Project Agreement

(HaJia Railway Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

CHINA RAILWAY CORPORATION

Dated May 8th, 2014
PROJECT AGREEMENT

Agreement dated May 18, 2014, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and CHINA RAILWAY CORPORATION ("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 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 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 General Manager or such other person or persons as said General Manager shall designate in writing, and the Project Implementing Entity 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, NW
Washington, DC 20433
United States of America
Cable: INTBAFRAD
Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391

3.03. The Project Implementing Entity’s Address is:

No. 10 Fuxing Road
Haidian District
Beijing 10084
People’s Republic of China

Facsimile:
+86 10 51848407

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 Rohland
Title: Country Director, China

CHINA RAILWAY CORPORATION

By
Authorized Representative

Name: Zou Junfa
Title: Director Materials Administration Department
SCHEDULE

Section I. Implementation Arrangements

A. Institutional and Implementation Arrangements

1. For the purpose of assisting the Project Implementing Entity with the carrying out of the Project, the Project Implementing Entity shall cause HRC to issue a commitment letter (the "Implementation Letter") prior to the Effective Date, under terms and conditions acceptable to the Bank, which shall include, inter alia, those set forth in the Annex to this Schedule.

2. The Project Implementing Entity shall exercise its rights under the Implementation Letter in such manner as to protect the interests of the Borrower and the Bank, and to accomplish the purposes of the Loan.

3. Throughout the implementation of the Project, the Project Implementing Entity shall maintain, and shall ensure that HRC maintains, adequate resources for the carrying out of Project activities, including an adequate number of staff acceptable to the Bank.

4. The Project Implementing Entity shall: (a) furnish to the Bank, for information, a prospective annual work and budget plan for the Project by December 15 of each year of Project implementation, commencing on December 15, 2014, including details on the planned program of activities, procurement plan and budget for the following calendar year; and (b) carry out, or cause to carry out, the Project activities in accordance with each approved annual work and budget plan.

5. The Project Implementing Entity shall engage, and/or cause HRC to engage, consultants in adequate numbers, with adequate expertise, terms of reference, qualifications and experience, as required for the appropriate implementation and/or supervision of the activities to be carried out under the Project.

6. The Project Implementing Entity shall cause HRC to construct the railway line under the Project, including installing the equipment, in accordance with appropriate implementation arrangements, technical standards, practices and specifications.

7. The Project Implementing Entity shall, and shall cause HRC to: (a) take all necessary actions, including provision of timely consents and approvals, to facilitate the implementation of the Project; and (b) maintain all relevant records and documents related to the Project and provide promptly such documents and records, including all other information, as may be requested by the Bank from time to time.
B. Anti-Corruption

The Project Implementing Entity shall ensure, and shall cause HRC to ensure, that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Safeguards

1. The Project Implementing Entity shall, and shall cause HRC as appropriate, to implement the Project in accordance with the Safeguards Instruments, all in a manner and substance satisfactory to the Bank.

2. The Project Implementing Entity shall maintain, and shall cause HRC to maintain, policies and procedures adequate to enable them to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the implementation of the Safeguards Instruments, and the achievement of the objectives of said instruments.

3. Without limitation to the provisions of Section I.C.1 herein, the Project Implementing Entity shall, and shall cause HRC, as appropriate, to:

   (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; and

   (b) where the acquisition of land or assets or the displacement of people is unavoidable, prior to the commencement of any civil works under the Project, to implement the RAP in accordance with its respective terms and in a manner satisfactory to the Bank or, as necessary, to 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, to implement, or cause to be implemented, such resettlement action plan in accordance with its terms and in a manner acceptable to the Bank.

4. Without limitation to the provisions of paragraph 3 above, in situations where any subsequent changes occur in alignment of the railway line under the Project, either during implementation or at the detailed design stage, resulting in changes in the severity of impacts, the Project Implementing Entity shall immediately notify the Bank, and in consultation with the Bank shall prepare, along with HRC, a supplementary RAP, consistent with the RPF, in a manner and a timeframe satisfactory to the Bank, including measures for villages severely affected by the Project, and to implement, and cause HRC to implement, the measures set out therein.

5. The Project Implementing Entity shall, by February 15 and August 15 of each year, commencing on August 15, 2014, furnish to the Bank semi-annual reports of monitoring and evaluation activities with respect to the Safeguards Instruments, together with any revisions proposed to be introduced into said plans in order to achieve their respective
objectives. The information on the status of compliance with the Safeguards Instruments shall provide details of:

(a) progress in the implementation of the Safeguards Instruments;

(b) measures taken in furtherance of the Safeguards Instruments;

(c) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments, including any grievance raised during implementation; and

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

6. The Project Implementing Entity shall ensure, and shall cause HRC to ensure, that each contract for civil works includes the obligation of the respective contractor to implement the EMP in accordance with their terms.

7. The Project Implementing Entity shall not amend, suspend, abrogate, fail to enforce, or waive the Safeguards Instruments or any provisions thereof without the prior written concurrence of the Bank. In the event of any inconsistency between the provisions of the Safeguards Instruments and the provisions of this Agreement, the provisions of this Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation.

A. Project Reports

1. The Project Implementing Entity 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 indicators agreed with the Bank and set forth in the Results Framework. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Borrower and the Bank not later than 45 days after the end of the period covered by such.

2. The Project Implementing Entity shall provide to the Bank, for its review and comment a Project implementation completion report (ICR) before the Closing Date, all in form and substance acceptable to the Bank.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain, and ensure that HRC maintains 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 and HRC, regarding the operations, resources and expenditures related to the Project.
2. The Project Implementing Entity shall prepare and furnish to the Bank, as part of the Project Report, 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, and cause HRC to 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. 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

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.
ANNEX A

to the
SCHEDULE

Principal Terms and Conditions of the
Implementation Letter

For the purposes of Section I.A.1 of the Schedule to this Agreement, the Implementation Letter to be issued by HRC shall reflect, inter alia, the following HRC obligations:

1. HRC shall undertake to:

   (a) assist the Project Implementing Entity in the carrying out of the Project with due diligence and efficiency and in accordance with appropriate management, financial, engineering practices, and social and environmental standards, acceptable to the Bank, including the Anti-Corruption Guidelines, and to provide, promptly as needed, the funds, facilities and other resources required for this purpose;

   (b) maintain, throughout Project implementation, staff in adequate numbers, terms of reference and qualifications, to be responsible for Project implementation; and

   (c) without limitation to the foregoing, to take all measures necessary to ensure that the Project be implemented in accordance with the Safeguards Instruments.

2. HRC shall undertake to procure any goods, works 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 utilize such goods and services exclusively in the carrying out of the Project.

3. HRC shall undertake to enable the Bank and the Project Implementing Entity to inspect such sites and works included in the Project, the operation thereof, and any relevant Project related records and documents as the Bank and the Project Implementing Entity shall deem necessary.

4. HRC shall undertake, throughout Project implementation, to:

   (a) maintain Project related records and accounts adequate to reflect its operations and financial condition in accordance with sound accounting practices;

   (b) have all Project-related financial statements (balance sheets, statements of income and expenses and/or 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 Project Implementing Entity as soon as available, but in any case not later than six (6) months after the end of each such year: (i)
certified copies of its financial statements for such year as so audited; (ii) an opinion on such statements by the auditors referred to in 4 (b) above, in such scope and detail as the Bank and/or the Project Implementing Entity shall have reasonably requested; and (iii) all such other information concerning said records and financial statements, as well as the audit thereof, as the Bank and/or the Project Implementing Entity shall reasonably request;

(d) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the performance indicators agreed between the Project Implementing Entity and the Bank, the carrying out of the Project and the achievement of the objective thereof; and

(e) Provide twice a year a report to the Project Implementing Entity on implementation progress by component, procurement, financial management, safeguards, in accordance with the requirements of the Safeguards Instruments, and on covenant compliance. Each such Project Report shall cover the period of one calendar semester, and shall be furnished through the Project Implementing Entity to the Borrower and the Bank not later than 45 days after the end of the period covered by such report.