Project Agreement

(Jiangxi Integrated Rural and Urban Water Supply and Wastewater Management Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

JIANGXI PROVINCE
AGREEMENT 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 the Signature Date ("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) apply
to and form 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 objectives of the
Project. To this end, the Project Implementing Entity shall: (a) carry out, and cause
the Provincial Water Investment Group to carry out, the Project in accordance with
the provisions of Article V of the General Conditions and the Schedule to this
Agreement; and (b) provide, or cause to be provided, promptly as needed, the
funds, facilities, services and other resources required for the Project.

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 shall designate in
writing.

3.02. For purposes of Section 10.01 of the General Conditions: (a) the Bank’s address
is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and
(b) the Bank’s Electronic Address is:

Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391

3.03. For purposes of Section 10.01 of the General Conditions: (a) the Project Implementing Entity’s address is:

999 Wolong Road
Jiangxi Provincial Administration Center, Honggutan New Area
Nanchang Municipality
Jiangxi Province
People’s Republic of China
and

(b) the Project Implementing Entity’s Electronic Address is:

Facsimile: +86 791 88915485
AGREED, as of the latest of the two dates written below.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: Bart Hoffman
Title: Country Director, China
Date: July 11, 2018

JIANGXI PROVINCE

By

Authorized Representative

Name: Wang Zhengying
Title: Deputy Director General
Date: Ministry of Finance

International Economics and Financial Cooperation Department
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. In order to ensure the proper carrying out of the Project, the Project Implementing Entity shall maintain, and cause to be maintained throughout the period of implementation of the Project, the following entities with composition, powers, functions, staffing, facilities and other resources acceptable to the Bank, as further detailed in the Project Implementation Plan:

(a) Provincial Project Leading Group, chaired by deputy director general of Jiangxi Provincial Water Resources Department and with deputy general manager of the Provincial Water Investment Group serving as deputy chair, responsible for, inter alia, overall Project leadership, inter-agency coordination, policy direction, and strategic guidance.

(b) Provincial Project Management Office, serving as an executive office of the Provincial Project Leading Group and responsible for, inter alia, monitoring the progress of project management and implementation and reporting the existing or potential issues and problems to the Provincial Project Leading Group.

(c) Provincial Project Implementing Unit established in the Provincial Water Investment Group and responsible for, inter alia, day-to-day Project management and implementation.

(d) County Project Leading Group for each of the Project Counties headed by its county mayor or vice mayor and comprising various government line bureaus to be responsible for guiding and coordinating important matters associated with Project development at the respective Project County (such as protection of water sources, land acquisition, resettlement, water tariff adjustments and facilitating implementation of infrastructure activities).

(e) County Project Implementing Unit for each of the Project Counties, comprising technical and managerial staff from PWIG branches at the county level, and responsible for day-to-day management and implementation of Part 1 of the Project at the respective Project County.

(f) Water Affairs Group in the Provincial Water Investment Group to be primarily responsible for the implementation of Part 1(c) of the Project.
(Smart Water Supply Management System) as other activities related to expansion and rehabilitation of water supply under Part 1 of the Project.

(g) Ecological Protection Group in Provincial Water Investment Group to be primarily responsible for the implementation of Part 2 of the Project (demonstration of rural wastewater management services).

(h) Technical Expert Panel Unit comprising technical specialists – in, inter alia, water supply, waste water management, dam safety, procurement management, financial management environmental and social safeguard - and responsible for providing technical support to the Provincial Project Implementing Unit.

(i) Global Expert Group comprising technical specialists - in inter alia ICT and smart data systems, water sector information applications, and water leak detection and control - and responsible for providing technical support to the Water Affairs Group.

(j) Provincial Water Investment Group to be responsible for implementing the Project.

2. For the purpose of assisting the Project Implementing Entity with the carrying out of the Project, the Project Implementing Entity shall enter into agreement (the “Subsidiary Agreement”) with Provincial Water Investment Group, under terms and conditions acceptable to the Bank, which shall include those set forth in the Annex to this Schedule. The Subsidiary Agreement will be entered into after the signature of the Project Agreement.

3. The Project Implementing Entity shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Borrower and the Bank, and to accomplish the purposes of the Loan, and except as the Bank shall otherwise agree, not assign, amend, abrogate or waive the Subsidiary Agreement or any provision thereof.

4. Throughout the implementation of the Project, the Project Implementing Entity shall carry out the Project in accordance with the Project Implementation Plan in a timely and efficient manner acceptable 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 agreement of the Bank. In the event of any inconsistency between the provisions of the Project Implementation Plan and those of this Agreement or the Loan Agreement, the provisions of this Agreement and the Loan Agreement shall prevail.

5. The Project Implementing Entity shall: (a) ensure that Provincial Water Investment Group prepares a draft consolidate annual work plan and budget summarizing the
Project activities proposed to be undertaken in the following calendar year and the related proposed budget including the amount of counterpart funds to be made available for such purposes; (b) furnish to the Bank, for its review and comments, the said annual work plan and budget by September 30 in each year, beginning in calendar year 2018; (c) taking into account the Bank’s comments, finalize and furnish to the Bank, no later than December 31 in each year beginning in calendar year 2018, the annual work plan and budget acceptable to the Bank (Annual Work Plan); and (d) thereafter ensure the implementation of the Project during the following calendar year in accordance with the Annual Work Plan agreed with the Bank and in a manner acceptable to the Bank. The Project Implementing Entity shall not amend, suspend, abrogate, or waive said Annual Work Plans or any provision thereof without the prior written agreement of the Bank.

B. Safeguards

1. In carrying out the Project, the Project Implementing Entity shall, and shall cause Provincial Water Investment Group 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, before initiating the implementation of any works which would result in such acquisition or displacement, make available to such people compensation and, as applicable, relocate and rehabilitate the Project Affected Persons in accordance with the Resettlement Action Plan and in a manner acceptable to the Bank.

2. The Project Implementing Entity shall, and shall cause the Provincial Water Investment Group to implement the Safeguards Instruments in a manner and substance acceptable to the Bank. Without limitation on the foregoing, the Project Implementing Entity shall ensure that each contract for works under the Project includes the obligations of the work contractors and any sub-contractor to comply with the relevant provisions of the applicable Safeguards Instrument(s), as the case may be.

3. The Project Implementing Entity shall ensure that all studies and technical assistance to be supported under the Project are carried out under terms of reference acceptable to the Bank, and that such terms of reference are consistent with, and pay due attention to, the Bank’s Safeguards Policies.
4. The Project Implementing Entity shall not amend, suspend, or waive the Safeguards Instruments, or any provision thereof, without the prior written concurrence of the Bank.

5. The Project Implementing Entity shall maintain policies and procedures adequate to enable them to monitor and evaluate the implementation of the Safeguards Instruments and achievement of these instruments.

6. Without limitation to the provisions of paragraphs 1 through 5 of this Section I.B, or the provisions of Section II.A below, the Project Implementing Entity shall take all measures necessary on its part to regularly collect, compile and submit to the Bank, as part of the Project Reports, information on the status of compliance with the Safeguards Instruments, giving details of:
   (a) measures taken in furtherance thereof;
   (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation thereof; and
   (c) remedial measures taken or required to be taken to address such conditions.

7. In the event of any inconsistency between the provisions of the Safeguards Instruments and the provisions of this Agreement or the Loan Agreement, the provisions of this Agreement and the Loan Agreement shall prevail.

C. Dam Safety

1. For overseeing of implementation of dam safety measures of each Project Dam, the Project Implementing Entity shall:
   (a) no later than two months after the Effective Date, recruit and retain an Independent Expert with qualifications, and under the terms of reference, acceptable to the Bank;
   (b) cause the Independent Expert to perform periodic dam safety inspections of the Project Dams pursuant to the terms of reference, and in a manner, acceptable to the Bank;
   (c) inform the Bank of the dates of the field visits of the Independent Expert to enable the Bank to send an observer to such Independent Expert’s debriefings;
   (d) promptly provide to the Bank a copy of each report prepared by the Independent Expert; and
(e) unless otherwise agreed by the Bank, promptly and diligently implement
dam safety measures recommended by the Independent Expert.

2. The Project Implementing Entity shall assign staff and provide information and
other assistance to enable the Independent Expert to discharge the assigned task in
accordance with the terms of reference acceptable to the Bank.

3. The Project Implementing Entity shall ensure that an operation and maintenance
plan and an emergency preparedness plan for each Project Dam are updated from
time to time, as further detailed in the Project Implementation Plan.

4. The Project Implementing Entity shall: (a) prepare a draft annual dam safety action
plan pertaining to Project Dams; (b) furnish to the Bank, for its review and
comments, the draft dam safety action plan so prepared by September 30 in each
year, beginning in calendar year 2018; (c) taking into account the Bank’s
comments, finalize and approve the annual dam safety action plan acceptable to
the Bank (Annual Dam Safety Action Plan); and (d) thereafter ensure the
implementation of the Annual Dam Safety Action Plan during the following
calendar year in a manner acceptable to the Bank.

Section II. Project Monitoring, Reporting and Evaluation

A. The Project Implementing Entity, through Provincial Water Investment Group,
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 acceptable to the Bank. Each such Project Report
shall cover the period of one calendar semester, and shall be furnished to the
Borrower not later than sixty (60) days after the end of the period covered by such
report.

B. Without limitation to the provisions of paragraph II.A above, the Project
Implementing Entity shall: (a) prepare, under terms of reference acceptable to the
Bank, and furnish to the Bank no later than June 30, 2021, a consolidated mid-term
review report for the Project, summarizing the results of the monitoring and
evaluation activities carried out from the inception of the Project, and setting out
the measures recommended to ensure the efficient completion of the Project and
to further the objectives thereof; (b) review with the Bank the mid-term report, on
or about the date one month after its submission, and thereafter take all measures
required to ensure the continued efficient implementation of the Project and the
achievement of its objectives, based on the conclusions and recommendations of
the said report and the Bank’s views on the matter.

C. The Project Implementing Entity shall, no later than three months after the Closing
Date, provide to the Borrower and the Bank, the report referred to in Section 5.08
Section III. **Other Undertakings**

1. The Project Implementing Entity shall retain, throughout Project implementation, an independent consultant, with qualifications, and under the terms of reference acceptable to the Bank, to provide procurement agent services under the Project.

2. The Project Implementing Entity shall cause the Provincial Water Investment Group to retain, throughout Project implementation, a technical consultant, with qualifications, and under the terms of reference, acceptable to the Bank, to assist it in implementing Part 2(a) of the Project.
ANNEX
to the
SCHEDULE

Principal Terms and Conditions of the
Subsidiary Agreement

For the purposes of Section I.A.2 of the Schedule to this Agreement, the Subsidiary Agreement to be entered into by Project Implementing Entity and Provincial Water Investment Group shall reflect, *inter alia*, the following terms and conditions:

1. The Project Implementing Entity shall make available to the Provincial Water Investment Group the proceeds of the Loan received by the Project Implementing Entity pursuant to Section I.A.1 of Schedule 2 to the Loan Agreement, under terms and conditions acceptable to the Bank.

2. The Project Implementing Entity shall have the right to suspend or terminate the right of Provincial Water Investment Group to use and/or receive the proceeds of the Loan, upon failure by the Provincial Water Investment Group to perform any of its obligations under the Subsidiary Agreement.

3. The Provincial Water Investment Group 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 and engineering practices, and social and environmental standards acceptable to the Bank, including the Anti-Corruption Guidelines applicable to recipients of Loan proceeds other than the Borrower, 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 and with terms of reference and qualifications acceptable to the Bank, to be responsible for assisting in the implementation of the Project; and
   
   (c) take all measures necessary to ensure that the Project is implemented in accordance with the Safeguards Instruments.

4. The Provincial Water Investment Group shall undertake to procure the works, goods and services to be financed out of the proceeds of the Loan in accordance with the provisions of the General Conditions, and to utilize such works, goods and services exclusively in the carrying out of the Project.

5. The Provincial Water Investment Group 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 records and documents as the Bank and/or the Project Implementing Entity shall deem necessary.

6. The Provincial Water Investment Group shall undertake, throughout Project implementation, to:

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

(b) have its financial statements (balance sheets, statements of income and expenses and 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 fiscal year of the Project Implementing Entity: (i) certified copies of its financial statements and accounts for such year as so audited; (ii) an opinion on such statements by the auditors referred to in paragraph 6 (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, accounts 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) to take out and maintain with responsible insurers such insurance, against such risks and in such amounts, as shall be consistent with sound business practice, including, without limitation, such insurance to cover hazards incident to the acquisition, transportation and delivery of goods financed out of the proceeds of the Loan to the place of use or installation, any indemnity thereunder to be made payable in a currency freely usable to replace or repair such goods.