Project Agreement

(Qinghai Xining Urban Transport Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

QINGHAI PROVINCE

Dated March 4, 2014
PROJECT AGREEMENT

Agreement dated March 4, 2014, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and QINGHAI 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, through Xining Municipality, 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, through Xining Municipality, 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 or such other person or persons as said Governor or Vice-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: INTBAFRAD
Telex: 248423(MCI) or 1-202-477-6391
Washington, D.C. 64145(MCI)

3.03. The Project Implementing Entity’s Address is:

6th Floor, 21st Century Building
13 Wusi Road,
Xining City
Qinghai 810001
People’s Republic of China

Facsimile:
0971-6134090

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

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By [Signature]
Authorized Representative

Name: Klaus Rohland
Title: Country Director, China

QINGHAI PROVINCE

By [Signature]
Authorized Representative

Name: Yang Yingying
Title: Deputy Director-General
International Department
Ministry of Finance
SCHEDULE

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, through Xining Municipality, shall maintain throughout the period of implementation of the Project an organizational structure for such purpose, which shall include, inter alia, the following entities with composition, powers, functions, funds, staffing, facilities and other resources acceptable to the Bank:

(a) a Project Leading Group to provide overall policy support for implementing the Project, ensure availability of counterpart funds, oversee the proper functioning of PCO and PMO, coordinate and enlist the support of all relevant agencies, and disseminate the experiences and lessons gained under the Project;

(b) the Project Coordination Office to carry out coordination of Project implementation among relevant agencies at the municipal level; and

(c) the Project Management Office to organize, manage and supervise the implementation of Project activities.

2. The Project Implementing Entity, through Xining Municipality, shall: (a) carry out activities under the Project during each year in accordance with an implementation plan agreed with the Bank; (b) prepare and furnish to the Bank by November 30 in each year, beginning in 2014, a draft annual implementation plan for review and comment, summarizing the implementation progress of the Project for the said year and the Project activities to be undertaken for the following calendar year, including the activities under the Resettlement Action Plan and the Environmental Management Plan, and the proposed annual budget for the Project; (c) taking into account the Bank’s comments, finalize and furnish to the Bank no later than December 31 in each year, beginning in December 31, 2014, the annual implementation plan, satisfactory to the Bank; and (d) thereafter, ensure the implementation of the Project during the following calendar year in accordance with the annual implementation plan in a manner satisfactory to the Bank. The Project Implementing Entity shall not, and shall cause Xining Municipality to not amend, suspend, abrogate, or waive said annual implementation plan or any provision thereof without the prior approval of the Bank.

B. Anti-Corruption

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

C. Safeguards

1. In carrying out the Project, the Project Implementing Entity, through Xining Municipality, shall:
(a) take all necessary actions to minimize, to the extent possible, any involuntary loss by persons of shelter, productive assets or access to productive assets or income or means of livelihood, temporarily or permanently, and the displacement of said people in the carrying out of the Project or any part thereof;

(b) where the acquisition of land or assets or the displacement of people is unavoidable, before initiating the implementation of any works which would result in such acquisition or displacement, make available to such people compensation and, as applicable, relocate and rehabilitate the Displaced Persons in accordance with the RAP and in a manner satisfactory to the Bank; and

(c) 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, prepare and submit to the Bank for its review, a resettlement action plan prepared in accordance with the principles and procedures set forth in the Resettlement Policy Framework and, thereafter, implement, or cause to be implemented, such Resettlement Action Plan in accordance with its terms and in a manner acceptable to the Bank.

2. The Project Implementing Entity, through Xining Municipality, shall implement the Safeguards Instruments in a manner and substance satisfactory to the Bank. Without limitation on the foregoing, the Project Implementing Entity shall ensure that each contract for works financed with the proceeds of the Loan shall include the obligations of the work contractors and any sub-contractor to comply with the relevant provision of the EMP.

3. The Project Implementing Entity, through Xining Municipality, shall not amend, suspend, or waive the Safeguards Instruments, or any provision thereof, without the prior written concurrence of the Bank.

4. The Project Implementing Entity, through Xining Municipality, shall maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the implementation of the Safeguards Instruments.

5. Without limitation to the provisions of paragraphs C.1 through C.4 of this Section or the provisions of paragraph A.1 of Section II below, the Project Implementing Entity, through Xining Municipality, shall take all measures necessary on its part to regularly collect, compile, and submit to the Bank, as part of the Project Reports, information on the status of compliance with the Safeguards Instruments, giving details of:

(a) measures taken in furtherance thereof;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation thereof; and

(c) remedial measures taken or required to be taken to address such conditions.
6. In the event of any inconsistency between the provisions of the Safeguards Instruments and the provisions of this Agreement or the Loan Agreement, the provisions of this Agreement and the Loan Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity, through Xining Municipality, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08(b) of the General Conditions and on the basis of the indicators set forth in the Results Framework. Each such Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank not later than March 15 and September 15 in each year.

2. Without limitation to the provisions of paragraph A.1 above, the Project Implementing Entity, through Xining Municipality, shall prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank no later than September 30, 2016, a consolidated mid-term 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 be taken to ensure the efficient completion of the Project and to further the objectives thereof.

3. The Project Implementing Entity, through Xining Municipality, 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 such Section.

B. Financial Management, Financial Reports, Audits

1. The Project Implementing Entity, through Xining Municipality, shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Project.

2. Without limitation on the provision of Part A of this Section, the Project Implementing Entity, through Xining Municipality, 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 semester, in form and substance satisfactory to the Bank.

3. The Project Implementing Entity shall have its financial statements and the financial statements of Xining Municipality referred to above 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 Entities. The audited financial statements for each period shall be furnished to the Borrower and the Bank not later than six (6) months after the end of the period.
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.