

**OFFICIAL
DOCUMENTS**

LOAN NUMBER 8623-CN

Program Agreement

(Hebei Air Pollution Prevention and Control Program)

between

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

and

HEBEI PROVINCE

Dated *July 12* **, 2016**

PROGRAM AGREEMENT

Agreement dated July 12, 2016, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and HEBEI PROVINCE ("Program Implementing Entity") ("Program 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 Program 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 — PROGRAM

- 2.01. The Program Implementing Entity declares its commitment to the objectives of the Program. To this end, the Program Implementing Entity shall carry out the Program 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 Program.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and the Program Implementing Entity shall otherwise agree, the Program Implementing Entity shall carry out the Program in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

- 3.01. The Program Implementing Entity's Representative is its Governor or Vice Governor.

- 3.02. The Bank's Address is:

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

Telex:

Facsimile:

248423(MCI) or
64145(MCI)

1-202-477-6391

3.03. The Program Implementing Entity's Address is:

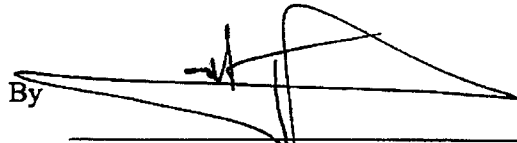
Hebei Finance Department
No. 48, Taihua Street
Shijiazhuang City 050050
Hebei Province
People's Republic of China

Facsimile:

86-311-86772534

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

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

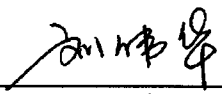
By 

Authorized Representative

Name: Bert Hofman

Title: Country Director China

HEBEI PROVINCE

By 

Authorized Representative

Name: Liu Weihua

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

SCHEDULE

Program Execution

Section I. Implementation Arrangements

A. Program Fiduciary, Environmental, and Social Systems

Without limitation on the provisions of Article V of the General Conditions, the Program Implementing Entity shall carry out the Program in accordance with financial management, procurement and environmental and social management systems acceptable to the Bank ("Program Fiduciary, Environmental, and Social Systems") which are designed to ensure that:

1. the Loan proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and
2. the actual and potential adverse environmental and social impacts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

B. Anti-Corruption

Without limitation upon the provisions of Part A of this Section, the Program Implementing Entity shall carry out the Program in accordance with the provisions of the Anti-Corruption Guidelines.

C. Other Program Institutional and Implementation Arrangements

Program Institutions

1. Without limitation on the generality of Part A of this Section I and in order to ensure the proper carrying out of the Program, the Program 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) the High-level Provincial Working Group, to provide leadership, policy guidance and coordination in the preparation and implementation of the HAP;
 - (b) the Working Group Office, to be responsible for the overall coordination, management and supervision of the HAP, including the review and approval of Annual Work Plans, Targets and Budget Allocations related thereto, revisions to the budget and allocation of resources, coordination of technical, fiduciary, environmental and social aspects, and provision of guidance to the line departments and municipalities on Program implementation; and

- (c) The Coordination Office, to be responsible for supporting the coordination, management and supervision of the Program, including coordination with the line departments and municipalities on Program implementation.

Program Action Plan

- 2. Without limitation on the generality of Part A of this Section I, the Program Implementing Entity shall:
 - (a) undertake the actions set forth in the Program Action Plan;
 - (b) not amend, revise or waive, nor allow to be amended, revised or waived, the provisions of the Program Action Plan, or any provision thereof, without the prior written agreement of the Bank; and
 - (c) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the implementation of the Program Action Plan.

Annual Work Plans, Targets and Budget Allocations

- 3. The Program Implementing Entity shall: (a) carry out activities under the Program during each fiscal year in accordance with Annual Work Plans, Targets and Budget Allocations; (b) prepare and furnish to the Bank by December 31 in each year, beginning in 2016, the Annual Work Plan, Targets and Budget Allocations, summarizing the Program activities to be undertaken and projected targets for the following calendar year, including the proposed overall annual budget allocations for the Program; and (c) thereafter, ensure the implementation of the Program during the following calendar year in accordance with the Annual Work Plan, Targets and Budget Allocation, in a manner satisfactory to the Bank.

Section II. Excluded Activities

The Program Implementing Entity shall ensure that the Program shall include none of the following activities:

- A. activities, which in the opinion of the Bank are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or
- B. activities involving procurement of any of the following: (1) works, estimated to cost US\$ 75 million equivalent or more per contract; (2) goods, estimated to cost US\$ 50 million equivalent or more per contract; (3) non-consulting services, estimated to cost US\$ 40 million equivalent or more per contract; and (4) consultants' services, estimated to cost US 20 million equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation; Audits

A. Program Reports

1. The Program Implementing Entity shall monitor and evaluate the progress of the Program and prepare Program Reports in accordance with the provisions of Section 5.08 of the General Conditions. Each Program Report shall cover the period of six (6) months, and shall be furnished to the Borrower and the Bank not later than 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 Program Implementing Entity shall prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank not later than September 5, 2017, a consolidated mid-term review report for the Program, summarizing the results of the monitoring and evaluation activities carried out from the inception of the Program, and setting out the measures recommended to ensure the efficient completion of the Program and to further the objectives thereof.

B. Program Financial Audits

1. Without limitation on the generality of Section I.A of this Schedule and Section 5.09 of the General Conditions, the Program Implementing Entity shall have the Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Program Implementing Entity. The audited Financial Statements for each such period shall be furnished to the Bank not later than nine (9) months after the end of such period.
2. The Program Implementing Entity shall provide to the Borrower not later than sixty (60) days 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.

C. Independent Verification Agents

The Program Implementing Entity shall not later than one (1) month after the Effective Date, hire, and thereafter maintain, throughout the period of Program Implementation, verification agents having experience and qualifications in the relevant technical fields, acceptable to the Bank, and under terms of reference, including a time-table and adequate budget for its activities, satisfactory to the Bank, to monitor and verify the achievement of the DLRs.