



Asian Development Bank

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10 October 2013

Periodic Financing Requests Monthly Report for September 2013

PERIODIC FINANCING REQUESTS MONTHLY REPORT FOR SEPTEMBER 2013¹

1. Attached is the submission of periodic financing requests (PFRs) from the Central and West Regional Department, Pacific Department and South Asia Department to the Office of the President. The following PFRs were received by these RDs:

MFF Number and Name	Tranche Number	Date of Government Request
MFF 0069-IND: Rural Connectivity Investment Program	2	18 September 2013
MFF 0029-PNG: Highlands Region Road Improvement Investment Program	2	9 September 2013
MFF 0043-GEO: Sustainable Urban Transport Investment Program	3	5 September 2013

2. East Asia Department and Southeast Asia Department have nothing to report for this period.

3. The President considers periodic financing requests for approval 10 working days after their circulation to the Board.

¹ This report is for approved multitranches financing facilities only. It excludes reporting of first tranches described in detail in the report and recommendation of the President submitted for Board consideration.

Tranche at a Glance
(as requested by the Government in PFR)

Project Name	Rural Connectivity Investment Program	Tranche No.	2
		Project No	40423-033
Country	India	Department	SARD
Date of Receipt by ADB of PFR	20 September 2013	Division	SATC
Project Data Sheet	http://www.adb.org/projects/40423-033/main		

Tranche Summary
(as requested by the government in PFR)

ADB approved a multitranche financing facility (MFF) for the Rural Connectivity Investment Program for an aggregate amount not exceeding \$800 million in July 2012.

Impact and Outcome. The impact will be improved and sustainable connectivity of selected rural communities in the investment program states to markets, district headquarters, and other centers of economic activity. The outcome of the tranche is improved accessibility of selected communities in Assam, Chhattisgarh, Madhya Pradesh, Odisha and West Bengal.

Outputs. Project 2 will have four outputs: (i) selected priority rural roads will be constructed to all-weather standard; (ii) the design quality of rural roads will be improved; (iii) maintenance of the rural roads will be improved and sustained; and (iv) road safety measures will be incorporated into the life cycle of the rural roads.

Implementation arrangements. The executing agencies will be the Ministry of Rural Development at the national level and the governments of Assam, Chhattisgarh, Madhya Pradesh, Odisha and West Bengal at the state level. The implementing agencies at the state level will be the respective state rural roads development agencies.

Readiness for tranche implementation. Detailed design for civil works has been prepared. Advance contracting for civil works is underway. Based on the provisions of the framework financing agreement. 21 contracts have been awarded in Madhya Pradesh, and the remaining states will be ready to award contracts by October 2013. Safeguards have been assessed in accordance with ADB and Government's requirements. No environment or forest clearances are required, and no land acquisition is envisaged.

Tranche Sector Classification	Sector:	Transport and information and communications technology		
	Subsectors:	Road transport		
Tranche Thematic Classification	Theme:	Economic growth		
	Subthemes:	Widening access to markets and economic opportunities		
Climate Change Impact	Adaptation	High	Mitigation	Low
Gender Mainstreaming	Gender equity theme			
	Effective gender mainstreaming			✓
	Some gender benefits			
	No gender elements			
Targeting Classification	General Intervention			✓
	Targeted Intervention			
	(i) Geographic dimensions of inclusive growth			
	(ii) Millennium Development Goals			
	(iii) Income poverty at household level			

Location Impact		Rural	High	National	Medium
		Urban		Regional	
Tranche Risk Categorization		Low Risk		Complex	✓
Safeguard Categorization					
	Category	Required Document			Disclosure Date
(i) Environment	B	Environmental assessment review framework Initial environmental examination			Feb 2012
Weblink:	http://www.adb.org/projects/documents/search/25445?keyword=40423				
(ii) Involuntary resettlement	C	Community participation framework			Jun 2011
Weblink:	http://www.adb.org/projects/documents/search/25446?keyword=40423				
(iii) Indigenous peoples	C	Community participation framework			Jun 2011
Weblink:	http://www.adb.org/projects/documents/search/25446?keyword=40423				
Financing Requested from ADB		Modality	Source	Amount (\$ million)	
		Sector Loan	OCR	275.00	
		Total:			275.00
	Source			Amount (\$ million)	
Cofinancing					
Counterpart Financing	Government funds			81.56	
Aid Effectiveness	Parallel project implementation unit				
	Program-based approach				
Significant Developments in the MFF and Previous Tranches					
<p>Loan 2881: The current delivery of expected outputs: (i) Project 1 has 531 contracts for civil works, of which 470 contracts (about 89%) for \$268 million¹ have been awarded. This covers 2,892km in all investment states. Total expenditures under awarded packages are approximately \$17 million (11.6%); (ii) capacity building consultants under TA8110-IND and project implementation consultants (PIC) have been engaged; and (iii) the rural connectivity training center and rural road network management unit drawings are being finalized, and procurement activities will commence in a few months. All safeguards requirement have been met satisfactorily in light of the progress of physical works. Monitoring activities and compilation of monitoring checklists on site have been initiated for the investment program in accordance with the procedures set out in the community participation framework (CPF) and environmental assessment and review framework (EARF). The central and state governments are also complying with the covenants and undertakings set out in the loan agreements and framework financing agreements on procurement, implementation arrangements, and safeguards. Many of the covenants are not yet due as Tranche 1 became effective only in June 2013. Therefore, continuous monitoring is being carried out for compliance. Tranche 1 is rated as on track.</p>					
CPS/COBP		http://www.adb.org/sites/default/files/cobp-ind-2012-2014.pdf			

¹ ADB is pending financing 80% of financing civil works for \$214 million.

Tranche at a Glance
(as requested by the Government in PFR)

Project Name	Highlands Region Road Improvement Project	Tranche No.	2
		Project No	40173-043
Country	Papua New Guinea	Department	PARD
Date of Receipt by ADB of PFR	6 September 2013	Division	PATE
Project Data Sheet	http://www.adb.org/projects/40173-043/main		

Tranche Summary
(as requested by the government in PFR)

ADB approved a multitranche financing facility (MFF) for the Highlands Region Road Improvement Investment Program for an aggregate amount not exceeding \$400 million in December 2008.

Impact. The proposed Tranche 2 of the Program will contribute to establishing a sustainable road system in the Highlands region that will enable maximum use of its natural, mineral, and human resources.

Outcome. It will contribute to the Government's objectives of (i) export-driven economic growth; (ii) rural development, and poverty reduction; (iii) good governance; and (iv) promotion of sustainable agriculture, forestry, fisheries and tourism. Project 2 has three components which include (i) transport infrastructure development, (ii) program support and capacity development, and (iii) program administration.

Outputs. Tranche 2 includes the following outputs: (i) improvements to 118 km of priority national roads of the HCRN, (ii) maintenance arrangements for 500 km; (iii) improved capacity of the National Road Authority (NRA) to plan and manage long-term road maintenance contracts; (iv) more efficient Department of Works (DOW) capable of delivering road improvements with attention to safeguards capacity, and an established asset management system of the HCRN; and (v) improved road safety capacity of the National Road Safety Council (NRSC).

Implementation arrangements. The DOW is the executing agency (EA) and the implementing agency (IA) for the road improvement works. The NRA is the IA for road maintenance and has a project implementation unit (PIU). The Highlands Road Management Group (HRMG) is the DOW project implementation unit (PIU) for the ongoing ADB loans. Based on lessons learned from Tranche 1 implementation, the unit will be strengthened under Tranche 2 specifically on safeguards and on-going monitoring and evaluation. HRMG will engage all consulting services and road improvement contracts under the Program. The NRA established a project implementation unit (PIU) consisting of qualified NRA staff and supported by Program consultants. A program steering committee (PSC) will oversee implementation, monitor progress, approve roads for subsequent projects, and provide guidance to the executing and implementing agencies.

Readiness for tranche implementation. DOW has completed technical designs of civil works. Initial environmental examinations (IEEs) and resettlement plans (RPs) for all sub-projects have been prepared and cleared by DOW and ADB. The resettlement framework and the environmental frameworks have been updated for Tranche 2 based on lessons learned from Tranche 1. Bidding documents are being prepared; with tendering is expected in 2013. All contracts are expected to be awarded by third quarter of 2014.

Tranche Sector Classification	Sector:	Transport and information and communication technology
	Subsectors:	Road Transport
Tranche Thematic Classification	Theme:	Economic growth (primary), Capacity development

	Subthemes:	Widening access to markets and economic opportunities, Institutional development		
Climate Change Impact	Adaptation	√	Mitigation	
Gender Mainstreaming	Gender equity theme			
	Effective gender mainstreaming			
	Some gender benefits			√
	No gender elements			
Targeting Classification	General Intervention			√
	Targeted Intervention			
	(i) Geographic dimensions of inclusive growth			
	(ii) Millennium Development Goals			
	(iii) Income poverty at household level			
Location Impact	Rural	High	National	Medium
	Urban	NA	Regional	NA
Tranche Risk Categorization	Low Risk	√	Complex	
Safeguard Categorization				
	Category	Required Document ²		Disclosure Date
(i) Environment	B	IEE and EARF		9 Sept 2013
Weblink:	http://www.adb.org/projects/documents/highlands-region-road-improvement-investment-program-p2-ialibu-kagua-road-iee http://www.adb.org/projects/documents/highlands-region-road-improvement-investment-program-p2-mendi-tambul-road-iee http://www.adb.org/projects/documents/highlands-region-road-improvement-investment-program-p2-kotna-lapramp-road-iee http://www.adb.org/projects/documents/highlands-region-road-improvement-investment-program-project-2-earf			
(ii) Involuntary resettlement	B	RP and RF		9 Sept 2013
Weblink:	http://www.adb.org/projects/documents/highlands-region-road-improvement-investment-program-project-2-ialibu-kagua-rp http://www.adb.org/projects/documents/highlands-region-road-improvement-investment-program-project-2-kotna-lapramp-rp http://www.adb.org/projects/documents/highlands-region-road-improvement-investment-program-project-2-mendi-tambul-rp http://www.adb.org/projects/documents/highlands-region-road-improvement-investment-program-project-2-rf			
(iii) Indigenous peoples	C	None		
Weblink:				
Financing Requested from ADB	Modality	Source	Amount (\$ million)	
	Loan	OCR	69	
	Loan	ADF	40	
	Total:		109	
	Source		Amount (\$ million)	
Cofinancing	x		x	
Counterpart Financing	Government		63.6	

² Refer to ADB. 2010. Safeguards Policy Statement. *Operations Manual, OM F1*. Manila

Aid Effectiveness	Parallel project implementation unit	No
	Program-based approach	Yes
Significant Developments in the MFF and Previous Tranches		
<p>Physical Investment. Under Tranche 1, there are two civil works contracts for the total road length of 115 kms comprising of Laigam-Pogera (65kms) and Mendi-Kandep (50 km). A mid-term review of the project was conducted 28 January to 1 February 2013. Following significant startup delay, DOW is implementing project components successfully along its five output areas of the program. Overall physical progress recoded by end of July 2013 is 27.5% for Laigam-Pogera and 27% for Mendi-Kandep. Tranche 1 is rated as on track.</p> <p>Non-physical Investment. The four consulting service packages under Tranche 1 have all been awarded. The program support consultant provides support to DOW and National Road Authority (NRA) for the road improvement and maintenance works. Of the total loan amount of \$100 million, the cumulative total achieved for contract awards is \$98.6 million (99%) and disbursements is \$32 million (32%). The Government has allocated sufficient counterpart funds. Cumulative disbursements are lower than the projected amounts. The Government's lengthy approval process and 2012 national elections affected timely procurement and contractor mobilization.</p> <p>The Government has been complying with four of the six FFA milestones regarding NRA staffing and reporting (milestone 1, 6), transferring maintainable roads from DOW to NRA (milestone 3) and awarding maintenance contracts (milestone 4). Regarding increasing road maintenance financing (milestone 2), a proposal has been prepared and submitted for cabinet approval to (i) increase road user charge by 6 toea per liter on diesel, from a current level of 4 toea per liter of excise duty that is hypothecated to a road fund; (ii) impose annual road charges on vehicles collected with motor vehicle registration and annual re-registration; and (iii) enable hypothecation of 10 toea per liter of the current excise on petrol.³ This proposal is expected to be approved by the National Executive Council (NEC) by third quarter of 2013.⁴ Regarding government budgetary sources meeting the shortfall (milestone 5), this has been partially met (about 30%) as maintenance funding has increased from no funding in 2010 to 30.4 million Kina in 2013 through NRA. There is commitment from Government for institutional reform in the road sector to increase maintenance financing and setup a system to collect road user charges by end of 2013.⁵ With the recent approval of the National Transport Strategy in July 2013, the DOT is well positioned to lead and coordinate these efforts.</p> <p>Compliance with loan covenants is satisfactory. Out of the 25 loan covenants, 16 have been complied with, 9 are partially complied with. DOW has agreed to fully comply with the covenants by the end of 2013.</p>		
CPS/COBP	<p>Country Partnership Strategy: Papua New Guinea (2011–2015) http://www.adb.org/documents/papua-new-guinea-country-partnership-strategy-2011-2015?ref=countries/papua-new-guinea</p> <p>Country Operations Business Plan: Papua New Guinea (2013–2015) http://www.adb.org/documents/papua-new-guinea-country-operations-business-plan-2013-2015?ref=countries/papua-new-guinea</p>	

³ 100 toea is equal to one kina.

⁴ NEC is the PNG cabinet appointed on the recommendation of the Prime Minister.

⁵ PNG-TA 8123, Regulating and Sustaining Transport is supporting establishment of the Road Traffic Authority to implement a system for private and public motor vehicle registration.

Tranche at a Glance
(as requested by the Government in PFR)

Project Name	Sustainable Urban Transport Investment Program, Tranche 3	Tranche No.	3
Country	Georgia	Project No	42414-043
Date of Receipt by ADB of PFR	5 September 2013	Department	CWRD
Project Data Sheet	http://www.adb.org/projects/42414-043/main		
Tranche Summary (as requested by the government in PFR)			
ADB approved a multitranche financing facility (MFF) for the Sustainable Urban Transport Investment Program for an aggregate amount not exceeding \$300 million in July 2010.			
Impact and Outcome: The project will improve urban environment, local economy, and provide better living conditions within urban areas. The outcome will be improved efficiency, reliability, and affordability of urban transport infrastructure and services in Tbilisi, Rustavi, and Anaklia.			
Output: The expected output is urban transport infrastructure extended, rehabilitated and improved by Municipal Development Fund (MDF) of Georgia and relevant municipalities.			
Implementation Arrangements: The executing agency is the Municipal Development Fund of Georgia (MDF), which also acts as the program management unit.			
Project readiness: Detailed engineering designs and bidding documents have been prepared for Anaklia Coastal Improvement (phase 2), and are being finalized for the Tbilisi-Rustavi Urban Road Link (section 2). Subprojects were prepared by MDF with the support of engineering, procurement, and project management (EPCM) consultants recruited under Tranche 1 for the MFF. Initial environment examinations and draft land acquisition and resettlement plan have been prepared and approved, and safeguards documents were submitted with the PFR. Civil works contracts will be advertised in Q4 2013.			
Tranche Sector Classification		Sector:	Transport, and information and communication technology
		Subsectors:	Urban transport
Tranche Thematic Classification		Themes:	<ul style="list-style-type: none">• Environmental sustainability• Economic growth• Social development
		Subthemes:	<ul style="list-style-type: none">• Urban environmental improvement• Promoting economic efficiency and enabling business environment• Human development
Climate Change Impact		Adaptation	Mitigation
Gender Mainstreaming		Gender equity theme	
		Effective gender mainstreaming	
		Some gender benefits	
		No gender elements	
Targeting Classification		General Intervention	
		Targeted Intervention	

	(i) Geographic dimensions of inclusive growth		
	(ii) Millennium Development Goals		
	(iii) Income poverty at household level		
Location Impact	Rural		National
	Urban	High	Regional
Tranche Risk Categorization	Low Risk		Complex
			√
Safeguard Categorization			
	Category	Required Document	Disclosure Date
(i) Environment	B	Initial Environment Examinations	27 Aug 2013 4 Sept 2013
Weblink:	http://www.adb.org/projects/documents/sustainable-urban-transport-investment-tranche-3-anaklia-coastal-improvement-p2-ieee http://www.adb.org/projects/documents/sustainable-urban-transport-investment-program-tranche-3-tbilisi-rustavi-ieee		
(ii) Involuntary resettlement	A	Draft Land Acquisition and Resettlement Plan	30 Aug 2013
Weblink:	http://www.adb.org/projects/documents/sustainable-urban-transport-investment-program-t3-tbilisi-rustavi-rp		
(iii) Indigenous peoples	C	Not applicable.	
Financing Requested from ADB	Modality	Source	Amount (\$ million)
	MFF-Tranche (Loan)	OCR	73.0
	Total:		73.0
	Source		Amount (\$ million)
Cofinancing			
Counterpart Financing	Government		45.2
Aid Effectiveness	Parallel project implementation unit		No
	Program-based approach		Yes
Significant Developments in the MFF and Previous Tranches			
<p>Tranche 1 (Loan 2655) is a loan of \$85 million equivalent from the ADB's Special Funds resources, which was signed on 5 August 2010, and declared effective on 29 September 2010. Tranche 2 (Loans 2879 and 2880) comprises a loan from ADB's OCR amounting to \$48.9 million (Loan 2879) and from ADB's Special Funds resources amounting to \$16 million equivalent (Loan 2880), which were signed on 24 July 2012 and declared effective on 20 August 2012.</p> <p>Physical progress. Contract awards and disbursements under Tranche 1 have reached \$36.05 million (44.46%) and \$26.04 million (29.04%), respectively. One subproject is physically completed in Mestia. Construction of a subproject in Anaklia started in June 2013. The detailed engineering design of Tbilisi Metro extension is being finalized and civil works contract is expected to be awarded in Q1 2014. Tranche 1 is rated as on track.</p> <p>No contracts have been awarded under Tranche 2. Advance contracting was sought and ADB gave no objection to contract awards in September 2012. The Project has been reviewed by the new government formed in October 2012, and the subproject was slightly adjusted. ADB's Procurement Committee approved the rebidding of the subproject in May 2013 and works are expected to start in Q4 2013. Baseline projections were realigned, and Tranche 2 is currently rated as on track.</p> <p>Nonphysical progress. Tranche 1 included detailed engineering design, construction supervision, and</p>			

preparation of projects to be financed under subsequent tranches. MDF recruited six EPCM consultants. Management of these consultants has strengthened the capacity of MDF and Tbilisi City in preparing and appraising project design and environmental and social safeguards. Individual international consultants have been recruited by MDF to build its capacity on metro, road, coastal improvement, and safeguards. Under Tranche 2, a laboratory for bridges, roads, and tunnels will be established in the Technical University of Georgia.

All undertakings in the framework financing agreement and the covenants in the loan and project agreements that were due at the time of processing of the third MFF tranche have been complied with.

COBP

Country Operations Business Plan: Georgia (2012-2013)
<http://www.adb.org/documents/georgia-country-operations-business-plan-2012-2013?ref=countries/georgia>

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