Project Agreement

(Jiangxi Poyang Lake Basin and Ecological Economic Zone
Small Town Development Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

JIANGXI PROVINCE

Dated May 17, 2013
PROJECT AGREEMENT

Agreement dated May 17, 2013, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and JIANGXI PROVINCE ("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 Governor or Vice Governor or such other person or persons as said Governor or Vice Governor 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. The Project Implementing Entity’s Address is:

Provincial Project Management Office of Jiangxi Poyang Lake Basin and Ecological Economic Zone Small Town Development Project
No. 3, West Road 2, Provincial Government Compound
Beijing West Road
Nanchang Municipality, Jiangxi Province, 330046
P.R. China

Facsimile:

0791-86212873

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

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

[Signature]

Authorized Representative

Name: Klaus Rohland
Title: Country Director, China

Jiangxi Province

By

[Signature]

Authorized Representative

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

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. Throughout the period of Project implementation, the Project Implementing Entity shall maintain, or cause to be maintained, the following groups and offices, with membership, terms of reference, staffing and other resources acceptable to the Bank:

   (a) Project Leading Groups, both at the provincial and county/city levels, that shall be responsible for providing coordination and policy guidance, reviewing annual work plans and budgets, ensuring inter-agency coordination, and ensuring smooth project implementation;

   (b) a Provincial Project Management Office responsible for inter alia, overall coordination, management and monitoring, annual budget and work plan preparation and review quality assurance, preparation of progress reports, and procurement and financial management of the Project; and

   (c) a County/City Project Management Office for each of the Project Participants, comprising officials and technical staff from all relevant local departments, and responsible for day-to-day management and implementation of the Project.

2. Throughout the implementation of the Project, the Project Implementing Entity shall apply, and shall cause the Project Participants to apply, the Project Implementation Plan in a timely and efficient manner satisfactory to the Bank. The Project Implementing Entity shall not amend, suspend, or waive said Project Implementation Plan or any provision or schedule thereof, without the prior written concurrence of the Bank. In the event of any inconsistency between the Project Implementation Plan, the Financial Management Manual, the Procurement Manual, the RAPs, the EMP, and those of this Agreement or the Loan Agreement, the provisions of this Agreement and the Loan Agreement shall prevail.

3. The Project Implementing Entity shall: (a) by July 15, 2013, furnish to the Bank, for approval, an initial work and budget plan covering the first eighteen months of Project implementation, including details on the planned program of activities, procurement plan and budget for such prospective period; (b) furnish to the Bank, for approval, 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 (c) carry out, or cause the Project Participants to carry out, the Project activities in accordance with each approved annual work and budget plan.

B. Anti-Corruption

The Project Implementing Entity shall ensure, and shall cause the Project Participants to ensure, that the Project is carried out in accordance with the provisions of the Anti-
Corruption Guidelines, including the provisions thereof that are applicable to the recipients of Loan proceeds other than the Borrower.

C. Safeguards

1. The Project Implementing Entity shall:

   (a) take, and shall cause the Project Participants 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, and the displacement of said people in the carrying out the Project; and

   (b) where the acquisition of land or assets or the displacement of people is unavoidable, before initiating the implementation of any works which would result in such acquisition or displacement, implement, and/or cause the relevant Project Participant to implement, the corresponding RAP in accordance with its respective terms and in a manner satisfactory to the Bank.

2. During the period of Project implementation, the Project Implementing Entity shall carry out any Project activities, and shall cause each Project Participant to carry out any Project activities, in accordance with the Mianjiang River EIA and/or the EMP, as applicable, as well as with the respective ECOP, in a manner satisfactory to the Bank and ensuring that the Project is implemented in accordance with sound environmental practices and standards. Without limitation to the foregoing, the Project Implementing Entity shall ensure that each contract for works financed with the proceeds of the Loan shall include the obligations of the works contractors and any sub-contractor to comply with the relevant provisions of the Mianjiang River EIA and/or the EMP, as applicable, as well as the relevant ECOP.

3. The Project Implementing Entity 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 Mianjiang River EIA and/or the EMP, as applicable, the relevant ECOPs and RAPs, as well as the achievement of the objectives of said instruments, including the engagement of experienced and qualified independent monitoring agencies acceptable to the Bank; and

   (b) prepare (as part of the Project Reports), under terms of reference satisfactory to the Bank, and furnish to the Bank by February 15 and August 15 of each year, commencing on February 15, 2014, semi-annual reports of the results of the monitoring and evaluation activities with respect to the Mianjiang River EIA, the EMP, and the relevant ECOPs and RAPs referred to in sub-paragraph (a) above, together with any revisions proposed to be introduced into said instruments in order to achieve their respective objectives. The information on the status of compliance with the Mianjiang River EIA, the EMP and the RAPs shall provide, inter alia, details of:
(i) measures taken in furtherance;

(ii) conditions, if any, which interfere or threaten to interfere with a smooth implementation of the Project; and

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

4. Throughout Project implementation the Project Implementing Entity shall:

(a) provide all necessary support and cooperation to enable a Bank dam safety expert to: (i) periodically inspect and evaluate the safety status of the Shankouyan and Qiaolin 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 Shankouyan and Qiaolin dams; and

(b) no later than December 15 in each year, beginning in December 15, 2013, furnish to the Bank for its review and comment a draft annual dam safety action plan, 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 Shankouyan and Qiaolin dams, with the objective of ensuring that the physical works completed or to be completed under the Project are not at risk.

5. Neither the Project Implementing Entity, nor any of the Project participants shall amend, abrogate or waive any provision of the Mianjiang River EIA, the EMP, the ECOPs or the RAPs without the prior written agreement of the Bank. In the event of any inconsistency between the provisions of said instruments, and those of this Agreement or the Loan Agreement, the provisions of this Agreement and the Loan Agreement shall prevail.

D. Financial Arrangements

1. The Project Implementing Entity shall allocate to each Project Participant a portion of the Loan under arrangements satisfactory to the Bank, which shall include, without limitation, the following principal terms:

(a) The Project Implementing Entity shall make available the principal amount, which has been allocated to each Project Participant, in Dollars (on the date, or respective dates, of withdrawal from the Loan Account) of the value of the currency or currencies so withdrawn on account of the Project (in whole or part) to be implemented within the jurisdiction of the Project Participant.

(b) The Project Implementing Entity shall recover such principal amount so made available (including the fee paid pursuant to Section 2.03 of the Loan Agreement) over a period of twenty five (25) years, inclusive of a grace period of eight (8) years.
The Project Implementing Entity shall charge interest 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 the Loan Agreement.

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 Project Implementation Plan. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than 45 days after the end of the period covered by such report.

2. The Project Implementing Entity shall provide to the Bank, for its review and comment: (a) a mid-term review report to the Bank by March 1, 2016; (b) a Project implementation completion report (ICR) before the Closing Date, all in form and substance acceptable to the Bank; and (c) no later than one month after the submission of the report referred to in (a) above, take all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of the said report and the Bank’s views on the matter.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain 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 the Project.

2. The Project Implementing Entity shall prepare and furnish to the Bank, as part of the Project Report, not later than 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 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. 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.