
LOAN NUMBER 3112-PRC

LOAN AGREEMENT
(Ordinary Operations)

(Anhui Intermodal Sustainable Transport Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

ASIAN DEVELOPMENT BANK

DATED 30 MAY 2014

PRC 45021

**LOAN AGREEMENT
(Ordinary Operations)**

LOAN AGREEMENT dated 30 May 2014 between PEOPLE'S REPUBLIC OF CHINA ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement;

(B) the Project shall be carried out by Anhui Provincial Government ("APG") acting through Anhui Province Department of Transport ("APDOT") and the Borrowing Counties and for this purpose the Borrower shall make available through Anhui Provincial Government, to APDOT and the Borrowing Counties the proceeds of the Loan provided for herein upon terms and conditions satisfactory to ADB; and

(C) ADB has agreed to make a loan to the Borrower from ADB's ordinary capital resources upon the terms and conditions set forth herein and in the Project Agreement of even date herewith between ADB and APG;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of the Ordinary Operations Loan Regulations Applicable to LIBOR-Based Loans Made from ADB's Ordinary Capital Resources, dated 1 July 2001 ("Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications:

(a) Section 3.03 is deleted and the following is substituted therefor:

Commitment Charge; Credit; Maturity Premium. (a) The Borrower shall pay a commitment charge on the unwithdrawn amount of the Loan at the rate and on the terms specified in the Loan Agreement.

(b) ADB shall provide to the Borrower a credit at the rate specified in the Loan Agreement, which credit shall remain fixed for the term of the Loan. ADB shall apply the credit against the interest payable by the Borrower.

(c) The Borrower shall pay a maturity premium at the rate specified in the Loan Agreement, which maturity premium shall remain

fixed for the term of the Loan. ADB shall add the maturity premium to the interest payable by the Borrower.

- (b) Section 3.06 is deleted and the following is substituted therefor:

Rebate. (a) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be reduced, ADB shall provide a Rebate to any Borrower with an outstanding Loan on which a higher Fixed Spread is applicable. The amount of the Rebate shall be determined by multiplying (i) the difference between the Fixed Spread applicable to the outstanding Loan and the Fixed Spread that will be applied to new Loans (expressed as a percentage per annum), by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the lower Fixed Spread that will be applied to new Loans.

(b) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB achieving savings, ADB shall provide a Rebate to the Borrower. The amount of the Rebate shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall apply the amount of the Rebate against the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

- (c) Section 3.07 is deleted and the following is substituted therefor:

Surcharge. (a) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be increased, any Borrower with an outstanding Loan on which a lower Fixed Spread is applicable shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the difference between the Fixed Spread that will be applied to new Loans and the Fixed Spread applicable to the outstanding Loan (expressed as a percentage per annum), by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the higher Fixed Spread that will be applied to new Loans.

(b) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB incurring additional costs, the Borrower shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest

for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall add the amount of the Surcharge to the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

Section 1.02. Wherever used in this Loan Agreement, the several terms defined in the Loan Regulations have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used in this Loan Agreement have the following meanings:

- (a) "APDOT" means the Anhui Provincial Department of Transport;
- (b) "APFB" means the Finance Department of the APG;
- (c) "APG" means Anhui Provincial Government;
- (d) "APPSCIG" means Anhui Provincial Port and Shipping Construction Investment Group Co. Ltd, which is a limited liability company wholly owned by APG and incorporated under a registration certificate issued by Anhui Administration of Industry and Commerce;
- (e) "Borrowing Counties" means Hexian County Government, Hanshan County Government, Wuwei County Government, Nanling County Government, and Dongzhi County Government;
- (f) "Capacity Development Output" means the Output concerning capacity development as set out in paragraph 2 of Schedule 1 to this Loan Agreement;
- (g) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013, as amended from time to time);
- (h) "Consulting Services" means the services to be financed out of the proceeds of the Loan as described in paragraph 3 of Schedule 1 to this Loan Agreement;
- (i) "Environmental Impact Assessment" or "EIA" means the consolidated environmental impact assessment for the Project, including any update thereto, prepared and submitted by the Borrower through APG and cleared by ADB;
- (j) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;
- (k) "funding arrangements" means the funding arrangements between APG and APDOT referred to in Section 3.01 of this Loan Agreement and described in the PAM;
- (l) "Gender Action Plan" or "GAP" means the gender action plan for the Project as set out in one of the web-linked documents to the RRP, including any update thereto, prepared and submitted by the Borrower through APG and cleared by ADB;

- (m) "GHG" means greenhouse gas;
- (n) "Goods" means equipment and materials to be financed out of the proceeds of the Loan, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding Consulting Services;
- (o) "IAs" means the Borrowing Counties in relation to the Road Sector Outputs; APPSCIG in relation to the IWT Port Output and the IWT Outputs;
- (p) "Indigenous Peoples Safeguards" means the principles and requirements set forth in Chapter V, Appendix 3, and Appendix 4 (as applicable) of the SPS;
- (q) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;
- (r) "iRAP" means the international road assessment program;
- (s) "IWT" means inland waterway transport;
- (t) "IWT Outputs" means (i) Output 3 concerning inland waterway transport, and (ii) Output 4 concerning the IWT Port; each as set out in paragraph 2 of Schedule 1 to this Loan Agreement;
- (u) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2012, as amended from time to time);
- (v) "Local PMO" means any or all of the project management offices established to support the Project on a local level within each IA;
- (w) "Management Letter" means formal communications from the auditor to the client management in accordance with the International Standard on Auditing 265 (communicating deficiencies in internal control to those charged with governance and management), which is not required to be provided separately as it is equivalent to the Audit Findings and Recommendations prepared by the Project auditor and submitted to ADB;
- (x) "NMT" means non-motorized transport;
- (y) "Outputs" means any and all of the 5 outputs under the Project as described on Schedule 1 to this Loan Agreement, consisting of the Road Sector Outputs, the IWT Outputs, and the Capacity Development Output;
- (z) "PAM" means the project administration manual for the Project dated 12 December 2013 and agreed between the Borrower through APDOT and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower, APDOT and ADB;
- (aa) "PPMO" means the provincial level project management office being the Foreign Funds Project Management Office under APDOT;

(bb) "PPMS" means the Project Performance Management System as further described in the PAM;

(cc) "Procurement Guidelines" means ADB's Procurement Guidelines (2013, as amended from time to time);

(dd) "Procurement Plan" means the procurement plan for the Project dated 12 December 2013 and agreed between the Borrower, APDOT and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;

(ee) "Project Area" means the Wanjiang Demonstration Zone where the Project Outputs will be carried out;

(ff) "Project Executing Agency" means, for the purposes of, and within the meaning of, the Loan Regulations, APG or any successor thereto acceptable to ADB which shall be responsible for the carrying out of the Project;

(gg) "Project Implementation Agreement" means the agreement to be entered into between APDOT and APPSCIG, as provided for in the PAM and the Schedule to the Project Agreement;

(hh) "Resettlement Plans" means any or all of the 5 resettlement plans for the Project, including any update thereto, prepared and submitted by the Borrower through APG and cleared by ADB;

(ii) "Road Sector Outputs" means the 2 Outputs concerning road construction and enhancement set out in paragraph 2 of Schedule 1 to this Loan Agreement;

(jj) "RRP" means the Report and Recommendation of the President to the Board of Directors of ADB, describing the Project;

(kk) "Safeguard Policy Statement" or "SPS" means ADB's Safeguard Policy Statement (2009);

(ll) "Safeguards Monitoring Report" means each report prepared and submitted by the Borrower through APG to ADB, in form and substance satisfactory to ADB, that describes progress with implementation of and compliance with the EIAs and RPs (as applicable), including any corrective and preventative actions;

(mm) "Shuiyang River Channel" means the interprovincial waterway starting from Haitang Bay in Xuancheng City in Anhui Province flowing into Jiangsu Province at Ganjiaguai to connect with the Wushen Canal;

(nn) "Social Development Action Plan" or "SDAP" means the social development action plan prepared for the Project and set out in one of the web-linked documents to the RRP, including any update thereto, prepared and submitted by the Borrower through APG and cleared by ADB;

(oo) "Wanjiang Demonstration Zone" means the economic zone designated by the State Council of the Borrower under the Wanjiang Demonstration Zone Plan for the

purpose of promoting manufacturing and service industries, which includes nine cities and two counties along the Yangtze River, with hubs at the cities of Hefei and Wuhu; and

(pp) "Works" means construction or civil works to be financed out of the proceeds of the Loan, including services such as drilling or mapping, and project related services that are provided as part of a single responsibility or turnkey contract, but excluding Consulting Services.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of two hundred million Dollars (\$200,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.06 of this Loan Agreement.

(b) The Loan has a principal repayment period of 18 years, and a grace period as defined in subsection (c) hereinafter.

(c) The term "grace period" as used in subsection (b) hereinabove means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.02. The Borrower shall pay to ADB interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of:

- (a) LIBOR;
- (b) 0.60% as provided by Section 3.02 of the Loan Regulations less a credit of 0.20% as provided by Section 3.03 of the Loan Regulations; and
- (c) a maturity premium of 0.10% as provided by Section 3.03 of the Loan Regulations.

Section 2.03. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing 60 days after the date of this Loan Agreement.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 15 February and 15 August in each year.

Section 2.05. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the provisions of Schedule 2 to this Loan Agreement.

Section 2.06. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:

- (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, whether withdrawn and outstanding or unwithdrawn, to an Approved Currency;
- (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Floating Rate to a Fixed Rate, or vice versa; and
- (iii) the setting of limits on the Floating Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on said Floating Rate.

(b) Any conversion requested pursuant to subsection (a) hereinabove that is accepted by ADB shall be considered a "Conversion", as defined in Section 2.01(6) of the Loan Regulations, and shall be effected in accordance with the provisions of Article V of the Loan Regulations and the Conversion Guidelines.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. (a) The Borrower shall make the proceeds of the Loan available, through APG, to APDOT and the Borrowing Counties upon terms and conditions satisfactory to ADB. Except as ADB may otherwise agree, the terms for making the corresponding portion of the proceeds of the Loan available to APDOT and the Borrowing Counties shall include (i) commitment charge and interest at the rates identical to those applied to the Loan; (ii) a grace period and a principal repayment period identical to those applied to the Loan; and (iii) APDOT and the Borrowing Counties bearing the foreign exchange and interest rate variation risks.

(b) The Borrower shall, through APG, cause APDOT to make available the corresponding portion of the proceeds of the Loan to APPSCIG under the funding arrangements.

(c) The Borrower shall, through APG, cause APDOT, the Borrowing Counties and APPSCIG to apply, the proceeds of the Loan to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement and the Project Agreement.

Section 3.02. The proceeds of the Loan shall be allocated and withdrawn in accordance with the provisions of Schedule 3 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.03. Except as ADB may otherwise agree, the Borrower shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to this Loan Agreement. ADB may refuse to finance a contract where any such item has not been procured under procedures substantially in accordance with those agreed between the Borrower and ADB or where the terms and conditions of the contract are not satisfactory to ADB.

Section 3.04. Except as ADB may otherwise agree, the Borrower shall cause all items of expenditure financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

Section 3.05. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 30 April 2019 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. (a) The Borrower shall, through APG, cause APDOT and the IAs to carry out the Project with due diligence and efficiency and in conformity with sound applicable technical, financial, business, and development practices.

(b) In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 5 to this Loan Agreement and the Project Agreement.

Section 4.02. The Borrower shall make available, or cause to be made available, promptly as needed, and on terms and conditions acceptable to ADB, the funds, facilities, services, land and other resources, as required, in addition to the proceeds of the Loan, for the carrying out of the Project.

Section 4.03. The Borrower shall ensure that the activities of its departments and agencies with respect to the carrying out of the Project and operation of the Project facilities are conducted and coordinated in accordance with sound administrative principles.

Section 4.04. The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents relating to the Project.

Section 4.05. The Borrower shall take all actions which shall be necessary on its part to enable APG, through APDOT, to perform their obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

ARTICLE V

Effectiveness

Section 5.01. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 10.04 of the Loan Regulations.

ARTICLE VI

Miscellaneous

Section 6.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

Section 6.02. The following addresses are specified for the purposes of Section 12.01 of the Loan Regulations:

For the Borrower

Ministry of Finance
Sanlihe, Xicheng District
Beijing 100820
People's Republic of China

Facsimile Number:

(8610) 6855-1125.

For ADB

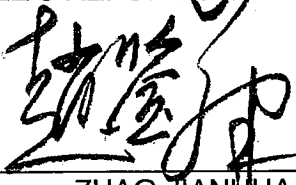
Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Facsimile Numbers:

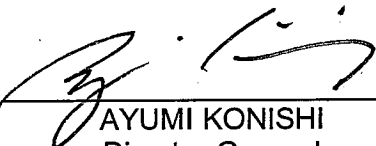
(632) 636-2444
(632) 636-2407.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan 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.

PEOPLE'S REPUBLIC OF CHINA

By 
ZHAO JIANHUA
Authorized Representative

ASIAN DEVELOPMENT BANK

By 
AYUMI KONISHI
Director General
East Asia Department

SCHEDULE 1

Description of the Project

1. The objective of the Project is development of a more efficient, safe, and affordable multimodal transport system in Wanjiang Demonstration Zone.

2. The Project shall comprise five Outputs:

Output 1: Road network and safety improvement – This output comprises: (i) upgrading of approximately 31 km of the existing S319 road (Erba to Wuwei Section) from Class II to Class I and adding 5.77 km of a new road section, (ii) upgrading of approximately 47 km of S367 Ma'anshan North Passage Road from Class IV to Class II standard, and (iii) improving the safety of the highways by introducing measures including central dividers, road markings, signage, and speed controlled junction design.

Output 2: Public transport improvements of highways – This output comprises: (i) construction of approximately 16 km of a new Class I highway section (G206) from Dongliu to Yaodu , and (ii) upgrading of approximately 22 km of G318 and S320 Yimu Highway from Class II to Class I; with each of (i) and (ii) including NMT measures in relevant road segments such as constructing dedicated lanes for pedestrians and cyclists, and priority bus lanes and bus stops.

Output 3: Inland waterway network and safety improvement – This output comprises: (i) widening, dredging, and bank protection of approximately 44 km Shuiyang River channel waterway, (ii) construction and installation of two low water rubber dams, (iii) construction of one ship lock, and (iv) construction of a new road overbridge at Xiaohekou.

Output 4: Intermodal port – This output comprises: (i) construction of a new intermodal port northeast of Xuancheng industrial part, and (ii) construction of four 1,000-ton berths.

Output 5: Institutional strengthening and capacity building – This output comprises: (i) consultancy for intelligent shipping and application, (ii) road safety audits, and (iii) domestic and overseas training.

3. The Project will finance Consulting Services related to all Outputs.

4. The Project is expected to be completed by 31 October 2018.

SCHEDULE 2**Amortization Schedule****(Anhui Intermodal Sustainable Transport Project)**

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (Installment Share). If the proceeds of the Loan shall have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by ADB by multiplying: (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<u>Payment Due</u>	<u>Installment Share</u> (Expressed as a %)
15 August 2019	1.745158
15 February 2020	1.788787
15 August 2020	1.833507
15 February 2021	1.879344
15 August 2021	1.926328
15 February 2022	1.974486
15 August 2022	2.023848
15 February 2023	2.074445
15 August 2023	2.126306
15 February 2024	2.179463
15 August 2024	2.233950
15 February 2025	2.289799
15 August 2025	2.347044
15 February 2026	2.405720
15 August 2026	2.465863
15 February 2027	2.527509
15 August 2027	2.590697
15 February 2028	2.655464
15 August 2028	2.721851
15 February 2029	2.789897
15 August 2029	2.859645
15 February 2030	2.931136
15 August 2030	3.004414
15 February 2031	3.079524
15 August 2031	3.156513
15 February 2032	3.235425
15 August 2032	3.316311
15 February 2033	3.399219
15 August 2033	3.484199
15 February 2034	3.571304

<u>Payment Due</u>	<u>Installment Share</u> (Expressed as a %)
15 August 2034	3.660587
15 February 2035	3.752102
15 August 2035	3.845904
15 February 2036	3.942052
15 August 2036	4.040603
15 February 2037	4.141596
Total	100.000000

2. If the proceeds of the Loan shall not have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 of this Schedule.

(b) Any withdrawal made after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by ADB by multiplying the amount of each such withdrawal by a fraction, the numerator of which shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such repayment amounts to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. Withdrawals made within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the withdrawn principal amount of the Loan to an Approved Currency, the amount so converted in said Approved Currency that shall be repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by ADB by multiplying such amount in its currency of denomination immediately prior to said Conversion by either: (i) the exchange rate that reflects the amounts of principal in said Approved Currency payable by ADB under the Currency Hedge Transaction relating to said Conversion; or (ii) if ADB so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

SCHEDULE 3**Allocation and Withdrawal of Loan Proceeds**General

1. The table attached to this Schedule sets forth the Categories of items of expenditure to be financed out of the proceeds of the Loan and the allocation of the Loan proceeds to each such Category ("Table"). (Reference to "Category" in this Schedule is to a Category or Subcategory of the Table).

Basis for Withdrawal from the Loan Account

2. Except as ADB may otherwise agree, the proceeds of the Loan shall be disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Interest Charges

3. The amount allocated to Category 4 is for financing interest charges on the Loan during the implementation period of the Project. ADB shall be entitled to withdraw from the Loan Account and pay to itself, on behalf of the Borrower, the amounts required to meet payments, when due, of such interest charges.

Reallocation

4. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table,

(a) if the amount of the Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, in consultation with the Borrower, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Loan which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and

(b) if the amount of the Loan allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, in consultation with the Borrower, reallocate such excess amount to any other Category.

Disbursement Procedures

5. Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

Retroactive Financing

6. Withdrawals from the Loan Account may be made for reimbursement of eligible expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement in connection with (i) Works for road network improvement, waterway dredging, and new road overbridge, and (ii) Consulting Services for road safety audit, subject to a maximum amount equivalent to 20% of the Loan amount.

Imprest Account: Statement of Expenditures

7. (a) Except as ADB may otherwise agree, the Borrower shall cause APFB to establish immediately after the Effective Date an imprest account at a commercial bank acceptable to ADB. The imprest account shall be established, managed, replenished and liquidated in accordance with the Loan Disbursement Handbook, and detailed arrangements agreed upon between the Borrower and ADB. The imprest account shall only be used for purposes of the Project. The currency of the imprest account shall be the Dollar. The maximum ceiling for the imprest account shall not exceed the equivalent of 10% of the Loan amount.

(b) The statement of expenditures (SOE) procedure may be used for liquidation and replenishment of the imprest account and reimbursement of eligible expenditures not exceeding \$200,000 equivalent per individual payment, in accordance with the Loan Disbursement Handbook and detailed arrangements agreed upon between the Borrower and ADB.

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Anhui Intermodal Sustainable Transport Project)				
Number	Item	Total Amount Allocated for ADB Financing (\$)		Basis for Withdrawal from the Loan Account*
		Category	Subcategory	
1	Works	186,150,000		
1A	Highway Construction		142,700,000	40% of total expenditure claimed
1B	Inland Waterway & Port Construction		43,450,000	59% of total expenditure claimed
2	Equipment**	3,400,000		
2A	Inland Waterway & Port Equipment		3,000,000	59% of total expenditure claimed
2B	Intelligent Shipping Equipment		400,000	100% of total expenditure claimed
3	Consulting Services and Training	750,000		
3A	Loan-financed Consulting Services		250,000	100% of total expenditure claimed
3B	Management & Technical Training		500,000	100% of total expenditure claimed
4	Finance Charges during Implementation	9,700,000		100% of total expenditure claimed
	Total	200,000,000		

*Including taxes and duties.

**Including insurance and transportation costs.

SCHEDULE 4

Procurement of Goods, Works and Consulting Services

General

1. The procurement of Goods, Works and Consulting Services shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively.
2. All terms used in this Schedule and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

Goods and Works

3. Except as ADB may otherwise agree, Goods and Works shall only be procured on the basis of the methods of procurement set forth below:
 - (a) International Competitive Bidding;
 - (b) National Competitive Bidding; and
 - (c) Shopping.
4. The methods of procurement are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the methods of procurement or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.

Domestic Preference

5. The Borrower may grant a margin of preference in the evaluation of bids under international competitive bidding in accordance with paragraphs 2.55(a) and 2.56 of the Procurement Guidelines for domestically manufactured Goods.

National Competitive Bidding

6. The Borrower and ADB shall ensure that, prior to the commencement of any procurement activity under national competitive bidding, the Borrower's national competitive bidding procedures are consistent with the Procurement Guidelines. Any modifications or clarifications to such procedures agreed between the Borrower and ADB shall be set out in the Procurement Plan. Any subsequent change to the agreed modifications and clarifications shall become effective only after approval of such change by the Borrower and ADB.

Consulting Services

7. Except as ADB may otherwise agree, and except as set forth in the paragraph below, the Borrower through APG, APDOT shall apply quality- and cost-based selection for selecting and engaging Consulting Services.
8. The Borrower shall, through APG, cause APDOT to apply the following method for selecting and engaging the specified Consulting Services, in accordance with, among other things, the procedures set forth in the Procurement Plan: Consultants' Qualifications Selection for road safety audits.

9. The Borrower shall recruit the individual consultants for intelligent shipping systems services in accordance with procedures acceptable to ADB for recruiting individual consultants.

Conditions for Award of Contract

10. The Borrower shall not and shall, through APG, cause APDOT and the IAs not to award any Works contract which involves environmental impacts until:

- (a) Anhui Environmental Protection Bureau has granted the final approval of the EIAs;
- (b) APDOT and the IAs have incorporated the relevant provisions from the EMPs into the Works contract; and
- (c) APDOT shall have recruited and put into place an external environmental supervision agency.

11. The Borrower shall not and shall not, through APG permit APDOT, or the IAs to award any Works contract which involves involuntary resettlement impacts, until APDOT and the IAs have prepared and submitted to ADB the final RPs based on the Project's detailed design, and obtained ADB's clearance of such RPs.

12. The Borrower, through APG, shall not and shall not permit APDOT to award any Goods and Works contracts financed under the Loan relating to the Outputs undertaken by APPSCIG until the Borrower, through APDOT, shall inform ADB that the Project Implementation Agreement as provided for in paragraph 2 of the Schedule to the Project Agreement shall have been executed by and have become legally binding upon APPSCIG to carry out the concerned Output.

Industrial or Intellectual Property Rights

13. (a) The Borrower shall ensure that all Goods and Works procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.

(b) The Borrower shall ensure that all contracts for the procurement of Goods and Works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.

14. The Borrower shall ensure that all ADB-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the Consulting Services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.

ADB's Review of Procurement Decisions

15. Contracts procured under international competitive bidding procedures, the first contract procured under national competitive bidding procedures and contracts for Consulting Services shall be subject to prior review by ADB, unless otherwise agreed between the Borrower and ADB and set forth in the Procurement Plan.

SCHEDULE 5**Execution of Project; Financial Matters**Implementation Arrangements

1. The Borrower, through APG, shall cause APDOT and IAs to ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM including environmental and social safeguard requirements. Any subsequent change to the PAM shall become effective only after approval of such change by APG, APDOT and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.

Counterpart Financing

2. The Borrower shall, through APG, cause APDOT and the Borrowing Counties to ensure that all counterpart financing necessary for project implementation shall be provided in a timely basis to enable the completion of Project activities, which shall include: (i) providing additional counterpart financing for any shortfall of funds or cost overruns; and (ii) allocating in each fiscal year adequate funds for operation and maintenance of the Project facilities in order to allow for such facilities to be operated and maintained in accordance with sound engineering practices.