agency's first package
Shopping for Works	Below \$100,000	
Shopping for Goods	Below \$100,000	

Consulting Services	
Method	Comments
Quality and Cost Based Selection (QCBS)	80:20
Quality Based Selection	
Individual Consultants' Selection	
Consultants' Qualifications Selection ¹	
Least-Cost Selection ²	
Fixed Budget Selection	

¹ Refer to Para. 29 of PAI 2.02 for Consultants' Qualification Selection.

² Refer to Para. 26 of PAI 2.02 for Least-Cost Selection.

D. Goods and Works Contracts Estimated to Cost \$1 Million or More

40. The following table lists goods and works contracts for which the procurement activity is either ongoing or expected to commence within the next 18 months.

Package Number	General Description	Estimated Value (\$'000)	Procurement Method	Review [Prior / Post/Post (Sampling)]	Bidding Procedure	Advertisement Date (quarter/year)	Comments
CZ-C1	Chongzuo Sino-Viet Nam border economic cooperation zone demonstration project (Roads 2, 3, 4)	23,722	NCB	Prior	1S1E	Q2 2019	
CZ-C2	Chongzuo Sino-Viet Nam border economic cooperation zone demonstration project (Road 1, 6, 7)	22,410	NCB	Post	1S1E	Q2 2020	
CZ-C3	Chongzuo Sino-Viet Nam border economic cooperation zone demonstration project (Waste-water treatment plant)	13,582	NCB	Post	1S1E	Q1 2020	
DX-C1	Dongxing Changhu Road East Section Construction Project (Package 1: Km 0.0-1.7)	25,568	NCB	Prior	1S1E	Q4 2019	
DX-C2	Dongxing Changhu Road East Section Construction Project (Package 2: Km 1.7-3.7)	25,660	NCB	Post	1S1E	Q2 2019	
PZ-C1	Road Connectivity in Pingxiang (Guangxi)-Lang Son (Viet Nam) Cross-Border Project	16,517	NCB	Prior	1S1E	Q1 2020	
QZE-C1	Qinzhou Bonded Port Cross Border Trade e-commerce industrial park project (Buildings)	19,999	NCB	Post	1S1E	Q1 2020	
QZC-C1	Qinzhou International Cold-Chain Logistics Demonstration Project	20,231	NCB	Prior	1S1E	Q2 2018	
GC-C1	China-ASEAN SME Synergy Innovation Development Project (Aeronautic and Aerospace Industry Practice Base building)	16,754	NCB	Prior	1S1E	Q2 2018	
GC-C2	China-ASEAN SME Synergy Innovation Development Project (SME Business Development Service information center)	20,262	NCB	Post	1S1E	Q4 2019	
GC-C3	China-ASEAN SME Synergy Innovation Development Project (Vocational education building)	16,817	NCB	Post	1S1E	Q4 2020	
BS-C1	China-ASEAN Educational Medicare Cooperation Project (north school gate and buildings in the east area: public teaching building, lab building, administration office building, full-time research building, and auditorium)	33,895	NCB	Prior	1S1E	Q2 2018	

BS-C2	China-ASEAN Educational Medicare Cooperation Project (buildings in the west area: student dormitory, canteen, and lab building)	29,716	NCB	Post	1S1E	Q1 2020	

1S1E = one single one envelope, ASEAN = Association of Southeast Asian Nations, NCB = national competitive bidding, SME = small and medium-sized enterprise.

E. Consulting Services Contracts Estimated to Cost \$100,000 or More

41. The following table lists consulting services contracts for which the recruitment activity is either ongoing or expected to commence within the next 18 months.

Package Number	General Description	Estimated Value (\$'000)	Procurement Method	Review [Prior / Post/Post (Sampling)]	Bidding Procedure	Advertisement Date (quarter/year)	Comments
GX-CS1	Project Management and Capacity Development	1,503	QCBS (80:20)	Prior	FTP	Q2 2018	
GX-CS2	External Monitoring Consultant (Social safeguards)	286	ICS	Prior	National	Q3 2018	
GX-CS3	External Monitoring Consultant (Environment safeguards)	286	ICS	Prior	National	Q3 2018	
GX-CS4	Start-up support consultants (9 consultants)	544	ICS	Prior	National	Q1 2018	
GX-CS5	Project Preparation (tranche 3) (18 consultants)	434	ICS	Prior	National	Q1 2018	

ICS = individual consultant selection, FTP = full technical proposal, QCBS = quality and cost based selection.

F. Goods and Works Contracts Estimated to Cost Less than \$1 Million and Consulting Services Contracts Less than \$100,000 (Smaller Value Contracts)

42. The following table groups smaller-value goods, works and consulting services contracts for which the activity is either ongoing or expected to commence within the next 18 months.

Package Number	General Description	Estimated Value (\$'000)	Procurement Method	Review [Prior / Post/Post (Sampling)]	Bidding Procedure	Advertisement Date (quarter/year)	Comments

G. Indicative List of Packages Required Under the Project

43. The following table provides an indicative list of goods, works and consulting services contracts over the life of the project, other than those mentioned in previous sections (i.e., those expected beyond the current period).

Goods and Works							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Review [Prior / Post/Post (Sampling)]	Bidding Procedure	Comments
							N/A
							N/A

Consulting Services							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Review (Prior / Post)	Type of Proposal	Comments
							N/A
							N/A

H. List of Awarded and On-going, and Completed Contracts

44. The following tables list the awarded and on-going contracts, and completed contracts.

Table 17: Awarded and On-going Contracts

Goods and Works							
Package Number	General Description	Estimated Value	Awarded Contract Value	Procurement Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award ¹	Comments ²
							N/A
							N/A
							N/A

¹ Date of ADB Approval of Contract Award is the date of No-Objection letter to the EA/IA.

² Indicate the Contractor's name and the contract signing date.

Consulting Services							
Package Number	General Description	Estimated Value	Awarded Contract Value	Recruitment Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award³	Comments⁴
							N/A
							N/A
							N/A

³ Date of ADB Approval of Contract Award is the date of No-Objection letter to the EA/IA.

⁴ Indicate the Consulting Firm's name and the contract signing date.

Table 18: Completed Contracts

Goods and Works								
Package Number	General Description	Estimated Value	Contract Value	Procurement Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award⁵	Date of Completion⁶	Comments
								N/A
								N/A

⁵ Date of ADB Approval of Contract Award is the date of No-Objection letter to the EA/IA.

⁶ The Date of Completion is the physical completion date of the contract.

Consulting Services								
Package Number	General Description	Estimated Value	Contract Value	Recruitment Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award⁷	Date of Completion⁸	Comments
								N/A
								N/A

⁷ Date of ADB Approval of Contract Award is the date of No-Objection letter to the EA/IA.

⁸ The Date of Completion is the physical completion date of the contract.

I. Non-ADB Financing

45. The following table lists goods, works and consulting services contracts over the life of the project, financed by Non-ADB

sources.

Goods and Works:

Package Number	General Description	Estimated Value (\$'000)	Procurement Method	Review [Prior / Post/Post (Sampling)]	Bidding Procedure	Advertisement Date (quarter/year)	Comments
QZE-E1	Qinzhou Bonded Port Cross Border Trade e-commerce industrial park (Data center)	1,378	Government	N/A		Q2 2020	
GC-C4	China-ASEAN SME Synergy Innovation Development Project (International student dormitory building)	7,235	Government	N/A		Q2 2017	
GC-C5	China-ASEAN SME Synergy Innovation Development Project (External works)	3,650	Government	N/A		Q2 2017	
GC-E1 to E6	China-ASEAN SME Synergy Innovation Development Project (Equipment) (6 packages)	19,174	Government	N/A		Q3 2020	
BS-C3	China-ASEAN Educational Medicare Cooperation Project (Library)	12,453	Government	N/A		Q2 2020	
BS-C4	China-ASEAN Educational Medicare Cooperation Project (External works, sports facilities)	14,110	Government	N/A		Q4 2017	

ASEAN = Association of Southeast Asian Nations, N/A = not applicable, SME = small and medium-sized enterprise.

Consulting Services

Package Number	General Description (Goods and Works)	Estimated Value	Procurement Method	Review [Prior / Post/Post (Sampling)]	Bidding Procedure	Advertisement Date (quarter/year)	Comments

National Competitive Bidding

A. Regulation and Reference Documents

46. The procedures to be followed for national competitive bidding shall be those set forth in *The Government Procurement Law of People's Republic of China* approved on 29 June 2002 and *Law of the People's Republic of China on Bid Invitation and Bidding* promulgated on August 30, 1999 with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of the *ADB Procurement Guidelines*.

B. Procurement Procedures

1. Competitive Bidding Procedure (Procurement Law Art. 26 and Law on Bidding Art. 10).

47. Public tendering is the acceptable method of government procurement, and public invitation is the accepted bid invitation mode.

2. Eligibility

48. The eligibility of bidders shall be as defined under section I of the Procurement Guidelines; accordingly, no bidder or potential bidder should be declared ineligible for reasons other than those provided in section I of the Guidelines, as amended from time to time.

3. Advertising

49. All invitations to prequalify or to bid shall be advertised in the national press (China Daily Newspaper) or a free and open access website (www.chinabidding.com). 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 twenty-eight (28) 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.

4. Bidding Period

50. The minimum bidding period is 28 days prior to the deadline for the submission of bids.

5. Participation by Government-Owned Enterprises

51. 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.

6. Rebidding

52. Rebidding shall not be allowed solely because the number of bids is less than three (3).

C. Bidding Documents

7. Qualification requirements

53. Qualification requirements of bidders and the method of evaluating the qualification of each bidder shall be specified in detail in the bidding documents, and in the prequalification documents if the bidding is preceded by a prequalification process.

8. Bid Submission and Opening

54. Bidders shall be allowed to submit bids by mail or by hand.

55. 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.

9. Bid Evaluation and Award

56. 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.

57. 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.

10. ADB Policy Clauses

58. 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.

59. A provision shall be included in all bidding documents for NCB works and goods contracts financed by ADB stating that the Borrower shall reject a proposal for award if it determines that the bidder recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for the contract in question.

60. A provision shall be included in all bidding documents for NCB works and goods contracts financed by ADB stating that ADB will declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by ADB, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices or any integrity violation in competing for, or in executing, ADB-financed contract.

D. Consultant's Terms of Reference

61. The detailed terms of reference of consulting services are given under the descriptions of respective summary of tranche 2 subprojects.

VII. SAFEGUARDS

62. **Safeguard classifications.** Potential impacts of tranche 2 of the program are classified as “B” for environment, “B” for involuntary resettlement, and “C” for impacts on Indigenous Peoples. Tranche 2 has been screened, categorized, and assessed using the safeguard procedures set out in the program’s environment assessment review framework (EARF), resettlement framework (RF) and Indigenous Peoples planning framework (IPPF), which reflect the PRC and its provincial laws, regulations and guidelines, and also the safeguard policy of ADB outlined in Safeguard Policy Statement (2009).²⁰

63. **Grievance redress mechanism.** GPMO ensures that each PIE will establish a grievance redress mechanism (GRM) at the subproject level within 60 days of the loan effectiveness date, as detailed in the environmental management plan (EMP) and resettlement plans. The GRM sets out procedures for managing public concerns and complaints and safeguard issues that may arise during project implementation. The GRMs will be established before starting of any construction work of the subprojects. Each GRM provides a set of procedures to receive, record, and resolve concerns or/and complaints of affected persons and communities. It will provide contact details of the focal point at GPMO, implementing agencies, PIEs, and contractors’ teams, and other relevant safeguard authorities within project administration authorities. All contractors will be briefed by the GPMO on safeguard requirements of subprojects and the role of GRMs. Multiple entry points to each GRM will be available including verbal and written complaints, hotline number, anonymous drop boxes, and e-mail contacts. The GPMO will report on complaints and the degree of their resolution to ADB in quarterly project progress reports and safeguard monitoring reports.

64. **Prohibited investment activities.** Pursuant to ADB’s Safeguard Policy Statement, 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. GPMO, implementing agencies, and PIEs will ensure that their investments comply with the applicable national laws and regulations and also with the prohibited investment activities list of ADB.

Environment

65. **An environmental assessment and review framework** has been prepared to categorize and provide guidance on environmental safeguards for subsequent tranches of the MFF. These documents comply with the PRC’s regulatory requirements and ADB’s Safeguard Policy Statement, and will be disclosed on the ADB website prior to management consideration.

66. **Environmental assessment, reports and approvals.** The seven subprojects proposed through tranche 2 have been classified by ADB as category B for environment. A consolidated initial environmental examination (IEE) and EMP have been prepared based on information provided in the domestic environmental impact reports (EIRs) and environment impact tables (EITs), feasibility study reports and site reconnaissance. The EIRs and EITs for all subprojects have been approved by the local Environmental Protection Bureaus. The IEE has been disclosed.

67. **Environmental impacts.** During the construction of the roads, buildings and facilities, potential impacts would include dust, noise and management of wastewater and solid waste. Land take is minor, about 134 hectares, in total and mostly within existing disturbed sites. During operation, potential impacts are mostly road traffic noise, wastewater and solid waste. Small

²⁰ ADB. 2009. *Safeguard Policy Statement*. Manila.

quantities of chemical waste and medical waste would be generated from the laboratories and workshops at the two educational institutes in subprojects 6 and 7, which will be collected and treated by approved companies. A wildlife trafficking study has been carried out and a capacity building program for border officials is proposed to support wildlife law enforcement.

68. **Environment budget.** The EMP outlines potential impacts, mitigation and monitoring measures, institutional arrangements, training requirements, and an environment implementation budget. A budget of \$3.76 million has been allocated for environmental mitigation and monitoring, which is about 0.8% of the total tranche 2 cost. Excluded from the budget are infrastructure costs which relate to environment and public health, but which are already included in the civil works costs and remuneration for the GPMO environment coordinator. Included in the \$3.7 million are the cost of \$2,155,000 for the environmental supervision engineers and the environmental monitoring cost of \$255,000 to be bore by the PIEs; \$1,225,800 for implementation of all mitigation measures during construction, including those specified in the tender and contract documents as well as those to mitigate unforeseen impacts due to their construction activities; and \$10,000 for public consultation organized by GPMO. Costs of the external environmental monitor (\$100,000) and training (\$15,000) will be funded through the ADB loan (See EMP Table EMP-10: Estimated Budget for Environmental Management Plan Implementation). During implementation, records of actual budget should be maintained and included in the project completion report.

Table 19: Environmental Management and Supervision

Agency	Environmental Management Roles and Responsibilities
Guangxi Zhuang Autonomous Region (GZAR)	The executing agency for the project responsible for overall implementation and compliance with loan assurances and the initial environmental examination (IEE), environmental management plan (EMP), and updated environment assessment and review framework (EARF).
Guangxi Foreign Loans Project Management Office (GPMO)	Established by the executing agency to be responsible for the day-to-day management of the project. Has overall responsibility delegated by the executing agency for supervising the implementation of environmental mitigation measures, coordinating the project level grievance redress mechanism (GRM), public consultation plan, and reporting to the ADB.
Project Implementing Entities (PIEs)	Responsible for day-to-day management during project preparation and implementation periods, assigns an environmental focal point to supervise the implementation of EMP, and liaise between GPMO and implementing agencies. Engage environmental supervision engineer through construction supervision consultancy to carry out day-to-day supervision.
Contractors	Construction contractors will develop site-specific EMPs on the basis of the project EMP and will be responsible for implementing mitigation measures during construction under the supervision of the environmental supervision engineers.
Environment Specialist appointed through Project Management Consultancy (PMC) services	Overall management support and capacity building on environment for subproject tranche 2 in accordance with the IEE and EMP, and project preparation for tranche 3 in accordance with the EARF.
Environmental Supervision Engineers (ESE)	Responsible for supervising construction progress and quality and EMP implementation on construction sites, including (i) contractor's EMP implementation performance; and (ii) preparation of the contractor's environmental management performance section in monthly project progress reports to be submitted to the implementing agencies and GPMO.
External Environmental Monitor (EEM)	Provide technical assistance to the project management office (PMO), implementing agencies, and contractors to implement the EMP. Review

Agency	Environmental Management Roles and Responsibilities
	updated EMP and confirm that mitigation measures have been included in the detailed engineering design. Review bidding documents to ensure that the EMP clauses are incorporated. Advise on mitigation measures, provide technical support, and conduct environmental training. Conduct semiannual EMP compliance audit, support GPMO in preparing environment section of project progress reports, annual environmental monitoring, and project completion report.
ADB	Monitor and supervise the overall environmental performance of the project, conduct review missions, review environment issues and advise on corrective actions, review the annual environment monitoring reports and disclose the reports on ADB website upon receipt (within 14 calendar days) in line with ADB Public Communications Policy (2011). Ensure GRM is established and is operating effectively.
County Environmental Monitoring Station or Certified Environmental Entity	Conduct environmental quality monitoring (air, noise, and water) according to the EMP monitoring plan and submit monitoring results to the PMO on a monthly basis.
County Environmental Protection Bureaus	Inspect the subprojects during construction and operation to ensure compliance and enforce applicable environmental laws and regulations.

Source: Asian Development Bank.

69. **Capacity development and training.** The capacity of GPMO, the implementing agency, and PIEs to coordinate environmental management will be strengthened through the appointment of qualified staff within the GPMO and each PIE as environmental coordinators in charge of EMP coordination, implementation and site inspections including GRM. The PMC will include appointment of an External Environmental Monitor (EEM) to guide GPMO and PIEs in implementing the EMP and ensuring compliance with ADB's Safeguard Policy Statement. Each PIE will also commission an independent Environmental Supervision Engineer to provide independent monitoring and verification of EMP implementation, as well as commissioning local environmental monitoring stations to conduct environmental quality monitoring.

70. The capacity of GPMO, PIEs and contractors' staff responsible for EMP implementation and supervision will be strengthened through the appointment of qualified staff and training. All parties involved in implementing and supervising the EMP must understand the goals, methods, and practices of project environmental management. A training plan is included in the EMP (see Table EMP-7: Training Program).

71. **Consultation.** Proposed public consultation during construction and operation stages are set out in the EMP (Table EMP-8: Public Consultation Plan). Proposals include site visits, interviews, workshops and investigation of specific issues.

72. **Climate risk and vulnerability assessment.** The project area of the investment program is characterized by complex geology and has frequent geological disasters, such as landslide and is at high risk from climate change impacts. A climate risk and vulnerability assessment indicated that there will be an increased risk of extreme rainfall events, flooding, landslides and heatwave. It is recommended that an 8-10% increase in design standard is adopted for the drainage systems and a higher design standard is considered for slope stabilization to ensure resilience to future climate change impacts. Recommendations are also made to reduce risk of heatwave impacts, such as appropriate specification of building materials, provision of adequate ventilation, air conditioning, covered walkways and training and preparedness for heatwave. The incremental

cost of adaptation is estimated to be \$6.01 million. This will be confirmed following the detailed design. On the other hand, as mitigation measures, the installation of solar energy generation and solar water heating system in the university campus (subprojects 6 and 7) will require \$5.6 million additional investment, while the increase traffic efficiency from the road development will reduce 25,000 tons of CO₂ emission per annum during the road lifecycle.

Land Acquisition and Resettlement

73. The LAR impacts of tranche 2 are limited and are categorized as “B”. The key impacts of subprojects will arise from permanent land acquisition of cultivated land and temporary disturbances to APs’ livelihoods. Four subprojects will not acquire land from individuals and households, as they will be constructed on state-owned land which was acquired before the program was planned or was recently reclaimed from the sea. The remaining 3 subprojects of the tranche 2 will acquire 114.8 ha (1722.35 mu) of rural collective land or state-owned farmland; and will demolish rural residential and non-residential houses of 26,890.3 sqm area. About 4,946 persons in 1,680 households (HHs) will be affected by LAR. However, losses of income and livelihoods sources of affected persons and households are not significant because the majority of them lost small portions of their land to subprojects. Moreover, most of them have easy access to non-agricultural employment and cross-border trade facilities. Three HHs with 12 persons will be affected by residential houses demolition. 16 HHs with 72 persons will lose non-residential structures. Of the total 1,680 HHs and 4,946 persons who will be affected by land acquisition, 4,861 persons from 1,657 HHs will lose land permanently, while 94 persons from 23 HHs will lose land temporarily during subproject construction. Only 18 HHs with 56 APs will experience more than 10% income loss at the household level. Meaningful consultations were conducted during the project preparation phase and will continue during the implementation phase. A grievance redress mechanism has been agreed with the APs and subproject entities to be established during project implementation. Public information booklets will be distributed to all APs before project implementation. Resettlement plans (RPs) and resettlement due diligence reports (DDRs) on land that has already been acquired were formulated in accordance with RP which reflects the PRC’s regulatory framework and regulations and involuntary resettlement safeguard policy requirements of ADB. Draft RPs has been uploaded on the ADB website. If there are any revisions on the draft RPs, updated RPs based on detailed measurement survey and/or detailed engineering design will be submitted to ADB for approval before the award of civil work contracts and uploaded prior to implementation. The PMO will conduct internal monitoring and submit quarterly progress reports ADB for review. An external monitoring agency will be recruited to conduct an independent review of the subproject implementation. The agency will submit semiannual reports to ADB for review.

Indigenous Peoples/Ethnic Minorities

74. The impacts of the subprojects of tranche 2 on ethnic minorities are minimal, and are categorized as “C”. Han and Zhuang are the overwhelming majority of the population in the PRC. Han is the dominant ethnic community with 98% of the population. Zhuang is the second largest ethnic group in the PRC. Both ethnic groups are present in several subproject areas. Another ethnic minority community in the subproject areas is Jing ethnic minority group. It comprises mostly of Vietnamese migrant workers whose family and property ties are with Viet Nam. Most of them arrived in the subproject areas as married-in or moved-in persons. They are well integrated into Han or Zhuang ethnic communities. No ethnic group holds any land as its ancestral or sacred land in the subproject areas. Zhuangs are not to be treated as Indigenous Peoples per SPS. Ethnic groups do not have any special attachment to the areas where they live. Han, Zhuang and other ethnic peoples coexist without distinguishing themselves on ethnic identities or land and

employment issues. No adverse impacts of any kind on local religions or cultures have been identified in subproject areas. The subprojects will benefit local populations regardless of their ethnic identities and vulnerabilities.

VIII. GENDER AND SOCIAL DIMENSIONS

75. Focus group discussions and interviews with women's federations and local women revealed that gender issues have long been the main focus of local governments. The local women's federations have been advocating for women's interests to improve their economic situation. Women's federations of each county and/or city, in coordination with various local government departments (particularly public security bureaus and courts) and nongovernment institutions, have been making great efforts to guarantee women's rights in families and communities and to improve their living conditions. E-commerce is one of the important training, and the women's federation is providing to women in border areas. The investment program will strengthen the efforts of the local government on gender mainstreaming and empowerment.

Social Development and Gender Action Plan

76. The strategy for the social development and gender action plan (SDGAP) is to develop a strong socioeconomic base for local communities, into which government agencies and the subprojects can contribute. The focus will be on building the capacity of communities to respond to the opportunities created by the subprojects to ensure that there is equitable participation of women, and benefits are maximized for the community with positive gender impacts. Based on the findings of the poverty and social analysis, the expected outputs of SDGAP will include the following:

- (i) Creation of employment opportunities during project construction and operation;
- (ii) Enhancement of capacity of community development and regional cooperation;
and
- (iii) Institutional strengthening and capacity building for project implementation and management.

77. The SDGAP is intended to help maximize the project benefit through: (i) training of the local people with careful consideration of the needs of different social groups such as gender, ethnic, and vulnerable groups; (ii) creating more employment opportunities and making them available to local people paying attention to their gender, ethnicity and vulnerability.

78. Each subproject has its own action plan outlining proposed activities, targets, responsible agencies, monitoring indicators, budget and time lines. They are summarized in Table 21.

Table 20: Social Development and Gender Action Plan –Tranche 2

Proposed Action	Target and Activities	Monitoring Indicators	Responsible Agencies	Budget
Employment opportunities created during the construction and operation period	<p>Target– local population in the project affected area (especially locals, poor & vulnerable peoples including women)</p> <p>Activities:</p> <p>60% of the unskilled workforce will be hired locally.</p> <p>Of the above, 30% will be women including women from poor and vulnerable households</p> <p>Employment generated through local enterprises/ service providers (eatery, lodging, shops, daily provisions etc.) required during construction</p>	<p>Number of local unskilled workers, poor and vulnerable people and women got employment</p> <p>Total number of employment (days) provided</p> <p>Number of local enterprises supported as service providers</p>	<p>PIE to ensure that local employment targets are in contract clauses, and contractors publicize local employment opportunities among the affected communities and made them available to them.</p> <p>PMO's social development and gender specialist (consultant) will monitor all activities and clearly include the result of these activities in Social Development Action Reports of the Project</p>	Contractor fund
Occupational health and safety	<p>Target – construction workers.</p> <p>Activities:</p> <p>Enforcement of contract clause with employees (Health and Safety law) occupation health & safety awareness trainings for construction workers and drivers.</p> <p>Personal protective equipment (PPE) - (helmets & fluorescent clothing) provided to construction workers</p>	<p>Number of trained workers in occupational safety programs</p> <p>No of PPEs distributed among workers</p> <p>Number of training reports prepared</p>	<p>PIE ensures that health and safety clause is included in contracts.</p> <p>PMO's social development and gender specialist (consultant) with environment consultants, and other PMO staff will train the workers, and provide them with approved safety gears to the workers, and will monitor all activities as indicated in the Contracts.</p>	Contractor fund
Consultation and participation activities (Grievance redress mechanism,	Target – all affected people in subproject impact zones, especially women and poor and vulnerable households	Number of consultations undertaken (community & households)	PMO through Social development and gender	Project fund

Proposed Action	Target and Activities	Monitoring Indicators	Responsible Agencies	Budget
road safety awareness and others)	<p>Activities:</p> <p>At least 40% women participate in community and household meetings on project construction, and share related project information on benefits, mitigation measures, GRM and road safety awareness, where necessary</p>	<p>Number of consultation with content and venue (community, schools, etc.)</p> <p>Number of people participated (sex-disaggregated data)</p> <p>Number of information pamphlets (printed material)</p> <p>Number of information pamphlets (printed material) distributed</p>	<p>consultant organize consultations and project information material distribution.</p> <p>The results of all such activities will be included in semi-annual Social Development and Gender Action Reports of tranche 2</p>	
Capacity building support for local development initiatives including technical training	<p>Target – local communities in subproject impact zones especially resettled poor and women-headed households</p> <p>Activities:</p> <p>Training needs assessment survey</p> <p>Skills training in cross border trade, related businesses, and e-commerce for at least 20% women participants so that they get support to start their new businesses</p>	<p>Type of trainings</p> <p>Time and locations of training</p> <p>Number of poor households trained by location</p> <p>Number of participants (age and sex-disaggregated)</p>	<p>PMO social development and gender consultant together with PIE and county (township) government and village committee.</p> <p>The result of all activities will be included in semi-annual Social Development and Gender Action Reports.</p>	Project fund
Capacity building of PIE and IA staff on gender and social development	<p>Target– Key PIE/IA staff</p> <p>Activities:</p> <p>Provide at least one training per year per PIE on SDGAP</p> <p>Engage a social development and gender specialist to design and implement training on gender and social development.</p>	<p>Number of trainings organized</p> <p>Number of staff trained</p>	<p>PMO social development and gender consultant together with PIE and county (township) government and village committee.</p> <p>The result of all activities will be included in semi-annual Social Development Action Reports.</p>	Project fund

GRM = grievance regress mechanism, IA = implementing agency, PIE = project implementation unit, PMO = project management office, PPE = Personal Protective Equipment, SDGAP = social development and gender action plan.
Source: Asian Development Bank.

Budget and implementation arrangement

79. A social development/gender specialist (consultant) will provide guidance on the implementation of SDGAP, which will be financed as a part of the tranche. It will be implemented over the life of the project. With the support from the gender and social development specialist, the executing agency will be responsible for coordinating the implementation of the SDGAP. The executing agency will assign a focal point to coordinate the SDGAP's implementation. The local units of Women's Federation (WF) will also participate in the implementation of SDGAP.

Monitoring and evaluation

80. SDGAP monitoring and evaluation will be incorporated into the overall monitoring and evaluation plan of the tranche 2. The social development and gender specialist consultant(s) will work with executing agency and implementing agencies to orient the staff on SDGAP requirements and develop a detailed implementation and monitoring plan for gender and social development activities. The specialist(s) will also provide guidance on drafting the first SDGAP implementation progress report, and review the subsequent reports prepared by the implementing agencies. The annual reports on the progress of the implementation of SDGAP will be submitted to executing agency and ADB. Updated information on the status of SDGAP implementation shall be included in project progress reports. ADB staff with expertise in gender issues will participate in the midterm review.

Poverty and Social

81. A social and poverty analysis was conducted in accordance with ADB guidelines. The poverty rates are 8.8% in Pingxiang City, 8.26% in Jiangzhou District, 4.2% in Qinzhou, 1.79% in Dongxing City, 5.36% in Guilin City, and 6.77% Youjiang District in 2015, mostly lower than that of the provincial average of 8.2%, except in Pingxiang City.²¹ The investment program will contribute to economic growth in border areas and beyond in the PRC and Viet Nam. The improved cross-border connectivity and increased trade and investment will facilitate growth, create employment opportunities for local communities during the construction and operation phases, and raise the income of local residents. Local and Vietnamese unskilled workers, over one third of which are women, will be trained for better employment. A SDGAP has been prepared and will be implemented to strengthen the investment program's positive impacts.

82. The cross-border transactions and improved connectivity across the border will facilitate growth, create employment opportunities during construction and operation phase for local communities. 70% of the unskilled workers will be employed from local areas with 30% women, if conditions are qualified²². During the project operation phase, 60% of unskilled workers will be employed from local areas (including Vietnamese workers) who will undergo skills training for better employment. Of this, at least 50% will be women. All of construction workers will be covered through the awareness campaigns and training on HIV/AIDS, sexually-transmitted diseases and human trafficking. A SDGAP includes the above measures, which will be implemented in collaboration with local departments and agencies to strengthen the program impact.

²¹ Targeted Poverty Incidence Survey issued by the Guangxi Poverty Reduction Office, January 2016.

²² Each subproject will be different in terms of the employment rate.

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION

A. Project Design and Monitoring Framework

Impact(s) the {Project} is Aligned with			
<p>(i) Economic growth potential for border areas in the PRC and Viet Nam realized (Strategy and Action Plan for Participation in the Greater Mekong Subregion Economic Cooperation Program)^a</p> <p>(ii) Efficient transport and trade operations along GMS North–South Economic Corridor achieved (GMS North–South Economic Corridor Strategy and Action Plan)^b</p> <p>(iii) Economic integration between GZAR and rest of the GMS further strengthened (Strategy and Action Plan for Participation in the Greater Mekong Subregion Economic Cooperation Program)^a</p>			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
<p>Outcome Benefits of regional cooperation and integration in border areas of Guangxi and northern Viet Nam captured</p>	<p>By 2025 Cross-border trade between Guangxi and Viet Nam doubled (2015 baseline: \$16.3 billion)</p>	<p>a. Periodic reports to the GMS Economic Corridor Forum</p> <p>b. Government report and statistics</p>	<p>Weak coordination between the governments of the PRC and Viet Nam on border area development</p>
<p>Outputs</p> <p>1. Development of SMEs enhanced</p> <p>2. Cross-border e-commerce platforms developed</p>	<p>1a. Expansion of facilities in GUAT completed by May 2023 (baseline: not applicable)</p> <p>1b. SMEs targeted training and courses fully operational by May 2023 (baseline: not applicable)</p> <p>1c. International undergraduate and junior college students increased by 50% (20% out of the 50% are women) by 2023 (2016 baseline: 434)</p> <p>2a. Construction of e-commerce facilities in Qinzhou Bonded Cross Border Trade E-commerce Industrial Park completed by May 2023 (baseline: not applicable)</p> <p>2b. Relevant MIS ICT system installed and fully functional by May 2023 (baseline: not applicable)</p>	<p>1a.-1c. Project monitoring reports</p> <p>2a.-2b. Project monitoring reports</p>	<p>Weak institutional and staff capacities of PIEs to implement the project, including procurement and financial management</p>

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
<p>3. Key infrastructure and services for BEZs improved</p> <p>4. Physical and people's connectivity for RCI improved</p>	<p>3a. Expansion of cold-chain logistic facilities in Qinzhou Free Trade Port Area completed by May 2023 (baseline: not applicable)</p> <p>3b. Analysis of gaps in meeting SPS related international standards, and recommendations to fill the gaps completed by May 2023 (baseline: not applicable)</p> <p>3c. Construction and rehabilitation of six roads totaling about 20.15km in Chongzuo Sino-Viet Nam BEZ completed by May 2023 (baseline: not applicable)</p> <p>4a. Construction of eastern section of Changhu road totaling 3.7 km in Dongxing City completed by May 2023 (baseline: not applicable)</p> <p>4b. Expansion of YMCN facilities completed by May 2023 (baseline: not applicable)</p> <p>4c. RCI related courses offered to about 1,900 participants (female 1,200, and male 700) from 2021 to 2023°</p> <p>4d. Construction of a road, totaling 2.668 km, to Nonghuai cross-border point in Pingxiang completed by May 2023 (baseline: not applicable)</p>	<p>3a.-3c. Project monitoring reports</p> <p>4a.-4d. Project monitoring reports</p>	
<p>Key Activities with Milestones</p> <p>1. Development of SMEs enhanced</p> <p>SME development in GUAT</p> <p>1.1 Detailed design completed by 1Q 2019.</p>			

Key Activities with Milestones

- 1.2 Advertisement by 1Q 2020.
- 1.3 Complete bidding process by 2Q 2020.
- 1.4 Construction of GUAT facilities and equipment of goods completed 2Q 2023.
- 1.5 Preparation of SME targeted training and courses completed by 1Q 2022.
- 1.6 Preparation of receiving students for SME target training and courses completed by 3Q 2022.

2. Cross-border E-commerce platforms developed

E-commerce in Qinzhou

- 2.1 Detailed design completed by 2Q 2019.
- 2.2 Advertisement by 1Q 2020.
- 2.3 Complete bidding process by 4Q 2020.
- 2.4 Construction of e-commerce facilities and buildings completed by 4Q 2022.
- 2.5 Procurement of related MIS ICT systems completed by 2Q 2023.
- 2.6 Functions of E-commerce facilities and MIS systems confirmed by 2Q 2023.

3. Key infrastructure and services for BEZs improved

Qinzhou Cold-Chain Logistics

- 3.1.1 Detailed design completed by 3Q 2018.
- 3.1.2 Advertisement by 4Q 2018.
- 3.1.3 Complete bidding process by 2Q 2019.
- 3.1.4 Civil works for cold-chain related facilities completed by 3Q 2022.
- 3.1.5 Goods for cold-chain related facilities installed by 1Q 2023.
- 3.1.6 Function of expanded cold-chain facilities confirmed by 2Q 2023.

Chongzuo BEZ roads

- 3.2.1 Detailed design completed by 2Q 2019.
- 3.2.2 Advertisement by 1Q 2020.
- 3.2.3 Complete bidding process by 3Q 2020.
- 3.2.4 Civil works for construction and rehabilitation of six roads in Chongzuo completed by 2Q 2023.

4. Physical and people's connectivity for RCI improved

Physical Connectivity in Dongxing

- 4.1.1 Detailed design completed by 4Q 2018.
- 4.1.2 Advertisement by 2Q 2019.
- 4.1.3 Complete bidding processes by 4Q 2019.
- 4.1.4 Civil works for eastern section road in Dongxing city completed by 2Q 2023.

People's connectivity: expansion of YMCN

- 4.2.1 Detailed design completed by 4Q 2018.
- 4.2.2 Advertisement by 2Q 2019.
- 4.2.3 Complete bidding processes by 4Q 2019.
- 4.2.4 Civils works for YMCN facilities completed and goods for YMCN facilities' expansion equipped by 2Q 2023.
- 4.2.5 Preparation of RCI related course completed by 3Q 2022.
- 4.2.6 Preparation for receiving students for PRC related courses completed by 3Q 2022.

Physical Connectivity in Pingxiang

- 4.3.1 Detailed design completed by 2Q2019.
- 4.3.2 Advertisement by 1Q 2020.
- 4.3.2 Complete bidding processes by 4Q 2020.
- 4.3.3 Civil works for a road construction in Pingxiang completed by 2Q 2023.

Project Management Activities

Selection of consultants completed by 3Q 2018.

Prepare and manage implementation and procurement plans (Q2 2018–Q1 2023)

Monitor project performance and ensure timely delivery of outputs (Q2 2018–Q1 2023)

Key Activities with Milestones
Inputs ADB: \$180.0 million (loan) Government: \$260.0 million
Assumptions for Partner Financing Not Applicable.

BEZ = border economic zone, GMS = Greater Mekong Subregion, GUAT = Guilin University Aerospace Technology, GZAR = Guangxi Zhuang Autonomous Region, ICT = information and communications technology, MIS = management information science, PIE = project implementing entity, PRC = People's Republic of China, RCI = regional cooperation and integration, SMEs = small and medium-sized enterprises, SPS = sanitary and phytosanitary, YMCN = Youjiang Medical College for Nationalities.

^a Government of Guangxi Zhuang Autonomous Region. 2014. *Strategy and Action Plan for Participation in the Greater Mekong Subregion Economic Cooperation Program, 2014–2022*. Nanning.

^b ADB. 2010. *Strategy and Action Plan for the Greater Mekong Subregion North–South Economic Corridor*. Manila.

^c RCI related courses are: food safety, inspection and guarantee, medical equipment management, public health management.

Source: Asian Development Bank.

B. Monitoring

83. **Project performance monitoring:** The project performance monitoring system (PPMS) indicators, as specified in the design and monitoring framework, will include (i) gross domestic product growth, and (ii) Guangxi's cross-border trade with Viet Nam. At the start of project implementation, the executing agency, implementing agencies, and PIEs, with support of the project management consultants will develop comprehensive PPMS procedures to generate data systematically on project outcome, inputs, and outputs of each subproject. These will be used to measure the tranche 2 impacts, outcome, outputs, and compliance with ADB safeguard policy requirements. The executing agency will (i) refine the PPMS framework, (ii) establish and/or verify the baselines, (iii) confirm achievable targets, (iv) finalize the monitoring and recording arrangements, and (v) establish data collection systems and reporting procedures no later than nine months after the loan effectiveness. A project performance monitor specialist, engaged under the project management support for tranche 2, will support the executing and implementing agencies and PIEs to conduct appropriate project monitoring. Disaggregated baseline data and output and outcome indicators gathered during project processing will be updated and reported quarterly through the quarterly progress reports and after each ADB review mission. These quarterly reports will provide information necessary to update ADB's project performance reporting system.²³

84. **Compliance monitoring.** The executing agency, with assistance of the implementing agencies, PIEs, and the project management consulting service will conduct compliance monitoring, submit periodic (at least semi-annual) reports to ADB concerning the use of the loan proceeds, project implementation, project implementation performance, and compliance of loan and project covenants. These reports will also include (i) progress reports on project implementation including resettlement, ethnic minority elements and SDGAP; (ii) consolidated annual reports; (iii) annual environmental progress report; (iv) semi-annual external resettlement monitoring report including ethnic minority elements and SDGAP; and (v) a project completion report, which should be submitted not later than three months after the completion of the project

²³ ADB's project performance reporting system is available at <http://www.adb.org/Documents/Slideshows/PPMS/default.asp?p=evaltool>

facilities. The compliance status of loan and project covenants will be reported and assessed through quarterly progress report and consolidated annual reports. ADB review missions will verify the status.

85. **Safeguards monitoring:** Implementation of EMP and RPs will be monitored by internal and external environment, resettlement, and social development and gender specialists.

86. **Environmental compliance monitoring.** Three types of project monitoring will be conducted under the EMP:

- (i) **Project readiness monitoring:** Conducted by the External Environmental Monitor (EEM) or GPMO environmental focal point (under the support of EEM);
- (ii) **Environmental quality monitoring:** Conducted by local EMS (contracted by the project implementation units) involving the collection and analyses of air quality and noise data at designated monitoring locations to assess compliance with applicable environmental quality and emission standards during construction; and
- (iii) **Compliance monitoring or auditing:** Conducted by the Environmental Supervision Engineer (contracted by the project implementation units) and EEM to verify EMP compliance during project implementation. The EEM will function as an external monitor/auditor for ADB.

87. The Environmental Supervision Engineers will carry out day-to-day supervision of implementation of the EMP. The EEM will visit the project sites twice a year and support GPMO in developing the quarterly project progress reports and the annual environmental monitoring reports. The reports should confirm the project's compliance with the EMP and local legislation, identify any environment-related implementation issues and necessary corrective actions. Operation and performance of the project GRM, environmental institutional strengthening and training, public consultation, compliance with all covenants under the project and site photographs will also be included in the report. A template for the environmental monitoring report is included in Attachment 7.

88. ADB will oversee project compliance on the basis of the quarterly project progress reports and annual environmental monitoring reports provided by GPMO and review missions (generally 1-2 times/year).

89. **Land acquisition and Resettlement:** Internal and external monitoring of LAR will be conducted. GPMO will carry out internal supervision and monitoring to ensure the compliance of LAR activities with local legislation and regulations and ADB's safeguard policy requirements.

90. **Internal Progress Monitoring by GPMO for each tranche:** The monitoring scope includes (i) investigation and coordination of LAR activities of implementing agencies, (ii) provision of advice on LAR matters; (iii) review of the status of land acquisition and house demolition and any variations from the final resettlement plans; (iv) restoration of household income of the affected persons after land acquisition; (v) preparation of housing site and relocation; (vi) restoration and resettlement of women and vulnerable persons; (vii) payment, use and availability of compensation fees for resettlement; (viii) assessment of the degree of public participation and consultation during resettlement; (ix) livelihood training and employment arrangements for the APs. The GPMO will submit an internal monitoring report to ADB quarterly. Such report will provide data and information quarterly progress of land acquisition, housing demolitions,

relocation and payment and use of compensation fees. GPMO will also be responsible for formulating a resettlement completion report. This will be done with the help of the external resettlement monitor.

91. **External Monitoring by Independent Agency:** GPMO shall employ a qualified, independent and experienced agency as the external monitoring and evaluation (M&E) agency for resettlement. The external monitoring agency will conduct baseline survey, follow-up M&E of resettlement activities periodically, monitor resettlement progress, livelihood restoration, and advise GPMO on the progress and inform of any delays. The external M&E agency will attend public consultation meetings during resettlement implementation to evaluate the effectiveness of public participation. The external M&E agency will visit the affected villages and groups regularly, and interview the township government and implementing agency to evaluate how grievances have been handled. It will also meet complainants, and propose corrective measures and discuss existing issues with them so as to make the resettlement process more effective.

92. The external monitoring agency will also conduct follow-up monitoring of the affected persons' satisfaction levels and living standards, and submit M&E reports to GPMO for their review, follow-up, and disclosure to the affected persons. GPMO will submit external monitoring reports to ADB semi-annually for review and to disclose on its website. The baseline survey will be carried out before RP implementation, and external monitoring will be conducted semi-annually during the implementation of each RP. After the completion of resettlement implementation, a post-evaluation will be conducted to evaluate the tranche 2's resettlement activities to (i) confirm that RPs' objectives have been met, and (ii) record and distribute the experience and lessons learned from LAR activities as a reference/guide for future work.

93. **Gender and social dimensions monitoring:** In accordance with ADB's PPMS requirements, a monitoring and evaluation plan for the gender and social development activities will be developed during the tranche 2 implementation. The plan will provide a number of key indicators for monitoring poverty, gender, and social aspects of each subproject. In addition to the internal monitoring conducted by the project city governments and the project management consulting services, a resettlement and social external monitoring consultant - a qualified consulting company or a research institute or an individual consultant - will be engaged by GPMO to analyze socioeconomic, gender, and poverty impacts of the subprojects. The key indicators in the SDGAP will be monitored and included in PPMS.

C. Evaluation

94. The executing agency, implementing agencies, and ADB will undertake semi-annual review mission to evaluate the progress of project implementation. The executing agency, implementing agencies, and ADB will undertake a comprehensive mid-term review two 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 three months of physical completion of the project, the executing agency will submit a project completion report to ADB.²⁴

²⁴ Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>

D. Reporting

95. The executing agency and implementing agencies have agreed on the following reporting commitments: (i) submission of quarterly progress reports during project implementation in a format consistent with ADB's project performance reporting system, (ii) consolidated annual reports; (iii) submission of semi-annual reports on the progress of resettlement and social safeguards monitoring, i.e., LAR activities, SDGAP implementation including ethnic minority elements; and (iv) a project completion report within three months of physical completion of the project. The consolidated annual report will provide all relevant project implementation including: (i) progress achieved by each output as measured against performance target indicators, (ii) key implementation issues and solutions, (iii) updated procurement plan, and (iv) updated implementation plan for next 12 months. The quarterly progress monitoring report will also report on the progress of each subproject, problems encountered during the period under review, steps taken or proposed remedy the problems, the proposed program for the planned project implementation activities, progress expected in the next six months, and implementation of the EMP and resettlement plans. To ensure projects continue to be both viable and sustainable, project accounts and the executing agency annual financial statements, together with the associated auditor's report will be reviewed.

96. Table 22 summarizes key reporting requirements during the subproject implementation.

Table 21: Key Reporting Requirements

Related LA/PA Clauses	Name of the Report/Document/Content	Timing of Reporting
Project Implementation Management		
PA Article II, Section 2.09 (a)	- Audited financial statements of the project accounts - Auditor's Report (including Auditor's opinion)	Before 30 June of each year from 2018 throughout the implementation period (six months within the end of each fiscal year)
PA Article II, Section 2.08 (b)	- Quarterly progress reports on project implementation - Consolidated annual report	Every quarter until the completion of the project
PA Article II, Section 2.08 (c)	Project Completion Report	Within three months after the physical completion of the project
Safeguards		
PA Schedule, Para. 28	Internal Resettlement and Social Monitoring Report	Included in the quarterly progress report
PA Schedule, Para. 28	Semiannual External Resettlement and Social Monitoring Report	Semiannually until the project completion and annually until two years after the completion of the resettlement activities
PA Schedule, Para. 28	Resettlement Completion Report (provided for each resettlement plan)	When the resettlement process is completed
PA Schedule, Para. 35	Internal Environmental Monitoring	Included in the quarterly progress report
PA Schedule, Para. 35	Semi-annual Environmental Progress Report	Semiannually until the project completion and annually until two years after the completion of the project
PA Schedule, Para. 35	Annual Environmental Monitoring Report	Annually until the project completion and annually until two years after the completion of the project
Gender and Social Aspects		
PA Schedule, Para. 42	Progress of Social Development and Gender Action Plan	Reported annually in the consolidated annual report, and verified by the external resettlement and social monitoring report

Source: Asian Development Bank.

E. Stakeholder Communication Strategy

97. The Stakeholder Communication Strategy is based on the principles of transparency, timeliness, meaningful participation and inclusiveness. The strategy ensures that vulnerable groups, such as the poor and women, who risk further marginalization, are provided opportunities for communication and feedback during subproject design and implementation. Meaningful

participation is defined as a process that (i) begins early in the project preparation stage, and is carried out throughout the project cycle; (ii) provides timely disclosure of relevant and adequate information that is understandable and readily accessible to the affected persons.

98. Stakeholders include (i) each subproject's direct and indirect beneficiaries especially small business operators and employees of cross-border trade related businesses; (ii) mass organizations; (iii) BEZ and border crossing point management committees, and PIEs that are responsible for community-level border social economic development, and site management; (iv) private sector operators who share an interest in the outcomes and/or impacts of the subproject; and (v) government agencies having a role in subproject implementation. The strategy serves to inform and support community development, enhance government capacity to manage project outcomes, and enhance project benefits while mitigating negative impacts.

99. The stakeholder communication strategy is designed to ensure: (i) a regular flow of reliable project information; (ii) ownership over project outcomes and interest and/or willingness to take advantage of the project benefits; (iii) inclusion of vulnerable groups in benefit distribution and project implementation; and (iv) the promotion of border regional development.

100. The executing agency and implementing agencies will develop, establish, and maintain a dedicated website or new media tools like "we-chat" public platform for this project. The website or platform will include: the following information: (i) periodic financial request report (PFRR) and the PAM for tranche 2; (ii) procurement information (bidding procedures, bidders, and contract awards); (iii) annual work plans; (iv) quarterly and annual progress reports and the project completion report; (v) environmental and social safeguards documents and their monitoring reports; (vi) information on grievance redress mechanisms; and (vii) technical reports and knowledge products produced by the project. ADB will provide a quarterly update on the program on its website. The executing agency and implementing agencies will upload the above information on their websites and platforms.

X. ANTICORRUPTION POLICY

101. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project.²⁵ 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 and/or 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.²⁶

102. To support these efforts, relevant provisions are included in the loan agreement and the bidding documents for the project.

XI. ACCOUNTABILITY MECHANISM

103. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make an effort in good faith to solve their problems by working

²⁵ Anticorruption Policy: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

²⁶ ADB's Integrity Office web site: <http://www.adb.org/integrity/unit.asp>

with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.²⁷

²⁷ Accountability Mechanism. <http://www.adb.org/Accountability-Mechanism/default.asp>

XII. RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL