Loan Agreement

(Changzhi Sustainable Urban Transport Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated July 10, 2012
LOAN AGREEMENT

AGREEMENT dated 2012, 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 (as defined in the Appendix to this 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 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 one hundred million dollars ($100,000,000), as such anount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 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 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days (30), then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02(e) of the General Conditions.

2.05. The Payment Dates are April 15 and October 15 in each year.
2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

2.07. (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 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 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 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.

(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 Guideline.

(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 4.01(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.

ARTICLE III - PROJECT

3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall cause the Project to be carried out by the Project Implementing Entity (Sharxi) in accordance with the provisions of Article V of the General Conditions and the Project Agreement.

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 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 the Borrower's Minister of Finance.

5.02. The Borrower's Address is:

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

   Facsimile:
   (86-10) 6855-1125

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

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: 

Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to improve transport mobility in the central city of Changzhi in a safe, efficient and energy-saving manner for all users.

The Project consists of the following parts:

Part A: Integrated Corridor Improvement

1. Improvement of approximately 8 km of Yingxiong Road, 5 km of Chengxi Road, 8 km of Taihang Street, and 3 km of Fuhou Street corridors, including: (a) construction of bus lanes; (b) rehabilitation or construction of road surface, road markings and signs, non-motorized transport lanes and pedestrian walks, bus bays and stops, and exit and entrance access points; (c) junction channelization; (d) bridge reconstruction; (e) construction of protected safe pedestrian overpasses and mid-block crossings; and (f) greening, lighting and associated public works.

2. Construction of two (2) off-street parking facilities at the Jiahui Shopping Mall and Bayi Square, in accordance with the parking strategy and pricing policy to be developed under Part D of the Project.

3. Improvements and provision of cycling facilities along the Project corridors, including the carrying out of a small-scale publicly-shared bicycles demonstration program.

Part B: Intelligent Urban Transport Management System

1. Provision of area traffic control system and traffic command center equipment, provision of Traffic Enforcement Equipment, provision of traffic information system, and junction channelization at selected signalized junctions.

2. Provision of vehicles, and equipment, including on-board GPS devices, road marking vehicles and high-reach maintenance vehicles.
Part C: Public Transport Infrastructure

1. Construction of a transfer hub at Bayi Square, and two (2) bus depots at the current local bus company headquarters at North Yingxiong Road, and at Mafangtou in the southern part of the Changzhi city.

2. Upgrading of the Changzhi-owned local bus company dispatching center and bus dispatch information management system, installation of monitoring equipment, and provision of a passenger real-time service information system.

Part D: Institutional Capacity Development

1. Carrying out of public consultation, and road user education program.

2. Carrying out of: (a) a range of study tours and training activities for government officials and urban transport professionals; and (b) thematic studies, including one (1) on parking strategy and pricing policy.

3. Provision of Project implementation advisory and supervision services and Project management support.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Financing Arrangements

1. The Borrower shall make available the entire proceeds of the Loan to the Project Implementing Entity (Shanxi) under terms and conditions satisfactory to the Bank, including the following principal terms:

   (a) The principal amount shall be made available in Dollars.

   (b) The principal amount so made available (including an amount equal to the fee paid pursuant to Section 2.03 of this Agreement and any Premium for Interest Rate Caps or Interest Rate Collars paid pursuant to Section 2.07(c) of this Agreement and Section 4.05(c) of the General Conditions) shall be recovered over a period of twenty-five (25) years, inclusive of a grace period of five (5) years.

   (c) Interest shall be charged 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 2.04 of this Agreement.

2. The Borrower shall cause the Project Implementing Entity (Shanxi): (a) to manage, operate, monitor, transfer and reconcile the proceeds of the Loan made available to it pursuant to paragraph 1 above in accordance with arrangements and procedures satisfactory to the Bank; (b) to take, all required actions, including provision of timely consents and approvals as may be necessary, to facilitate the utilization of said Loan proceeds and the implementation of the Project, to enable the Borrower and the Project Implementing Entity (Shanxi) to comply with its undertakings under this Agreement and the Project Agreement; and (c) to maintain all relevant records and documents related to the Loan and the Project and provide promptly such documents and records, including all other information, as may be requested by the Borrower or the Bank from time to time.

B. 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 cause the Project Implementing Entity (Shanxi) to 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 referred to in paragraph A.1(b) of Section II of the Project Agreement. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank not later than one (1) month after the end of the period covered by such report.

2. The Borrower shall, not later than June 30, 2014, review with the Bank (mid-term review) the progress made in the implementation of the Project, together with any recommendations to the Bank, or the Project Implementing Entity (Shanxi) may have on the needs for Project restructuring.

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, as part of the Project Report, 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 months (6) after the end of such 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 the Schedule to the Project Agreement.
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.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works for the Project</td>
<td>53,400,000</td>
<td>50%</td>
</tr>
<tr>
<td>(2) Goods, Consultants services, Non-consulting services, Training, Study Tours and Workshops, and Incremental Operating Costs</td>
<td>46,350,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Front-end Fee</td>
<td>250,000</td>
<td>Amount payable pursuant to Section 2.03 of the Agreement in accordance with Section 2.07(b) of the General Conditions</td>
</tr>
<tr>
<td>(4) Interest Rate Cap or Interest Rate Collar premium</td>
<td>0</td>
<td>Amount due pursuant to Section 2.07(c) of this Agreement</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>100,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
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, except that withdrawals up to an aggregate amount not to exceed $20,000,000 equivalent may be made for payments made prior to this date but on or after September 28, 2011, for Eligible Expenditures under Categories (1) and (2).

2. The Closing Date is December 31, 2017.
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.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each April 15 and October 15 Beginning April 15, 2017 through October 15, 2036</td>
<td>2.50%</td>
</tr>
</tbody>
</table>

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 (2) 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


2. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


4. "Changzhi" means Changzhi Municipal Government in Shanxi (as hereinafter defined), or any successor thereto.

5. "CIU" means the Component Implementation Unit, referred to in paragraph I.B.1(c) of the Schedule to the Project Agreement.

6. "Displaced Persons" means persons who, on account of the execution of the Project, have experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such persons; and a "Displaced Person" means any of such Displaced Persons.

7. "Environmental Management Plan" and the acronym "EMP" means the Environmental Management Plan dated September 2011, duly adopted by the Project Implementing Entity and to be implemented by it for the purpose of carrying out the Project, which sets out the environmental protection measures in respect of the Project, as well as administrative and monitoring arrangements to ensure the implementation of said plans, as said plans may be revised from time to time with the prior written agreement of the Bank; and such term includes all schedules and agreements supplemental to such plan.

8. "Fiscal Year" means the fiscal year of the Borrower, covering the period January 1 through December 31.

10. “Incremental Operating Costs” means the incremental operating costs incurred by Changzhi Municipal Government on account of the implementation, management, monitoring and evaluation of the activities carried out under the Project, including office supplies and consumables, utilities, bank charges, communications, translation on services, mass media and printing services, vehicle rental, operation, maintenance, and insurance, office space rental, building and equipment maintenance, travel, lodging, and subsistence allowances, and salaries of contractual and temporary staff, but excluding salaries, allowances, and other salary supplements of staff of the civil service of the Borrower and Project Implementing Entity (as hereinafter defined).”


12. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated November 16, 2011, 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 Implementing Entity” means the Borrower’s Province of Shanxi, or any successor thereto.

14. “PMC” means the Project Management Centre, referred to in paragraph I.B.1(b) of the Schedule to the Project Agreement and being a unit established under the Changzhi Municipal Development and Reform Commission.

15. “PSG” means the Project Steering Group, referred to in paragraph I.B.1(a) of the Schedule to the Project Agreement.

16. “Resettlement Action Plan” or the acronym “RAP” means a Resettlement Action Plan to be prepared by Changzhi consistently with the RPF (as hereafter defined), for purposes of carrying out the Project, which plan shall set out, inter alia: (a) the principles and procedures governing the acquisition of land required for the Project and related facilities, including access roads, construction camps, borrow pits, spoil disposal sites, resettlement sites and quarries; (b) actions and measures for the payment of compensation to Displaced Persons and for their resettlement and rehabilitation; (c) the criteria and procedures for developing and implementing actions and measures, satisfactory to the Bank, for mitigating the adverse social impacts resulting from the implementation of activities in locations that are not directly identified in the RAP; and (d) reporting and monitoring arrangements to ensure compliance with said plan, as the same may be revised from time to time with the prior written agreement of the Bank; and such term includes all attachments and annexes supplemental to said plan.
17. "Resettlement Policy Framework" or the acronym "RPF" means the Resettlement Policy Framework dated 21 September 2011, prepared and adopted by Changzhi, acceptable to the Bank, and referred to in paragraph D of Section I of the Schedule to the Project Agreement; said Framework setting out the policies and procedures for the acquisition of land and other assets, compensation, resettlement and rehabilitation of Displaced Persons, and for the preparation of resettlement action plans as may be required for Project activities, as said Framework may be revised from time to time with the prior written concurrence of the Bank; and such term includes all schedules and agreements supplemental to said Framework.

18. "Shanxi" means the Borrower’s Province of Shanxi, or any successor thereto.

19. "Traffic Enforcement Equipment" means closed-circuit television cameras, GPS or other computer equipment to be installed on streets and/or in traffic police cars for the exclusive purpose of managing traffic violations and accidents.

20. "Training, Study Tours, and Workshops" means for purposes of Section IV of Schedule 2 to this Agreement, the reasonable cost, based on annual work plans and budgets approved by the Bank, of travel, lodging and per diem for trainees attending training, study tours, workshops and seminars and the cost of delivering training, such as services of trainers, rental of training space and training equipment and other costs, directly related to such training, study tours and workshops acceptable to the Bank.