

**OFFICIAL  
DOCUMENTS**

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**LOAN NUMBER 8616-CN**

**Loan Agreement**

**(Building a Modern Fiscal System Technical Assistance Project)**

**between**

**PEOPLE'S REPUBLIC OF CHINA**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated** *May 31* **, 2016**

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LOAN AGREEMENT

Agreement dated May 31, 2016, between PEOPLE'S REPUBLIC OF CHINA ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions<sup>s</sup> (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement; *provided*, however, that each reference in the General Conditions to the Project Implementing Entity shall be deemed to be a reference to a Subproject Implementing Agency; and *provided* further, that each reference in the General Conditions to the Project Agreement shall be deemed to be inapplicable.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of twenty two million Dollars (\$22,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.
- 2.06. The Payment Dates are April 15 and October 15 in each year.

- 2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
- 2.08. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.
- 2.09. (a) If on any given day, the Total Exposure exceeds the Standard Exposure Limit (as said terms are defined in sub-paragraphs (b)(ii) and (b)(iii) of this Section), the Borrower shall pay to the Bank a surcharge at the rate of one half of one percent (0.5%) per annum of the Allocated Excess Exposure Amount (as defined in sub-paragraph (b)(i) of this Section) for each said day ("Exposure Surcharge"). The Exposure Surcharge (if any) shall be payable semi-annually in arrears on each Payment Date.
- (b) For purposes of this Section the following terms have the meanings set forth below:
- (i) "Allocated Excess Exposure Amount" means for each day during which the Total Exposure exceeds the Standard Exposure Limit, the product of: (A) the total amount of said excess; and (B) the ratio of all (or, if the Bank so determines, a portion) of the Loan to the aggregate amount of all

(or the equivalent portions) of the loans made by the Bank to the Borrower and to other borrowers guaranteed by the Borrower that are also subject to an exposure surcharge, as said excess and ratio are reasonably determined from time to time by the Bank.

- (ii) "Standard Exposure Limit" means the standard limit on the Bank's financial exposure to the Borrower which, if exceeded, would subject the Loan to the Exposure Surcharge, as determined from time to time by the Bank.
- (iii) "Total Exposure" means for any given day, the Bank's total financial exposure to the Borrower, as reasonably determined by the Bank.

### **ARTICLE III — PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project through MOF and the Subproject Implementing Agencies in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

### **ARTICLE IV — EFFECTIVENESS; TERMINATION**

- 4.01. The Additional Condition of Effectiveness consists of the following, namely that the Implementation Agreement has been duly executed on behalf of MOF and the CDM Center.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

### **ARTICLE V — REPRESENTATIVE; ADDRESSES**

- 5.01. The Borrower's Representative is its Minister of Finance.
- 5.02. The Borrower's Address is:

Ministry of Finance  
Sanlihe  
Beijing 100820  
People's Republic of China

Facsimile: 86-10-6855-2740

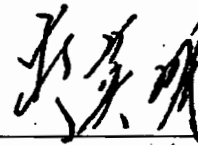
5.03. The Bank's Address is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

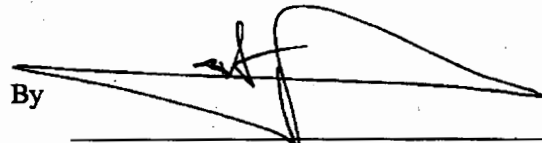
AGREED at Beijing, People's Republic of China, as of the day and year first above written.

PEOPLE'S REPUBLIC OF CHINA

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

Name: Yang Yingxing  
~~Deputy Director General~~  
Title: International Economic and  
Financial Cooperation Department  
Ministry of Finance

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

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

Name: Bart Hofman  
Title: Country Director, China

## SCHEDULE 1

### Project Description

The objective of the Project is to inform the design and implementation of the central government's fiscal reform program and to improve the government's capacity in public financial management.

The Project consists of the following parts:

#### **Part A Key Elements of China's Public Finance System**

1. Carrying out of Subprojects consisting of, *inter alia*, strategic plans, sectoral research, technical studies, implementation reports, staff exchanges, training and workshops, all relating to informing policy formulation and implementation for the strengthening of the Borrower's public finance system.
2. Provision of support to the PMO, SIAs and the CDM Center to enhance their management capacity through training, and the provision of consulting services, including project management support and monitoring and evaluation.

#### **Part B Fiscal Policy and Sustainable Development**

Carrying out of Subprojects consisting of, *inter alia*, strategic plans, sectoral research, technical studies, training and workshops, and development of analytical capacity and tools, all relating to increasing the Borrower's overall capacity to make fiscal policy more effective and analyze linkages between economic growth and fiscal policy.

## SCHEDULE 2

### Project Execution

#### Section I. Institutional and Implementation Arrangements

##### A. Operations Manual

1. The Borrower, through the PMO, shall carry out the Project, and shall cause the SIAs to carry out the Subprojects, in accordance with the Operations Manual in a timely and efficient manner satisfactory to the Bank. The Borrower shall not amend, suspend, or waive said Operations Manual or any provision or schedule thereof, without the prior written concurrence of the Bank. In the event of any inconsistency between the terms of the Operations Manual and those of this Agreement, the provisions of this Agreement shall prevail.

##### B. Institutional Arrangements

1. The Borrower, through MOF, shall maintain the PMO throughout the implementation of the Project and assign qualified staff in adequate numbers, funds and other resources as shall be necessary to enable the PMO to provide overall coordination, management, monitoring and reporting, and implementation of the Project, undertake the review and selection of proposed Subprojects, and monitor, evaluate and supervise the implementation of Subprojects by SIAs.
2. To assist the PMO with the day-to-day implementation of the Project (including procurement, financial management, accounting, contract management, monitoring and reporting), the Borrower, through MOF, shall enter into an agreement ("Implementation Agreement") with the CDM Center, under terms and conditions acceptable to the Bank, which shall include those set forth in the Annex to this Schedule.
3. The Borrower, through MOF, shall exercise its rights under the Implementation 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 Agreement or any provision thereof.
4. In the case of any inconsistency between the provisions of the Implementation Agreement and the provisions of this Agreement, the provisions of this Agreement shall prevail.
5. The Borrower, through the PMO, shall cause each SIA to appoint and maintain until the completion of the relevant Subproject or Subprojects, a Subproject Management Team at the SIA level, headed by a qualified officer and assigned staff in adequate numbers to enable the SIA to design proposals for and implement its respective Subproject(s).

**C. Subprojects**

1. All Subprojects shall support the overall development objective of the Project. All Subproject proposals shall be duly prepared and submitted to the PMO by SIAs, selected and approved by the PMO, and furnished to the Bank for its no-objection, following the eligibility criteria, procedures and technical requirements set forth to that effect in the Operations Manual. The Borrower, through the PMO, shall ensure that no activity under any Subproject is commenced until the proposal for such Subproject has received the Bank's prior no-objection in accordance with the foregoing requirements.
2. To assist in the carrying out of Subprojects, the Borrower, through the PMO, shall make the proceeds of the Loan available to the SIAs under arrangements satisfactory to the Bank.
3. The Borrower, through the PMO, shall, and shall cause each SIA to, obtain the Bank's prior no-objection for changing any of the SIA's Subproject design and/or implementation arrangements, as applicable. The Borrower, through the PMO, shall promptly inform the Bank of any situation that would adversely affect the carrying out of a Subproject and shall promptly take action, satisfactory to the Bank, to address such situation.
4. The Borrower shall cause the PMO and each SIA, as applicable, to ensure that every Subproject to be supported under the Project is 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.

**D. Anti-Corruption**

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

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

**A. Project Reports**

1. The Borrower shall, through the PMO, monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators set forth in the Operations Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by such report.
2. Without limitation to the provisions of paragraph A.1 above, the Borrower shall, through the PMO, prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank no later than June 30, 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.



**B. Financial Management, Financial Reports and Audits**

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank, not later than forty-five (45) 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 Borrower shall have its 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 (1) fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period. The Borrower shall make the audited Financial Statements publicly available in a timely fashion and in a manner acceptable to the Bank.

**Section III. Procurement**

**A. General**

1. **Goods and Non-consulting Services.** All goods and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Non-consulting Services.**

The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the additional provisions set forth in the box below; (b) Direct Contracting; (c) Shopping; and (d) Framework Agreement.

The procedures applicable to the procurement of goods, works, and non-consulting services under contracts awarded on the basis of National Competitive Bidding ("NCB") shall be the open tendering procedures set forth in the Borrower's Law on Tendering and Bidding promulgated by its Order No. 21 dated August 30, 1999; provided, however, that such procedures shall be subject to the provisions of Section I, Paragraphs 3.3 and 3.4 of Section III, and Appendix I of the Procurement Guidelines, and the additional provisions in the following. In the event of a conflict between the Borrower's procedures and these NCB Procedure Modifications, the latter shall govern.

- (i) Eligibility to participate in a procurement process and to be awarded a Bank-financed contract shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for such contract for reasons other than those provided in Section I of the Procurement Guidelines. No restriction based on nationality of bidders and/or origin of goods shall apply, and foreign bidders shall be allowed to participate in NCB without application of restrictive conditions.
- (ii) All invitations to prequalify or bid shall be advertised in a national newspaper of wide circulation in the Borrower's country, or on a widely used website / electronic portal with free national and international access acceptable to the Bank except for goods or non-consulting services contracts that are estimated to cost less than \$300,000 equivalent each, or works contracts that are estimated to cost less than \$2,000,000 each, which may be advertised in a provincial daily newspaper. Such advertisement shall be made in sufficient time for prospective bidders to obtain prequalification or bidding documents and prepare and submit their responses. In any event, a minimum of thirty (30) days shall be given to bidders between the date of such advertisement (or the date of availability of bidding documents, whichever is later) and the deadline for the submission of bids, and the advertisement and bidding documents shall specify the deadline for the submission of bids. In the case of such advertisement on a website / electronic portal, the notice shall remain readily accessible nationally and internationally until at least the deadline for the submission of bids. Potential bidders shall be allowed to inspect and purchase bidding documents at any time prior to the deadline for the submission of bids.
- (iii) Standard Bidding Documents acceptable to the Bank shall be used.
- (iv) Qualification requirements of bidders and the method of evaluating the qualification of each bidder shall be specified in detail in the bidding documents.
- (v) Prequalification procedures and documents acceptable to the Bank shall be used for large, complex and/or specialized works. Verification of the information upon which a bidder was prequalified, including current commitments, shall be carried out at the time of contract award, along with the

bidder's capability with respect to personnel and equipment. All bidders that meet the qualification criteria set out in the pre-qualification documents shall be allowed to bid, and there shall be no limit on the number of pre-qualified bidders. Where pre-qualification is not used, the qualification of the bidder who is recommended for award of contract shall be assessed by post-qualification, applying the qualification criteria stated in the bidding documents.

- (vi) Registration shall not be used to assess bidders' qualifications. A bidder shall not be required to register as a condition for inspecting or purchasing bidding documents, submitting its bid or receiving contract award. A bidder determined to be the lowest evaluated responsive bidder, shall be given reasonable opportunity of registering (if required) before contract signing without any let or hindrance. Bidding shall not be restricted to any particular class of contractors, and non-classified contractors shall also be eligible to bid.
- (vii) No margins of preference of any sort shall be given to bidders, such as on the basis of their location, place of incorporation, or affinity with the geographical area in which the Project activities will take place.
- (viii) All bidders who are awarded contracts for works and single-responsibility contracts shall be required to provide performance security in an amount sufficient to protect the Borrower or the Project Implementing Entity / Entities, as the case may be, in case of breach of contract by the contractor, and the bidding documents shall specify the required form and amount of such security and any other potential damages for such breach.
- (ix) Bidders shall be allowed to submit bids by mail or in person.
- (x) All bids shall be opened in public; all bidders shall be offered an opportunity to be present (either in person or through their representatives) at the time of bid opening, but bidders shall not be required to be present at the bid opening.
- (xi) All bid evaluation criteria shall be disclosed in the bidding documents and quantified in monetary terms or expressed in the form of pass/fail requirements.
- (xii) No bid may be rejected solely on the basis that the bid price exceeds any cost estimate or falls outside any margin or bracket of prices or average bids established by the Borrower or the Project Implementing Entity / Entities, as the case may be. Rejection of all bids or re-bidding shall not be allowed solely because the number of bids is less than three (3), and rejection of all bids or rebidding shall not take place without the Bank's prior written agreement.
- (xiii) Each contract shall be awarded to the lowest evaluated responsive bidder, that is, the bidder who meets the appropriate standards of capability and resources and whose bid has been determined: (A) to be substantially responsive to the bidding documents; and (B) to offer the lowest evaluated cost. The winning bidder shall not be required, as a condition of award, to undertake

responsibilities for work or to assume other obligations not stipulated in the bidding documents or otherwise to modify the bid as originally submitted. No negotiations shall be permitted except with the Bank's no-objection.

- (xiv) In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the Bank's policy to sanction firms or individuals found to have engaged in fraud and corruption as set forth in the Procurement Guidelines.
- (xv) In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the Bank's policy with respect to inspection and audit of accounts, records and other documents relating to the submission of bids and contract performance.
- (xvi) Government-owned enterprises in the Borrower's country may be permitted to bid or submit a proposal of goods, works, or non-consulting services if they can establish that they: (A) are legally and financially autonomous; (B) operate under commercial law; and (C) are not a dependent agency of the agency conducting the procurement.
- (xvii) Matters such as subcontracting, joint venture relationships and assignment of contract shall be handled in accordance with the bidding documents.
- (xviii) The results of bid evaluation and contract award shall be published in the national or provincial press (as provided under paragraph (ii) above) or official gazette or a free and open-access website and shall identify: (A) the name of each bidder who submitted a bid; (B) bid prices as read out at bid opening; (C) the name of the bidder, and the evaluated price, of each bid that was evaluated; (D) the names of bidders whose bids were either rejected as non-responsive or not meeting qualification criteria, or not evaluated, with the reasons therefor; and (E) the name of the winning bidder and the final total contract price, as well as the duration and summary scope of the contract. Such publication shall be within two (2) weeks of receiving the Bank's no-objection to the award recommendation for contracts subject to the Bank's prior review, and within two (2) weeks of the Borrower or the Project Implementing Entity's award decision for contracts subject to the Bank's post review. The bidding documents shall disclose the newspaper in which and / or the electronic means by which the information on contract award will be published.
- (xix) The Borrower or the Project Implementing Entity / Entities, as the case may be, shall have in place an effective and independent protest mechanism for bidders to protest. The bidding documents shall provide the professional title and address of the official to whom such protests should be sent.

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection Based on the Consultants' Qualifications; (c) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; (d) Single-source procedures for the Selection of Individual Consultants; and (e) Single-source Selection of consulting firms.

**D. Review by the Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

**Section IV. Withdrawal of Loan Proceeds**

**A. General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<b>Category</b>	<b>Amount of the Loan Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be financed (inclusive of Taxes)</b>
(1) Goods, consultants' services, non-consulting services, Training and Incremental Operating Costs	21,945,000	100%
(2) Front-end Fee	55,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(3) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 2.08 (c) of this Agreement
<b>TOTAL AMOUNT</b>	<b>22,000,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date is July 31, 2021.

**ANNEX  
to SCHEDULE 2**

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

For the purposes of Section I.B.2 of Schedule 2 to this Agreement, the Implementation Agreement to be entered into by MOF and the CDM Center shall reflect, *inter alia*, the following terms and conditions:

1. For the purpose of assisting the Borrower with the carrying out of the Project, the Borrower, through MOF, shall make available to the CDM Center a part of the proceeds of the Loan received by the Borrower pursuant to Article II of the Loan Agreement, under terms and conditions acceptable to the Bank.
2. MOF shall have the right to suspend or terminate the right of the CDM Center to use and/or receive the proceeds of the Loan, upon failure by the CDM Center to perform any of its obligations under the Implementation Agreement.
3. The CDM Center shall undertake to:
  - (a) assist the Borrower, through MOF, in the carrying out of the Project with due diligence and efficiency and in accordance with appropriate management and financial practices, and social and environmental standards acceptable to the Bank, including the terms of the Operations Manual, 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; and
  - (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.
4. The CDM Center shall undertake, and assist the SIAs as applicable, to procure the 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 goods and services exclusively in the carrying out of the Project.
5. The CDM Center shall undertake to enable the Bank and the Borrower, through MOF, to inspect such sites, relevant records and documents as the Bank and/or the Borrower, through MOF, shall deem necessary.
6. The CDM Center 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 Borrower, through MOF, as soon as available, but in any case not later than six (6) months after the end of each fiscal year of the Borrower: (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 Borrower, through MOF, 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 Borrower, through MOF, shall reasonably request; and
- (d) assist the PMO to monitor and evaluate on an ongoing basis, in accordance with the performance indicators agreed between the Borrower and the Bank, the carrying out of the Project and the achievement of the objective thereof.



**SCHEDULE 3**

**Amortization Schedule**

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<b>Principal Payment Date</b>	<b>Installment Share (Expressed as a Percentage)</b>
15 October 2021	1.10 %
15 April 2022	1.13 %
15 October 2022	1.16 %
15 April 2023	1.18 %
15 October 2023	1.21 %
15 April 2024	1.24 %
15 October 2024	1.28 %
15 April 2025	1.31 %
15 October 2025	1.34 %
15 April 2026	1.37 %
15 October 2026	1.41 %
15 April 2027	1.44 %
15 October 2027	1.48 %
15 April 2028	1.52 %
15 October 2028	1.55 %
15 April 2029	1.59 %
15 October 2029	1.63 %
15 April 2030	1.67 %
15 October 2030	1.72 %
15 April 2031	1.76 %
15 October 2031	1.80 %
15 April 2032	1.85 %
15 October 2032	1.89 %
15 April 2033	1.94 %
15 October 2033	1.99 %
15 April 2034	2.04 %
15 October 2034	2.09 %
15 April 2035	2.14 %
15 October 2035	2.20 %
15 April 2036	2.25 %

15 October 2036	2.31 %
15 April 2037	2.36 %
15 October 2037	2.42 %
15 April 2038	2.48 %
15 October 2038	2.55 %
15 April 2039	2.61 %
15 October 2039	2.68 %
15 April 2040	2.74 %
15 October 2040	2.81 %
15 April 2041	2.88 %
15 October 2041	2.95 %
15 April 2042	3.03 %
15 October 2042	3.10 %
15 April 2043	3.18 %
15 October 2043	3.26 %
15 April 2044	3.34 %
15 October 2044	3.42 %
15 April 2045	3.60 %

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
- (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
  - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
- (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-

paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

## APPENDIX

### Section I. Definitions

1. "Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011.
2. "Bank's Safeguards Policies" means the operational policies and procedures for financing of development projects by the Bank at the date of this Agreement and relating to Environmental Assessment, Natural Habitats, Pest Management, Indigenous Peoples (Ethnic Minorities), Physical Cultural Resources, Involuntary Resettlement, Forests, Safety of Dam, Projects on International Waterways, and Projects in Disputed Areas, as published under [www.WorldBank.org/opmanual](http://www.WorldBank.org/opmanual).
3. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. "CDM Center" means the China Clean Development Mechanism Fund Management Center, a Public Service Unit Corporation operating under the People's Republic of China Organization Code, Organization code no. 71782033-X, which shall be responsible for assisting the PMO with the day-to-day implementation of the Project.
5. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
6. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for Loans", dated March 12, 2012.
7. "Implementation Agreement" means the agreement to be entered into between the Borrower, through MOF, and the CDM Center pursuant to Section I.B.2 of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written concurrence of the Bank, and such term includes all schedules supplemental to said agreement.
8. "Incremental Operating Costs" means the reasonable costs incurred by the PMO and the CDM Center for purposes of Project management and implementation, on account of office supplies and consumables, utilities, bank charges, communications, mass media and printing services, interpretation and translation services, vehicle rental, operation and maintenance, and insurance, building and equipment maintenance, local transportation, domestic travel, lodging, and subsistence allowances, salaries of contractual and temporary staff, but excluding salaries and any salary supplements of members of the Borrower's civil service.
9. "Ministry of Finance" and the acronym "MOF" mean the Borrower's Ministry of Finance, or any successor thereto.

10. "Operations Manual" means the Borrower's manual prepared on March 28, 2016, acceptable to the Bank, and to be formally issued by MOF no later than the Effective Date, providing, *inter alia*, for: (a) the institutional, implementation, supervision, monitoring and evaluation and reporting arrangements for the Project; (b) the eligibility and selection criteria, applicable norms and regulations, technical specifications and other implementation aspects of Subprojects; and (c) implementation guidelines for various Project activities, including financial management, procurement and disbursement aspects, as such manual may be revised from time to time with the prior written concurrence of the Bank; and such term includes all schedules supplemental to said manual.
11. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
12. "Procurement Plan" means the Borrower's procurement plan for the Project, dated March 25, 2016 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
13. "Project Management Office" and the acronym "PMO" mean the office established by the Borrower within its Ministry of Finance, comprising members of MOF's Policy Research Department and Department of International Economic and Financial Cooperation, and to be maintained according to the provisions of Section I.B.1 of Schedule 2 to this Agreement, which shall be responsible for the overall coordination, management, monitoring and reporting, and implementation of the Project, and any successor thereto.
14. "Subproject" means a technical assistance set of activities to be designed and carried out under the Project by a Subproject Implementing Agency in accordance with the criteria set forth in this Agreement and the Operations Manual, with the objective of enhancing institutional capacity building at the national level for the adoption and implementation of sound reform and development strategies, policies and implementation plans in selected thematic areas, under terms and conditions satisfactory to the Bank; and the term "Subprojects" means, collectively, all Subprojects.
15. "Subproject Implementing Agency" and the acronym "SIA" mean a department or unit of MOF, any of the Borrower's other ministries or departments, and other public agencies or entities as agreed with the Bank, which is responsible for implementing one or more Subprojects; and the term "Subproject Implementing Agencies" and the acronym "SIAs" means, collectively, all such implementing agencies.
16. "Subproject Management Team" means each of the teams to be appointed and maintained in each SIA pursuant to Section I.B.5 of Schedule 2 to this Agreement.
17. "Training" means the costs of training activities under the Project, based on annual work plans and budgets approved by the Bank, and attributable to seminars, workshops, scholarships, secondment programs, and domestic and overseas study tours, along with travel and subsistence allowances for training participants, services of trainers, rental of

training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation, but excluding salaries and any salary supplements of members of the Borrower's civil service.