

**INTEGRATED SAFEGUARDS DATA SHEET  
CONCEPT STAGE**

Report No.: AC450

Date ISDS Prepared/Updated: November 26, 2003

**I. BASIC INFORMATION****A. Basic Project Data**

Country: China	Project ID: P068752
Project Name: Inner Mongolia Trade and Transport Project	Task Team Leader: Supee Teravaninthorn
Estimated Appraisal Date: October 28, 2004	Estimated Board Date: December 16, 2004
Managing Unit: EASTR	Lending Instrument: Specific Investment Loan
Sector: Roads and highways (90%);Sub-national government administration (10%)	Theme: Export development and competitiveness (P);Rural services and infrastructure (P);Municipal governance and institution building (P);Trade facilitation and market access (P)
Safeguard Policies Specialists in the task team: Chaohua Zhang, Naoya Tsukamoto (EASES); Peishen Wang (WBOB)	
Loan/Credit amount (\$m.): IBRD: 100	
Other financing amounts by source:	(\$m)

**B. Project Objectives [from section 3 of PCN]**

Apart from the investment in the transport linkage with Russia and Mongolia and expanding highway network capacity in the relatively poor northeastern corridor of Inner Mongolia, the main challenge of the project would be to strengthen the institutional capacity and policy development capability in trade logistics between China, Russia and P.R. Mongolia. Some technical assistance will be provided to help Inner Mongolia in general, and Hulunbeir League in particular, to plan, facilitate and expand its international trade potential.

The proposed project is designed with a clear objective to maximize the use of transport infrastructure as a mean to promote international trade of Inner Mongolia in general, and Hulunbeir League in particular. Specifically, it will help speeding up the general development of Hulunbeir League, preparing it to cope with the increasingly important role the central government has assigned to it to be the country's main contact point for trading with Russia. In so doing, the project aim to: (i). Specifically, the project aims to: (i) improve the capacity of transport infrastructure and network planning to effectively handle the significantly increasing volume of international freight traffic along China's northeastern border; (ii) develop the freight transfer and trade facilitation program suitable to meet the growing demand and flow of border trade; and (iii) provide technical assistance to Inner Mongolia Communications Department (IMCD), and Hulunbeir Municipality in particular, to build up its capacity in planning, facilitating and managing the increasing transport demand and requirement for international trade traffic.

**C. Project Description [from section 4 of PCN]**

In order to fulfill the above mentioned project objectives, the project would include the following components:

- (i) an expansion of highway capacity through the provision of about 175 km of Hailar-Manzhouli Class 1 highway (HMH);
- (ii) a local highway network development program to upgrade and rehabilitate about 550 km of key highway network identified either as a key linkage for international trade facilitation at some smaller border ports with Russia and Mongolia, a critical network missing link, or a road for poverty alleviation;
- (iii) a freight transfer and trade facilitation program. While designed mainly for China's trade with Russia and Mongolia, Inner Mongolia recognizes that Eastern Russia's and P.R. Mongolia's trade with countries beyond China could conceivably transit Chinese territory for shipments through Chinese seaports. The facilities and the trade regime that will be developed under the proposed project will meet the requirements of such trade in transit. The component comprises:
  - a transfer station in which facilities for transferring cargo between modes (rail and road) and between Chinese and Russian trucks as well as warehousing are available;
  - a process for the fast and convenient examination and clearance of cargo by Customs and quarantine authorities; and
  - trade documentation and practice internationally accepted by importers/exporters, banks and insurance companies and for which parties engaged in international trade are familiar with.
- (iv) an institutional strengthening component including a study on measures to facilitate trade between China and her land-locked neighbors and various support and training aiming to improve the quality of development zone planning, trade promotion, transportation efficiency improvement, as well as project management, environmental monitoring, and supervision of highway investment. The training program will be defined during the pre-appraisal mission.

The highway capacity expansion and local network development program is straight forward relative to the freight transfer and trade facilitation program. Although the second largest international land port in China, Manzhouli is essentially a border check point and there are no terminal handling facilities for the loading and unloading of cargo except for some private facilities belonging to large importers/exporters. While through transport and door-to-door shipments are always preferred and would be encouraged, there is a need for common user loading/unloading facilities for the use of small shippers/traders without premises of their own. A transfer station, initially essentially a truck terminal, with basic facilities such as a hardstanding area for the holding of trucks and a few loading/unloading docks and a small warehouse will be required. Russian trucks are not permitted to travel beyond Hailar and cargo for destinations beyond Hailar would have to be carried by Chinese trucks and hence transfer facilities have to be provided at a point between Manzhouli and Hailar. The transfer station will also serve as rest stop for truckers who would have to drive long distances. Essential facilities and services required in the transfer station include a documentation center for cargo clearance, and some basic amenities for truckers in addition to parking bays for trucks, working areas for the transfer of cargo between trucks, warehousing and storage facilities for cargo. In light that Hailar is centrally located in relation to the five border crossings with Russia and two with P.R. Mongolia, the development of a transfer station in Hailar would be the most logical. The proposed transfer station in Hailar would not only serve trade crossing the border at Manzhouli but at the other border crossings with Russia and P.R. Mongolia as well.

#### **D. Project location (if known)**

The project will be located in the Hulunbeir League, a prefecture in the northeastern tip of Inner Mongolia Autonomous Region. It borders with Heilongjiang Province, Russia and P.R. Mongolia.

## E. Borrower's Institutional Capacity for Safeguard Policies [from PCN]

[Guideline: Refer to Section 5 of PCN]

Inner Mongolia Communications Department (IMCD) has good experience with two World Bank projects, i.e. the Tri-provincial Highway Project and the Inner Mongolia Highway Project, both are currently ongoing. IMCD has demonstrated its institutional capacity to implement RAP and EAPs designed for those projects. Social assessment will also be carried out under the project. Given IMCD's relatively limited experiences in this exercise, an outside expert institution has been engaged to assist them conduct the social assessment.

As the project is located in Hulunbeir, implementation of RAP will have to be arranged by the local government of Hulunbeir. However, it will be the first time the local government of Hulunbeir plans and implements safeguard aspects of an investment project funded by an international organization. With the limited capacity at the local level, IMCD agreed to take the lead in planning the safeguard aspects of the project and to transferred their experienced safeguard staff to work full-time on the project preparation and implementation. However, it is essential to maintain and improve the capability of staffs working on the safeguards issues, and therefore appropriate trainings program in these area will be provided under the project.

## II. SAFEGUARD POLICIES THAT MIGHT APPLY

Applicable?	Safeguard Policy If Applicable, How Might It Apply?
<input checked="" type="checkbox"/>	<a href="#">Environmental Assessment (OP/BP 4.01)</a>
[TBD]	<a href="#">Natural Habitats (OP/BP 4.04)</a>
<input type="checkbox"/>	<a href="#">Pest Management (OP 4.09)</a>
<input checked="" type="checkbox"/>	<a href="#">Involuntary Resettlement (OP/BP 4.12)</a>
<input checked="" type="checkbox"/>	<a href="#">Indigenous Peoples (OD 4.20)</a>
<input type="checkbox"/>	<a href="#">Forests (OP/BP 4.36)</a>
<input type="checkbox"/>	<a href="#">Safety of Dams (OP/BP 4.37)</a>
[TBD]	<a href="#">Cultural Property (draft OP 4.11 - OPN 11.03)</a>
<input type="checkbox"/>	<a href="#">Projects in Disputed Areas (OP/BP/GP 7.60)*</a>
<input type="checkbox"/>	<a href="#">Projects on International Waterways (OP/BP/GP 7.50)</a>

### Environmental Assessment Category:

[X] A  B  C  FI  TBD (to be determined)

\* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

If TBD, explain determinants of classification and give steps that will be taken to determine that EA category (mandatory):

### III. SAFEGUARD PREPARATION PLAN

- A. Target date for the Quality Enhancement Review (QER), at which time the PAD-stage ISDS would be prepared.  
July 30, 2004
- B. For simple projects that will not require a QER, the target date for preparing the PAD-stage ISDS
- C. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing<sup>1</sup> should be specified in the PAD-stage ISDS.

Environment:

(1) Terms of reference for the EIA were reviewed by the Bank and the final version was submitted to the Bank on October 2003.

(2) Draft EIA and EAP (in Chinese) were reviewed by the Bank on September and October 2003. The English drafts will be submitted in February 2004. They will be finalized by May 30, 2004.

Resettlement:

Resettlement action plans are under preparation to address the various impacts related to land acquisition and possible relocation. A social assessment study has been planned to be conducted on the issues relating to ethnic minorities in the project areas. Ethnic minority development plans will be developed if this is determined necessary by the social assessment. These action plans will be prepared by May 30, 2004

### IV. APPROVALS

<i>Signed and submitted by:</i>		
<b>Task Team Leader:</b>	<b>Supee Teravaninthorn</b>	<b>Date</b>
<i>Approved by:</i>		
<b>Regional Safeguards Coordinator:</b>	<b>Name</b>	<b>Date</b>
<b>Comments</b>		
<b>Sector Manager:</b>	<b>Name</b>	<b>Date</b>
<b>Comments</b>		

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<sup>1</sup> Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in-country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.