

**OFFICIAL  
DOCUMENTS**

---

---

**LOAN NUMBER 8485-CN**

**Project Agreement**

**(Yunnan Highway Asset Management Project)**

**between**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**and**

**YUNNAN PROVINCE**

**Dated** *June 10* **, 2015**

---

---

**PROJECT AGREEMENT**

Agreement dated June 10, 2015, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and YUNNAN PROVINCE ("Project Implementing Entity") ("Project Agreement") in connection with the Loan Agreement ("Loan Agreement") of same date between PEOPLE'S REPUBLIC OF CHINA ("Borrower") and the Bank. The Bank and the Project Implementing Entity hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Loan Agreement or the General Conditions.

**ARTICLE II — PROJECT**

- 2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project through YHB in accordance with the provisions of Article V of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

**ARTICLE III — REPRESENTATIVE; ADDRESSES**

- 3.01. The Project Implementing Entity's Representative is its Governor or a Vice Governor or such other person or persons as said Governor or a Vice Governor shall designate in writing, and the Project Implementing Entity shall furnish to the Bank sufficient evidence of the authority and the authenticated specimen signature of each such person.
- 3.02. The Bank's Address is:

International Bank for Reconstruction and Development  
1818 H Street, NW  
Washington, DC 20433  
United States of America

|                               |                              |                |
|-------------------------------|------------------------------|----------------|
| Cable:                        | Telex:                       | Facsimile:     |
| INTBAFRAD<br>Washington, D.C. | 248423(MCI) or<br>64145(MCI) | 1-202-477-6391 |

3.03. The Project Implementing Entity's Address is:

Wuhuashan, Kunming  
Yunnan 650021  
People's Republic of China

Facsimile:

+86-871-63631025

AGREED at Beijing, People's Republic of China, as of the day and year first above written.

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By



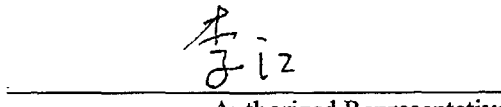
Authorized Representative

Name: Bent Hofmann

Title: Country Director, China

YUNNAN PROVINCE

By



Authorized Representative

Name: Li Jiang

Title: Executive Vice Governor

## SCHEDULE

### Execution of the Project

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

1. Throughout Project implementation, the Project Implementing Entity shall: (a) maintain the following entities with functions, powers, staff and resources acceptable to the Bank and necessary and appropriate to fulfill their functions under the Project; and (b) ensure that the following entities fulfil their functions and responsibilities under the Project as set out below:
  - (a) the Project Leading Group, which shall be responsible for overall oversight, management and coordination of Project implementation; and
  - (b) the Project Management Office, which shall be responsible for day-to-day management and technical aspects of implementation of the Project, including operational, engineering, procurement and contract management, financial management and disbursement, environmental and social management, training management, communication, monitoring and evaluation, and reporting functions.
2. For the purpose of assisting the Project Implementing Entity with the carrying out of the Project, the Project Implementing Entity, through YHB, shall:
  - (a) enter into an agreement (the "Subsidiary Agreement - YTATS") with Yunnan Transport Advanced Technician School for the purpose of implementing its Respective Part of the Project, under terms and conditions acceptable to the Bank, which shall include those set forth in the Annex to this Schedule;
  - (b) enter into an agreement (the "Subsidiary Agreement - YTVTC") with Yunnan Transport Vocational Technology College for the purpose of implementing its Respective Part of the Project, under terms and conditions acceptable to the Bank, which shall include those set forth in the Annex to this Schedule; and
  - (c) enter into an agreement (the "Subsidiary Agreement - YHSTRP") with Yunnan Highway Science and Technology Research Institute for the purpose of implementing its Respective Part of the Project, under terms and conditions acceptable to the Bank, which shall include those set forth in the Annex to this Schedule.
3. The Project Implementing Entity, through YHB, shall exercise its rights under the Subsidiary Agreements in such manner as to protect the interests of the

Borrower and the Bank, and to accomplish the purposes of the Loan, and except as the Bank shall otherwise agree, not assign, amend, abrogate or waive the Subsidiary Agreements or any provision thereof.

**B. Anti-Corruption**

The Project Implementing Entity shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

**C. Safeguards**

1. The Project Implementing Entity shall, through YHB:
  - (a) implement the Project in accordance with the Safeguards Instruments;
  - (b) implement the Safeguards Instruments in a manner and substance satisfactory to the Bank; and
  - (c) not amend, suspend, waive, abrogate or materially revise any provision of the Safeguards Instruments, in whole or in part, without the prior mutual concurrence of the Bank.
2. Without limiting Section I.C.1 above, the Project Implementing Entity, through YHB, shall ensure that each contract for works under the Project includes the obligations of the work contractors and any sub-contractors to comply with the relevant provisions of the Safeguards Instruments.
3. The Project Implementing Entity shall, through YHB:
  - (a) take all necessary actions to minimize to the extent possible any involuntary loss by persons of shelter, productive assets or access to productive assets or income or means of livelihood, temporarily or permanently, and the displacement of said people in the carrying out of the Project or any part thereof;
  - (b) where the acquisition of land or assets or the displacement of people is unavoidable, before initiating the implementation of any works which would result in such acquisition or displacement, make available to such people compensation and, as applicable, relocate and rehabilitate the Displaced Persons in accordance with the RAP and in a manner satisfactory to the Bank; and
  - (c) whenever required under the terms of the Resettlement Policy Framework, proceed to have an Additional RAP or Additional RAPs: (i) prepared in form and substance satisfactory to the Bank; (ii) except as otherwise agreed with the Bank, submitted to the Bank for review and approval; and (iii) thereafter adopted and publicly disclosed; and thereafter implement, or cause to be implemented, such Additional RAP

or Additional RAPs in accordance with their terms and in a manner acceptable to the Bank.

4. The Project Implementing Entity shall, through YHB, maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the implementation of the Safeguards Instruments.
5. Without limiting paragraphs 1 through 4 of this Section I.C or the provisions of Section II.A below, the Project Implementing Entity shall, through YHB, take all necessary measures to regularly collect, compile and submit to the Bank, as part of the Project Reports, information on the status of compliance with the Safeguards Instruments, giving details of:
  - (a) measures taken in furtherance thereof;
  - (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation thereof; and
  - (c) remedial measures taken or required to be taken to address such conditions.
6. To the extent of any inconsistency between: (a) the provisions of the Safeguards Instruments; and (b) the provisions of this Agreement and/or the Loan Agreement, the provisions of this Agreement and/or the Loan Agreement (as the case may be) shall prevail.

## **Section II. Project Monitoring, Reporting and Evaluation**

### **A. Project Reports**

1. The Project Implementing Entity shall, through YHB, monitor and evaluate the progress of the Project and prepare Project Reports for the Project in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of the indicators set forth in the Results Framework. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Borrower not later sixty (60) days after the end of the period covered by such report for incorporation and forwarding by the Borrower to the Bank of the overall Project Report.
2. The Project Implementing Entity shall provide to the Borrower not later than three months after the Closing Date, for incorporation in the report referred to in Section 5.08 (c) of the General Conditions, all such information as the Borrower or the Bank shall reasonably request for the purposes of that Section.

**B. Mid Term Review**

1. The Project Implementing Entity shall:
  - (a) without limiting Section II.A of this Schedule, maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis the carrying out of the Project and the achievement of the objectives thereof;
  - (b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about December 31, 2017, or another date agreed with the Bank, a mid-term report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph B.1(a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and
  - (c) review with the Bank, by March 31, 2018, or such later date as the Bank shall request, the report referred to in paragraph B.1(b) of this Section, and thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Bank's views on the matter.

**C. Financial Management, Financial Reports and Audits**

1. The Project Implementing Entity shall maintain, and shall cause YHB to maintain, a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Project.
2. Without limiting Section I.A.1 above, the Project Implementing Entity shall prepare, and shall cause YHB to prepare and furnish to the Project Implementing Entity, for submission to the Bank not later than sixty (60) days following each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance acceptable to the Bank.
3. The Project Implementing Entity shall, and shall cause YHB to, have its financial statements referred to above audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank. Each audit of these financial statements shall cover the period of one (1) fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be:
  - (a) furnished to the Borrower and the Bank not later than six (6) months after the

end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Bank.

**Section III. Procurement**

All goods, works and services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Section III of Schedule 2 to the Loan Agreement.



**ANNEX  
to the  
SCHEDULE**

**Principal Terms and Conditions of the  
Subsidiary Agreements (YTATS, YTVTC and YHSTRI)**

For purposes of Section I.A.2 of the Schedule to this Agreement, the Subsidiary Agreements to be entered into by the Project Implementing Entity, through YHB, and each of Yunnan Transport Advanced Technician School (YTATS), Yunnan Transport Vocational Technology College (YTVTC), and Yunnan Highway Science and Technology Research Institute (YHSTRI) (the "Project Implementing Agencies") shall reflect, *inter alia*, the following terms and conditions:

1. For the purpose of assisting the Project Implementing Entity with the carrying out of the Project, the Project Implementing Entity, through YHB, shall make available to the Project Implementing Agencies a portion of the proceeds of the Loan, under terms and conditions acceptable to the Bank.
2. The Project Implementing Entity, through YHB, shall have the right to suspend or terminate the right of any Project Implementing Agency to use and/or receive the proceeds of the Loan, allocated from time to time to the Project, upon the failure of such Project Implementing Agency to perform any of its obligations under the respective Subsidiary Agreement.
3. The Project Implementing Agencies shall undertake to:
  - (a) assist the Project Implementing Entity, through YHB, in the carrying out of the Project with due diligence and efficiency and in accordance with appropriate management, financial, and engineering practices, and social and environmental standards, acceptable to the Bank, including the provisions of the Project Implementation Manual and the Anti-Corruption Guidelines applicable to recipients of Loan proceeds other than the Borrower, and to provide, promptly as needed, the funds, facilities and other resources required for this purpose;
  - (b) maintain, throughout Project implementation, staff in adequate numbers and with terms of reference and qualifications acceptable to the Bank, to be responsible for implementing their respective activities under the Project; and
  - (c) without limitation to the foregoing, take all measures necessary to ensure that the Project be implemented, as applicable, in accordance with the Safeguards Instruments.
4. The Project Implementing Agencies shall undertake to procure any goods and services to be financed out of the proceeds of the Loan, allocated from time to time to the Project, in accordance with the provisions of Section III of Schedule 2

to the Loan Agreement, and utilize such goods and services exclusively in the carrying out of the Project.

5. The Project Implementing Agencies shall undertake, throughout Project implementation, to:
  - (a) maintain records and accounts adequate to reflect their operations and financial condition in accordance with sound accounting practices;
  - (b) have the Project financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
  - (c) furnish to the Bank and the Project Implementing Entity, through YHB, as soon as available, but in any case not later than six (6) months after the end of each such year: (i) certified copies of the Project financial statements and accounts for such year as so audited; (ii) an opinion on such statements by the auditors referred to in paragraph 5(b) above, in such scope and detail as the Bank and/or the Project Implementing Entity, through YHB, shall have reasonably requested; and (iii) all such other information concerning said records, accounts and financial statements, as well as the audit thereof, as the Bank and/or the Project Implementing Entity, through YHB, shall reasonably request;
  - (d) maintain policies and procedures adequate to enable them to monitor and evaluate on an ongoing basis, in accordance with the performance indicators agreed between the Project Implementing Entity and the Bank, the carrying out of the Project and the achievement of the objective thereof; and
  - (e) to take out and maintain with responsible insurers such insurance, against such risks and in such amounts, as shall be consistent with sound business practice, including, without limitation, such insurance to cover hazards incident to the acquisition, transportation and delivery of goods financed out of the proceeds of the Loan to the place of use or installation, any indemnity thereunder to be made payable in a currency freely usable to replace or repair such goods.