

## **SUBPROJECT ELIGIBILITY CRITERIA AND SELECTION PROCEDURE**

1. To be eligible for financing under the project, each subproject shall meet the following general eligibility criteria:

- (i) It develops, rehabilitates, and/or expands transmission lines and substations of voltage levels not less than 110 kilovolts (kV);
- (ii) It is technically feasible, contributes to the improved reliability of power supply and/or reduces losses;
- (iii) It is part of the seventh power development plan (for 220 kV substations and transmission lines), and/or is included in the approved power development plans of either Executing Agencies (or subsequent revisions thereof);
- (iv) It is not classified as category A under the Asian Development Bank's (ADB) Safeguard Policy Statement (2009);
- (v) It does not include or involve transmission lines emanating from power plants, except for renewable energy resources (other than hydropower); and
- (vi) It is economically viable and shall have demonstrated an economic internal rate of return (EIRR) equal to or greater than 12%, or with EIRR of not less than 10% for Subprojects with significant unquantifiable benefits. An economic analysis shall have been conducted in accordance with ADB's Guidelines for the Economic Analysis of Projects.

2. Each Subproject meeting the above criteria shall be processed and considered as follows:

- (i) the relevant Executing Agency prepares feasibility study of the candidate Subproject and obtains required governmental approvals;
- (ii) Environmental clearance and compensation plan are approved by relevant authority/ies;
- (iii) Initial environmental examination (IEE) report and resettlement plan (if applicable) are prepared, in English, in accordance with ADB's Safeguard Policy Statement (2009) and consistent with the environmental assessment and review framework and resettlement framework, and reviewed and endorsed by Project's implementation consultants;
- (iv) English translation of the feasibility study summary, IEE and resettlement plan (if required) are submitted to ADB for review; and
- (v) ADB considers and approves subprojects that are estimated to cost at least \$1,000,000 and provides comments, at its discretion, on subprojects below \$1,000,000.