Project Agreement

(Integrated Modern Agriculture Development Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

GANSU PROVINCE
HUNAN PROVINCE
JIANGXI PROVINCE
LIAONING PROVINCE
XINJIANG UYGUR AUTONOMOUS REGION
CHONGQING MUNICIPALITY

Dated February 7, 2014
PROJECT AGREEMENT

AGREEMENT dated February 14, 2014 entered into between the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"), and GANSU PROVINCE, HUNAN PROVINCE, JIANGXI PROVINCE, LIAONING PROVINCE, XINJIANG UYGUR AUTONOMOUS REGION and CHONGQING MUNICIPALITY (collectively "Project Implementing Entities") ("Project Agreement") in connection with the Loan Agreement of same date between PEOPLE’S REPUBLIC OF CHINA ("Borrower") and the Bank ("Loan Agreement"). The Bank and the Project Implementing Entities 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. Each Project Implementing Entity declares its commitment to the objective of the Project. To this end, each Project Implementing Entity shall: (a) carry out its Respective Parts of the Project in accordance with the provisions of Article V of the General Conditions; and (b) provide promptly as needed, the funds, facilities, services and other resources required for its Respective Parts of 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, each Project Implementing Entity shall carry out its Respective Parts of the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

3.01. Each Project Implementing Entity’s Representative is, respectively:

(a) for Gansu Province, the Governor or Vice Governor of Gansu, or such other person or persons as said Governor or Vice Governor shall designate in writing;

(b) for Hunan Province, the Governor or Vice Governor of Hunan, or such other person or persons as said Governor or Vice Governor shall designate in writing;

(c) for Jiangxi Province, the Governor or Vice Governor of Jiangxi, or such other person or persons as said Governor or Vice Governor shall designate in writing;

(d) for Liaoning Province, the Governor or Vice Governor of Liaoning, or such other person or persons as said Governor or Vice Governor shall designate in writing;
(e) for Xinjiang Uygur Autonomous Region, the Chairman or Vice Chairman of Xinjiang, or such other person or persons as said Chairman or Vice Chairman shall designate in writing; and

(f) for Chongqing Municipality, the Mayor or Vice Mayor of Chongqing or such other person or persons as said Mayor or Vice Mayor 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 64145(MCI)
Facsimile: 1-202-477-6391

3.03. Each Project Implementing Entity’s Address is:

**For Gansu Province:**
Gansu Office of Comprehensive Agriculture Development
Room 828, No.696, Donggang West Road
Lanzhou City
Gansu Province.
Post Code: 730000

**For Hunan Province:**
Hunan Office of Comprehensive Agriculture Development
Room No. 1505
Hunan Provincial Finance Department Office Building
No. 1, Chengnan West Road,
Changsha City,
Hunan Province.
Post Code: 410015

**For Jiangxi Province:**
Jiangxi Office of Comprehensive Agriculture Development
No. 198, Keji Road,
High and New Technology Development District,
Nanchang City,
Jiangxi Province
Post Code: 330029.

**For Liaoning Province:**
Liaoning Office of Comprehensive Agriculture Development
No. 103, Nanjing North Street
Heping District
Shenyang City
Liaoning Province
Post Code: 110002

For Xinjiang Uygur Autonomous Region
Xinjiang Office of Comprehensive Agriculture Development
No. 16, Mingde Road
Tianshan District
Urumchi City
Xinjiang Uygur Autonomous Region
Post Code: 830002

For Chongqing Municipality
Chongqing Office of Comprehensive Agriculture Development
Floor 29, No. 3-1, Jianxin East Road
Jiangbei District
Chongqing Municipality
Post Code: 400020
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: Klaus Henschel
Title: Country Director - China

GANSU PROVINCE

By

Authorized Representative

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

HUNAN PROVINCE

By

Authorized Representative

Name: Yang Yingming
Title: Deputy Director - General
International Department
Ministry of Finance
JIANGXI PROVINCE

By

Authorized Representative

Name: Yang Yingming

Title: Deputy Director-General

International Department

Ministry of Finance

LIAONING PROVINCE

By

Authorized Representative

Name: Yang Yingming

Title: Deputy Director-General

International Department

Ministry of Finance

XINJIANG UYGUR AUTONOMOUS REGION

By

Authorized Representative

Name: Yang Yingming

Title: Deputy Director-General

International Department

Ministry of Finance

CHONGQING MUNICIPALITY

By

Authorized Representative

Name: Yang Yingming

Title: Deputy Director-General

International Department

Ministry of Finance
SCHEDULE - Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Throughout the period of implementation of its Part of the Project, each Project Implementing Entity shall maintain, and cause to be maintained, the following organizations, with terms of reference, powers, functions, and other resources satisfactory to the Bank, including competent staff in adequate numbers:

(a) a Project Leading Group, at the provincial, municipal, and the county levels, as applicable, for purposes of providing leadership, policy guidance, and interagency coordination during implementation of the Project.

(b) A Project Management Office at the provincial, municipal, and the county levels, as applicable, for purposes of day-to-day implementation of the Project, including, among other things, reviewing annual work plans and budgets and ensuring quality control under the Project.

(c) Mobile Expert Teams within each Project Management Office at the provincial, municipal and county levels, as applicable, composed of experts in water conservation, engineering, agronomy, horticulture, agro forestry, climate change, research and extension, meteorology, and environmental sciences, selected using criteria acceptable to the Bank,

2. The Mobile Expert Teams shall provide expert advisory services to the Project Management Offices at the provincial, municipal and county levels, as applicable, and to other Project stakeholders on technical and institutional matters, to facilitate Project implementation.

3. Each Project Implementing Entity shall ensure that staff from its technical agencies provide assistance, as required, to the Project Management Offices during Project implementation.

B. Implementation Arrangements

1. Each Project Implementing Entity shall: (a) carry out its Respective Parts of the Project in accordance with the Project Implementation Plan, and in a manner satisfactory to the Bank; and (b) not amend, suspend, or waive the said plan or any part thereof without the prior written agreement of the Bank. In the event of any inconsistency between the Project Implementation Plan and this Agreement, the provisions of this Agreement shall prevail.

2. Each Project Implementing Entity shall:

(a) furnish to the Borrower in a timely manner for review, consolidation and finalization as provided for in Schedule 2. Section 1 Part C.2 of the Loan
Agreement, an annual work plan for its Respective Parts of the Project for the following calendar year including a proposed annual work program, procurement plan and budget for Project activities; and

(b) carry out, or cause to be carried out, the activities for its Respective Parts of the Project in accordance with each finalized annual work plan and budget.

3. Each Project Implementing Entity, through the relevant local county water resources bureau, shall ensure that:

(a) no new tube wells shall be financed under the Project; and

(b) investments in existing tube wells shall not result in net increase in volume of ground water extracted for irrigation use or in evapotranspiration.

C. Terms and conditions of Sub-grants under the Project

1. Each Project Implementing Entity shall make Sub-grants to Beneficiaries for Establishment Costs in accordance with eligibility criteria, terms, conditions and procedures set out in the Project Implementation Plan, including the following:

(a) such Sub-grants shall reimburse Beneficiaries for their establishment and operation under Part 3 (b) of the Project; and

(b) sub-grants shall be based on actual expenditures.

D. Anti-Corruption

Each Project Implementing Entity shall ensure that its Respective Parts of the Project are carried out in accordance with the provisions of the Anti-Corruption Guidelines.

E. Safeguards and Dam Safety

1. For the purposes of ensuring that the Project is implemented in accordance with sound environmental and social practices and standards, each Project Implementing Entity, in the carrying out its Respective Parts of the Project, shall:

(a) implement, as applicable, the Environmental Management Plan, the Pest Management Plans, the Ethnic Minorities Development Plan, and the Resettlement Policy Framework, all in a manner satisfactory to the Bank; and

(b) furnish to the Borrower and the Bank any revisions to such instruments for the Borrower and the Bank’s prior written approval, thereafter, implement the revised instruments in a manner satisfactory to the Bank. In the event of any inconsistency between the Safeguards Instruments and this Agreement, the provisions of this Agreement shall prevail.

2. Each Project Implementing Entity shall ensure that the bidding documents and each contract for civil works to be financed out of the proceeds of the Loan include the
obligation of the relevant contractors to comply with the provisions of the Environmental Management Plan.

3. Without limitation upon the provisions of Paragraph 1 above, each Project Implementing Entity shall:

(a) take all measures to avoid or minimize potential adverse social impacts from the Project on local communities. In particular, each Project Implementing Entity shall ensure that: (i) villages and households shall participate in the Project on a voluntary basis; and (ii) resource access restrictions shall be decided through a voluntary and participatory process;

(b) in the selection of sites to carry out works under the Project, 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;

(c) in the event that said works would give rise to Displaced Persons, prior to commencing such works, prepare a resettlement action plan satisfactory to the Bank, in accordance with the policies and procedures in the Resettlement Policy Framework, and thereafter, implement the resettlement action plan so approved by the Bank; and

(d) furnish to the Bank any revisions proposed to be introduced into any of said resettlement action plans in order to achieve its objectives and, thereafter, introduce such revisions into such plans as shall have been agreed with the Bank.

4. Throughout Project implementation each Project Implementing Entity shall, with respect to the Project Dams in its jurisdiction:

(a) (i) periodically inspect and evaluate the safety status of the Project Dams, their appurtenances and performance history;

(ii) review and evaluate the compliance of said dams' operation and maintenance procedures with the related national standards and the Bank’s Policy on Safety of Dams; and

(iii) prepare and provide written reports of findings and recommendations for any remedial work to ensure the safety of the Project Dams;

(b) in the event substantial remedial work is determined to be required, make arrangements for said work to be designed and supervised by qualified engineers acceptable to the Bank; provided that, in respect of dams of a height of fifteen (15) meters or more, the concerned Project Implementing Entity, shall:

(i) prepare and provide to the Bank for its review and comment, detailed plans for construction supervision and quality assurance, for
instrumentation, operation and maintenance, and for emergency
preparedness;

(ii) implement, and cause to be implemented, said plans in a manner
satisfactory to the Bank; and

(iii) following completion of construction, carry out and report to the Bank on
periodic safety inspections of said dams; and

(c) not later than March 31 in each calendar year, beginning on March 31, 2015,
furnish to the Bank for its review and comments, an annual report, prepared in
accordance with guidelines acceptable to the Bank, on the safety status of the
Project Dams and summarizing the actions taken in said year and the actions
proposed to be taken in the following calendar year in respect of any remedial
works or safety measures recommended by the Bank for the relevant dams, with
the objective of ensuring that the physical works completed or to be completed
under the Project are not at risk.

5 Without limitation upon their other reporting obligations under Section II, Part A of this
Schedule, each Project Implementing Entity shall take all measures necessary to regularly
collect and compile, and submit to the Borrower for onward transmission to the Bank, as
part of the annual reports referred to in Schedule 2, Section II, Paragraph A.2 (b) of the
Loan Agreement, information on the status of compliance with the Safeguards
Instruments, providing details of:

(a) measures taken in furtherance of said Instruments;

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

(c) remedial measures taken or required to be taken to address such conditions.

Section II. Project Monitoring, Reporting and Evaluation.

A. Project Reports

1. Each Project Implementing Entity shall monitor and evaluate the progress of its
Respective Parts of the Project and prepare Project Reports for its Respective Parts of the
Project in accordance with the provisions of Section 5.08 (b) of the General Conditions
and on the basis of indicators agreed with the Bank and set forth in Project
Implementation Plan.

2. For the purposes of the preceding paragraph and Section 5.08 (b) of the General
Conditions, each Project Implementing Entity shall prepare the following reports for its
Respective Parts of the Project:

(a) semi-annual reports summarizing the physical and financial progress of the
Project in respect of the preceding calendar semester to be prepared by each
CPMO and sent to the PPMO, as appropriate, for compiling and verification, and thereafter furnished to the Borrower in a timely manner to enable consolidation and confirmation and onward transmission to the Bank as provided for Schedule 2, Section II to Loan Agreement;

(b) annual reports presenting the results of the monitoring and evaluation activities carried out by it in respect of the preceding calendar year, based on the agreed monitoring indicators; and the results of social and environmental safeguards monitoring, soil fertility monitoring, and groundwater monitoring, and setting out the measures recommended to ensure the efficient carrying out of its Respective Parts of the Project and to further the objectives thereof during the then current calendar year to be furnished to the Borrower in a timely manner to enable consolidation and onward transmission to the Bank as provided for Schedule 2, Section II to Loan Agreement; and

(c) a mid-term report: (i) summarizing, among other things, the problems and issues encountered during Project implementation, revised cost estimates, proposed revised activities, the results of the monitoring and evaluation (including lessons learned) carried out by it from the inception of the Project; (ii) an impact evaluation assessment of Project interventions on Project beneficiaries based on representative surveys; and (ii) setting out the measures recommended to ensure efficient implementation of its Parts of the Project so as to achieve the Project objectives during the period following the date of such report; to be furnished to the Borrower, not later than October 31, 2016 or such other date as the Bank and the Borrower shall agree, for consolidation and onward transmission to the Bank.

3. After furnishing each said report, review the same with the Borrower and the Bank, and thereafter, promptly take all measures in relation thereto as shall have been agreed between the Borrower and the Bank and such Project Implementing Entity.

4. Each Project Implementing Entity shall provide to the Borrower, in a timely manner, all such information as the Borrower or the Bank shall reasonably request for the purposes of the Completion Report.

B. Financial Management, Financial Reports and Audits

1. Each Project Implementing Entity shall maintain or cause to be maintained a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to its Respective Parts of the Project.

2. Without limitation on the provisions of Part A of this Section, each Project Implementing Entity shall, in a timely manner, prepare and furnish to the Borrower for consolidation and onward transmission to the Bank as provided for in Schedule 2, Section II of the Loan Agreement, interim unaudited financial reports for its Respective Parts of the Project covering the semester, in form and substance satisfactory to the Bank.
3. Each Project Implementing Entity shall have its financial statements 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 fiscal year of the Project Implementing Entity.

4. 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 months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Bank.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works 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, Works and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

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

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 which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection based on Consultants' Qualifications; (c) Single-
source Selection of consulting firms; and (d) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants.

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.