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LOAN NUMBER 3054-PRC

PROJECT AGREEMENT

(Anhui Huainan Urban Water Systems Integrated Rehabilitation Project)

between

ASIAN DEVELOPMENT BANK

and

ANHUI PROVINCIAL GOVERNMENT  
HUAINAN MUNICIPAL GOVERNMENT

DATED 17 DECEMBER 2013

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PRC 46078

## **PROJECT AGREEMENT**

PROJECT AGREEMENT dated 17 December 2013 between ASIAN DEVELOPMENT BANK (“ADB”) on the one part and ANHUI PROVINCIAL GOVERNMENT (“APG”) and HUAINAN MUNICIPAL GOVERNMENT (“HMG”) 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 one hundred fifty million Dollars (\$150,000,000), 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 by APG to HMG and that APG and HMG agree to undertake certain obligations towards ADB set forth herein; and

(B) APG and HMG, 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. (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.

(b) In addition to the terms referred to in subsection (a) hereinabove, the following terms, wherever used in this Project Agreement, unless the context otherwise requires, have the following meaning: the expression HMG “shall cause the IAs to” means that HMG shall cause each IA to perform the tasks and undertake the responsibilities applicable to such IA as outlined in the PAM and in this Project Agreement; the expression “HMG shall” includes the meaning that APG shall cause HMG to perform the tasks and undertake the responsibilities applicable to it.

## **ARTICLE II**

### **Particular Covenants**

Section 2.01. (a) APG shall make the proceeds of the Loan available to HMG promptly and upon terms and conditions acceptable to ADB. Except as ADB may otherwise agree, the terms for making the proceeds of the Loan available to HMG shall

include (i) interest at the rate identical to that of the Loan; (ii) a repayment period including a grace period identical to those of the Loan; (iii) HMG bearing the foreign exchange and interest rate variation risks; and (iv) HMG performing all obligations applicable to it in this Project Agreement.

(b) HMG shall, and shall cause the IAs to carry out the Project with due diligence and efficiency, and in conformity with sound technical, financial, business, and development practices.

(c) In carrying out the Project and operating of the Project facilities, HMG shall, and shall cause the IAs to, perform all obligations set forth in the Loan Agreement to the extent that they are applicable to HMG and each IA, and all obligations set forth in this Project Agreement including its Schedules.

Section 2.02. HMG shall, and shall cause the IAs to, make available, promptly as needed, the funds, facilities, services, land and other resources as required, in addition to the proceeds of the Loan, to carry out the Project.

Section 2.03. (a) In carrying out the Project, HMG shall, and shall cause the IAs 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, all Goods, Works, and Consulting Services and other expenditures to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Schedule 4 to the Loan Agreement. ADB may refuse to finance a contract where any 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. HMG shall, and shall cause the IAs to, carry out the Project in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to ADB. HMG shall, and shall cause the IAs to, 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) HMG shall, and shall cause the IAs to, 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, HMG shall, and shall cause the IAs 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. HMG shall, and shall cause the IAs to, 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 and HMG shall cooperate fully to ensure that the purposes of the Loan will be accomplished. HMG shall, and shall cause each IA to, cooperate fully with ADB to ensure that the purposes of the Loan will be accomplished

(b) HMG shall, and shall cause each IA 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, APG, HMG and each IA 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, APG, HMG, the IAs and the Loan.

Section 2.08. (a) HMG shall, and shall cause each IA 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 Goods, Works and Consulting Services and other items of expenditure financed out of such proceeds; (iii) the Project; (iv) the administration, operations and financial condition of HMG and such IA; and (v) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, HMG shall furnish to ADB quarterly 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, HMG 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 HMG and each IA of their respective obligations under this Project Agreement and the accomplishment of the purposes of the Loan.

Section 2.09. (a) APG shall, and shall cause HMG and, through HMG, shall cause each IA to, (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with financial reporting standards 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(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 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 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) APG and HMG shall, and shall cause each IA to, enable ADB, upon ADB's request, to, discuss the financial statements for the Project, HMG's or the IAs' financial affairs 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 APG or HMG, unless APG or HMG shall otherwise agree.

Section 2.10. HMG shall, and shall cause the IAs to, enable ADB's representatives to inspect the Project; the Goods and Works financed in whole or in part out of the proceeds of the Loan; all other plants, sites, properties, and equipment of HMG and the IAs and any relevant records and documents.

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

(b) HMG shall, and shall cause each IA to, 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) HMG shall, and shall cause each IA to, at all times operate and maintain its plant, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound technical, financial, business, development, engineering, environmental, wastewater treatment and urban development practices and operation and maintenance practices.

Section 2.12. Except as ADB may otherwise agree, HMG shall not, and shall cause each IA not to, sell, lease or otherwise dispose of any of its assets which are not 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, HMG shall, and shall cause each IA 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 carrying out 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 APG and HMG of such date.

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

Section 3.03 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.

### 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:

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

For APG

Anhui Provincial Finance Department  
No 238 Funanxi Road  
Hefei  
Anhui  
People's Republic of China

Facsimile Number:

+86 551 6510 0162.

For HMG

Huainan Municipal Government  
Huainan Municipal Development and Reform Commission  
5<sup>th</sup> FI Municipal Government Building  
No. 88 Hefeng Street  
Shannan New District  
Huainan Municipality  
Anhui  
People's Republic of China

Facsimile Number:

+86 554 664 4765.


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 APG or HMG may be taken or executed by its Governor or Mayor, respectively or by such other person or persons as he or she shall so designate in writing notified to ADB.

(b) APG and HMG 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

ANHUI PROVINCIAL GOVERNMENT

By  \_\_\_\_\_  
KEQING MA  
Authorized Representative

HUAINAN MUNICIPAL GOVERNMENT

By  \_\_\_\_\_  
KEQING MA  
Authorized Representative



## SCHEDULE

### Execution of Project; Financial and Other Matters

#### General Implementation Arrangements

1. HMG 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 HMG and ADB. In the event of any discrepancy between the PAM and this Project Agreement, the provisions of this Project Agreement shall prevail.
2. HMG shall ensure that the agencies and entities responsible for the operation and maintenance of the Project facilities shall be fully involved in the Project implementation and shall cause such agencies and entities to participate in the Project design, preparation of bidding documents, procurement and contract management.

#### Wastewater Treatment

3. HMG shall cause Huainan Capital Water Company (or its successor responsible for the city's wastewater treatment) to expand Huainan's eastern Waste Water Treatment Plant from 100,000m<sup>3</sup>/day to 150,000 m<sup>3</sup>/day by 30 June 2015 and from 150,000 m<sup>3</sup>/day to 200,000 m<sup>3</sup>/day by 31 December 2019, and shall cause Huainan Capital Water Company (or its successor) to expand the western Waste Water Treatment Plant from 100,000 m<sup>3</sup>/day to 150,000 m<sup>3</sup>/day by 31 December 2018 pursuant to the Agreement on the Expansion of Urban Wastewater Treatment Plant made between HMG, acting through HMURCC, and Huainan Capital Company on 29 September 2012 and as amended on 25 September 2013 in response to a letter dated 29 August 2013 from Huainan Capital Water Company to HMURCC.
4. To meet Project schedule requirements, HMG shall fund, and/or cause Huainan Capital Water Company to fund, and to apply to expansion of the wastewater treatment plants the amounts set forth below (or such greater amount as is required to timely complete the expansion phase), during the periods specified below, whether or not HMG has received any Central or Provincial government subsidies for such purposes at the times specified.

Expansion Phase	Expansion Phase Duration	Funds Required for Expansion Phase
No. 1 WWTP Expansion from 100,000 to 150,000 m <sup>3</sup> /d	January 2014 – June 2015	Approximately 220 million CNY
No. 1 WWTP Expansion from 150,000 to 200,000 m <sup>3</sup> /d	January 2018 – December 2019	Approximately 280 million CNY
Western WWTP Expansion from 100,000 to 150,000 m <sup>3</sup> /d	January 2017 – December 2018	Approximately 220 million CNY

Building and Community Connections to Sanitary Sewers

5. HMG shall ensure that, for buildings and communities where property owners or property developers having legal title can be identified, pipes connecting the buildings and communities to sanitary sewers newly installed under the Project are installed by the property owners or developers concurrently with the installation of the sanitary sewers in accordance with the Urban Wastewater Discharge Management Method issued by the Ministry of Construction (Order No. 152).

Community Environment Supervision and Flood Management Teams

6. HMG, in consultation with ADB, shall establish pilot community environment supervision and flood management teams, prepare water quality and ecological monitoring plan for urban channels and lakes and prepare an urban water channel maintenance program, shall review the results of the services of the consultant team, and shall, by the end of 2018, develop and implement an action program to monitor water quality and ecology in the urban water channels and lakes, and prevent and remediate the dumping of waste and inflow of wastewater into the urban water channels and lakes so as to ensure ongoing sustainable urban water and lake management in Huainan municipality.

Limited Construction Periods to Protect Bird Life

7. HMG shall ensure that embankment and wetland construction activities at Gaotang Lake will be suspended during the waterbird winter migration season from 1 December to 28 February each year. In all other times of year, HMG will ensure that construction activities at Gaotang Lake will proceed only between 9 a.m. and 4 p.m. each day to avoid dawn and dusk hours, when bird activities are usually highest.

Wastewater Tariffs

8. HMG shall ensure that (i) wastewater tariffs rise progressively to full cost-recovery level and to a level that provides revenue that ADB is satisfied is sufficient to operate and maintain the infrastructure at an appropriate standard; (ii) periodic review of tariffs and fees is undertaken in accordance with specified tariff setting mechanisms; (iii) the impact to the poor of wastewater collection fees and tariffs is assessed and, based upon the assessment, necessary subsidies are provided to ensure wastewater collection services to the poor; and (iv) a public tariff consultation hearing is held to consult with the affected people each time wastewater tariffs are set or adjusted.

Collection and Treatment of Waste

9. HMG shall ensure that, for the entire Project period, solid waste is properly collected from the areas surrounding the urban water channels and lakes and transferred to existing landfills.

Dredging Caoling Lake

10. HMG shall ensure that proper dredging of Caoling Lake to remove all ash and other foreign matter is fully and timely completed such that Project activities are not adversely affected or delayed.

Project Performance Monitoring

11. HMG shall ensure that the PMO and the IAs have completed training on the Project Performance Management System (PPMS) annexed to the PAM, and are fully equipped to implement and maintain the PPMS to monitor Project implementation and performance in meeting Project targets, not later than the Effective Date. HMG, through the PMO, shall: (i) monitor and evaluate Project outputs and outcomes using the PPMS; (ii) report to ADB key findings of monitoring through quarterly Project progress reports; and (iii) submit a Project completion report within six months after Project physical completion.

Design and Construction Quality and Management

12. HMG shall ensure that all Works to be carried out under the Project are designed by class A design institutes and that sufficient funds are available for the engagement of such institutes.

Counterpart Funds; Financial Management

13. HMG shall ensure that counterpart funds are provided in a timely manner, including any additional counterpart funds, as and when required, to meet any Project shortfall or cost overruns, including, without limitation, all funds necessary to fulfill the EMP, RP, GAP, SAP and CPP, each as specified in the PAM. HMG shall maintain adequate annual funding for the operation and maintenance of the Project facilities.

14. HMG shall ensure that loan disbursement of ADB loans is made in accordance with the Loan Disbursement Handbook.

15. HMG shall ensure that adequate financial management systems are established and maintained in accordance with ADB's Financial Management and Analysis of Projects, including the establishment of separate project accounts and records. The financial management system shall include (a) financial planning, (b) budgeting and control, (c) accounting systems consistent with applicable Borrower standards, (d) internal controls, (e) data processing and systems financial reporting, and (f) audit.

Environment

16. HMG shall ensure that the preparation, design, construction, implementation and operation of the Project and all Project facilities comply with (a) all applicable laws and regulations relating to environment, health, labor, and occupational safety; (b) the Environmental Safeguards; and (c) all measures and requirements set forth in the EIA, the EMP, and any corrective or preventative actions (i) set forth in a Safeguards Monitoring Report; or (ii) as subsequently agreed between ADB and HMG, and that all environmental mitigation and monitoring measures detailed in the EIA and EMP for the Project are

undertaken under the guidance of the relevant environmental protection bureaus or the environmental monitoring centers.

17. HMG shall ensure that (a) emergency preparedness and response mechanism is developed for the Project in accordance with the EMP and the Borrower's laws, regulations and procedures relating to environment, health, labor, and occupational safety; and (b) the emergency preparedness and response mechanism is incorporated in the emergency preparedness and response system of HMG and the concerned agencies in Huainan Municipality.

18. During the pre-construction phase of the Project, HMG shall, and shall ensure that the PMO, the IAs, and Huainan Environmental Protection Bureau and any other relevant agencies shall, review the final engineering designs for the Project and adjust environmental mitigation and monitoring measures in the project EMP accordingly, in consultation with ADB. HMG, through the PMO, shall ensure that the final designs related to component 3 of the Project are reviewed by a waterbird specialist acceptable to ADB to avoid impacts to the globally and/or nationally threatened waterbird species which occur in some Project sites.

19. Before and during the construction phases of the Project, HMG, 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, all IAs, any other relevant agencies and all contractors.

20. HMG shall ensure that all disposal sites for excess soil generated from construction will be identified in the detailed design stage of the Project and that the sites will be selected and operated so as to minimize social and environmental impacts to a level acceptable to ADB.

#### Facilities Linked with the Project

21. HMG shall ensure that all facilities linked with the Project including the existing wastewater treatment plants are operated, maintained and monitored in strict conformity with all applicable laws, regulations and procedures.

#### Change in Ownership

22. HMG shall ensure that in the event of any change in ownership or control of the Project facilities is anticipated, HMG shall consult with ADB at least 6 months prior to the implementation of such change. APG shall cause HMG to further ensure that such changes are carried out in a lawful and transparent manner.

#### Land Acquisition and Involuntary Resettlement

23. HMG shall ensure that all land and all rights-of-way required for the Project are made available to the Works contractors in accordance with the schedule agreed under the relevant Works contract and that all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations 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 a Safeguards Monitoring Report; or (ii) as subsequently agreed

between ADB and HMG.

24. Without limiting the application of the Involuntary Resettlement Safeguards or the RP, HMG shall and shall cause other relevant authorities to ensure that no physical or economic displacement takes place in connection with the Project until:

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

#### Ethnic Minorities

25. HMG shall ensure that the Project does not have any impact on ethnic minorities, all within the meaning of the SPS. In the event the Project does have any such impact, HMG shall take all steps required to ensure that the Project complies with all applicable laws and regulations of the Borrower and with the SPS.

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

26. HMG shall make available all necessary budgetary and human resources to fully implement the EMP, RP, GAP, SAP and CPP.

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

27. HMG shall 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 during construction), and any corrective or preventative actions (i) set forth in a Safeguards Monitoring Report; or (ii) as subsequently agreed between ADB and HMG;
- (b) make available a budget for all such environmental and social measures;
- (c) provide HMG with 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 and the RP;
- (d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction;
- (e) 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;

- (f) (i) comply with all applicable labor laws on the prohibition of child and forced labor; (ii) give equal pay for equal work regardless of gender, ethnicity or social group; (iii) give priority to women in the employment and training opportunities generated in the Project's construction and operation phases; (iv) maximize the employment of local people who meet the job and efficiency requirements for Project construction, operation and maintenance; and (v) provide such workers with adequate on-the-job and safety training; and
- (g) (i) disseminate information on sexually transmitted diseases (including HIV/AIDS) to sub-contractors/employees and local communities surrounding the Project construction sites; (ii) implement HIV/AIDS awareness and prevention training for sub-contractors/employees in collaboration with the IAs in Huainan; (iii) provide necessary measures to ensure the safety and health of its sub-contractors/employees; and (iv) observe local customs concerning acceptable behavior towards the local population.

#### Safeguards Monitoring and Reporting

28. HMG shall do the following (in addition to the information required in quarterly Project reports):

- (a) submit semiannual environmental monitoring reports to ADB which describe compliance with the Environmental Safeguards and the EMP, during construction and the implementation of the Project and the EMP, including with respect to the implementation of mitigation measures, results of the environmental monitoring program, and grievance redress mechanism, until the issuance of ADB's Project Completion report unless a longer period is agreed in the EMP;
- (b) ensure that an independent agency acceptable to ADB is engaged by the PMO to monitor and evaluate compliance with the Involuntary Resettlement Safeguards and the RP, and submit semiannual resettlement monitoring and evaluation reports to ADB during resettlement implementation and annually thereafter for two years;
- (c) promptly on submission of the environmental monitoring reports and resettlement monitoring and evaluation reports to ADB, disclose such reports on the website it maintains for the Project and also in an accessible place or places and in a form understandable to affected people under the Environmental Safeguards and the Involuntary Resettlement Safeguards;
- (d) 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 EIA, 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; 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.

#### Gender and Social Development

29. HMG shall ensure that (a) the GAP is implemented, monitored in a timely manner, and reported to ADB through Project progress reports prepared in accordance with ADB's Policy on Gender and Development (1998) and the PPMS and that adequate resources are allocated for this purpose; (b) all targets under the GAP are achieved; (c) progress in achieving the GAP targets are reflected in the Project progress reports and Project completion report through collection and compilation of sex-disaggregated data, where relevant; and (d) all bidding documents include provisions as specified in the GAP.

30. HMG shall ensure that the SAP and the CPP are implemented in a timely manner.

#### Grievance Redress Mechanism

31. HMG shall ensure that, within 3 months of the Effective Date, grievance redress mechanisms, acceptable to ADB and in accordance with the PAM, EIA and RP, are established for environmental, social and other matters arising out of the Project, and are functioning effectively to (a) review and document eligible complaints of Project stakeholders; (b) proactively address grievances; (c) provide the complainants with notice of the chosen mechanism and/or action; and (d) prepare periodic reports to summarize (i) the number of complaints received and resolved; (ii) chosen actions; and (iii) final outcomes of the grievances and make these reports available to ADB. Eligible complaints shall (a) be those related to the Project and concerning (i) any of the service providers; and (ii) any person responsible for carrying out the Project; and (b) include (i) grievances due to any safeguards; (ii) social and/or economic issues; and (iii) complaints on misuse of funds and other irregularities.

#### Public Awareness

32. HMG shall undertake public awareness campaigns through information disclosure, education and consultation on the Project and its benefits, including, but not limited to, information related to proper disposal of refuse, the flood warning system, the EMP, RP, GAP, SAP and CPP.

#### Governance and Anticorruption

33. HMG shall (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

34. HMG shall ensure that 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 HMG, the IAs, and Huainan Environmental Protection Bureau, the PMO and all contractors, suppliers, consultants, and other service providers as they relate to the Project.

35. HMG shall, by means of a publicly accessible website, disclose information about various project matters, including general project information, procurement information, project progress, and contact details, in the English and Chinese languages. The website 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. With regard to procurement, the website will include, at minimum, information on the list of participating bidders, name of the winning bidder, basic details on bidding procedures adopted, amount of contract awarded and the list of Goods, Works and Consulting Services procured.

#### Prohibited List of Investments

36. HMG 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.