Project Agreement

(Guizhou Cultural and Natural Heritage Protection and Development Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

GUIZHOU PROVINCE

Dated June 26, 2009
PROJECT AGREEMENT

AGREEMENT dated June 26, 2009, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and GUIZHOU PROVINCE ("Guizhou" or "Project Implementing Entity") ("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 Guizhou 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 the Project Agreement have the meanings ascribed to them in the Loan Agreement or the General Conditions.

ARTICLE II – PROJECT

2.01. Guizhou declares its commitment to the objectives of the Project. To this end, Guizhou shall:

(a) carry out, and cause the Project Participants to carry out, the Project in accordance with the provisions of Article V of the General Conditions, as well as the provisions of the Operation Manual for Community Participation; and

(b) provide, and cause to be provided, 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 Guizhou shall otherwise agree, Guizhou shall carry out, and cause to be carried out, the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III – REPRESENTATIVE; ADDRESSES

3.01. Guizhou’s Representative is its Governor or a Vice Governor or such other person or persons as said Governor or a Vice Governor shall designate in writing, and Guizhou shall furnish to the Bank sufficient evidence of the authority and the authenticated specimen signature of each such person.
3.02. 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: INTBAFRAD  
Telex: 248423(MCI) or 64145(MCI)  
Facsimile: 1-202-477-6391

3.03. Guizhou’s Address is:

Guizhou Provincial Tourism Bureau Project Management Office  
No. 242-5 North Zhonghua Road  
Guiyang, 550004  
Guizhou  
People’s Republic of China

Facsimile: 86-851-6825822

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

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ David Dollar  
Authorized Representative

GUIZHOU PROVINCE

By /s/ Huang Kangsheng  
Authorized Representative
SCHEDULE

Execution Of The Project

Section I. Implementation Arrangements

A. Project Management

1. Guizhou shall maintain, and cause to be maintained, for purposes of carrying out the Project, the following organizations, with terms of reference, staffing and other resources acceptable to the Bank, throughout the period of implementation of the Project:

   (a) At the provincial level:

      (i) The Provincial Project Leading Group, chaired by a Vice Governor of Guizhou, responsible for providing overall policy, financial, and institutional guidance on Project implementation and facilitating coordination among different implementing agencies.

      (ii) The Provincial Project Management Office (“PPMO”), established within the Guizhou Provincial Tourism Bureau, responsible for the following aspects of the Project: (A) developing annual work programs; (B) preparing consolidated Project progress and financial reports; (C) monitoring implementation progress and Project impacts; and (D) implementing Part 4 of the Project.

   (b) At the Project Participant and county levels:

      (i) The Project Leading Group responsible for providing overall policy, financial and institutional guidance on Project implementation and facilitating coordination among different implementing agencies at the Project Participant and county level respectively.

      (ii) The Project Management Office (“CPMO”), established within the tourism bureau of each Project Participant and county in which the Project will be implemented, responsible for coordinating day-to-day activities with PPMO, monitoring Project implementation within the prefecture, municipality or county concerned and preparing Project progress and financial reports for submission to the PPMO for consolidation. Additionally, a CPMO established at the county level is
responsible for the administration of the grant programs under Parts 1(c) and 1(d) of the Project.

(c) At each Project site, the Project Implementation Unit responsible for day-to-day Project implementation, construction supervision and management at said site.

B. Anti-Corruption

Guizhou shall carry out, and cause the Project Participants and the counties concerned to carry out the Project in accordance with the provisions of the Anti-Corruption Guidelines.

C. Resettlement, Environment Protection and Cultural Heritage Conservation

1. Guizhou shall:

   (a) take, and shall cause the Project Participants and the counties concerned to 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 in carrying out the Project;

   (b) for this purpose:

      (i) prior to the commencement of any works under the Project to implement the Resettlement Action Plan in a manner satisfactory to the Bank; and

      (ii) where modification or finalization of any Project activity design or works would give rise to Displaced Persons, prepare, and cause to be prepared, a resettlement action plan in accordance with the principles and procedures set forth in the Resettlement Policy Framework and, thereafter, provide said plan to the Bank for review and implement only such resettlement action plan as shall have been accepted by the Bank as being satisfactory; and

   (c) provide, and cause the Project Participants concerned to provide, to the Bank for its prior concurrence any proposed modification or waiver of the Resettlement Action Plan, Resettlement Policy Framework and any resettlement action plan prepared in accordance with said Framework and accepted by the Bank as being satisfactory, before putting into effect such modification or waiver.
2. Guizhou shall:

(a) implement and shall cause the Project Participants to implement, the Environmental Management Plan and Cultural Heritage Conservation Plan in a manner satisfactory to the Bank and designed to ensure that the Project is implemented in accordance with sound environmental and cultural heritage conservation practices and standards; and

(b) provide, and cause the Project Participants concerned to provide, to the Bank for its prior concurrence any proposed modification or waiver of the Environmental Management Plan and Cultural Heritage Conservation Plan, before putting into effect such modification or waiver.

3. Guizhou shall, and shall cause the Project Participants to:

(a) maintain policies and procedures adequate to enable them to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the implementation of the Environmental Management Plan, Cultural Heritage Conservation Plan, and Resettlement Action Plan and any resettlement action plan prepared in accordance with the Resettlement Policy Framework and the achievement of the objectives of said plans including, the engagement of experienced and qualified independent monitoring agencies acceptable to the Bank;

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank by February 15 and August 15 of each year, commencing on August 15, 2010, semi-annual reports of the results of the monitoring and evaluation activities with respect to plans referred to in sub-paragraph (a) above, together with any revisions proposed to be introduced into said plans in order to achieve their respective objectives; and

(c) introduce such revisions into said plans as shall have been agreed with the Bank.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. Guizhou shall monitor and evaluate the progress of the Project and prepare Project Reports for the Project 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 Annex to this Schedule. Each such Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank by February 15 and August 15 of each year, commencing on August 15, 2010.
B. Financial Management, Financial Reports and Audits

1. Guizhou shall maintain a financial management system and prepare Project financial statements in accordance with consistently applied accounting standards acceptable to the Bank, in a manner adequate to reflect the operations, resources and expenditures related to the Project.

2. Guizhou shall have its Project 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 Project financial statements shall cover the period of one (1) fiscal year of Guizhou. 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 to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Schedule 2 to the Loan Agreement.

Section IV. Other Undertakings

Operation Manual for Community Participation

1. Guizhou shall: (a) carry out, and cause to be carried out, the Project in accordance with the Operation Manual for Community Participation; and (b) shall furnish to the Bank for its prior approval any proposed amendment to the provisions of the OMCP and, thereafter, put into effect only such amendments as shall have been agreed with the Bank.

Implementation of Part 1 of the Project

2. With respect to the implementation of Part 1 of the Project, Guizhou shall cause the following organizations to be established at each of the selected minority villages by September 15, 2009, with terms of reference, staffing and other resources acceptable to the Bank, as set out in the OMCP including:

(a) A Community Project Management Group (“CPMG”) to be responsible, among other things, for:

   (i) establishing working rules and administration regulations for the local community to decide on the choice, design and implementation of Project activities;
(ii) supervising the use of funds and Loan proceeds allocated to Project activities;

(iii) maintaining records of meetings, Project implementation progress, and fund allocation and disclosing said records to villagers on a regular basis;

(iv) entering into agreements with the CPMO concerned to coordinate implementation of the grant programs under Parts 1(c) and 1(d) of the Project; and

(v) preparing supervision reports for submission to the county-level CPMO.

(b) A Village Supervision Group to be responsible, among other things, for:

(i) ensuring that the CPMG and villagers adhere to the rules and regulations established under subparagraph (a)(i) above;

(ii) ensuring that opinions and recommendation of villagers are conveyed to the county-level CPMO and CPMG; and

(iii) preparing supervision reports for submission to the county-level CPMO.

Implementation of Parts 1(c) and 1(d) of the Project

3. Guizhou, through the Project Participant concerned, shall implement the grant program for the rehabilitation and conservation of traditional private houses under Part 1(c) of the Project in accordance with the provisions of the OMCP including, the following:

(a) Private House Annual Work Plan (“PHAWP”). The CPMO concerned shall:

(i) select traditional private houses and household beneficiaries through a participatory approach in accordance with procedures and selection criteria set out in the OMCP;

(ii) on an annual basis, set out in a PHAWP: (A) the list of traditional private houses so selected; (B) the details of the work to be carried out on each selected traditional private house; and (C) the estimated cost of said work and the amount of grant monies for said work proposed to be financed from proceeds of the Loan; and
(iii) furnish the PHAWP to the PPMO and the Bank for approval prior to commencement of said work.

(b) Private House Implementation Agreement (“PHIA”). Based on a PHAWP approved by the PPMO and the Bank, the CPMO shall sign an implementation agreement with the household beneficiary concerned for the rehabilitation and conservation of the selected traditional private house and on terms and conditions acceptable to the Bank. The PHIA shall include:

(i) the scope of the work to be carried out (“Private House Work”);

(ii) the total cost of said work, the amount of Loan proceeds to be used to finance said work (“Private House Grant”), and the amount of financial contribution to be made by the household;

(iii) the work implementation schedule;

(iv) the technical and construction standards to be followed;

(v) the supervision and final acceptance procedures to be followed;

(vi) the schedule of payments to the household and the conditions for such payments; and

(vii) undertakings by the household beneficiary to: (A) carry out the Private House Work with due diligence and efficiency, in accordance with sound financial and technical practices and consistent with safety, environmental and cultural preservation practices acceptable to the Bank; (B) provide promptly, as needed, resources required for purposes of the Private House Work; (C) maintain the private house concerned upon completion of works; (D) maintain adequate records and accounts relating to the Private House Work; (E) enable the CPMO and Bank to inspect the Private House Work; and (F) provide all such information as the CPMO or Bank may reasonably request regarding the Private House Work.

The CPMO shall exercise its rights in respect of each PHIA in such manner as to protect the interests of Guizhou, Borrower and the Bank, and to achieve the purpose of the Project.
(c) **Payment Schedule and Conditions.** The CPMO shall make available the Private House Grant to each household under a PHIA in two (2) installments as follows:

(i) the first installment, which shall be between 30% to 50% of the Private House Grant, upon the signing of the PHIA; and

(ii) the remainder of the Private House Grant upon the completion of the Private House Work as evidenced by a satisfactory inspection report issued by the CPMO.

(d) **Reviews and Disclosure.** The CPMO shall carry out regular reviews to verify the implementation of the Private House Work and use of Private House Grant proceeds and maintain records of such reviews, which records shall be made available to the public.

4. Guizhou, through the Project Participant concerned, shall implement the grant program for income generation activities that preserve and protect intangible cultural heritage under Part 1(d) of the Project in accordance with the provisions of the OMCP including, the following:

(a) **Intangible Cultural Heritage Annual Work Plan (“ICHAWP”).** The CPMO concerned shall:

(i) select the activities that preserve and protect intangible cultural heritage and village community beneficiary through a participatory approach and in accordance with procedures and selection criteria set out in the OMCP;

(ii) on an annual basis, set out in an ICHAWP: (A) the list of activities so selected; (B) the details of the activities to be carried out, including methods of implementation; and (C) the estimated cost of each activity and the types and amount of expenditure proposed to be financed from the proceeds of the Loan; and

(iii) furnish such ICHAWP to the PPMO and Bank for approval.

(b) **Intangible Cultural Heritage Implementation Agreement (“ICHIA”).** Based on a ICHAWP approved by the PPMO and Bank, the CPMO shall sign an ICHIA with the CPMG of the village concerned for carrying out the selected activities to preserve and protect intangible cultural heritage and on terms and conditions acceptable to the Bank. The ICHIA shall include:
(i) the list of selected activities for the protection and preservation of intangible cultural heritage to be carried out (“Intangible Cultural Heritage Activities”);

(ii) the total cost of said activities and the type and amount of reasonable expenditures to be financed from the proceeds of the Loan (“Intangible Cultural Heritage Grant”);

(iii) the activity implementation schedule;

(iv) the agreed outputs and the reporting and verification requirements;

(v) the schedule of payments to the village and conditions for such payments; and

(vi) undertakings by the CPMG to: (A) carry out the Intangible Cultural Heritage Activities with due diligence and efficiency, in accordance with sound financial and technical practices and consistent with cultural preservation practices acceptable to the Bank; (B) provide promptly, as needed, resources required for the Intangible Cultural Heritage Activities; (C) maintain adequate records and accounts relating to the Intangible Cultural Heritage Activities; (D) enable the CPMO and Bank to inspect the Intangible Cultural Heritage Activities; and (E) provide all such information on a timely basis as the CPMO or the Bank may reasonably request regarding the Intangible Cultural Heritage Activities.

The CPMO shall exercise its rights in respect of each ICHIA in such manner as to protect the interests of Guizhou, Borrower and the Bank, and to achieve the purpose of the Project.

(c) Payment Schedule and Conditions. The CPMO shall make available the Intangible Cultural Heritage Grant proceeds to each village under an ICHIA in two (2) installments as follows:

(i) the first installment, equal to 50% of the Intangible Cultural Heritage Grant, upon the signing of ICHIA; and

(ii) the remainder of the Intangible Cultural Heritage Grant when the agreed outputs stated in the ICHIA have been produced and as evidenced by a satisfactory inspection report issued by the CPMO.
(d) *Reviews and Disclosure.* The CPMO shall carry out six-monthly reviews to verify the implementation of Intangible Cultural Heritage Activities and use of Intangible Cultural Heritage Activities Grant, furnish to the Bank reports on such reviews, which reports shall also be made available to the public.

5. (a) A Private House Grant shall be eligible for financing out of the proceeds of the Loan only if: (i) said grant has been made pursuant to a PHAWP approved by the PPMO and the Bank pursuant to paragraph 3(a)(iii) above and the household beneficiary concerned has entered into a PHIA with the CPMO pursuant to paragraph 3(b) above; and (ii) payment under such grant complies with the procedures set out in the OMCP.

(b) An Intangible Cultural Heritage Grant shall be eligible for financing out of the proceeds of the Loan only if: (i) said grant has been made pursuant to a ICHAWP approved by the PPMO and the Bank pursuant to paragraph 4(a)(iii) above and the CPMG concerned has entered into a ICHIA with the CPMO pursuant to paragraph 4(b) above; and (ii) payment under such grant complies with the procedures set out in the OMCP.

**Rural Tourism Guidelines**

6. Guizhou shall cause the Project Participants to implement Guidance No.30 of 2007 issued by the Guizhou Provincial Party Commission and the Provincial Government on November 28, 2007, on safeguarding interests of ethnic minorities and their cultural heritage in the development of rural tourism and ensuring that ethnic minorities receive the benefits from tourism development.
## ANNEX to SCHEDULE
### Indicators
#### Arrangements for Results Monitoring

<table>
<thead>
<tr>
<th>Project Outcome Indicators</th>
<th>Baseline 2008</th>
<th>Target Values</th>
<th>Data Collection and Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Basha Miao village</td>
<td>1870</td>
<td>1920</td>
<td>1980</td>
</tr>
<tr>
<td>(b) Xiaohuang Dong village</td>
<td>1900</td>
<td>1950</td>
<td>2010</td>
</tr>
<tr>
<td>(c) Zengchong Dong village</td>
<td>1900</td>
<td>1950</td>
<td>2010</td>
</tr>
<tr>
<td>(d) Shiqiao Miao village</td>
<td>1920</td>
<td>1970</td>
<td>2030</td>
</tr>
<tr>
<td>(e) Wubao Miao village</td>
<td>1840</td>
<td>1890</td>
<td>1950</td>
</tr>
<tr>
<td>(f) Zhanliu Miao village</td>
<td>1820</td>
<td>1870</td>
<td>1930</td>
</tr>
<tr>
<td>(g) Huai’enpu Miao village</td>
<td>1850</td>
<td>1900</td>
<td>1960</td>
</tr>
<tr>
<td>(h) Jidao Miao village</td>
<td>1880</td>
<td>1930</td>
<td>1990</td>
</tr>
<tr>
<td>(i) Nanhua Miao village</td>
<td>2020</td>
<td>2080</td>
<td>2140</td>
</tr>
<tr>
<td>(j) Langde Upper Miao village</td>
<td>2100</td>
<td>2160</td>
<td>2220</td>
</tr>
<tr>
<td>(k) Xijiang Miao village</td>
<td>2050</td>
<td>2110</td>
<td>2170</td>
</tr>
<tr>
<td>(l) Tangan Dong village</td>
<td>1960</td>
<td>2010</td>
<td>2070</td>
</tr>
<tr>
<td>(m) Xiage Dong village</td>
<td>1950</td>
<td>2000</td>
<td>2060</td>
</tr>
<tr>
<td>(n) Zhaoxing Dong village</td>
<td>2020</td>
<td>2080</td>
<td>2140</td>
</tr>
<tr>
<td>(o) Shidong Miao village</td>
<td>2010</td>
<td>2070</td>
<td>2130</td>
</tr>
<tr>
<td>(p) Sanmeritang Dong village</td>
<td>1900</td>
<td>1950</td>
<td>2010</td>
</tr>
<tr>
<td>(q) Nanchan Buyi village</td>
<td>2260</td>
<td>2320</td>
<td>2390</td>
</tr>
</tbody>
</table>

¹ Responsibility for Data Collection may vary depending on local administrative measures and agreements.
### Target Values

<table>
<thead>
<tr>
<th>Intermediate Outcome Indicators</th>
<th>Baseline 2008</th>
<th>Target Values</th>
<th>Data Collection and Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cultural Heritage Protection</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Cumulative number of project sites with conservation work completed in line with approved conservation plans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Ancient towns</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(b) Minority villages</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>B. Cumulative number of youths trained for traditional arts and techniques</td>
<td>0</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td><strong>Natural Heritage Protection</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Number of natural heritage sites with improved access</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>B. Number of natural heritage sites with appropriate interpretation and signage in place</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Sustainable Tourism Management</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Number of tourists at gateway town tourist information centers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Jianhe</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(b) Leishan</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(c) Liping</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(d) Guiyang</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Intermediate Outcome Indicators</td>
<td>Baseline 2008</td>
<td>Target Values</td>
<td>Data Collection and Reporting</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>--------------</td>
<td>---------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>(a) Jianhe</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(b) Leishan</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(c) Liping</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(d) Guiyang</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>