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LOAN NUMBER 3095-PRC

PROJECT AGREEMENT

(Guangxi Nanning Vocational Education Development Project)

between

ASIAN DEVELOPMENT BANK

and

GUANGXI ZHUANG AUTONOMOUS REGION GOVERNMENT

NANNING MUNICIPAL GOVERNMENT

DATED 30 MAY 2014

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PRC 46047

## **PROJECT AGREEMENT**

PROJECT AGREEMENT dated 30 May 2014 between ASIAN DEVELOPMENT BANK (“ADB”) on one part and GUANGXI ZHUANG AUTONOMOUS REGION GOVERNMENT (“GZARG”) and NANNING MUNICIPAL GOVERNMENT (“NMG”) on the other part.

### **WHEREAS**

(A) by a Loan Agreement of even date herewith between PEOPLE’S REPUBLIC OF CHINA (“Borrower”) and ADB, ADB has agreed to make to the Borrower a loan of fifty million Dollars (\$50,000,000) 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 GZARG to NMG, and through NMG to Nanning Health School (“NHS”) and Nanning No. 4 Vocational and Technical School (“NVTS”), in each case under an onlending agreement, and to Xiangsihu Investment and Development Company (“XIDC”) as construction and equipment procurement agent of NHS and NVTS, and that GZARG and NMG agree to undertake certain obligations towards ADB set forth herein; and

(B) GZARG and NMG, in consideration of ADB entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations hereinafter set forth;

NOW THEREFORE the parties hereto agree as follows:

## **ARTICLE I**

### **Definitions**

Section 1.01. (a) 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) NMG shall 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, NMG shall perform all obligations set forth in the Loan Agreement to the extent that they are applicable to NMG, and all obligations set forth in the Schedule to this Project Agreement.

Section 2.02. GZARG and NMG shall make 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 2.03. (a) In the carrying out of the Project, GZARG shall cause NMG to, and NMG shall, 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, GZARG shall cause NMG to, and NMG shall, 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. GZARG shall cause NMG to, and NMG shall, carry out the Project in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to ADB. GZARG and NMG 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) GZARG shall cause NMG to, and NMG shall, take out and maintain with responsible insurers, or make other arrangements satisfactory to ADB for insurance of Project facilities to such extent and against such risks and in such amounts as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, GZARG shall cause NMG to, and NMG 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. GZARG shall cause NMG to, and NMG 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, GZARG and NMG shall cooperate fully to ensure that the purposes of the Loan will be accomplished.

(b) GZARG shall cause NMG to, and NMG shall, 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, the Project Implementation Agreement or the accomplishment of the purposes of the Loan.

(c) ADB, GZARG and NMG 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, the Loan and this Project Agreement.

Section 2.08. (a) GZARG shall cause NMG to, and NMG shall, 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 NMG as it relates to the Project; and (v) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, GZARG shall cause NMG to, and NMG 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 3 months thereafter or such later date as ADB may agree for this purpose, GZARG shall cause NMG to, and NMG 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 NMG of its obligations under this Project Agreement and the accomplishment of the purposes of the Loan.

Section 2.09. (a) GZARG shall cause NMG to, and NMG shall, (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 (TOR) 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 fund(s) and statement of expenditures) 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 on its website 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.

(c) GZARG shall cause NMG to, and NMG shall and shall cause XIDC to, enable ADB, upon ADB's request, to discuss the financial statements for the Project and NMG and XIDC and the financial affairs of NMG and XIDC where they relate to the Project with the auditors appointed by NMG or XIDC pursuant to subsections (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 NMG or XIDC, unless NMG or XIDC, as the case may be, shall otherwise agree.

Section 2.10. GZARG shall cause NMG to, and NMG shall, enable ADB's representatives to inspect the Project, the Goods and Works and any relevant records and documents.

Section 2.11. (a) GZARG shall cause NMG to, and NMG shall, promptly as required, take all action within its powers to maintain legal person status, to carry on its 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 its operations.

(b) GZARG shall cause NMG to, and NMG shall cause XIDC to, promptly as required, take all action within its powers to maintain XIDC's corporate existence, to carry on its operations, and to acquire, maintain and renew all rights, properties, powers, privileges and franchises which are necessary in the carrying out of the Project.

(c) GZARG shall cause NMG to, and NMG shall, at all times conduct, and shall cause XIDC to conduct, its operations in accordance with sound applicable technical, financial, business, development and operational practices, and under the supervision of competent and experienced management and personnel.

(d) GZARG shall cause NMG to, and NMG shall, at all times operate and maintain, and shall cause each of NHS and NVTS at all times to operate and maintain its plants, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound applicable technical, financial, business, development, operational and maintenance practices.

Section 2.12. Except as ADB may otherwise agree, GZARG shall cause NMG not to, and NMG shall not and shall not permit XIDC to, sell, lease or otherwise dispose of any of its 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, the Project Implementation Agreement or the PAM.

Section 2.13. Except as ADB may otherwise agree, GZARG shall cause NMG to, and NMG shall, apply and shall cause XIDC, NHS and NVTS 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.

Section 2.14. GZARG shall cause NMG to, and NMG shall, promptly notify, and shall cause each of NHS, NVTS and XIDC to promptly notify, ADB of any proposal to amend, suspend or repeal any provision of its constitutional documents, which, if implemented, could adversely affect the carrying out of the Project or the operation of the Project facilities. GZARG shall cause NMG to, and NMG shall, afford ADB an adequate opportunity to comment on such proposal prior to taking any affirmative action thereon.

### **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 NMG 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) 636-2407.

For GZARG

Guangxi Zhuang Autonomous Region Government  
69 Taoyuan Road  
Nanning City  
Guangxi Zhuang Autonomous Region  
People's Republic of China

Facsimile Number:

(86) 771 531 1214.

For NMG

Nanning Municipal Government  
1 Jiabin Road  
Nanning City  
Guangxi Zhuang Autonomous Region  
People's Republic of China

Facsimile Number:

(86) 771 553 0266.

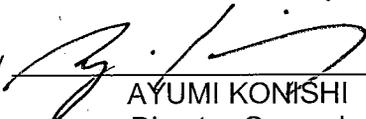
Section 4.02. (a) Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement by or on behalf of (i) GZARG may be taken or executed by its Governor or Vice-Governor, (ii) NMG may be taken or executed by its Mayor or Vice-Mayor, or, in each case, by such other person or persons as he or she shall so designate in writing notified to ADB.

(b) GZARG and NMG shall each 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.

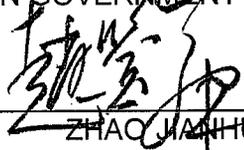
Section 4.03. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Project Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action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

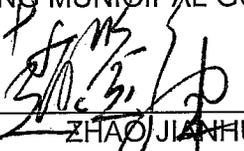
ASIAN DEVELOPMENT BANK

By  \_\_\_\_\_  
AYUMI KONISHI  
Director General  
East Asia Department

GUANGXI ZHUANG AUTONOMOUS  
REGION GOVERNMENT

By  \_\_\_\_\_  
ZHAO JIANHUA  
Authorized Representative

NANNING MUNICIPAL GOVERNMENT

By  \_\_\_\_\_  
ZHAO JIANHUA  
Authorized Representative

## SCHEDULE

### Execution of Project; Financial Matters

#### Implementation Arrangements

1. GZARG shall and shall cause NMG to 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 GZARG and NMG and ADB. In the event of any discrepancy between the PAM and this Project Agreement, the provisions of the Project Agreement shall prevail.
2. GZARG shall cause NMG to, and NMG shall and shall cause the Implementing Agencies to, ensure that all the Project implementation procedures agreed upon with ADB shall be followed by XIDC, including environmental and social safeguard requirements. In furtherance thereof, GZARG and NMG shall promptly after the Effective Date ensure that a Project Implementation Agreement shall be entered into between NMG and XIDC. The Project Implementation Agreement shall include the requirements and obligations as applicable to XIDC provided in the Loan Agreement, this Project Agreement, and the PAM.

#### Change of Control

3. GZARG shall and shall cause NMG to ensure that in the event that (a) any change in ownership of XIDC, or (b) any sale, transfer, or assignment of responsibilities of XIDC under the Project is anticipated, NMG shall, at least six months prior to implementation of such plan, consult with ADB and afford ADB an adequate opportunity to comment on such proposal prior to taking action thereon. GZARG shall and shall cause NMG to ensure that such transfer is made in a lawful and transparent manner. GZARG shall and shall cause NMG to ensure that no material organizational changes (financial, operational or structural) to, nor material asset transfers to or from XIDC be formally approved or implemented without the prior approval of NMG and ADB if such changes would affect XIDC's ability to perform its obligations under the Project or Project Implementation Agreement.

#### Counterpart Funding

4. GZARG shall cause NMG to, and NMG shall, provide counterpart funding for the Project in a timely manner, and shall cause the Project Implementing Agencies to provide their counterpart funding in a timely manner, and shall provide and cause the Implementing Agencies to provide any additional counterpart funding to cover any shortfall of funds or cost overruns. GZARG shall cause NMG to, and NMG shall, ensure that adequate funding for operation and maintenance of the Project facilities is fully funded from its budget or other sources without delay.

#### Safeguards

#### Environment

5. GZARG shall cause NMG to, and NMG shall, ensure and shall cause the Implementing Agencies 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 and GZARG relating to environment, health, and safety; (b) the Environmental Safeguards; and (c) all measures and requirements set forth in the IEE, EMP, and any corrective or preventative actions (i) set forth in a Safeguards Monitoring Report, or (ii) which are subsequently agreed between ADB and NMG.

#### Land Acquisition and Involuntary Resettlement

6. GZARG and NMG shall ensure that (a) no land acquisition or involuntary resettlement shall be involved in the Project; and (b) all civil Works shall be undertaken on existing campus land owned by the Borrower, NMG or any of the Implementing Agencies. In the event that any unanticipated resettlement impacts are nevertheless unavoidable for any Project activities, GZARG shall cause NMG to, and NMG shall, inform ADB, prepare a resettlement plan for such activities in accordance with the Safeguard Policy Statement, and carry out any such land acquisition and resettlement activities in accordance with the Safeguard Policy Statement and such resettlement plan.

#### Ethnic Minorities

7. GZARG and NMG shall ensure that the Project shall not have adverse impacts on indigenous peoples and all Outputs shall be implemented in accordance with the measures specified in the SAP. Notwithstanding the foregoing, if any adverse impact is later anticipated, GZARG and NMG shall ensure that an appropriate plan is prepared in accordance with the Safeguard Policy Statement.

#### Human and Financial Resources to Implement Safeguards Requirements

8. GZARG shall cause NMG to, and NMG shall and shall cause the Implementing Agencies to, make available necessary budgetary and human resources to fully implement the EMP and any measures envisioned by the Ethnic Minorities Assessment and Project Design Measures set forth in Appendix 3 to the PAM.

#### Safeguards – Related Provisions in Bidding Documents and Works Contracts

9. GZARG shall, and shall cause NMG to ensure and to cause the Implementing Agencies 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 IEE and the EMP (to the extent they concern impacts on the respective affected people under the Environmental Safeguards during construction), and any corrective or preventative actions set forth in (i) a Safeguards Monitoring Report, or (ii) subsequently agreed between ADB and NMG;
- (b) make available a budget for all such environmental and social measures;

- (c) provide GZARG, NMG and ADB with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the IEE and the EMP;
- (d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and
- (e) reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition upon the completion of construction.

#### Safeguards Monitoring Reports

10. GZARG and NMG shall:
- (a) submit Safeguards Monitoring Reports to ADB in respect of implementation of and compliance with Environmental Safeguards and the EMP, annually during construction and the implementation of the Project and the EMP until the issuance of ADB's Project completion report unless a longer period is agreed in the EMP; and disclose relevant information from such reports to the respective affected people under the Environmental Safeguards promptly upon submission;
  - (b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the IEE or the EMP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and
  - (c) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP promptly after becoming aware of the breach.

#### Prohibited List of Investments

11. GZARG and NMG shall 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 SPS.

#### Additional Safeguards Assurance

12. GZARG and NMG shall ensure that (i) the project implementation consultants are engaged in a timely manner, including a national environment specialist; (ii) XIDC contracts a licensed environmental monitoring institution to conduct periodic environmental impact monitoring in accordance with the approved monitoring plan; and (iii) the capacity building program described in the EMP is implemented as planned from the date of engagement of the consultants until Project completion.

Additional Assurances on Greening

13. GZARG and NMG shall ensure that the Implementing Agencies implement a “Green Public Procurement” policy, with reference to the Public Procurement List of Energy-Saving Products (NDRC & MOF, 2011, or as updated) and Public Procurement List of Environmental Labelling Products (MEP & MOF, 2011, or as updated), where these are applicable. Furthermore, GZARG shall cause NMG to, and NMG shall cause the Implementing Agencies to, include in equipment procurement bidding documents the detailed requirements for this Green Public Procurement.

14. GZARG shall cause NMG to, and NMG shall cause the two TVET schools that are undertaking the Works contracts under the Project to, develop an environmental management system (EMS) as one of their campus activities. The EMS is to be based on the Campus Greening Policy Framework defined in the IEE. For that purpose, GZARG and NMG shall ensure that EMS consulting specialists are engaged in a timely manner.

15. GZARG shall cause NMG to, and NMG shall cause XIDC to, in contracting of design institutes, include green campus measures in the detailed design options to ensure that all buildings are designed in compliance with relevant design standards and codes for energy-efficient, safe and green public buildings, including, but not limited to, GB 50099-2011 (Code for Design of Schools); GB 50016-2006 (Code of Design on Building Fire Protection and Prevention); DB45/T392 (Energy Conservation Design for Public Buildings) and other applicable national design codes. GZARG and NGM shall further cause XIDC to ensure that low volatile organic compounds emitting materials will be used to ensure high indoor air quality.

Wastewater Connection

16. GZARG and NMG shall ensure that by the end of 2015, all wastewater generated by the campus of NHS is intercepted and is conveyed for treatment at the already operational Jiangnan wastewater treatment plant (WWTP). GZARG and NMG shall further ensure that by the end of 2015, all wastewater generated by the campus of NVTs is intercepted and conveyed for treatment at the Wuxiang WWTP, which is currently under construction.

Gender and Social Action Plans; Ethnic Minority Assessment and Project Design Measures

17. GZARG shall cause NMG to, and NMG shall cause the Implementing Agencies to, implement the gender action plan and social action plan, which include agreed actions for ensuring social, ethnic minority, and gender inclusion of students and staff. Gender actions and targets include (i) development of Competency Based Curriculum gender-inclusive materials; (ii) at least 40% of teachers and managers attending international or domestic study tours will be women; (iii) disaggregation of PPMS data analysis and reporting by gender, ethnic group, and poverty status; and (iv) ensure that a national social and gender expert is appointed with TOR as stated in the PAM. Ethnic Minority Assessment and Design Measures set out in Appendix 3 to the PAM include (i) development of a pilot kindergarten curriculum on ethnic minority culture and social inclusion; (ii) development of a human resources strategy to promote recruitment of students in rural and ethnic minority areas; and (iii) inclusion of ethnic minority indicators in tracer studies.

18. GZARG shall cause NMG to, and NMG shall and shall cause the Implementing Agencies to, with advice from the national social and gender expert, ensure that the impact on ethnic minority students, rural students, and poor students (sex-disaggregated) during project implementation is systematically monitored and reported at least once per annum.

#### Implementation of Technical Vocational Education and Training Capacity Building

19. GZARG shall cause NMG to, and NMG shall cause Nanning Education Bureau (NEB), Nanning Health Bureau (NHB), and NHS and NVTS to implement the TVET Strengthening Strategies as set out in Appendix 5 of the PAM, and in conjunction with the appointed TVET consultant to review and suggest amendments to these strategies in advance of the ADB project midterm review.

20. Within 3 months of loan effectiveness, GZARG shall cause NMG to, and NMG shall, facilitate the establishment by NHS and NVTS of advisory industry reference groups under the TVET capacity strengthening output of the Project, relating to healthcare training and services and to teacher training and services, respectively, for the purpose of making TVET more demand led, following the TOR therefor set out in the PAM. GZARG shall cause NMG to, and NMG shall, for the duration of the Project meet and consult with the industry reference groups no less than 3 times per annum. GZARG shall cause NMG to, and NMG shall, evaluate such groups' recommendations and consider ways to incorporate such recommendations into Project design on an ongoing basis.

21. Within 3 months of loan effectiveness, GZARG shall cause NMG to, and NMG shall, review and update as necessary the draft training plan contained in the PAM. Furthermore GZARG shall cause NMG to, and NMG shall, prepare a fully comprehensive and costed Training Implementation Plan for the Project described in further detail in the PAM and Appendix 8 thereof (the "Training Implementation Plan"). No expenditure is to be incurred from the Project capacity building training budget until the Training Implementation Plan has been approved by ADB. All training expenditure funded under the loan is to be in accordance with the agreed plan unless ADB shall have otherwise agreed.

22. During the 6 months preceding the completion of implementation, GZARG shall cause NMG to, and NMG shall, arrange for a joint workshop to disseminate and showcase the key lessons learned from the Project and the research studies concerning eldercare and teacher training carried out under the Project for participants from Nanning and other cities in GZAR.

23. GZARG shall cause NMG to, and NMG shall, ensure that participation in the domestic and overseas training programs shall be based upon application of objective and transparent selection criteria, acceptable to ADB, which may include that participants are current staff members in, and/or currently engaged in a major course of study in early education teaching or healthcare, as such criteria may be mutually agreed by ADB and the EA. In order for the criteria to be satisfactory to ADB they shall clearly demonstrate the selection ensures that the training programs will be inclusive and that participants are involved in (i) project implementation or (ii) associated policy development or (iii) related TVET development activities. The selection criteria shall be confirmed by NMG and ADB no later than 6 months following the Effective Date.

24. GZARG shall cause NMG to, and NMG shall, cause NEB and NHB to ensure five-year plans for the TVET components for each project TVET institution are prepared within 3 months of loan effectiveness, and to prepare more detailed annual plans for the duration of the implementation period. These plans are to include all relevant activities contained in the TVET Strengthening Strategies as set out in Appendix 5 of the PAM.

25. GZARG shall cause NMG to, and NMG will, facilitate the establishment of task-orientated working groups in both institutions, including (i) a working group for curriculum development, and (ii) a working group for teacher and nurse training. GZARG shall cause NMG to, and NMG, through NEB and NHB, as appropriate, shall, decide appropriate membership and leadership arrangements and draw up the TOR for each working group within 3 months of loan effectiveness.

26. GZARG shall cause NMG to, and NMG, with the support of the TVET capacity building consultant, shall, undertake two studies as further detailed in the PAM to inform TVET policy development and improved practices, being: (i) solutions for improving elderly care availability in a rapidly aging society and countermeasure studies – a case study in Nanning City; and (ii) a study on objectives and methods for pre-service training and on-the-job training for teachers – a case study in NVTs.

27. GZARG shall cause NMG to, and NMG shall, ensure that all relevant agencies and institutions will prepare and implement dissemination strategies with the assistance of the Project TVET consultant, and will subsequently disseminate project related materials, including (i) new curricula materials; (ii) teacher training materials; (iii) teaching guides, and (iv) lessons learned from pilot activities, all with a view to ensuring the sharing of Project impacts and products with Nanning institutions beyond NHS and NVTs.

#### Labor Standards

28. GZARG shall cause NMG to, and NMG shall and shall cause the Implementing Agencies to, ensure that Works contracts include provisions to require the contractors to (a) not discriminate against people seeking work on the basis of age, provided they are capable of doing the work; (b) provide equal pay for equal work, regardless of gender or ethnicity; (c) advertise labor requirements for vacant positions in a timely manner prior to recruitment, in venues and languages that can reasonably be expected to be seen by interested men and women, regardless of age or ethnicity; (d) provide non-temporary workers (i.e., those employed for over a month) with a written contract; (e) provide the timely payment of wages; (f) use local low skilled labor, as applicable; (g) comply with core labor standards and the applicable labor laws and regulations, including stipulations related to employment, e.g., health, safety, welfare and the workers' rights, and anti-trafficking laws; and (h) not employ child labor.

29. GZARG shall cause NMG to, and NMG shall, cause the Implementing Agencies to ensure that the Work contractors maintain records of labor employment, including the name, ethnicity, age, gender, domicile, working time, and the payment of wages and ensure that the records are included in summary form in the PPMS. In order to ensure prospective contractors are informed in advance, the requirements of this clause are to be clearly specified in all relevant bidding documents.

Health Risks

30. In coordination with the local health bureaus, GZARG shall cause NMG to, and NMG shall, and shall cause the Implementing Agencies to ensure that (a) training for construction workers on HIV/AIDS prevention and control methods is carried out; (b) the Works contractors disseminate information and conduct awareness training on the risks and prevention measures of HIV/AIDS and other communicable diseases to their employees during Project implementation; (c) measures to prevent other communicable diseases are implemented, within the construction sites, as specified in the EMP; including (i) taking due care to ensure that solid and liquid wastes are appropriately disposed of in and around construction sites, or sites where the company might house employees; (ii) holding a public meeting in each area prior to commencing construction to discuss issues associated with ensuring the safety of children in the vicinity of the construction site; and (iii) observing local customs concerning acceptable behavior toward the local population; and (d) the requirements of subclauses (b) and (c) are included in the Works contracts, and monitored and reported quarterly to ADB through NMG and GZARG.

Poverty Reduction

31. GZARG and NMG shall ensure, and NMG shall cause the Implementing Agencies to ensure, that the contractors involved in the Project implementation maximize the employment of local poor people, including ethnic minorities, who meet the job and efficiency requirements for construction and maintenance of the Project facilities. Such workers shall be provided with adequate on-the-job training.

Design and Construction Quality and Management

32. GZARG shall cause NMG to, and NMG shall and shall cause the Implementing Agencies to, ensure that (a) all Project facilities are designed and constructed in accordance with national engineering norms and technical standards and specifications of the Borrower, and (b) all construction supervision, quality control, contract management for the Project shall be carried out in accordance with national standards.

Good Governance and Anticorruption

33. GZARG shall cause NMG to, and NMG shall, and shall cause the Implementing Agencies to, (i) 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 Project; and (ii) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

34. GZARG shall cause NMG to, and NMG shall and shall cause the Implementing Agencies to, ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of all contractors, suppliers, consultants, and other service providers as they relate to the Project.

35. GZARG shall cause NMG to, and NMG shall, cause the Implementing Agencies to undertake the following anticorruption actions: (i) involving full-time officials from the supervision bureau of NMG in the bidding, award, and implementation of contracts funded under the Project; (ii) introducing a dual-signing system, in which the contract winner signs an anticorruption contract with the employer when they sign and execute the contract; and (iii) periodically inspecting the contractors' Project-related payments.

36. In furtherance of the principles of transparency, participation, accountability, and zero-tolerance for corruption, GZARG shall cause NMG to, and NMG shall disclose information on its government website that describes the Project in order to provide the public with information on the Project and its progress including setting out (i) the procurement plan and tracking of procurement contract awards; and (ii) relevant laws and regulations.

#### Grievance and Redress Mechanism

37. GZARG and NMG shall ensure that within 60 days following the Effective Date, a safeguards grievance redress mechanism acceptable to ADB is established in accordance with the provisions of the EMP and the PAM to consider safeguards complaints. GZARG shall cause NMG to, and NMG shall, ensure that within 60 days following the Effective Date, a further comprehensive grievance redress mechanism (GRM), acceptable to ADB, is established to consider complaints on misuse of funds and other non-safeguards irregularities. The grievance redress mechanism shall function to (i) review and document eligible non-safeguards complaints of Project stakeholders; (ii) proactively address grievances; (iii) provide the complainants with notice of the chosen mechanism/action; and (iv) prepare periodic reports to summarize (a) the number of complaints received and resolved, (b) chosen actions, and (c) final outcomes of the grievances and make these reports available to ADB upon request.

#### Project Performance Monitoring

38. During Project implementation, GZARG shall cause NMG to, and NMG shall and shall cause each Implementing Agency to, develop, in consultation with ADB, a PPMS including baseline performance monitoring, systematic Project performance monitoring, benefits monitoring, and evaluation of each subcomponent. GZARG shall cause NMG to, and NMG shall or shall cause the Implementing Agencies to, carry out surveys (i) at the start of Project implementation to establish required PPMS baseline data, and (ii) not later than 6 months after Project completion, to evaluate the Project benefits. Data to be compiled and analyzed for the purpose of performance monitoring and evaluation shall be in a format compatible with the PPMS as developed in consultation with ADB.

#### Financial Reporting of XIDC

39. GZARG shall cause NMG to, and NMG shall and shall cause XIDC 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 the maintenance of minimum balances to ensure smooth cash flow and the timely settlement of project construction liabilities.

Insurance

40. GZARG shall cause NMG to, and NMG shall, cause XIDC to undertake to insure, or cause to be insured, the Goods to be imported for the Project and to be financed out of the proceeds of the Loan 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 usable to replace or replace such Goods.