

Integrated Safeguards Data Sheet (ISDS)	
Section I – Basic Information	
Date ISDS Prepared/Updated: September 15, 2004	Report No.: AC809
A. Basic Project Data	
A.1. Project Statistics	
Country: China	Project ID: P068752
Project: Inner Mongolia Transport (and Trade Faci	TTL: Supee Teravaninthorn
Total project cost (by component):	
Appraisal Date: September 26, 2004	Loan/Credit amount(\$m): IBRD: 100
Board Date: December 16, 2004	
Other financing amounts by source:	(\$m.)
Managing Unit: EASTR	Sector: Roads and highways (90%); Sub-national government administration (10%)
Lending Instruments: Specific Investment Loan	
Is this project processed under OP 8.50 (Emergency recovery? Yes? <input type="checkbox"/> No? <input checked="" type="checkbox"/>)	
Environmental Category: A	Safeguard Classification: S2
A.2. Project Objectives <p>The main objective of the project is to promote and sustain the development of China's cross-border trade between China on one hand and Russia and Mongolia on the other by improving transport infrastructure and logistics. These improvements, in turn, will lower transport costs, increase income from external trade, and raise incomes in Inner Mongolia, the country's third-largest province and one of the poorest provinces of the western region.</p>	
A.3. Project Description <p>The project includes the following components:</p> <ul style="list-style-type: none"> <i>Component 1—Hailar–Manzhouli Highway.</i> Expansion of highway capacity by upgrading or constructing about 177 km of HMM. The component is estimated to cost about US\$172 million, of which US\$70 million will be financed by the World Bank; <i>Component 2—Border Roads for Trade.</i> Upgrading and rehabilitation of about 413 km of the highway network, sections identified either as key links for international trade facilitation at smaller border crossings with Russia and Mongolia, or as critical missing links in the highway network. The component aims to improve transport access to four other seasonal land ports between China and Russia and China and Mongolia. The component is estimated to cost about US\$51 million, of which US\$18 million will be financed by the Bank. <i>Component 3—Cargo transfer terminal and trade facilitation program.</i> Development of facilities and trade regime designed mainly for China's import and export trade with Russia and Mongolia, but also meeting the requirements of potential trade in transit shipped through Chinese seaports to other countries. The primary purpose of the CTT is to facilitate the consolidation, distribution, and trucking of cargo. The component is composed of: (i) construction of a transfer station in Hailar housing facilities for transferring cargo between transportation modes (rail and road) and between Chinese and Russian trucks as well as for warehousing; and (ii) carrying out of a diagnostic study on measures to promote cross-border trade between China and its land-locked 	

<p>neighbors. The study could later form a foundation to further improve a process for the quick and convenient inspection and clearance of cargo by customs and quarantine authorities; and to develop an internationally accepted trade documentation and practices for importers and exporters, transportation carriers, banks, and insurance companies. The component is estimated to cost about US\$26 million, and will be financed locally. The component is estimated to cost about US\$26 million, and will be financed locally.</p> <ul style="list-style-type: none"> • <i>Component 4—Institutional strengthening and training.</i> Various technical assistance and training aiming to improve the quality of development zone planning, trade promotion, and transportation efficiency, as well as project management, environmental monitoring, and supervision of highway construction. The component is estimated to cost about US\$1.2 million and will be financed by the Bank. 		
<p>A.4. Project Location and salient physical characteristics relevant to the safeguard analysis: The project area lies mainly in grassland with herd activities and agricultural land except for Erka Wetland. Erka Wetland is a natural habitat but not a protected area in any sense.</p>		
<p>B. Check Environmental Category A <input checked="" type="checkbox"/>, B <input type="checkbox"/>, C <input type="checkbox"/>, FI <input type="checkbox"/></p>		
<p><i>Comments:</i></p>		
<p>C. Safeguard Policies Triggered</p>		
	Yes	No
Environmental Assessment (OP/BP/GP 4.01)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Natural Habitats (OP/BP 4.04)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pest Management (OP 4.09)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Cultural Property (draft OP 4.11 - OPN 11.03 -)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Involuntary Resettlement (OP/BP 4.12)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Indigenous Peoples (OD 4.20)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Forests (OP/BP 4.36)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Safety of Dams (OP/BP 4.37)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects in Disputed Areas (OP/BP/GP 7.60)*	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects on International Waterways (OP/BP/GP 7.50)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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

Section II – Key Safeguard Issues and Their Management

D. Summary of Key Safeguard Issues.

D.1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts. Only the following Bank's safeguard policies are triggered under this project:

OP4.01 Environment Assessment

This is a category A project under OP.4.01 Environment Assessment. IMCD has prepared Environmental Impact Assessment (EIA) and Environmental Action Plan (EAP) through required two-step consultation. Those documents were disclosed locally in July 2004 and in Washington D.C. in July 2004.

In order to minimize environmental impacts, intensive alternative analysis was conducted including non-project alternative. Major considerations that have been included in the design are: (1) to avoid a tourism area under planning; (2) to use the existing alignment as much as possible; (3) to avoid fragile ground in an old mining area; (4) to avoid going through Manzhouli City; and (5) minimize the length to cross a Wetland.

At the public consultations, participants showed their concerns on (1) the free movement of their herds animals, (2) recovery of vegetation along the highway, and (3) damage to the scenery by borrow pits or dumping sites. In order to respond their concerns that (1) the number of culverts is increased as the results of the public consultation form 104 in original design to 110, and the pathways and passenger overpasses from 30 to 47; (2) budget for rehabilitation of vegetation is ensured; (3) a dumping site will be moved to behind a mountain so as not to damage the scenic view.

The EIA has identified four environmentally sensitive spots: (1) four residential areas with 17 to 475 households, (2) one hospital with 260 beds, (3) three seasonal rivers, and (4) Erka wetland. IMCD has experienced to deal with noise, dust, and water-pollution control from their past projects including two Bank's projects. The EIA and EAP addressed those issues with established mitigation measures and the impacts will be controlled within an acceptable level.

OP4.04 Natural Habitat

The project area lies mainly in grassland with herd activities and agricultural land. There are no environmental protected areas within the impact zone of the project. The proposed alignment goes over Erka Wetland by 13 km. Erka Wetland is a natural habitat but not a protected one in any sense, while there are several protected wetlands in Inner Mongolia. However, the safeguard meeting convened Jan. 13, 2004 decided that a natural wetland near the protected wetland should also be regarded as critical habitat. Accordingly, in order to evaluate the quality and importance of the Erka Wetland and to develop offset measures, an independent international ecological expert was invited and the expert took a field survey and EIA review on May 17 to 20, 2004.

According to the international expert, (1) Erka Wetland has international importance in terms of migration of birds; (2) Major impacts by the project will be caused during the

construction period, while the impacts during the operation stage will be minimal; (3) promotion of eco-tourism and protection of the wetland was recommended as offset measures. IMCD and the Fulunbeier Government agreed to take necessary measures to realize his proposal in addition to ones in draft EAP. The major components are as follow:

(1) Design Phase

- ⌘ The design of the highway made the wetland section as short as possible.
- ⌘ To avoid any impacts to water flow, 1,640 m or 12.4% of the section will be bridge and in addition 10 culverts will be constructed.
- ⌘ No dumping sites or construction camp will be set in the wetland.

(2) Construction

- ⌘ No wastes or wastewater will be allowed to dump into the wetland.
- ⌘ Temporally land use will be minimized in the wetland area.
- ⌘ Hunting animals will be strictly prohibited. The local government will patrol the wetland
- ⌘ Special monitoring on the ecological condition of Erka Wetland will be conducted by ecological experts during the construction period.

(3) Operation Phase

- ⌘ The speed limit will be reduced and no phone signs will be set.
- ⌘ The local government will establish a wetland protection plan to control the land use around the wetland.
- ⌘ Eco-tourism will be promoted with carefully designed facilities for observation to enhance public understanding of the importance of the wetland protection.
- ⌘ Special monitoring on the ecological condition of Erka Wetland will be conducted for three years during the operation period.

Conclusion: (1) Multiple mitigation measures in the EAP are regarded to control the impacts within an acceptable level. The project will not cause significant level of change to the existing environment. (2) In addition to mitigation measures, in order to provide total benefit to the ecological environment, the project will promote eco-tourism thought constructing a small facility composed of a small parking lot, wood path, and educational boards and the local government agreed to set up a wetland protection plan to control long term impacts by the operation of the highway. (3) This project is regarded as in compliance with OP.4.04.

OP 4.12 Involuntary Resettlement

The major social issues of the project relate to land acquisition and resettlement. The project office has carried out census of the affected people, an inventory of affected assets, a socioeconomic survey and a social assessment within an extended corridor of about 10 kilometers along the proposed alignment to assess the general social economic impacts of the project. Five resettlement action plans have been developed, detailing census, inventory, project resettlement policy, compensation rates and budget, compensation and rehabilitation programs, institutional and monitoring arrangements. The Bank has reviewed all resettlement action plans and found them in compliance with the Bank policy.

A due diligence review was conducted of the 30-km section of the highway between

Hailar and Manzhouli Port, which was completed under private sector investment over a year ago. This review, which focused mostly on the resettlement practice and involved site visits and interview of the local people and government officials, concluded that: (i) the resettlement for this road section followed the Chinese laws and regulations, (ii) compensation had been completed in 2002, and there were no outstanding issues.

OD 4.20 Indigenous People

Hulunbair Municipality is an ethnic minority area. The social assessment and resettlement planning activities have concluded that the project would have an overall positive impact on the regional development benefiting many local ethnic minority population and the project adverse impacts of land acquisition is mainly upon Mongolian population. An Ethnic Minority Development Plan (EMDP) has been developed on the basis of an analysis of local policies on ethnic minorities, a desk analysis of historical, academic research and statistic data, a sample questionnaire survey, interviews of key informants and focus groups discussions among different ethnic minority groups. The EMDP describes the identified ethnic minority groups, the legal framework regarding ethnic minority groups, social and economic life of the ethnic minority groups, project benefits as well adverse impacts on them, information dissemination and consultation efforts, proposed measures and implementation arrangements, including budget, institutions and monitoring arrangements.

D.2 Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area.

Apart from above issue, there is none.

D.3. Describe the treatment of alternatives (if relevant)

In order to minimize environmental impacts, intensive alternative analysis was conducted including non-project alternative. Major considerations that have been included in the design are: (1) to avoid a planned tourism area; (2) to use the existing alignment as long as possible; (3) to avoid fragile ground in an old mining area; (4) to avoid going through Manzhouli City; and (5) minimize the length to cross a Wetland.

D.4. Describe measures taken by the borrower to address safeguard issues. Provide an assessment of borrower capacity to plan and implement the measures described.

The comprehensive mitigation measures are described in EAP, RAPs and EMDP. The borrower has demonstrated its capacity through the previous Bank's projects: Tri-provincial Highway Project and Inner Mongolia Highway Project. New implementation arrangements as well as institutions are proposed to be established including independent monitoring for RAP and EMDP implementation.

D.5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The key stakeholders are people living along the highway. There are three major residential areas, Hailar, Manzhouli, and West Wuzhuer. Public consultations were conducted along the relevant safeguard policies.

<i>F. Disclosure Requirements</i>	<i>Date</i>
<i>Environmental Assessment/Audit/Management Plan/Other:</i>	
Date of receipt by the Bank	Aug/03/04
Date of “in-country” disclosure	June/16/04
Date of submission to InfoShop	Aug/04/04
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	Sept/17/04
<i>Resettlement Action Plan/Framework/Policy Process:</i>	
Date of receipt by the Bank	June/05/04
Date of “in-country” disclosure	June/16/04
Date of submission to InfoShop	Sept/14/04
<i>Indigenous Peoples Development Plan/Framework:</i>	
Date of receipt by the Bank	June/06/04
Date of “in-country” disclosure	June/06/04
Date of submission to InfoShop	Sept/13/04
<i>Pest Management Plan:</i>	
Date of receipt by the Bank	Not Applicable
Date of “in-country” disclosure	Not Applicable
Date of submission to InfoShop	Not Applicable
<i>Dam Safety Management Plan:</i>	
Date of receipt by the Bank	Not Applicable
Date of “in-country” disclosure	Not Applicable
Date of submission to InfoShop	Not Applicable
<p>If in-country disclosure of any of the above documents is not expected, please explain why.</p> <p>The disclosure of EIA for HMH is not completed due to the delay of approval by the State Environmental Protection Bureau.</p>	
Section III – Compliance Monitoring Indicators at the Corporate Level (To be filled in when the ISDS is finalized by the project decision meeting)	
<i>OP/BP 4.01 - Environment Assessment:</i>	<u>Yes</u> <u>No</u>
Does the project require a stand-alone EA (including EMP) report?	x
If yes, then did the Regional Environment Unit review and approve the EA report?	x
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	x
<i>OP/BP 4.04 - Natural Habitats:</i>	<u>Yes</u> <u>No</u>
Would the project result in any significant conversion or degradation of critical natural habitats?	x
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	x
<i>OP 4.09 - Pest Management:</i>	<u>N.A.</u>
Does the EA adequately address the pest management issues?	
Is a separate PMP required?	
If yes, are PMP requirements included in project design?	

<i>Draft OP 4.11 (OPN 11.03) - Cultural Property:</i>	<u>N.A.</u>	
Does the EA include adequate measures?		
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on physical cultural resources?		
<i>OD 4.20 - Indigenous Peoples:</i>	<u>Yes</u>	<u>No</u>
Has a separate indigenous people development plan been prepared in consultation with the Indigenous People?	x	
If yes, then did the Regional Social Development Unit review and approve the plan?	x	
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit?	x	
<i>OP/BP 4.12 - Involuntary Resettlement:</i>	<u>Yes</u>	<u>No</u>
Has a resettlement action plan, policy framework or policy process been prepared?	x	
If yes, then did the Regional Social Development Unit review and approve the plan / policy framework / policy process?	x	
<i>OP/BP 4.36 – Forests:</i>	<u>N.A.</u>	
Has the sector-wide analysis of policy and institutional issues and constraints been carried out?		
Does the project design include satisfactory measures to overcome these constraints?		
Does the project finance commercial harvesting, and if so, does it include provisions for certification system?		
<i>OP/BP 4.37 - Safety of Dams:</i>	<u>N.A.</u>	
Have dam safety plans been prepared?		
Have the TORs as well as composition for the independent Panel of Experts (POE) been reviewed and approved by the Bank?		
Has an Emergency Preparedness Plan (EPP) been prepared and arrangements been made for public awareness and training?		
<i>OP 7.50 - Projects on International Waterways:</i>	<u>N.A.</u>	
Have the other riparians been notified of the project?		
If the project falls under one of the exceptions to the notification requirement, then has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?		
What are the reasons for the exception?		
Please explain:		
Has the RVP approved such an exception?		
<i>OP 7.60 - Projects in Disputed Areas:</i>	<u>N.A.</u>	
Has the memo conveying all pertinent information on the international aspects of the project, including the procedures to be followed, and the recommendations for dealing with the issue, been prepared, cleared with the Legal Department and sent to the RVP?		
Does the PAD/MOP include the standard disclaimer referred to in the OP?		
<i>BP 17.50 - Public Disclosure:</i>	<u>Yes</u>	<u>No</u>
Have relevant safeguard policies documents been sent to the World	x	

Bank's Infoshop?		
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	x	
<i>All Safeguard Policies:</i>	<u>Yes</u>	<u>No</u>
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of the safeguard measures?	x	
Have safeguard measures costs been included in project cost?	x	
Will the safeguard measures costs be funded as part of project implementation?	x	
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures?	x	
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?		
<i>Signed and submitted by:</i>	<u>Name</u>	<u>Date</u>
Task Team Leader:	Supee Teravaninthorn	Sept. 22, 2004
Project Safeguards Specialist 1:	Chaohua Zhang	
Project Safeguards Specialist 2:	Naoya Tsukamoto	
Project Safeguards Specialist 3:		
<i>Approved by:</i>	<u>Name</u>	<u>Date</u>
Regional Safeguards Coordinator:	Glenn Morgan	
Comments:		
Sector Manager:	Jitendra Bajpai	
Comments:		