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LOAN NUMBER 3356-PRC

PROGRAM AGREEMENT

(Beijing-Tianjin-Hebei Air Quality Improvement – Hebei Policy Reforms Program)

between

ASIAN DEVELOPMENT BANK

and

HEBEI PROVINCIAL GOVERNMENT

DATED 23 FEBRUARY 2016

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PRC 49232

## **PROGRAM AGREEMENT**

PROGRAM AGREEMENT dated 23 February 2016 between ASIAN DEVELOPMENT BANK ("ADB") and HEBEI PROVINCIAL GOVERNMENT ("HPG").

### **WHEREAS**

(A) by a Loan Agreement of even date herewith between the People's Republic of China ("Borrower") and ADB, ADB has agreed to make to the Borrower a loan of three hundred million Dollars (\$300,000,000) on the terms and conditions set forth in the Loan Agreement, but only on the condition that the proceeds of the loan be made available to HPG and that HPG agrees to undertake certain obligations towards ADB set forth herein; and

(B) HPG, in consideration of ADB entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations set forth herein;

NOW THEREFORE the parties hereto agree as follows:

## **ARTICLE I**

### **Definitions**

Section 1.01. Wherever used in this Program Agreement, unless the context otherwise requires, the several terms defined in the Loan Agreement and in the Loan Regulations (as so defined) have the respective meanings therein set forth.

## **ARTICLE II**

### **Particular Covenants**

Section 2.01. (a) HPG shall carry out the Program with due diligence and efficiency, and in conformity with sound public management, administrative, financial, business, and development practices.

(b) In the carrying out of the Program, HPG shall perform all obligations set forth in the Loan Agreement to the extent that they are applicable to HPG, and all obligations set forth in this Program Agreement.

Section 2.02. HPG shall make available, promptly as needed, the funds, facilities, services, and other resources as required, in addition to the proceeds of the Loan, for carrying out the Program.

Section 2.03. HPG shall, promptly as required, take all action within its powers as are necessary to carry out the Program and shall carry out the Program in accordance with plans and programs formulated in accordance with public management best practices. HPG shall furnish to ADB, promptly after their preparation, such plans, programs, techniques or methods, and any material modifications subsequently made therein, in such detail as ADB may reasonably request.

Section 2.04. (a) ADB and HPG shall cooperate fully to ensure that the purposes of the Loan will be accomplished.

(b) HPG shall, with a copy to the Borrower, promptly inform ADB of any condition which interferes with, or threatens to interfere with, the progress of the Program, the performance of its obligations under this Program Agreement, or the accomplishment of the purposes of the Loan.

(c) ADB and HPG shall, from time to time, at the request of either party, exchange views through their representatives with regard to any matters relating to the Program, HPG and the Loan.

Section 2.05. If the conditions to Loan disbursement set out in the Loan Agreement have not been met by 1 April 2016, HPG shall, by 1 May 2016 provide a report to ADB, in such detail as ADB may reasonably request, explaining the status of the Program and the reasons the conditions to withdrawal have not been met and setting out a plan of implementation and steps taken or proposed to be taken to meet the conditions of Loan disbursement forthwith.

Section 2.06. Promptly after closing date for withdrawal from the Loan Account, but in any event not later than 6 months thereafter or such later date as ADB may agree for this purpose, the HPG shall prepare and furnish to ADB a report, in such form and in such detail as ADB shall reasonably request on the execution of the Program, including demonstrating compliance with the limits on use of Loan proceeds and Counterpart Funds set out in the Loan Agreement and this Program Agreement and reporting, in particular, on the Policy Actions, including cost, the performance by HPG of its obligations under this Program Agreement and the accomplishment of the purposes of the Loan, including a comprehensive description of the impact of the reforms under the Program.

Section 2.07. HPG shall enable ADB's representatives to examine relevant records and documents pertaining to the use of the Loan proceeds and Counterpart Funds.

Section 2.08. Except as ADB may otherwise agree, HPG shall cause the proceeds of the Loan and the Counterpart Funds to be applied to the financing of expenditures for the Program and the HCAAP in accordance with the provisions of the Loan Agreement and this Program Agreement.

Section 2.09. HPG shall promptly notify ADB of any proposal that may impact the Program or alter its status under the laws and regulations of the Borrower or HPG.

Section 2.10. HPG shall and shall cause the government agencies implementing the Program to (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its

agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Program; and (b) cooperate with any investigation referred to in sub-clause (a) and extend all necessary assistance for satisfactory completion of such investigation.

### **ARTICLE III**

#### **Effective Date; Termination**

Section 3.01. This Program Agreement shall come into force and effect on the date on which the Loan Agreement comes into force and effect. ADB shall promptly notify HPG of such date.

Section 3.02. All the provisions of this Program Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the Loan Agreements.

### **ARTICLE IV**

#### **Miscellaneous**

Section 4.01. Any notice or request required or permitted to be given or made under this Program Agreement and any agreement between the parties contemplated by this Program Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand, mail, or facsimile to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

#### For ADB

Asian Development Bank  
6 ADB Avenue  
Mandaluyong City  
1550 Metro Manila  
Philippines

#### Facsimile Numbers:

+63 2 636-2444  
+63 2 636-2407.

For Hebei Provincial Government

Hebei Provincial  
Department of Finance 48  
South Zhonghua Street  
Shijiazhuang, Hebei  
Province, 050051  
People's Republic of China

Facsimile Number:

+86 311 6665 0733.

Section 4.02. (a) Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Program Agreement by or on behalf of HPG may be taken or executed by its Governor or Vice Governor or by such other person or persons as he or she shall designate in writing notified to ADB.

(b) HPG shall furnish to ADB sufficient evidence of the authority of each person who will act under subsection (a) hereinabove, together with the authenticated specimen signature of each such person.

Section 4.03. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Program Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Program Agreement to be signed in their respective names as of the day and year first above written, and to be delivered at the principal office of ADB.

ASIAN DEVELOPMENT BANK

By



AYUMI KONISHI  
Director General  
East Asia Department

HEBEI PROVINCIAL GOVERNMENT

By



ZHAO JIANHUA  
Authorized Representative