

---

LOAN NUMBER 3202-PRC

PROJECT AGREEMENT  
(Gansu Baiyin Integrated Urban Development Project)

between

ASIAN DEVELOPMENT BANK

and

GANSU PROVINCIAL GOVERNMENT  
BAIYIN MUNICIPAL GOVERNMENT

DATED 27 FEBRUARY 2015

---

PRC 46062

## **PROJECT AGREEMENT**

PROJECT AGREEMENT dated 27 February 2015 between ASIAN DEVELOPMENT BANK ("ADB") on one side and GANSU PROVINCIAL GOVERNMENT ("GPG") and BAIYIN MUNICIPAL GOVERNMENT ("BMG") on the other.

### **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 one hundred million Dollars (\$100,000,000) on the terms and conditions set forth in the Loan Agreement, but only on the condition that the proceeds of the Loan be made available to BMG and that BMG agrees to undertake certain obligations towards ADB set forth herein; and

(B) GPG and BMG, 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 capitalized 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) GPG shall make the proceeds of the Loan available to BMG promptly upon terms and conditions satisfactory to ADB. Except as ADB may otherwise agree, the terms on which the proceeds of the Loan shall be made available to BMG shall include (i) commitment charge and interest at the same rate as that of the Loan; (ii) the same principal repayment period and grace period as that of the Loan; (iii) BMG bearing the foreign exchange and interest rate variation risks; and (iv) BMG agreeing to perform all obligations set forth in the Loan Agreement and the Project Agreement, to the extent that they are applicable to BMG.

(b) GPG and BMG shall carry out the Project with due diligence and efficiency, and in conformity with sound applicable technical, financial, business, and development practices.

(c) In the carrying out of the Project and operation of the Project facilities, GPG and BMG shall perform all obligations set forth in the Loan Agreement to the extent that they are applicable to BMG, and all obligations set forth in the Schedule to this Project Agreement.

Section 2.02. GPG and BMG 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, BMG 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, BMG 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. BMG shall carry out the Project in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to ADB. BMG 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) BMG 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, BMG shall undertake 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. GPG and BMG 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, GPG and BMG shall cooperate fully to ensure that the purposes of the Loan will be accomplished.

(b) GPG and BMG 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, or the accomplishment of the purposes of the Loan.

(c) ADB, GPG and BMG 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, GPG, BMG and the Loan.

Section 2.08. (a) BMG 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 and operations of BMG as such may relate to the Project; (v) financial condition of BMG; and (vi) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, BMG 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, BMG 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 BMG of its obligations under this Project Agreement and the accomplishment of the purposes of the Loan.

Section 2.09. (a) BMG 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 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 and statement of expenditures) and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the close of the fiscal year to which they relate, 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) In addition to annual audited financial statements referred to in subsection (a) hereinabove, BMG shall (i) provide its annual financial statements prepared in accordance with national accrual-based financing reporting standards acceptable to ADB;

(ii) have its financial statements 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; and  
(iii) furnish to ADB, no later than 1 month after approval by the relevant authority, copies of such audited financial statements in the English language and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(d) BMG shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and BMG and its financial affairs where they relate to the Project with the auditors appointed pursuant to subsections (a)(iii) and (c) 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 BMG, unless BMG shall otherwise agree.

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

Section 2.11. (a) BMG shall, promptly as required, take all action within its powers to maintain its 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 or in the conduct of its operations.

(b) BMG shall at all times 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.

(c) BMG shall at all times 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, BMG shall not 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.

Section 2.13. Except as ADB may otherwise agree, BMG shall 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 GPG and BMG of such date.

Section 3.02. (a) This Project Agreement and all obligations of the parties hereunder shall terminate on the earlier of the following two dates:

- (i) the date on which the Loan Agreement shall terminate in accordance with its terms; or
- (ii) a date [15] years after the date of this Project Agreement.

(b) If the Loan Agreement terminates in accordance with its terms before the date specified in subsection (a)(ii) hereinabove, ADB shall promptly notify GPG and BMG of this event.

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

6 ADB Avenue  
Mandaluyong City  
1550 Metro Manila  
Philippines

Facsimile Numbers:

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

For GPG

No. 696 Donggang West Road  
Chengguan District  
Lanzhou, Gansu Province, PRC

Facsimile Number:

(86) 931 889 1043

For BMG

No.1 West District Square  
North Road, Baiyin District  
Baiyin, Gansu Province, PRC

Facsimile Numbers:

(86) 943 825 5330

(86) 943 822 6056

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 or under Section 7.01 of the Loan Agreement by or on behalf of GPG or BMG may be taken or executed by the Governor of GPG or the Mayor of BMG, as the case may be, or by such other person or persons as he or she shall so designate in writing notified to ADB.

(b) GPG and BMG 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 Regional Department

GANSU PROVINCIAL GOVERNMENT

By   
SUN XIANGYANG  
Authorized Representative

BAIYIN MUNICIPAL GOVERNMENT

By   
SUN XIANGYANG  
Authorized Representative



## SCHEDULE

### Execution of Project; Financial Matters

#### Implementation Arrangements and Reporting

1. GPG and BMG 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 GPG, BMG and ADB. In the event of any discrepancy between the PAM and this Project Agreement, the provisions of this Project Agreement shall prevail.
2. GPG and BMG shall cause the PIAs to ensure that all the Project implementation procedures agreed upon with ADB be followed including environmental and social safeguard requirements.

#### Environmental

3. GPG and BMG shall ensure, and cause the PIAs to ensure, that the preparation, design, construction, implementation, operation and decommissioning of the Project, components, subcomponents 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 IEE, the EMP, and any corrective or preventative actions (i) set forth in a Safeguards Monitoring Report; or (ii) subsequently agreed between ADB, GPG and BMG. GPG and BMG shall cause the PIAs to incorporate such respective mitigation and monitoring measures into the design and bidding documents and construction contracts.
4. GPG and BMG shall ensure that a Water Source Protection Zone will be developed and enforced in the Yellow River upstream of the Project's water supply intake location, meeting the Borrower's standards before commencement of regular operations of the water supply plant (excluding testing period).
5. GPG and BMG shall cause LMC to implement the necessary noise mitigation measures along the project road according to the requirements specified in the EMP and applicable national environmental protection regulations.
6. GPG and BMG shall cause LMC to ensure that (i) an environment management unit (EMU) is established under LMC; and (ii) this EMU is provided necessary budgetary and human resources to develop, implement and maintain an environmental management system (EMS) for the Liuchuan Industrial Park (LIP). BMG and LMC shall be fully committed to the goals and objectives of the EMS program including the ISO14001 certification by 2020, and eco-industrial park accreditation under the PRC Standard for Sector-Integrated Eco-Industrial Parks (HJ 274-2009) by 2025.

#### Involuntary Resettlement

7. GPG and BMG shall ensure, and cause LMC to ensure, that all land and all rights-of-way required for the Project are made available to the Works contractor in a manner and within timeframes 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 the Safeguards Monitoring Report; or (ii) subsequently agreed between ADB and BMG.

8. Without limiting the application of the Involuntary Resettlement Safeguards or the RP, GPG and BMG shall ensure, and cause LMC to ensure, that no physical or economic displacement takes place in connection with its respective part of the Project until:

- (a) compensation and other entitlements have been provided to the displaced persons under the Involuntary Resettlement Safeguards as described in and in accordance with the relevant RP; and
- (b) a comprehensive income and livelihood restoration program has been established in accordance with the relevant RP.

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

9. GPG and BMG shall ensure, and cause LMC to ensure, that all bidding documents and contracts for Works contain provisions that require contractors to:

- (a) comply with the measures relevant to the contractors set forth in the IEE, 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 during construction), and any corrective or preventative actions set forth in (i) a Safeguards Monitoring Report or (ii) subsequently agreed between ADB and BMG;
- (b) monitor relevant environmental impacts caused by the construction and installation activities and report to the project management office;
- (c) make available a budget for all such environmental and social measures;
- (d) provide LMC with a written notice of any unanticipated environmental, or resettlement and social risks or impacts that arise during construction, implementation or operation of the project that were not considered in the IEE, the EMP, and 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

10. GPG and BMG shall do, or cause the PIAs to do, the following:

- (a) submit Safeguards Monitoring Reports to ADB:
- (i) 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
  - (ii) in respect of implementation of and compliance with Involuntary Resettlement Safeguards and of 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 disclose relevant information from such reports to respective affected people under Environmental Safeguards, and Involuntary Resettlement 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, the EMP, and the RP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan;
  - (c) no later than the date of award of Works contract, (i) update the EMP, if required, based on the final detailed design, and submit to ADB for its concurrence; and (ii) contract a licensed environmental monitoring agency who conduct periodic environmental impact monitoring in accordance with the approved monitoring plan;
  - (d) for social safeguards, engage an independent monitoring agency prior to commencement of land acquisition, acceptable to ADB which carries out monitoring and evaluation, including data disaggregated by gender and ethnicity where applicable; and
  - (e) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP or the RP promptly after becoming aware of the breach.

#### Safeguards – Prohibited List of Investments

11. GPG and BMG shall ensure, and cause the PIAs 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 Safeguards Policy Statement.

#### Safeguards Grievance Redress Mechanism

12. GPG and BMG shall ensure that separate safeguards grievance redress mechanisms acceptable to ADB are established in accordance with the provisions of the IEE and RP at its project management office, within the timeframes specified in the relevant IEE and RP, to consider safeguards complaints.

### Applicability of ADB's Safeguard Policies

13. GPG and BMG shall ensure that the provisions of the IEE, EMP, and RP as well as any requirements under the Safeguards Policy Statement also apply to the portion of the Project to be financed by the PIAs and commercial banks.

### Gender and Social Development Action Plans

14. GPG and BMG shall and shall cause the PIAs to ensure that (a) the Gender Action Plan is implemented in accordance with its terms; (b) the bidding documents and contracts include relevant provisions for contractors to comply with the measures set forth in the Gender Action Plan; (c) adequate resources are allocated for implementation of the Gender Action Plan; and (d) progress on implementation of the Gender Action Plan, including progress toward achieving key gender outcome and output targets, is regularly monitored and reported to ADB.

15. GPG and BMG shall cause the PIAs to (a) resource and implement the Social Development Action Plan, including a campaign on the prevention of HIV/AIDS and STIs; and (b) monitor its implementation every 6 months and report thereon in two quarterly progress reports per year.

### Works Contracts

16. GPG and BMG shall ensure, and cause LMC to ensure, that the bidding documents for Works contracts include provisions to require the contractors to (a) prioritize employment of local people especially women, the poor and the farmers who lost land due to Project, to comply with the measures set forth in the Gender Action Plan; (b) provide equal pay for equal work; (c) provide the timely payment of wages; (d) maximize the use of local unskilled labor, as applicable; (e) comply with core labor standards and the applicable labor laws and regulations, including stipulations related to employment; and (f) not employ child labor. BMG shall further ensure and cause LMC to ensure that records of labor employment are properly maintained and tracked in the Project's performance and management system.

17. GPG and BMG shall ensure, and cause LMC to ensure, that the Works contractors will (a) implement an HIV/AIDS awareness and prevention training for all employees in collaboration with the relevant centers for disease control; (b) provide necessary measures to ensure the safety and health of their employees; (c) together with the local health bureaus, disseminate information on risks, hazards, impacts and prevention know-how on HIV/AIDS among their staff and workers on the construction sites and the local community through information disclosure, education and consultation; and (d) observe local customs concerning acceptable behavior toward the local population.

### Public Awareness

18. GPG and BMG shall cause the PIAs to undertake public awareness campaigns on the Project and its benefits, including but not limited to information related to the EMP, the RP, the Gender Action Plan and the Social Development Action Plan, to be conducted through information disclosure, education and consultation, in both the local dialect and Mandarin.

### Counterpart Funding, and Operation and Maintenance

19. GPG shall cause BMG to provide counterpart funding in a timely manner, including any additional counterpart funding required for any shortfall of funds or cost overruns. BMG shall ensure that operation and maintenance of all Project facilities is fully funded, and that they will be operated and maintained in accordance with applicable engineering practices. Based on ADB's recommendation, BMG shall commence a review and provide recommendations on local regulations for effective setting and collection of water supply and wastewater tariffs and bus fares, and other user charges pertaining to revenue-generating projects. Effective and appropriate tariff setting shall cover all costs associated with provided services and taking into account ability to pay of the paying public, particularly vulnerable people.

20. GPG and BMG shall cause the PIAs to: (a) allocate appropriate human and financial resources for operation and maintenance of the project facilities and equipment; (b) ensure that all works under the Project will be inspected, operated and maintained in accordance with prescribed standards, specifications and regulations and sound practices; (c) ensure all equipment purchased under the Project is properly installed, maintained and operated; and (d) ensure that all is fully functional.

21. GPG shall through BMG cause LMC to ensure that the Project's water supply and wastewater treatment facilities will be managed and operated in highly professional manner considering using private sector participation, and that the WWTP shall meet Class 1A effluent standards.

### Financial Management

22. GPG and BMG shall, and shall cause the PIAs 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 and future debt servicing. Project funds, including the Loan proceeds and counterpart funds, will be disbursed from the imprest account established under the Gansu Provincial Finance Bureau or the accounts of the BMG to contractors, Consultants, suppliers and affected persons.

### Design and Construction Quality and Management

23. Prior to the commencement of construction of any part of the Project, GPG and BMG shall ensure that the PIAs shall have (a) ensured that all the respective 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.

### Water supply

24. GPG and BMG shall ensure that (a) there will be adequate allocation of water from the Yellow River to LIP; and (b) Gansu Rare Earth Company will be connected to and use the LIP water supply system. Further, GPG and BMG shall, in case of future expansion of LIP, conduct full due diligence of regional water resources and adjust the water allocation

plan to address increased pressure of limited water resources, also accounting for climate change.

25. GPG and BMG shall cause LMC to ensure completion, operation and connection of the water distribution network to all those enterprises that have settled in the 23-km<sup>2</sup> plan area of LIP upon completion and operation of the Project's water facilities.

#### Wastewater

26. GPG shall through BMG cause LMC to ensure that the Baiyin Municipal Environmental Protection Bureau ("EPB") monitors and enforces PRC CJ343-2010 "Wastewater Discharges into Urban Sewerage Networks" or other relevant PRC discharge standards of pollutants from industries, including shutting off the water supply to non-compliant consumers who put the Project's waste water treatment plant ("WWTP") at risk of not meeting its discharge standards.

27. GPG shall through BMG cause LMC to: (a) complete the wastewater reuse network within LIP by 2019, allowing 100% reuse of the treated effluent in the LIP; and (b) ensure that untreated wastewater from LIP, including those households of Nanchuan Village and Nanshanwei Village in Liuchuan Township that are located within the 23-km<sup>2</sup> plan area of LIP, and from Gansu Rare Earth Company, is discharged into the wastewater network after the completion and commissioning of, and treated in, the Project's WWTP.

28. BMG shall, and shall cause LMC to ensure that an operator of the WWTP and its main industrial users jointly conduct assessment, including laboratory testing, prior to interconnection with the WWTP, to ensure that the quality of discharging effluent from the industry would not affect sound operation of the WWTP especially its biological process against the inflow quality.

29. BMG shall, and shall cause LMC to ensure that Gansu Rare Earth Company, under the guidance of the Baiyin Municipal EPB, conducts an audit of the factory to confirm compliance with the PRC Discharge Standard of Pollutants from the Rare Earth Industry (GB26451-2011), and obtains the relevant discharge license from the Gansu Provincial EPB prior to its connection to the WWTP.

#### Road

30. GPG and BMG shall cause LMC to cooperate with all relevant agencies to promote public transport and non-motorized transportation ("NMT") and traffic safety provisions for the road constructed under the Project. BMG shall cause LMC to consider in detailed engineering design to include appropriately the provision of public transport and NMT, adequate traffic and safety signage, median separators, energy efficient street lights, drainage for storm water reuse, traffic control and other necessary facilities.

#### IVET

31. GPG, BMG and JHRSS shall ensure that all related government agencies, schools, employment training centers, private training institutions, industries and enterprises are coordinated so that all expected project outputs are timely delivered and the project outcome will be achieved.

32. GPG and BMG shall cause, through Jingyuan County Government, JHRSS and LMC to assign their full-time staff responsible for coordinating all activities of the TVET component under the project.

33. GPG and BMG shall cause Jingyuan County Government, JHRSS and LMC to facilitate discussions and agreements between enterprises in LIP, and Jingyuan County Secondary Vocational School and Employment Training Center on developing new long-term and short-term training courses and strengthening the existing courses to meet skills needs of existing, new and emerging industries in LIP.

34. GPG and BMG shall cause Jingyuan County Government, JHRSS and LMC to ensure that new skills training courses developed in Jingyuan County Secondary Vocational School and/or Employment Training Center will include a course particularly targeting for women.

#### Change in Ownership

35. GPG and BMG and the PIAs shall ensure that during the Project implementation, in the event of (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. GPG and BMG, through the PIAs, 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 or GPG and BMG; and (b) the policies of ADB relevant to the Project.

#### Governance and Anticorruption

36. GPG and BMG (a) acknowledge ADB's right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive or coercive practices relating to the Project; and (b) agree to cooperate, and shall cause the PIAs 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. In particular, GPG and BMG 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 GPG, BMG, the PIAs, contractors, suppliers, consultants, and other service providers as they relate to the Project.

37. BMG shall also undertake the following anticorruption actions: (a) involving full-time officials from Baiyin Municipality and the PIAs' Discipline Investigation Bureau in the bidding, award and implementation of contracts; (b) introducing a dual-signing system, in which each contract winner signs an anticorruption contract with the employer when they sign and execute the contract; and (c) periodically inspecting the contractors' fund withdrawals and settlements.

38. In furtherance of the principles of transparency, participation, accountability and zero-tolerance for corruption, GPG and BMG shall disclose the Project information on the relevant 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; (b) the procurement plan and tracking of procurement contract awards; (c) any proposed tariff increases and associated scheduled public hearings; (d) relevant laws and regulations; and (e) information related to pro-poor subsidies.