

Public Disclosure Authorized

**OFFICIAL
DOCUMENTS**

LOAN NUMBER 8613-CN

Project Agreement

(Hubei Xiaogan Logistics Infrastructure Project)

between

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

and

HUBEI PROVINCE

Dated *May 26*, 2016

PROJECT AGREEMENT

Agreement dated May 26, 2016, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and HUBEI 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 objective of the Project. To this end, the Project Implementing Entity shall carry out the Project, through Xiaogan Municipality and AEZ-MC, 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 Xiaogan Municipality and AEZ-MC, 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 Vice Governor or such other person or persons as said Governor shall designate in writing.
- 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 Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

3.03. The Project Implementing Entity's Address is:

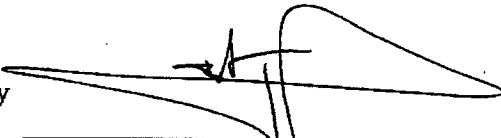
Xiaogan Airport Economic Zone – MC
Xiaogan Municipality
Hubei Province 432017
People's Republic of China

Facsimile:

+86 (712) 249-3210

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: Bert Hofman

Title: Country Director, China

HUBEI PROVINCE

By 

Authorized Representative

Name: Yang Yinquang

Title: Deputy Director General
International Economic and
Financial Cooperation Department
Ministry of Finance

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional and Implementation Arrangements

1. In order to ensure the proper carrying out of the Project, the Project Implementing Entity shall maintain, and cause to be maintained, the following entities with composition, powers, functions, staffing, facilities and other resources satisfactory to the Bank:
 - (a) a Project Leading Group in Xiaogan Municipality, to provide leadership, policy guidance and coordination in the preparation and implementation of the Project; and
 - (b) the Project Management Office under the AEZ, to be responsible for the: (i) overall coordination, management and supervision of the Project, including the preparation of Annual Work Plans, revisions to the Project budget and allocation of resources, and preparation of Project Reports; and (ii) implementation of Project activities, including procurement, financial management, contract management, environmental and social safeguards management, reporting, monitoring and evaluation.
2. The Project Implementing Entity shall, and shall cause Xiaogan Municipality and AEZ-MC to: (a) prepare and furnish to the Bank by November 30 in each year, beginning in 2016, a draft Annual Work Plan for review and comment, summarizing the implementation progress of the Project for the said year and the Project activities to be undertaken for the following calendar year, including the proposed annual budget for the Project; (b) taking into account the Bank's comments, finalize and furnish to the Bank no later than December 15 in each year, beginning on December 15, 2016, the Annual Work Plan, satisfactory to the Bank; and (c) thereafter ensure the implementation of the Project during the following calendar year in accordance with the Annual Work Plan agreed with the Bank and in a manner satisfactory to the Bank. The Project Implementing Entity shall not, and shall cause Xiaogan Municipality and AEZ-MC not to, amend, suspend, abrogate or waive said Annual Work Plans or any provision thereof without the prior written agreement of the Bank.
3. The Project Implementing Entity shall, and shall cause Xiaogan Municipality and AEZ-MC to, carry out Project activities in accordance with the Procurement Manual and the Financial Management Manual. The Project Implementing Entity shall not, and shall cause Xiaogan Municipality and AEZ-MC not to, amend, suspend, abrogate or waive the Procurement Manual or the Financial Management Manual or any provision thereof without the prior written agreement of the Bank. In the case of any conflict between the provisions of the Procurement Manual and/or the Financial Management Manual and 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.

4. To support AEZ-MC and the PMO with the day-to-day implementation of Project activities, such as contract management, supervision, monitoring and reporting activities, AEZ-MC shall, by no later than August 31, 2016, enter into an agreement ("Implementation Support Agreement") with Fengxiang, under terms and conditions acceptable to the Bank.
5. The Project Implementing Entity, through Xiaogan Municipality and AEZ-MC, shall exercise its rights under the Implementation Support Agreement in such a 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 Implementation Support Agreement or any provision thereof.

B. Anti-Corruption

The Project Implementation 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, through Xiaogan Municipality and AEZ-MC, shall:
 - (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 in terms of the RPF, proceed to have an additional RAP or 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; (iii) thereafter, adopted and publicly disclosed; and (iv) thereafter, implemented, or cause to be implemented, in accordance with their terms and in a manner acceptable to the Bank.
2. The Project Implementing Entity, through Xiaogan Municipality and AEZ-MC, shall implement the Safeguards Instruments in a manner and substance satisfactory to the Bank. Without limitation on the foregoing, the Project Implementing Entity, through Xiaogan Municipality and AEZ-MC, shall ensure that each contract for works under the Project includes the obligation(s) of the work contractor(s) and any sub-contractor(s) to comply with the relevant provisions of the Safeguards Instruments applicable to such works commissioned/awarded pursuant to said contract.

3. The Project Implementing Entity, through Xiaogan Municipality and AEZ-MC, shall ensure that all studies and technical assistance to be supported under the Project are carried out under terms of reference satisfactory to the Bank, and that such terms of reference are consistent with, and pay due attention to, the Bank's Safeguards Policies.
4. The Project Implementing Entity shall not, and shall cause Xiaogan Municipality and AEZ-MC not to, amend, suspend or waive the Safeguards Instruments, or any provision thereof, without the prior written agreement of the Bank.
5. The Project Implementing Entity, through Xiaogan Municipality and AEZ-MC, shall maintain policies and procedures adequate to enable them to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the implementation of the Safeguards Instruments.
6. Without limitation to the provisions of paragraphs 1 through 5 of this Section I.C, or the provisions of Section II.A below, the Project Implementing Entity, through Xiaogan Municipality and AEZ-MC, shall 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.
7. 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.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity, through Xiaogan Municipality and AEZ-MC, 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 Borrower not later than 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. Without limitation to the provisions of paragraph A.1 above, the Project Implementing Entity, through Xiaogan Municipality and AEZ-MC, shall prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank no later than March 1, 2019, 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. The Project Implementing Entity, through Xiaogan Municipality and AEZ-MC, shall provide to the Borrower, not later than three (3) 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. Financial Management, Financial Reports, Audits

1. The Project Implementing Entity, through Xiaogan Municipality, shall 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 on the provision of Part A of this Section, the Project Implementing Entity, through Xiaogan Municipality, shall prepare and furnish to the Borrower, for submission to the Bank as part of the Project Reports, 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, through Xiaogan Municipality, shall have its financial statements 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, through Xiaogan Municipality, 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 such 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.

