
LOAN NUMBER 3281-PRC

PROJECT AGREEMENT

(Jiangxi Pingxiang Integrated Rural–Urban Infrastructure Development Project)

between

ASIAN DEVELOPMENT BANK

and

JIANGXI PROVINCIAL GOVERNMENT

PINGXIANG MUNICIPAL GOVERNMENT

DATED 16 MARCH 2016

PRC 47030

PROJECT AGREEMENT

PROJECT AGREEMENT dated 16 March 2016 between ASIAN DEVELOPMENT BANK ("ADB") of one part and JIANGXI PROVINCIAL GOVERNMENT ("JPG") and PINGXIANG MUNICIPAL GOVERNMENT ("PMG") of the other part.

WHEREAS

(A) by a Loan Agreement of even date herewith between the People's Republic of China ("Borrower") and ADB, ADB has agreed to make to the Borrower a loan of one hundred 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, through JPG, to PMG and that JPG and PMG agrees to undertake certain obligations towards ADB set forth herein; and

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

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Definitions

Section 1.01. Wherever used in this Project Agreement, unless the context otherwise requires, the several terms defined in the Loan Agreement and in the Loan Regulations (as so defined) have the respective meanings therein set forth.

ARTICLE II

Particular Covenants

Section 2.01. (a) JPG and PMG shall carry out, and shall cause the Project Implementing Agencies to carry out, the Project with due diligence and efficiency, and in conformity with sound applicable technical, financial, business, and development practices.

(b) In the carrying out of the Project and operation of the Project facilities, JPG and PMG shall perform, and shall cause the Project Implementing Agencies to preform, all obligations set forth in the Loan Agreement to the extent that they are applicable to JPG, PMG and the Project Implementing Agencies, and all obligations set forth in the Schedule to this Project Agreement.

Section 2.02. JPG and PMG shall make available, and shall cause the Project Implementing Agencies to make available, promptly as needed, the funds, facilities, services, land and other resources as required, in addition to the proceeds of the Loan, for the carrying out of the Project.

Section 2.03. (a) In the carrying out of the Project, PMG shall employ, and shall cause the Project Implementing Agencies 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, PMG shall procure, and shall cause the Project Implementing Agencies to procure, all items of expenditures to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to the Loan Agreement. ADB may refuse to finance a contract where any such item has not been procured under procedures substantially in accordance with those agreed between the Borrower and ADB or where the terms and conditions of the contract are not satisfactory to ADB.

Section 2.04. PMG shall carry out, and shall cause the Project Implementing Agencies to carry out, the Project in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to ADB. PMG 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) PMG shall cause the Project Implementing Agencies to take out and maintain with, responsible insurers, or make other arrangements satisfactory to ADB for, insurance against such risks and in such amounts as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, PMG 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. JPG and PMG shall maintain, or shall cause to be maintained, records and accounts adequate to identify the items of expenditure financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, its operations and financial condition.

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

(b) JPG and PMG 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, JPG and PMG shall from time to time, at the request of any party, exchange views through their representatives with regard to any matters relating to the Project, JPG, PMG and the Loan.

Section 2.08. (a) JPG and PMG 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 JPG, PMG and the Project Implementing Agencies; and (v) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, PMG 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, PMG shall prepare and furnish to ADB a report, in such form and in such detail as ADB shall reasonably request, on the execution and initial operation of the Project, including its cost, the performance by JPG, PMG and the Project Implementing Agencies of their obligations under this Project Agreement and the accomplishment of the purposes of the Loan.

Section 2.09. (a) JPG and PMG shall, and shall cause the Project Implementing Agencies to, (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with accounting principles acceptable to ADB; (iii) have such financial statements for the Project audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report (which includes the auditors' opinion on the financial statements, use of the Loan proceeds and compliance with the financial covenants of the Loan Agreement as well as on the use of the procedures for imprest fund 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 the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.

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

authorized officer of JPG, PMG or the Project Implementing Agencies, unless they shall otherwise agree.

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

Section 2.11. JPG and PMG shall, and shall cause the Project Implementing Agencies to, promptly as required, take all action within its powers to maintain their 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.

Section 2.12. Except as ADB may otherwise agree, JPG and PMG shall not, and shall cause the Project Implementing Agencies not 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.

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

ARTICLE III

Effective Date; Termination

Section 3.01. This Project Agreement shall come into force and effect on the date on which the Loan Agreement comes into force and effect. ADB shall promptly notify JPG and PMG 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) 636-2534.

For JPG

Jiangxi Finance Department
No.47, Rizi Road, Xihu District
Nanchang City, Jiagxi Province, China

Facsimile Number:

86(0)791 8728 7637.

For PMG

Pingxiang Municipal Government
No.18, KingBin Road, Anyuan District
Pingxiang City, Jiangxi Province, China

Facsimile Number:

86(0)799 6816 188.

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 (i) by or on behalf of JPG may be taken or executed by its Governor or Vice Governor, (ii) by or on behalf of PMG may be taken or executed by its Mayor or Vice Mayor, or by such other person or persons as he or she shall so designate in writing notified to ADB.

(b) JPG and PMG shall furnish to ADB sufficient evidence of the authority of each person who will act under subsection (a) hereinabove, together with the authenticated specimen signature of each such person.


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

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Project Agreement to be signed in their respective names as of the day and year first above written, and to be delivered at the principal office of ADB.

ASIAN DEVELOPMENT BANK

By 
AYUMI KONISHI
Director General
East Asia Department

JIANGXI PROVINCIAL GOVERNMENT

By 
ZHAO JIANHUA
Authorized Representative

PINGXIANG MUNICIPAL GOVERNMENT

By 
ZHAO JIANHUA
Authorized Representative

SCHEDULE

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

General Implementation Arrangements

1. JPG and PMG shall ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by JPG, PMG and ADB. In the event of any discrepancy between the PAM and this Project Agreement, the provisions of this Project Agreement shall prevail.
2. PMG shall ensure that the PMO is equipped with professionally skilled staff, reasonable office space, equipment, and PMG shall provide financial resources required throughout the Project implementation.

Environmental

3. PMG shall ensure that the preparation, design, construction, implementation, operation and decommissioning of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to environment, health and safety; (b) the Environmental Safeguards; and (c) all measures and requirements set forth in the EIA, the EMP, and any corrective or preventative actions (i) set forth in a Safeguards Monitoring Report, or (ii) which are reasonably requested by ADB to ensure safeguards policy compliance.
4. PMG shall ensure, and shall cause the Project Implementing Agencies to ensure that (a) qualified and experienced design institutes are engaged for the preliminary and detailed design of the river rehabilitation and flood control under the Project; (b) the design is developed in accordance with Section III B of the EIA (c) the detailed design reflects the recommendations made in the climate risk and vulnerability assessment; and (d) the final design is shared with ADB for review and appraisal prior to procurement of the related Works.
5. PMG shall ensure, and shall cause the Project Implementing Agencies to ensure that the detailed design of any new bridge is submitted to ADB for review and clearance to ensure that impact on flood discharge capacity of the rivers is minimized, and bridges financed under the project are limited to pedestrians, bicycles, wheelchairs, small maintenance vehicles, or agriculture utility vehicles with a recommended maximum overall envelope width of no more than 9 meters.
6. PMG shall ensure that: (a) dredging is conducted in compliance with the EMP; and (b) sediment dredging and compensatory stocking of fish in the Pingshui and Yuan Rivers will be conducted in compliance with the relevant fish protection zone management plans.

7. PMG shall ensure and cause the Project Implementing Agencies to cause the design institutes and Works contractors to ensure that for all river embankments, wetlands, landscaping, planting at wastewater treatment plants, and post-construction rehabilitation, only native plant species will be used and they are locally sourced.
8. PMG shall further ensure, and shall cause the Project Implementing Agencies to ensure, that green easements and public open space along the Project rivers are sufficiently wide and in accordance with the respective masterplans of the counties/districts, including Pingxiang Municipality Urban Master Plan (2008-2020), Lianhua County Urban Master Plan (2011-2030), Luxi County Urban Master Plan (2007-2020) and that a safe and continuous pathway for pedestrians and non-motorized transport along the project rivers are constructed.
9. PMG shall ensure and shall cause the Project Implementing Agencies to cause the design institute and Works contractors to ensure that trees under national class II protection and above (including but not limited to Camphor Tree and the Happy Tree) are protected through optimized design of river channels and road alignment, and through sound and sensitive construction practices.
10. PMG shall ensure and shall cause the Project Implementing Agencies to ensure that the Works contractors select and manage borrow and spoil disposal sites in accordance with the relevant soil erosion protection plans and the EMP, and in consultation with relevant environmental protection and water resources authorities.
11. PMG shall ensure and cause the Project Implementing Agencies to ensure that an institutional framework for urban-rural partnership among the PMG and the Project Implementing Agencies is in place by 31 December 2017. Such framework shall include (a) review of existing flood monitoring, early warning systems, response plans; (b) update and improvement to these to account for Project interventions and the findings and recommendations of the climate risk and vulnerability assessment increasing climate resilience; and (c) integrated land use planning, structural and non-structural measures of flood risk management, and improved flood resilient farming.
12. PMG shall ensure that solid waste bins as part of the project are adequately installed and sufficient in number, and that at least once weekly solid waste is collected from the waste bins and transported to a transfer and a final disposal site that meets the Borrower's standards.
13. PMG shall ensure and cause the Project Implementing Agencies to ensure that measures to reduce and manage the pollution of the rivers are developed, coordinated and implemented by PMG and the Project Implementing Agencies in accordance with Section VI, D, iv and v of the PAM.
14. PMG shall ensure and cause the Project Implementing Agencies to ensure that communities along the rehabilitated rivers and the rural-urban road are engaged in environment and road safety supervision activities, and that the community environment supervision and road safety education team program is implemented and supported. PMG shall implement a trial over a three-year period in three typical urban communities and three rural communities, or administrative villages which are located close to one of the rivers and roads rehabilitated under the Project as detailed in the SDAP.

Resettlement

15. PMG shall 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 related 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 RPs, and any corrective or preventative actions (i) set forth in any Safeguards Monitoring Report, or (ii) subsequently agreed between ADB and PMG.

16. Without limiting the application of the Involuntary Resettlement Safeguards or the RPs, PMG shall ensure or cause the Project Executing Agencies 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 the displaced persons under the Involuntary Resettlement Safeguards as described in and in accordance with the related RP; and
- (b) a comprehensive income and livelihood restoration program has been established in accordance with the related RP.

Indigenous Peoples

17. PMG shall ensure that the Project does not have any indigenous peoples impacts, all within the meaning of the Safeguard Policy Statement. In the event that the Project does have any such impact, PMG shall take all steps required to ensure that the Project complies with the applicable laws and regulations of the Borrower and with the Safeguard Policy Statement.

Human and Financial Resources to Implement Safeguards Requirements

18. PMG shall make available necessary budgetary and human resources to fully implement the EMP and the RPs.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

19. PMG shall, and shall cause the Project 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 EIA, the EMP and the related 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 PMG;
- (b) make available a budget for all such environmental and social measures;

- (c) provide PMG 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 EIA, the EMP and the RPs;
- (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 as early as possible but no later than the completion of construction.

Safeguards Monitoring and Reporting

20. PMG shall:

- (a) submit Safeguards Monitoring Reports to ADB
 - (i) in respect of implementation of and compliance with Environmental Safeguards and the EMP, semi-annually during construction and the implementation of the Project and the EMP, and thereafter annually during operation, 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 RPs, semi-annually during the implementation of the Project and the RPs 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 the respective affected people under the Environmental Safeguards and the 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 EIA, the EMP and the RPs, 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 6 months after the Effective Date, engage qualified and experienced external experts or qualified institutions under a selection process and terms of reference acceptable to ADB, to verify information produced through the Project monitoring process, and facilitate the carrying out of any verification activities by such external experts; and

- (d) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP or the RPs promptly after becoming aware of the breach.

Prohibited List of Investments

21. PMG 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.

Works Contracts

22. PMG shall ensure, and cause the Project Implementation Agencies to ensure, that Works contracts will include provisions to require the contractors to (a) prioritize employment of local people especially women and the poor; (b) not discriminate against people seeking work on the basis of age, provided they are capable of doing the work; (c) provide equal pay for equal work, regardless of gender; (d) advertise labor requirements 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; (e) provide those they employ with a written contract; (f) provide the timely payment of wages; (g) use local unskilled labor, as applicable, (h) 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; (i) not force the labor to work against their will; and (j) not employ child labor. PMG shall further cause the Project Implementing Agencies and contractors to maintain records of labor employment, including the name, age, gender, domicile, working time, and the payment of wages and ensure that the records are included in summary form in the PPMS. PMG shall ensure that the requirements of this paragraph are clearly specified in all relevant bidding documents.

23. PMG shall ensure and shall cause the Project Implementing Agencies to ensure that the contractors (a) implement HIV/AIDS and STIs awareness and prevention training for all employees; (b) provide necessary measures to ensure the safety and health of their employees; (c) together with the local centers of disease control, disseminate information on the risks, hazards, impacts and prevention know-how on HIV/AIDS and STIs among the staff, workers on the construction sites and the local community by means of information disclosure, education and consultation; (d) take 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; (e) in conjunction with the relevant local government and community leaders, hold 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 (f) observe local customs concerning acceptable behavior toward the local population.

Gender and Social Development Action Plan

24. PMG shall ensure that (a) the GAP and SDAP is fully implemented in a timely manner over the entire period of the Project 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 GAP; (c) adequate resources are allocated for this purpose; and (d) progress on implementation of the GAP and SDAP, including progress toward achieving key gender and social outcome and output targets, are monitored and reported to ADB semi-annually.

Grievance Redress Mechanism

25. PMG shall further ensure that within 60 days after the Effective Date, a grievance redress mechanism acceptable to ADB is established for non-safeguards complaints. In each case, such mechanism shall function 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 and make available to ADB upon request 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 upon request. Eligible non-safeguards complaints include those related to the Project, any of the service providers, any person responsible for carrying out the Project, complaints on misuse of funds and other irregularities as well as gender issues.

26. PMG shall ensure that safeguards grievance redress mechanisms acceptable to ADB is established in accordance with the provisions of the EIA, EMP and RPs at the PMO, within the timeframes specified in the relevant EIA, EMP and RP, to consider safeguards complaints.

Operation and maintenance

27. PMG shall ensure and shall cause the Project Implementing Agencies to ensure that (a) all assigned O&M units will be fully involved in the Project implementation, including professional staff from the O&M units participating in Project design, the bidding, and implementation of contracts, and the acceptance of the completed Works; (b) assigned O&M units prepare (i) a sustainable O&M plan; and (ii) a budget plan on an annual basis for O&M; and (c) they are provided with sufficient financial and staffing resources.

Wastewater treatment facilities

28. PMG shall ensure and shall cause the related Project Implementing Agencies to ensure that (a) they adequately resource, train and support management and operational staff of the wastewater treatment facilities are provided; and (b) all industrial wastewater to be discharged into the public sewer systems and the WWTPs is adequately pre-treated in accordance with the Borrower's relevant national standard prior to discharging into public sewers and WWTPs.

Household connections

29. PMG shall take necessary measures, and shall cause the Project Implementing Agencies to take necessary measures to provide all households in the catchment area of the sewer network under the Project with adequate connections constructed once the sewer pipes installation under the project have been completed.

Associated and linked facilities

30. PMG shall ensure, and shall cause the Project Implementing Agencies to ensure, that facilities associated and/or linked to the Project are completed and operational prior to the daily wastewater discharge reaching the design capacity of the current WWTPs. Such facilities shall include the Lianhua County Urban Center wastewater treatment plant expansion and the Xiangdong District Urban Center wastewater treatment plant expansion.

Tariff reform and affordability

31. PMG shall ensure, and shall cause the Project Implementing Agencies to ensure, that (a) following the Borrower's administrative regulations and procedures, wastewater tariff for all users will be restructured to recover investment and O&M costs associated with wastewater management services, subject to the relevant approvals; (b) the water affairs bureaus of the Project Implementing Agencies undertake annual reviews of tariff and fees; (c) following the Borrower's administrative regulations and procedures, no entity receiving water supply services is exempted from payment of the tariff, or excused for delays in payments without penalty; and (d) relevant reviews and consultations are conducted on the impact of increase(s) of water and sanitation tariff on the poor taking into account the ability of consumers, particularly vulnerable people, to pay for such increases and provide a cross-subsidy and/or another form of assistance in the event the increase(s) in water and sanitation tariff is unaffordable to the poor and vulnerable people.

Road design and safety

32. PMG shall ensure, and shall cause the Project Implementing Agencies to ensure that prior to procurement of the related Works, (a) the detailed design of the road, intersections, bus stops and pedestrian crossings is submitted to ADB and a certified road safety audit expert to review road safety features for vehicles, pedestrians and non-motorized traffic; and (b) all Works are designed and constructed in accordance with national standards and specifications and the construction supervision, quality control, contract management, and completion inspection and acceptance procedures shall be in accordance with all applicable national laws and municipal and local regulations. PMG shall ensure that road safety awareness campaigns and education events engaging affected communities are carried out prior to road operations.

Road runoff into Category II water bodies

33. PMG shall ensure, and shall cause the Project Implementing Agencies to ensure, that the engaged design institute includes measures to prevent stormwater runoff from all road bridges from discharge into these two Category II water bodies, such as properly sized and adequate numbers of impervious collection tanks for the rural-urban road bridges crossing the Pingshui River and the Yuanbei River.

Vehicle safety and emission control

34. PMG shall ensure and shall cause the Project Implementing Agencies to ensure that periodic examination of vehicle safety and emission of vehicle exhaust pollutants for each vehicle is conducted in accordance with the Borrower's regulation (such as GB18352.3-2005), and that registration to vehicles with excessive emissions is rejected.

Noise forecast and mitigation

35. PMG shall ensure and shall cause the Project Implementing Agencies to ensure that an analysis along the proposed Project road is carried out and funds for noise mitigation at affected properties and sensitive sites are reserved, as needed, before construction commences and that noise mitigation measures are implemented.

Governance and Anticorruption

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

37. PMG shall develop and maintain relevant websites that describe the Project in order to provide the public with information on the Project and project progress including setting out (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) job opportunities.

Midterm Review

38. PMG shall ensure that the Midterm Review of the Project shall be carried out during the third quarter of year 2018.