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OFFICIAL DOCUMENTS

LOAN NUMBER 8166-CN

Loan Agreement

(Xinjiang Yining Urban Transport Improvement Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated July 13, 2012

LOAN AGREEMENT

AGREEMENT dated July 13, 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 amount 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead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 May 15 and November 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: (A) 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 (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding 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 or the Reference 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 or the Reference 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 Guidelines.

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

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 urban area of Yining Municipality, and to provide transport accessibility in the selected new areas of Yining Municipality, all in a safe, clean, and efficient manner.

The Project consists of the following parts:

Part A: Urban Road Improvement and Construction

1. Improvement of a total of about 30 km of selected urban roads in the existing road network.

2. Construction of a total of about 42 km new urban roads that support the urban land use development in the new city area.

3. Acquisition of road maintenance and auxiliary equipment.

Part B: Public Transport Infrastructure and Equipment

1. Construction of bus infrastructure facilities.

2. Establishment of an advanced bus dispatching system and integrated circuit card system.

3. Acquisition of a number of clean-energy buses.

Part C: Traffic Management and Road Safety

1. Establishment of a traffic command centre and installation of Traffic Enforcement Equipment.

2. Acquisition of an area traffic control system along with signal upgrade and junction channelization.

3. Improvement of corridors on Jiefang Road and Ahemaitijiang Road.

Part D: Institutional Capacity Development

1. Provision of technical assistance for Project implementation.

2. Carrying out of a series of training and study tours.

3. Provision of technical assistance for a number of thematic studies.

4. Provision of incremental operating costs for Project management.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Financing Arrangements

1. For the purposes of carrying out the Project, the Borrower shall make available the entire proceeds of the Loan to Xinjiang Uygur Autonomous Region, and shall cause Xinjiang Uygur Autonomous Region to make available, through the Yili Kazak Autonomous Prefecture, the entire proceeds to the Project Implementing Entity (Yining) 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 thirty (30) 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, through Xinjiang, cause the Project Implementing Entity (Yining): (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 (Yining) 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, through Xinjiang, cause the Project Implementing Entity (Yining) 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 A1(b) of Section II of the Schedule to 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.

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, through Xinjiang, cause the Project Implementing Entity (Yining) to 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 the Project's 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 (6) months 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.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Works for the Project	59,270,000	70%
(2) Goods, Consultants' Services, Non-consulting Services, Training, Study Tours and Workshops, and Incremental Operating Costs	36,280,000	100%
(3) Interest during implementation	4,200,000	100%
(4) Front-end Fee	250,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions
(5) Interest Rate Cap or Interest Rate Collar Premium	0	Amount due pursuant to Section 2.07(c) of this Agreement
TOTAL AMOUNT	**100,000,000**	

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 January 16, 2012, 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.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each May 15, and November 15 Beginning November 15, 2017, through May 15, 2042	2%

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 (1) 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

Definitions

1. "Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011.

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

3. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011.

4. "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.

5. "Environmental Management Plan" and the acronym "EMP" mean the Environmental Management Plan dated February 11, 2012, duly adopted by the Project Implementing Entity (Yining) 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 plan, as said plan 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.

6. "Ethnic Minorities Development Plan" or the acronym "EMDP" mean the Ethnic Minorities Development Plan dated January 19, 2012, adopted by the Project Implementing Entity (Yining) with the objective of avoiding cultural, social and economic adverse effects on ethnic minorities caused or likely to be caused by the Project, and through a process of informed consultation and participation, involving concerned ethnic minorities in the design and implementation of relevant Project activities so as to ensure that the benefits received by the ethnic minorities under the Project are in harmony with their economic, social and cultural preferences and protect their customary user rights, as said plan 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 said plan.

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

8. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for Loans", dated March 12, 2012.

9. "Incremental Operating Costs" means the incremental operating costs incurred by Yining (as hereinafter defined), 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, mass media, printing and translation 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 Borrower's and the Project Implementing Entity's (Yining's) civil service.

10. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011.

11. "Procurement Plan" means the Borrower's procurement plan for the Project, dated February 3, 2012, 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.

12. "Project Implementing Entity" means Yining (as hereinafter defined).

13. "Resettlement Action Plan" or the acronym "RAP" mean the Resettlement Action Plan dated January 28, 2012, prepared by the Project Implementing Entity (Yining) 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 the 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 schedules and agreements supplemental to the said plan.

14. "Traffic Enforcement Equipment" means closed-circuit television cameras, global positioning system, 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.

15. "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.

16. "Xinjiang" means the Borrower's Xinjiang Uygur Autonomous Region, or any successor thereto.

17. "Yili Kazak Autonomous Prefecture" means the Borrower's Yili Kazak Autonomous Prefecture in the Xinjiang Uygur Autonomous Region, or any successor thereto.

18. "Yining Municipality" means Yining Municipality in the Borrower's Xinjiang Uygur Autonomous Region, or any successor thereto.

19. "Yining" means the Government of Yining Municipality, or any successor thereto.