
LOAN NUMBER 3216-PRC

PROJECT AGREEMENT
(Jiangxi Ji'an Sustainable Urban Transport Project)

between

ASIAN DEVELOPMENT BANK

and

JIANGXI PROVINCIAL GOVERNMENT

JI'AN MUNICIPAL GOVERNMENT

DATED 22 APRIL 2015

PRC 45022

PROJECT AGREEMENT

PROJECT AGREEMENT dated 22 April 2015 between ASIAN DEVELOPMENT BANK ("ADB") of the one part, and JIANGXI PROVINCIAL GOVERNMENT ("JPG") and JI'AN MUNICIPAL GOVERNMENT ("JMG") of the other part.

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 one hundred twenty million Dollars (\$120,000,000) 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, through JPG, to JMG and that JPG and JMG agree to undertake certain obligations towards ADB set forth herein; and

(B) JPG and JMG, in consideration of ADB entering into the Loan Agreement with the Borrower, have 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 Project 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) JPG and JMG shall, and shall cause the Project Implementing Agency 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, JPG and JMG shall, and shall cause the Project Implementing Agency to, perform all obligations set forth in the Loan Agreement to the extent that they are applicable to JPG, JMG and the Project Implementing Agency, and all obligations set forth in the Schedule to this Project Agreement.

Section 2.02. JPG and JMG shall, and shall cause the Project Implementing Agency to, make available, promptly as needed, 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 2.03. (a) In the carrying out of the Project, JMG shall cause the Project Implementing Agency to employ competent and qualified consultants and contractors, acceptable to ADB, to an extent and upon terms and conditions satisfactory to ADB.

(b) Except as ADB may otherwise agree, JMG shall cause the Project Implementing Agency to procure all items of expenditures to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to the 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 2.04. JMG shall, and shall cause the Project Implementing Agency to, carry out the Project in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to ADB. JMG shall furnish, or cause to be furnished, to ADB, promptly after their preparation, such plans, design standards, specifications and work schedules, and any material modifications subsequently made therein, in such detail as ADB shall reasonably request.

Section 2.05. (a) JMG shall cause the Project Implementing Agency to take out and maintain with responsible insurers, or make other arrangements satisfactory to ADB for, insurance against such risks and in such amounts as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, JMG undertakes to insure, or cause to be insured, the Goods to be imported for the Project against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable to replace or repair such Goods.

Section 2.06. JMG shall maintain, or cause to be maintained, records and accounts adequate to identify the items of expenditure financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, its operations and financial condition.

Section 2.07. (a) ADB, JPG and JMG shall cooperate fully to ensure that the purposes of the Loan will be accomplished.

(b) JPG and JMG shall, and shall cause the Project Implementing Agency to, promptly inform ADB of any condition which interferes with, or threatens to interfere with, the progress of the Project, the performance of its obligations under this Project Agreement, or the accomplishment of the purposes of the Loan.

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

Section 2.08. (a) JMG shall, and shall cause the Project Implementing Agency to, furnish to ADB all such reports and information as ADB shall reasonably request concerning (i) the Loan and the expenditure of the proceeds thereof; (ii) the items of expenditure financed out of such proceeds; (iii) the Project; (iv) the administration, operations and financial condition of JMG and the Project Implementing Agency concerning the Project; and (v) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, JMG shall furnish to ADB periodic reports on the execution of the Project and on the operation and management of the Project facilities. Such reports shall be submitted in such form and in such detail and within such a period as ADB shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the period under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following period.

(c) Promptly after physical completion of the Project, but in any event not later than 6 months thereafter or such later date as ADB may agree for this purpose, JPG shall cause JMG to, and JMG shall, prepare and furnish to ADB a report, in such form and in such detail as ADB shall reasonably request, on the execution and initial operation of the Project, including its cost, the performance by JPG, JMG and the Project Implementing Agency of their obligations under this Project Agreement and the accomplishment of the purposes of the Loan.

Section 2.09. (a) JPG and JMG shall, and shall cause the Project Implementing Agency to: (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with accounting principles acceptable to ADB; (iii) have such financial statements for the Project audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report (which includes the auditors' opinion on the financial statements, use of the Loan proceeds and compliance with the financial covenants of the Loan Agreement as well as on the use of the procedures for imprest account and statement of expenditures in accordance with the PAM) and a management letter; and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.

(c) JPG and JMG shall, and shall cause the Project Implementing Agency to, enable ADB, upon ADB's request, to discuss the financial statements for the Project and financial affairs of JPG, JMG and the Project Implementing Agency where they relate to the Project with the auditors appointed pursuant to subsection (a)(iii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of JPG, JMG and the Project Implementing Agency, unless JPG, JMG and the Project Implementing Agency shall otherwise agree.

Section 2.10. JPG and JMG shall, and shall cause the Project Implementing Agency to, enable ADB's representatives to inspect the Project, the Goods and Works and any relevant records and documents.

Section 2.11. (a) JPG and JMG shall, promptly as required, take and cause the Project Implementing Agency to take all action within their respective powers to maintain their corporate existence, to carry on their operations, and to acquire, maintain and renew all rights, properties, powers, privileges and franchises which are necessary in the carrying out of the Project or in the conduct of their operations.

(b) JPG and JMG shall, and shall cause the Project Implementing Agency to, at all times conduct their operations in accordance with sound applicable technical, financial, business, development and operational practices, and under the supervision of competent and experienced management and personnel.

(c) JPG and JMG shall, and shall cause the Project Implementing Agency to, at all times operate and maintain their plant, equipment and other property related to the Project, and from time to time, promptly as needed, make all necessary repairs and renewals thereto, all in accordance with sound applicable technical, financial, business, development, operational and maintenance practices.

Section 2.12. Except as ADB may otherwise agree, JPG and JMG shall not, and shall cause the Project Implementing Agency not to, sell, lease or otherwise dispose of any of their assets which shall be required for the efficient carrying on of its operations, or the disposal of which may prejudice its ability to perform satisfactorily any of its obligations, under this Project Agreement.

Section 2.13. Except as ADB may otherwise agree, JPG and JMG shall, and shall cause the Project Implementing Agency to, apply the proceeds of the Loan to the financing of expenditures on the Project in accordance with the provisions of the Loan Agreement and this Project Agreement, and shall ensure that all items of expenditures financed out of such proceeds are used exclusively in the carrying out of the Project.

ARTICLE III

Effective Date; Termination

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

Section 3.02. This Project Agreement and all obligations of the parties hereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms.

Section 3.03. All the provisions of this Project Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the Loan Agreement.

ARTICLE IV**Miscellaneous**

Section 4.01. Any notice or request required or permitted to be given or made under this Project Agreement and any agreement between the parties contemplated by this Project 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:

(632) 636-2444
(632) 636-2426.

For JPG

Jiangxi Provincial Department of Finance
47, Ruzi Road
Xihu District
Nanchang City
Jiangxi Province
People's Republic of China

Facsimile Number:

86 (0) 791 8728 7637.

For JMG

Ji'an Municipal Government
Block C, Ji'an New Administration Center
Jizhou District
Ji'an City
Jiangxi Province
People's Republic of China

Facsimile Number:

86 (0) 796 833 2889.

Section 4.02. (a) Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement, by or on behalf of JPG may be taken or executed by its governor or vice governor and, by or on behalf of JMG may be taken or executed by its mayor or vice mayor; or, in either case, by such other person or persons as they shall designate in writing notified to ADB.

(b) JPG and JMG 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 Project 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 Project 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

JIANGXI PROVINCIAL GOVERNMENT

By 
ZHAO JIANHUA
Authorized Representative

JI'AN MUNICIPAL GOVERNMENT

By 
ZHAO JIANHUA
Authorized Representative

SCHEDULE

Execution of Project; Environmental, Social, Financial and Other Matters

Implementation Arrangements

1. JPG and JMG shall ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by JPG, JMG and ADB. In the event of any discrepancy between the PAM and this Project Agreement, the provisions of this Project Agreement shall prevail.
2. JMG shall cause the Project Implementing Agency and the PMO to ensure that all the Project implementation procedures agreed upon with ADB are followed, including all environmental and social safeguard requirements.

Specific Assurances

3. JMG shall ensure, and shall cause the Project Implementing Agency to ensure, that the detailed design of all urban road alignments: (a) will strictly avoid all locations of camphor trees that are 100 or more years old, and that all camphor trees that are 100 or more years old shall be tagged, conspicuously marked and fenced off before the commencement of construction; and (b) will avoid all locations of camphor trees that are less than 100 years old to the maximum extent possible and, where full avoidance of camphor trees less than 100 years old is not possible, that transplant schemes for the affected camphor trees shall be developed during detailed design, inserted into tender documents and implemented.
4. JMG shall ensure that disposal sites for excess soil and construction waste generated during Project implementation will be identified in the detailed design stage of the Project and provided at locations at least 500 meters from any water body, that the sites will be selected and operated so as to minimize social and environmental impacts to a level acceptable to ADB, and that all soil and other construction waste from the Project is properly disposed of at the identified sites.
5. JMG shall implement measures for traffic noise mitigation described in the approved domestic Environmental Impact Report for the Project, the EIA and the EMP at such time as noise from Project roads results in a 3 decibel increase in noise levels compared to baseline measures, as described in the EMP. Measures proposed include planting a woodland buffer at one location along the Bus Rapid Transit corridor where land has to be made available, relocation of, or installing double-glazed windows for, affected households, and establishing adequate buffer distances or providing noise insulation for future developments along Project roads.

Safeguards

Environmental

6. JPG and JMG shall ensure, and cause the Project Implementing Agency to ensure, that the preparation, design, construction, implementation, operation and decommissioning

of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to environment, health and safety; (b) the Environmental Safeguards; and (c) all measures and requirements set forth in the approved domestic Environmental Impact Report for the Project, the EIA, the EMP, and any corrective or preventative actions (i) set forth in a Safeguards Monitoring Report, or (ii) subsequently agreed between ADB and JMG. JMG shall cause the Project Implementing Agency to prepare, at the outset of Project implementation, detailed internal monitoring programs to be implemented by the contractors during construction and operation phases for each Output of the Project, and to incorporate such mitigation and monitoring measures into the design of Project components, relevant bidding documents and construction contracts. Throughout Project implementation, JMG and the Project Implementing Agency shall review any changes to the Project design that may potentially cause negative environmental impacts and, in consultation with ADB, update the EIA and the EMP by revising mitigation measures as necessary to assure full compliance with environmental laws and regulations and with the SPS.

7. JMG shall not, and shall ensure that the Project Implementing Agency and any other agency do not, award any Works contract that involves environmental impacts until: (a) the Ji'an Municipal Environment Protection Bureau has granted the final approval of a domestic Environmental Impact Report for the Project that is consistent with the EIA; and (b) the Project Implementing Agency has incorporated the relevant provisions from the EMP into the Works contract.

8. JMG shall and shall cause the Project Implementing Agency to ensure that sufficient resources and full time personnel are provided for monitoring EMP implementation, and shall appoint Ji'an Environmental Monitoring Station or another independent organization acceptable to ADB to monitor air, noise and water during construction and operation of the Project facilities in accordance with the EMP and shall appoint a loan implementation environmental consultant acceptable to ADB for external evaluation of implementation of the EMP.

9. JMG will, and will cause the Project Implementing Agency to, provide semi-annual environmental monitoring reports from the loan implementation environmental consultant to the PMO throughout the Project construction period, reporting on the Project's and all contractors' compliance with the EMP, and shall ensure that the PMO submits such semi-annual environmental monitoring reports to ADB in a format acceptable to ADB. Where significant environmental impacts occur in the period between the semi-annual reports, JMG shall notify ADB of such occurrences in the Project's quarterly progress reports.

10. JMG shall ensure that (a) an emergency preparedness and response mechanism is developed for the Project in accordance with the EMP and all applicable laws and regulations of the Borrower relating to environment, health, labor, and occupational safety; and (b) the emergency preparedness and response mechanism is incorporated in the emergency preparedness and response systems of JMG and relevant JMG agencies.

11. During the pre-construction phase of the Project, JMG shall, and shall ensure that the PMO, the Project Implementing Agency, Ji'an Municipal Environment Protection Bureau and any other relevant agencies shall, review the final engineering designs for the Project and JMG shall, in consultation with ADB, adjust environmental mitigation and monitoring measures in the Project EMP accordingly.

12. Before and during the construction phases of the Project, JMG, through the PMO, shall organize and conduct training on implementation and supervision of the EMP and require the participation of responsible persons from the PMO, the Project Implementing Agency, any other relevant agencies and all contractors.

Involuntary Resettlement

13. JPG and JMG shall ensure, and JMG shall cause the Project Implementing Agency to ensure, that all land and all rights-of-way required for the Project are made available to Works contractors in a manner and within time frames compliant with the RP, and all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of the Borrower relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; and (c) all measures and requirements set forth in the RP and any corrective or preventative actions (i) set forth in any Safeguards Monitoring Report, or (ii) subsequently agreed between ADB and JMG.

14. Without limiting the application of the Involuntary Resettlement Safeguards or the RP, JPG and JMG shall ensure and JMG shall cause the Project Implementing Agency and any other relevant agencies to ensure, that no physical or economic displacement takes place in connection with the Project until: (a) JMG has prepared and submitted to ADB the final RP based on a detailed measurement survey involving a complete census of the affected people and an inventory of all losses, and obtained ADB's clearance of such RP; (b) such updated RP is disclosed to all affected people in accordance with ADB's disclosure requirements applicable for resettlement-related activities; (c) compensation and other entitlements have been provided to the displaced persons under the Involuntary Resettlement Safeguards as described in and in accordance with the RP; and (d) a comprehensive income and livelihood restoration program has been established in accordance with the RP that, at minimum, restores the livelihood of all affected persons, in real terms, to their pre-Project levels.

Ethnic Minorities

15. JPG and JMG shall ensure that the preparation, design, construction, implementation and operation of the Project and all Project facilities do not have any impact on indigenous peoples (as defined in the SPS). In the event the Project does have any such impact, JPG and JMG shall take all steps required to ensure that the Project complies with all applicable laws and regulations of the Borrower and with the Indigenous Peoples Safeguards.

Human and Financial Resources to Implement Safeguard Requirements

16. JPG shall, or shall cause JMG to, make available and cause the Project Implementing Agency and other relevant agencies to make available, all necessary budgetary and human resources to fully implement the EMP, the RP, the GAP and the SDAP.

Safeguards-Related Provisions in Bidding Documents and Works Contracts

17. JPG shall cause JMG to, and JMG shall, ensure, and cause the Project Implementing Agency to ensure, that all bidding documents and contracts for Works contain provisions that require contractors to: (a) comply with the measures relevant to the contractor set forth in the EIA, the EMP and the RP (to the extent they concern impacts on the respective affected people under the Environmental Safeguards and the Involuntary Resettlement Safeguards), and comply with any corrective or preventative actions (i) set forth in a Safeguards

Monitoring Report or (ii) subsequently agreed between ADB and JMG; (b) monitor environmental impacts caused by construction and installation activities and report to the PMO; (c) make available a budget for all such environmental and social measures; (d) provide JMG a written notice of any unanticipated environmental or resettlement risks or impacts that arise during construction, implementation or operation of the project that were not considered in the EIA, the EMP or the RP; (e) adequately record the condition of roads, agricultural land, physical cultural resources and other infrastructure prior to starting to transport materials and construction; and (f) reinstate pathways, other local infrastructure, and agricultural land to at least their pre-Project condition as soon as possible and no later than the completion of construction.

Safeguards Monitoring and Reporting

18. JMG shall, or shall cause JMG to, and JMG shall do the following: (a) submit Safeguards Monitoring Reports to ADB: (i) in respect of implementation of and compliance with Environmental Safeguards and the EMP, semi-annually during implementation of the Project, and, thereafter, annually during operation of the Project facilities until the issuance of ADB's Project completion report unless a longer period is agreed in the EMP; and (ii) in respect of implementation of and compliance with Involuntary Resettlement Safeguards and the RP, semi-annually during the implementation of the Project and the RP until the issuance of ADB's Project completion report unless a longer period is agreed in the RP; and (iii) disclose relevant information from such reports to respective affected people under the Environmental Safeguards and Involuntary Resettlement Safeguards promptly upon submission by posting them on the website JMG or the Project Implementing Agency maintains for the Project and also in a place or places readily accessible to, and in a form understandable to, affected people; (b) if any unanticipated environmental and/or social risks and impacts arise during implementation or operation of the Project that were not considered in the EIA, the EMP or the RP, promptly inform ADB of the occurrence of such risks or impacts, with a detailed description of the event and a proposed corrective action plan; and (c) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP or the RP promptly upon becoming aware of the breach.

Safeguards - Prohibited List of Investments

19. JMG shall ensure, and cause the Project Implementing Agency to ensure, that no proceeds of the Loan are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the Safeguard Policy Statement.

Grievance Redress Mechanism

20. JMG shall ensure that: (a) prior to the commencement of any land acquisition, site clearance or house demolition for the Project, a grievance redress mechanism acceptable to ADB and in accordance with the RP is established at the PMO; (b) within 60 days after Loan effectiveness, grievance redress mechanisms, acceptable to ADB and in accordance with the PAM, EMP and RP are established for all environmental, social and other matters arising out of the Project, and are functioning effectively to (i) review and document eligible complaints of Project stakeholders; and (ii) proactively address grievances; (c) agree with the complainants on the chosen mechanism and/or action for redress; and (d) prepare periodic reports to summarize the number of complaints received and resolved, and final outcomes of the grievances and chosen actions; and make these reports available to ADB on request. Eligible complaints include those related to the Project, any of the service providers; and any

person responsible for carrying out any part of the Project; and include grievances due to any safeguard issues, including resettlement and environmental concerns and any complaints on misuse of funds or other irregularities.

Other Social Matters

Gender and Social Development Action Plans

21. JMG shall, and shall cause the Project Implementing Agency to (a) implement the GAP; (b) monitor the Project's impacts on women in accordance with the GAP; (c) appoint a gender expert during Project implementation; (d) ensure, that all bidding documents and contracts for Works contain provisions that require contractors to comply with the measures relevant to the contractor set forth in the GAP; and (e) report on the Project's progress in achieving the GAP targets (including, without limitation, inclusion of gender physical design features for the BRT system; 50% of greenery maintenance and landscaping jobs filled by women; and BRT drivers and conductors trained on women's safety needs) semi-annually in the Project's progress reports on Project performance in implementing the GAP, giving gender-disaggregated data where relevant.

22. JMG shall and shall cause the Project Implementing Agency to (a) implement the SDAP, (b) monitor the Project's performance under the SDAP; (c) ensure, that all bidding documents and contracts for Works contain provisions that require contractors to comply with the measures relevant to the contractor set forth in the SDAP; and (d) report on the Project's progress in achieving the SDAP targets in the Project's quarterly progress reports and annual reports.

23. JMG shall, and shall cause the Project Implementing Agency to require each construction contractor engaged for the Project to (a) provide equal pay to men and women for work of the same type in accordance with applicable laws; and (b) provide safe working conditions to both male and female workers. JMG shall ensure, and shall cause the Project Implementing Agency to ensure, that all bidding documents and contracts for Works contain provisions that require contractors to comply with all applicable labor laws. JMG shall and shall cause the Project Implementing Agency to ensure that construction supervision teams investigate all contractors and sub-contractors at regular intervals to verify their compliance with the foregoing requirements.

Public Awareness

24. JMG shall, or shall cause the Project Implementing Agency to, undertake public awareness campaigns on the Project and its benefits, including but not limited to information related to the EMP, the RP, the GAP and the SDAP. In addition, if the Project receives a grant from the Global Environmental Fund, JMG shall, or shall cause the Project Implementing Agency to, make appropriate acknowledgment of the Global Environmental Fund on publications and media releases concerning the Project consistent with the GEF Communication and Visibility Policy.

Financial Matters and Operation and MaintenanceCounterpart Funding and Operation and Maintenance

25. JPG shall and shall cause JMG to (a) provide counterpart funding in a timely manner, including any additional counterpart funding required for any shortfall of funds to meet all Project costs (including costs of implementing the EMP, RP, GAP, and SDAP as provided in the PAM) and cost overruns and (b) fully fund operation and maintenance of all Project facilities and to operate and maintain them in accordance with applicable engineering practices throughout their design life.

26. JPG shall and shall cause JMG to: (a) prepare annual budgets for operation and maintenance of the Project facilities and (b) ensure that all works under the Project are inspected, operated and maintained in accordance with prescribed standards, specifications and regulations and sound practices throughout their design life.

Financial Management

27. JMG shall, and shall cause the Project Implementing Agency to, establish and maintain sound financial management systems in accordance with ADB's Financial Management and Analysis of Projects, including the establishment of separate Project accounts and records and the maintenance of minimum balances to ensure smooth cash flow and the timely settlement of Project construction liabilities and future debt servicing. The financial management system shall include (a) financial planning, (b) budgeting and control, (c) accounting systems consistent with applicable PRC standards, (d) internal controls, (e) data processing and systems financial reporting, and (f) audit.

Engineering and Technical MattersDesign and Construction Quality and Management

28. Prior to the commencement of construction of any part of the Project, JMG shall ensure that the Project Implementing Agency shall have (a) ensured that all the Project facilities are designed and constructed in accordance with the national engineering norm and technical standards of the Borrower and the specifications defined in the EMP; and (b) ensured that construction supervision, quality control, and contract management for such facilities shall be carried out in compliance with the laws and regulations of the Borrower.

29. JMG shall not permit the PMO or the Project Implementing Agency as the case may be to change the detailed designer consultant for the Bus Rapid Transit system from Guangzhou Municipal Engineering Design and Research Institute except with ADB's prior written approval.

30. JMG shall, and shall cause the PMO and the Project Implementing Agency to, incorporate the road safety recommendations from ADB's Project Preparatory Technical Assistance (PPTA) consultant into the preliminary and detailed designs for the Project in a manner satisfactory to ADB.

31. During Project implementation, JMG shall, and shall cause the Project Implementing Agency to, (a) engage road safety specialists acceptable to ADB to conduct a road safety audit on all Project roads and to submit the audit in English to ADB for its review and

approval prior to finalization of any bidding documents for any road Works; and (b) incorporate the specialist's recommendations on road safety into the designs and the bidding documents.

32. In addition to an ecologist proposed to be provided by ADB to support the detailed design of the riverside park in Output 2 and to advise on resource efficiency, JMG shall, or shall cause the Project Implementing Agency to, engage an ecologist acceptable to ADB, at JMG's cost and in a timely manner, to recommend opportunities for the detailed design for the Project to retain and enhance biodiversity by preserving existing habitats and creating new habitats at Project sites, and shall, or shall cause the Project Implementing Agency to, implement those recommendations to the extent feasible.

33. JMG shall, and shall cause the PMO and the Project Implementing Agency to, incorporate into the detailed design for the Project, and to implement, the EMP's recommendations for design of the riverside park, road alignment, road surface, drainage, flood control, retention and creation of habitat for biodiversity and lighting.

34. JMG shall, and shall cause the PMO and the Project Implementing Agency to, recruit, at JMG's cost and in a timely manner, qualified consultants to support detailed design, construction supervision, and monitoring and reporting to ADB and the public for environment, resettlement, gender and project performance.

35. JMG shall, and shall cause the Project Implementing Agency to, integrate climate change resilience into detailed design and construction of the Project. JMG and JMG shall ensure that ADB's climate change consultant is provided all necessary meteorological and other data needed to complete a climate vulnerability analysis in relation to the Project.

36. JMG shall, and shall cause the Project Implementing Agency to, integrate low carbon concepts into system design of the Bus Rapid Transit system at all stages of its design and implementation.

Change in Ownership

37. JMG shall and shall cause the Project Implementing Agency to ensure that during Project implementation, in the event (a) any change in the ownership or control of Project facilities; or (b) any sale, transfer or assignment of share or interest that results in a change of control in any agency owning or managing any Project facilities is anticipated, they will cause the relevant agency to consult with ADB at least 6 months prior to the implementation of such change. JMG shall cause the said agency to further ensure that the new controlling management of the concerned agency complies with (a) all project related agreements executed between ADB and the Borrower, JMG or JMG; and (b) the policies of ADB relevant to the Project. JMG shall not permit any change in ownership of the Project Implementing Agency during the Project implementation or operation.

Governance and Anticorruption

38. JMG and JMG shall, and shall cause the Project Implementing Agency and each other government or government-controlled office, organization or entity involved in the Project to, comply with ADB's Anticorruption Policy (1998, as amended to date). JMG and JMG acknowledge ADB's right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive or coercive practices relating to the Project; and agree to cooperate, and

shall cause the Project Implementing Agency and all other government offices, organizations and entities involving in implementing the Project to cooperate, fully with any such investigation and to extend all necessary assistance, including providing access to all relevant books and records, as may be necessary for the satisfactory completion of any such investigation.

39. JPG and JMG shall ensure that (a) periodic inspections of the Project contractors' activities related to fund withdrawals and settlements are carried out; (b) relevant provisions of ADB's Anticorruption Policy (1998, as amended to date) are included in all bidding documents for the Project; and (c) contracts financed under the Project include provisions specifying the right of ADB to audit and examine the records and accounts of JPG, JMG, the Project Implementing Agency, the PMO, contractors, suppliers, consultants, and other service providers as they relate to the Project.

40. In furtherance of the principles of transparency, participation, accountability and zero-tolerance for corruption, JMG shall, and shall cause the Project Implementing Agency to, disclose Project information on websites that describe the Project in order to provide the public with information on the Project including (a) a summary of the audited financial statements of the Project; and (b) the procurement plan and tracking of procurement contract awards (including, at minimum, names of participating bidders, names of winning bidders, basic details on bidding procedures adopted, amount of contract awarded and the list of Goods, Works and Consulting Services procured). The websites will also provide a link to ADB's integrity unit (<http://www.adb.org/site/integrity/main>) for reporting to ADB any grievances or allegations of corrupt practices arising out of the Project and Project activities.