

LOAN NUMBER 8369-CN

Project Agreement

(Yunnan Honghe Prefecture Diannan Center Urban Transport Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

YUNNAN PROVINCE

Dated *July 23*, 2014

PROJECT AGREEMENT

Agreement dated July 23, 2014, 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 the 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 objective of the Project. To this end, the Project Implementing Entity shall carry out the Project, through HAP, Mengzi Municipality and Jianshui County, 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, through HAP, Mengzi Municipality and Jianshui County, 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 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: INTBAFRAD
Washington, D.C.

Telex: 248423(MCI) or
64145(MCI)

Facsimile: 1-202-477-6391

3.03. The Project Implementing Entity's Address is:

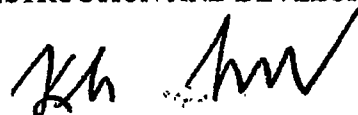
Wuhuashan, Kunming, Yunnan
Postal Code 650021
People's Republic of China

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: Klaus Rohland

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 the period of Project implementation, the Project Implementing Entity shall maintain, through HAP, the following groups and offices, with membership, terms of reference, staffing and other resources acceptable to the Bank:
 - (a) a Project Steering Committee, that shall be responsible for providing overall leadership, coordination and policy guidance, reviewing annual work plans and budgets, ensuring inter-agency coordination, and evaluating progress of the Project;
 - (b) a Project Management Office within HAP, responsible for, *inter alia*, overall coordination, management and monitoring, quality assurance review, preparation of progress reports, technical reviews, and support of the procurement and financial management of the Project; and
 - (c) Project Execution Offices in each of Mengzi Municipality and Jianshui County, responsible for assisting them in the implementation of their Respective Part of the Project, including annual budget and work plan preparation, procurement and financial management, safeguards monitoring and supervision, and Project performance evaluation.

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. In carrying out the Project, the Project Implementing Entity shall, and shall cause HAP, Mengzi Municipality and Jianshui County to:
 - (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; and
 - (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 RAPs and in a manner satisfactory to the Bank.

2. The Project Implementing Entity shall, and shall cause HAP, Mengzi Municipality and Jianshui County, as applicable, to implement the Safeguards Instruments in a manner and substance satisfactory to the Bank. Without limitation on the foregoing, the Project Implementing Entity, through HAP, Mengzi Municipality and Jianshui County as the case may be, shall ensure that each contract for works financed with the proceeds of the Loan shall include the obligations of the work contractors and any sub-contractor to comply with the relevant provisions of the EMPs.
3. The Project Implementing Entity shall not, and shall cause HAP, Mengzi Municipality and Jianshui County not to, amend, suspend, fail to implement or waive the Safeguards Instruments, or any provision thereof, without the prior written concurrence of the Bank.
4. The Project Implementing Entity shall, and shall cause HAP, Mengzi Municipality and Jianshui County to, 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 limitation to the provisions of paragraphs C.1 through C.4 of this Section I or the provisions of paragraph A.1 of Section II below, the Project Implementing Entity shall, and shall cause HAP, and each of Mengzi Municipality and Jianshui County to, take all measures necessary on its part 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. In the event of any inconsistency between the provisions of the Safeguards Instruments and the provisions of this Agreement or the Loan Agreement, the provisions of this Agreement and the Loan Agreement shall prevail.

D. Other Implementation Arrangements

1. The Project Implementing Entity, through HAP, Mengzi Municipality and Jianshui County shall:
 - (a) prepare, by no later than November 30 of each year, an annual work plan and budget for the implementation of the Project during the following year, in accordance with guidelines acceptable to the Bank; and
 - (b) thereafter, carry out the Project during the following calendar year in accordance with such annual work plan as shall have been agreed with the Bank.

2. By no later than December 31, 2016, as part of the activities under Parts A.5 and B.4 of the Project, each of Mengzi Municipality and Jianshui County shall have undertaken a study, under terms of reference acceptable to the Bank, to review the regulation, financing, concession and subsidization arrangements of its respective public transport sector, with a view to better integrating the private sector and to establishing integrated service standards, as well as adequate operational responsibilities and public support mechanisms.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity, through HAP, Mengzi Municipality and Jianshui County as the case may be, shall monitor and evaluate the progress of the Project and prepare Project Reports 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 (1) calendar semester, and shall be furnished to the Bank and the Borrower not later sixty (60) days after the end of the period covered by such report.
2. Without limitation to the provisions of paragraph A.1 above, the Project Implementing Entity shall prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank no later than June 30, 2017, a consolidated mid-term review report for the Project, summarizing the results of the monitoring and evaluation activities carried out from the inception of the Project, and setting out the measures recommended to ensure the efficient completion of the Project and to further the objectives thereof.
3. No later than three months after the Closing Date, the Project Implementing Entity, through HAP, shall provide to the Borrower 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. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall, and shall cause HAP, Mengzi Municipality and Jianshui County 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 limitation to the provisions of Part A of this Section, the Project Implementing Entity, through HAP, shall prepare and furnish to the Bank, not later than sixty (60) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.
3. The Project Implementing Entity shall have, and shall cause HAP, Mengzi Municipality and Jianshui County to have, their 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 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 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.