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**LOAN NUMBER 8476-CN**

**Project Agreement**

**(Hebei Rural Renewable Energy Development Project)**

**between**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**and**

**HEBEI PROVINCE**

**Dated** *April 16* **, 2015**

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**PROJECT AGREEMENT**

AGREEMENT dated April 16 2015, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and HEBEI 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 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 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

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:


Hebei Finance Department  
No. 48, Zhonghuanan Avenue  
Shijiazhuang City 050051  
Hebei, China

Facsimile:

86-311-6665-0733

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

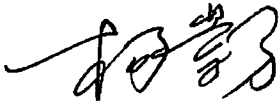
INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By   
\_\_\_\_\_  
Authorized Representative

Name: Bart Hofman

Title: Country Director, China

HEBEI PROVINCE

By   
\_\_\_\_\_  
Authorized Representative

Name: Yang Chengyong

Title: Executive Vice Governor

## SCHEDULE

### Execution of the Project

#### Section I. Institutional and Other Arrangements

##### A. Institutional Arrangements

1. The Project Implementing Entity shall be responsible for Project management, implementation, and monitoring and evaluation in accordance with the following arrangements, and, to this end, shall maintain, throughout Project implementation, the entities referred to in paragraphs 2 and 3 of this Part A with an institutional framework, functions, and resources, including competent personnel in adequate numbers, satisfactory to the Bank.

##### *Project Leading Group*

2. The Project Implementing Entity shall be responsible for Project policy and strategic orientation and inter-agency coordination through the Project Leading Group.

##### *Project Management Office*

3. The Project Implementing Entity shall be responsible for overall management and implementation of the Project and day-to-day implementation of Part 2 of the Project through the Project Management Office.

##### *Subsidiary Agreements*

4. For the purpose of assisting the Project Implementing Entity with the carrying out of Subprojects, the Project Implementing Entity, through the Project Counties and City, shall enter into an agreement (the "Subsidiary Agreement") with the respective Project Implementing Unit ("PIU"), under terms and conditions acceptable to the Bank, which shall include those set forth in the Annex to this Schedule.
5. The Project Implementing Entity shall exercise its rights under the Subsidiary Agreement 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 referred to herein 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. Project Implementation Plan**

1. The Project Implementing Entity shall:

- (a) ensure that the Project is carried out in accordance with the provisions of the Project Implementation Plan; and
- (b) except as the Bank shall otherwise agree in writing, not assign, amend, abrogate, or waive the Project Implementation Plan, or any of its provisions.

2. In the event of a conflict between the provisions of the Project Implementation Plan and those of this Agreement, the latter shall govern.

**D. Annual Work Plans and Budgets**

The Project Implementing Entity shall:

- (a) furnish to the Bank for review and approval as soon as available, but in any case not later than December 15 of each year, the annual work plan and budget for the Project for each subsequent year of Project implementation, of such scope and detail as the Bank shall have reasonably requested, except for the annual work plan and budget for the Project for the first year of Project implementation, which shall be furnished not later than one (1) month after the Effective Date; and
- (b) thereafter ensure that the Project is carried out in accordance with such plan and budget as agreed with the Bank.

**E. Safeguards**

1. The Project Implementing Entity shall ensure that the Project is carried out in accordance with the provisions of the Safeguards Instruments, and, except as the Bank shall otherwise agree in writing, the Project Implementing Entity shall not assign, amend, abrogate, or waive the Safeguards Instruments or any of their provisions.

2. In the event of a conflict between the provisions of any of the Safeguards Instruments and those of this Agreement, the latter shall govern.

3. The Project Implementing Entity shall ensure that any contract for works under the Project includes the obligation of the contractor to implement the applicable Safeguards Instruments.
4. The Project Implementing Entity shall:
  - (a) take all necessary actions to minimize to the extent possible any Involuntary Resettlement;
  - (b) 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, to implement, or cause to be implemented, such Additional RAP or RAPs in accordance with their terms and in a manner acceptable to the Bank; and
  - (c) in the event that Project activities give rise to Project Affected Persons, prior to taking possession of any land, commencing Involuntary Resettlement, or awarding any contract for the implementation of any works which would result in Involuntary Resettlement, ensure that all Project Affected Persons have been compensated and provided with applicable resettlement and rehabilitation benefits in accordance with the provisions of the Resettlement Plan, the Resettlement Policy Framework, and any Additional Resettlement Plans.
5. The Project Implementing Entity shall finance exclusively out of its own or other resources, and not out of the proceeds of the Loan, and provide, promptly as needed, the resources needed for the following: (a) all land acquisition required for the purposes of the Project; and (b) compensation, resettlement, and rehabilitation payments and other assistance to Project Affected Persons in accordance with the provisions of the Resettlement Plan, the Resettlement Policy Framework, and any Additional Resettlement Plans.
6. Without limitation upon its other reporting obligations under Section II.A.1 of this Schedule, the Project Implementing Entity shall take all measures necessary to regularly collect and compile, and submit to the Bank, as part of the Project Reports, information on the status of compliance with the Safeguards Instruments, providing details of:
  - (a) measures taken in furtherance of said instruments;
  - (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of said instruments; and

- (c) remedial measures taken or required to be taken to address such conditions.
7. The Project Implementing Entity shall have carried out independent monitoring and evaluation of the implementation of the Safeguards Instruments and shall have prepared and furnished to the Borrower and the Bank semi-annual reports, in form and substance satisfactory to the Bank not later than sixty (60) days after the end of the period covered by such reports, on the implementation of the Safeguards Instruments.

**F. Financial Arrangements**

1. The Project Implementing Entity shall allocate to each Project County and City a portion of the Loan under arrangements satisfactory to the Bank, which shall include, without limitation, the following principal terms:
- (a) The Project Implementing Entity shall make available the principal amount, which has been allocated to each Project County and City, in Dollars (on the date, or respective dates, of withdrawal from the Loan Account) of the value of the currency or currencies so withdrawn on account of the Project (in whole or part) to be implemented within the jurisdiction of the Project County and City.
  - (b) The Project Implementing Entity shall recover such principal amount so made available (including the fee paid pursuant to Section 2.03 of the Loan Agreement and any premium for Interest Rate Caps or Interest Rate Collars paid pursuant to Section 2.08(c) of the Loan Agreement and Section 4.05(c) of the General Conditions) over a period of twenty-five (25) years, inclusive of a grace period of six (6) years.
  - (c) The Project Implementing Entity shall charge: (i) interest on such principal amount, withdrawn and outstanding from time to time at a rate equal to the rate of interest applicable from time to time to the Loan pursuant to Section 2.05 of the Loan Agreement; and (ii) a commitment charge equal to one quarter of one percent (0.25%) per annum on the unwithdrawn principal amount allocated to each Project County and City.

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

**A. Project Reports**

1. The Project Implementing Entity 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 Project Implementation Plan. Each such Project Report shall cover the period of one (1) calendar semester, 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. The Project Implementing Entity 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. Midterm Review**

The Project Implementing Entity shall:

- (a) carry out jointly with the Bank, not later than thirty-six (36) months after the Effective Date, or such other deadline as may be agreed in writing with the Bank, a midterm review to assess the status of Project implementation, as measured against the performance indicators set forth in the Project Implementation Plan. Such review shall include an assessment of the following, based, *inter alia*, on the report referred to in the following paragraph: (i) overall progress in implementation; (ii) results of monitoring and evaluation activities; (iii) progress on procurement and disbursement; (iv) progress on implementation of safeguards measures; (v) implementation arrangements; and (vi) the need to make any adjustments to the Project to improve performance;
- (b) prepare and furnish to the Borrower and the Bank, at least one (1) month before such review, a report, in scope and detail satisfactory to the Bank and integrating the results of the monitoring and evaluation activities performed pursuant to Part A.1 of this Section II, on the progress achieved in the carrying out of the Project during the period preceding the date of such report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective thereof during the period following such date; and
- (c) following the review referred to in paragraph (a) of this Part B, take all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of such report and the Borrower's and the Bank's views on the matter.

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

1. The Project Implementing Entity 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 and financial condition of the Project Implementing Entity, including the operations, resources, and expenditures related to the Project.
2. Without limitation on the provisions of Part A of this Section II, the Project Implementing Entity 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 calendar semester, in form and substance satisfactory to the Bank.
3. The Project Implementing Entity shall have its financial statements referred to in paragraph 1 of this Part C 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 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 SCHEDULE

### Principal Terms and Conditions of the Subsidiary Agreements

For purposes of Section I.A.4 of the Schedule to this Agreement, the Subsidiary Agreement to be entered into by the Project Implementing Entity, through the Project Counties and City, and the respective PIU shall reflect, *inter alia*, the following terms and conditions:

1. For the purpose of assisting the Project Implementing Entity with the carrying out of a Subproject, the Project Implementing Entity, through the Project Counties and City, shall make available to the respective PIU the proceeds of the Loan allocated to the Subproject from time to time, under terms and conditions acceptable to the Bank.
2. The Project Implementing Entity shall have the right to suspend or terminate the right of the respective PIU to use and/or receive the proceeds of the Loan, allocated from time to time to the Subproject, upon failure by the PIU to perform any of its obligations under the Subsidiary Agreement.
3. Each PIU shall undertake to:
  - (a) assist the Project Implementing Entity in the carrying out of the Subproject 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 Project Implementation Plan, the Safeguard Instruments, the Procurement Guidelines, 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 Subproject implementation, staff in adequate numbers and with terms of reference and qualifications acceptable to the Bank, to be responsible for implementing the Subproject; and
  - (c) without limitation to the foregoing, to take all measures necessary to ensure that the Subproject is implemented, as applicable, in accordance with the Safeguards Instruments.
4. Each PIU shall undertake to procure the works and goods to be financed out of the proceeds of the Loan, allocated from time to time to the Subproject, in accordance with the provisions of Section III of Schedule 2 to the Loan

Agreement, and utilize such works and goods exclusively in the carrying out of the Subproject.

5. Each PIU shall undertake to enable the Bank and the Project Implementing Entity to inspect such sites and works included in the Subproject, the operation thereof, and any relevant records and documents as the Bank and/or the Project Implementing Entity shall deem necessary.
6. Each PIU shall undertake, throughout Subproject implementation, to:
  - (a) maintain records and accounts adequate to reflect its operations and financial condition in accordance with sound accounting practices;
  - (b) have the Subproject 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, 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 Subproject financial statements and accounts for such year as so audited; (ii) an opinion on such statements by the auditors referred to in paragraph 6 (b) above, in such scope and detail as the Bank and/or the Project Implementing Entity 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 shall reasonably request;
  - (d) maintain policies and procedures adequate to enable it 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 Subproject 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.