

**OFFICIAL  
DOCUMENTS**

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LOAN NUMBER 8587-CN

**Project Agreement**

**(Zhuzhou Brownfield Remediation Project)**

**between**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**and**

**HUNAN PROVINCE**

Dated *June 1*, 2016

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**PROJECT AGREEMENT**

Agreement dated June 1, 2016, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and HUNAN 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 Zhuzhou Municipality, 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 Zhuzhou Municipality, 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:

Hunan Provincial Government  
No. 8, Xiangfu West Road  
Changsha, Hunan Province  
People's Republic of China

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

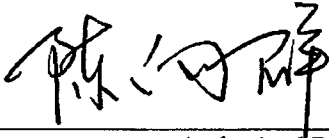
INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

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

Name: Bert Hofman

Title: Country Director, China

HUNAN PROVINCE

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

Name: Chen Xiangjun

Title: Executive Vice Governor

## 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 Zhuzhou Municipality, to provide leadership, policy guidance and coordination in the preparation and implementation of the Project; and
  - (b) the Project Management Office, to be responsible for the overall coordination, management and supervision of the Project, including the review and approval of Annual Work Plans, revisions to the Project budget and allocation of resources, coordination of fiduciary aspects, and provision of guidance to ZREIDC (which will serve as the Project implementation unit) on Project implementation.
2. The responsibility for the day-to-day implementation of the Project, including procurement, financial management, contract management, accounting, reporting, and environmental and social safeguards management, will be vested in ZREIDC. To this end, Shifeng District shall enter into an agreement (the "Subsidiary Agreement") with ZREIDC, 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 Shifeng District, 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 Agreement or any provision thereof.
4. Throughout the implementation of the Project, the Project Implementing Entity, through Zhuzhou Municipality, shall apply, and shall cause ZREIDC to apply, the Project Operations Manual in a timely and efficient manner satisfactory to the Bank. The Project Implementing Entity, through Zhuzhou Municipality, shall not amend, suspend, or waive said Project Operations Manual or any provision or schedule thereof, without the prior written agreement of the Bank. In the event of any inconsistency between the provisions of the Project Operations Manual and those of this Agreement or the Loan Agreement, the provisions of this Agreement and the Loan Agreement shall prevail.
5. The Project Implementing Entity shall, and shall cause Zhuzhou Municipality 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 in 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 Zhuzhou Municipality not to, amend, suspend, abrogate, or waive said Annual Work Plans or any provision thereof without the prior written agreement of the Bank.

**B. Anti-Corruption**

The Project Implementation Entity shall ensure, and shall cause Zhuzhou Municipality to 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 Zhuzhou Municipality 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;
  - (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;
  - (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; and
  - (d) whenever required in terms of the ESMF, proceed to have an additional EMP or EMPs: (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 shall implement, and shall cause Zhuzhou Municipality to implement, the Safeguards Instruments in a manner and substance satisfactory to the Bank. Without limitation on the foregoing, the Project Implementing Entity shall ensure,

and shall cause Zhuzhou Municipality to ensure, that each contract for works under the Project includes the obligation 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 shall ensure, and cause Zhuzhou Municipality to 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 Zhuzhou Municipality 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 shall maintain, and shall cause Zhuzhou Municipality to 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 shall take, and shall cause Zhuzhou Municipality to take, all measures necessary on their 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 shall, and shall cause Zhuzhou Municipality to, 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 Operations Manual. 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 shall prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank no later than September 1, 2018, 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 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 shall maintain, and shall cause Zhuzhou Municipality 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 shall cause Zhuzhou Municipality to prepare and furnish to the Project Implementing Entity, for submission to the Bank as part of the Progress Report 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 Zhuzhou Municipality to 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 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.

**ANNEX  
to the  
SCHEDULE**

**Principal Terms and Conditions of the  
Subsidiary Agreement**

For the purposes of Section I.A.2 of the Schedule to this Agreement, the Subsidiary Agreement to be entered into by Shifeng District and ZREIDC 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, Shifeng District shall make available to ZREIDC a part of the proceeds of the Loan received by the Project Implementing Entity pursuant to Section I.A.1 of Schedule 2 to the Loan Agreement, under terms and conditions acceptable to the Bank.
2. Shifeng District shall have the right to suspend or terminate the right of ZREIDC to use and/or receive the proceeds of the Loan, upon failure by ZREIDC to perform any of its obligations under the Subsidiary Agreement.
3. ZREIDC shall undertake to:
  - (a) assist the Project Implementing Entity, through Zhuzhou Municipality and Shifeng District, 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 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 assisting in the implementation of the Project; and
  - (c) take all measures necessary to ensure that the Project is implemented in accordance with the Safeguards Instruments.
4. ZREIDC shall undertake to procure the works, goods and services to be financed out of the proceeds of the Loan in accordance with the provisions of Section III of Schedule 2 to the Loan Agreement, and to utilize such works, goods and services exclusively in the carrying out of the Project.
5. ZREIDC shall undertake to enable the Bank and the Project Implementing Entity, through Shifeng District, to inspect such sites and works included in the Project, the operation thereof, and any relevant records and documents as the Bank and/or the Project Implementing Entity, through Shifeng District, shall deem necessary.
6. ZREIDC shall undertake, throughout Project implementation, to:



- (a) maintain records and accounts adequate to reflect its operations and financial condition in accordance with sound accounting practices;
- (b) have its 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 Shifeng District, as soon as available, but in any case not later than six (6) months after the end of each fiscal year of the Project Implementing Entity: (i) certified copies of its 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, through Shifeng District, 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 Shifeng District, shall reasonably request; and
- (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 Project and the achievement of the objective thereof.