Loan Agreement

(Hubei Xiangyang Urban Transport Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated August 7, 2012
LOAN AGREEMENT

AGREEMENT dated August 7, 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 and modified 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead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 April 15 and October 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 objectives of the Project. To this end, the Borrower shall, through Hubei Province, cause the Project Implementing Entity (Xiangyang Municipality) to carry out the Project 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 — REMEDIES OF THE BANK**

4.01. The Additional Even of Suspension consists of the following, namely that any party to the Subsidiary Agreement shall have failed to perform any of its respective obligations thereunder.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

5.01. The Additional Condition of Effectiveness consists of the following, namely that the Subsidiary Agreement has been executed on behalf of the Project Implementing Entity (Xiangyang Municipality) and the XCIC.

5.02. The Additional Legal Matter consists of the following, namely, that the Subsidiary Agreement has been duly authorized or ratified by the Borrower and the Project Implementing Entity (Xiangyang Municipality) and is legally binding upon the Project Implementing Entity (Xiangyang Municipality) and XCIC in accordance with its terms.

5.03. The Effectiveness Deadline is the date one hundred and twenty days (120) days after the date of this Agreement.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Borrower’s Representative is the Minister of Finance.

6.02. The Borrower’s Address is:

Ministry of Finance  
Sanlihe  
Beijing 100820  
People’s Republic of China

Facsimile:  
(86-10) 6855-1125
6.03. 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: INTBAFRAD
Telex: 248423(MCI) or 248423(MCI)
Facsimile: 1-202-477-6391
Washington, D.C. 64145(MCI)

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 mobility and accessibility within and to the Xiangcheng District of Xiangyang in an integrated, efficient and safe manner.

The Project consists of the following parts:

Part 1: Public Transport:

1. Construction of traffic management, safety, and bus priority facilities and along Route 13 corridor.
2. Reconstruction of select bus bays along Route 13 corridor in selected locations.
3. Construction of two bus depots and upgrading of the bus terminal in front of the City’s railway station.
4. Acquisition of high capacity buses, and intelligent transit applications.
5. Provision of technical assistance for detailed design and implementation of the application of the integrated corridor management approach.

Part 2: Urban Roads:

1. Construction of the East section of the South Ring road.
2. Construction of selected primary roads and secondary roads in the Pangong area.
3. Provision of technical assistance for detailed design and implementation aimed at integration of land use and transport development.

Part 3: Traffic Management:

1. Construction of management and safety facilities on Tanxi/Xijie/Dongjie corridor, major junctions on West section of South Ring Road, and selected roads in Pangong area.
2. Acquisition of an area traffic control system, including installation of traffic signals on Route 13 corridor, Tanxi/Xijie/Dongjie corridor, major junctions on South Ring Road, and project roads in Pangong area, and acquisition of equipment for a traffic command center and enforcement and monitoring equipment.
3. Carrying out of a road user education program.

4. Provision of technical assistance for the use of advanced technology for traffic management, including for ensuring the integration of non-motorized transport and parking.

**Part 4: Capacity Building:**

1. Provision of: (i) technical advisory services, inter alia: (a) for the carrying out of studies on strategic urban transport issues; (b) for the carrying out of training and capacity building for the Project Implementing Entity’s (Xiangyang Municipality’s) officials involved in urban transport planning and management; and (c) for the carrying out of training and capacity building for the PMO staff to help them implement the Project in compliance with contract management, fiduciary and safeguards requirements.

2. Acquisition of office equipment for the PMO and office expenditures required for managing the implementation of the Project.
SCHEDULE 2

Project Execution

Section I. Financing and Implementation Arrangements

A. Financing Arrangement

1. The Borrower shall make available to Hubei the proceeds of the Loan under terms and conditions satisfactory to the Bank, and shall cause Hubei to make said proceeds available to the Project Implementing Entity (Xiangyang Municipality) on the same terms and conditions which shall include the following:

(a) The principal amount shall be made available in Dollars or any other Currency as the Loan may be converted from time to time through a Currency Conversion (such principal amount determined on the date, or respective dates, of withdrawal from the Loan Account) of the value of the currency or currencies so withdrawn.

(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 twenty-five (25) 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 the provisions of Section 2.04 of this Agreement.

2. The Borrower shall cause Hubei: (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 and, to enable the Borrower and the Project Implementing Entity (Xiangyang Municipality) to comply with their respective 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 monitor and evaluate, or through Hubei, cause the Project Implementing Entity (Xiangyang Municipality) 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 set forth in Section II 1(b) of the Schedule to the Project Agreement. Each Project Report shall cover the period of one calendar year, and shall be furnished to the Bank not later than forty-five (45) days 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 Hubei, cause the Project Implementing Entity (Xiangyang Municipality) to prepare and furnish to the Bank, 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, through Hubei, cause the Project Implementing Entity (Xiangyang Municipality) to have its 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.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)  Works</td>
<td>82,270,000</td>
<td>75%</td>
</tr>
<tr>
<td>(2)  Goods, consultants’ services and Training</td>
<td>17,480,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3)  Front-end Fee</td>
<td>$250,000</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions</td>
</tr>
<tr>
<td>(4)  Interest Rate Cap or Interest Rate Collar premium</td>
<td>0</td>
<td>Amount due pursuant to Section 2.07(c) of this Agreement</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>100,000,000</td>
<td></td>
</tr>
</tbody>
</table>

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 November 30, 2011, for Eligible Expenditures under Categories (1) and (2).

2. The Closing Date is September 30, 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.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 15, 2017</td>
<td>1.84%</td>
</tr>
<tr>
<td>April 15, 2018</td>
<td>1.87%</td>
</tr>
<tr>
<td>October 15, 2018</td>
<td>1.90%</td>
</tr>
<tr>
<td>April 15, 2019</td>
<td>1.92%</td>
</tr>
<tr>
<td>October 15, 2019</td>
<td>1.95%</td>
</tr>
<tr>
<td>April 15, 2020</td>
<td>1.98%</td>
</tr>
<tr>
<td>October 15, 2020</td>
<td>2.01%</td>
</tr>
<tr>
<td>April 15, 2021</td>
<td>2.04%</td>
</tr>
<tr>
<td>October 15, 2021</td>
<td>2.07%</td>
</tr>
<tr>
<td>April 15, 2022</td>
<td>2.10%</td>
</tr>
<tr>
<td>October 15, 2022</td>
<td>2.14%</td>
</tr>
<tr>
<td>April 15, 2023</td>
<td>2.17%</td>
</tr>
<tr>
<td>October 15, 2023</td>
<td>2.20%</td>
</tr>
<tr>
<td>April 15, 2024</td>
<td>2.23%</td>
</tr>
<tr>
<td>October 15, 2024</td>
<td>2.27%</td>
</tr>
<tr>
<td>April 15, 2025</td>
<td>2.30%</td>
</tr>
<tr>
<td>October 15, 2025</td>
<td>2.33%</td>
</tr>
<tr>
<td>April 15, 2026</td>
<td>2.37%</td>
</tr>
<tr>
<td>October 15, 2026</td>
<td>2.41%</td>
</tr>
<tr>
<td>April 15, 2027</td>
<td>2.44%</td>
</tr>
<tr>
<td>October 15, 2027</td>
<td>2.48%</td>
</tr>
<tr>
<td>April 15, 2028</td>
<td>2.52%</td>
</tr>
<tr>
<td>October 15, 2028</td>
<td>2.55%</td>
</tr>
<tr>
<td>April 15, 2029</td>
<td>2.59%</td>
</tr>
<tr>
<td>October 15, 2029</td>
<td>2.63%</td>
</tr>
<tr>
<td>April 15, 2030</td>
<td>2.67%</td>
</tr>
<tr>
<td>October 15, 2030</td>
<td>2.71%</td>
</tr>
</tbody>
</table>
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 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

Section I. Definitions


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


4. “Displaced Person” means a person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (i) the involuntary taking of land, resulting in: (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not such person must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person; and “Displaced Persons” means, collectively, all such Displaced Persons.

5. “EMP” means the Environmental Management Plan dated November 11, 2011, which Plan sets out the measures to be implemented by the Project Implementing Entity for the protection of the environment, as well as administrative and monitoring arrangements to ensure the implementation of said plan, as the same may be revised from time to time with the prior written agreement of the Bank.

6. “Fiscal Year” means the fiscal year of the Borrower and the Project Implementing Entity beginning on January 1 of a year and ending on December 31 of the same year.


8. “Hubei” means the Borrower’s Hubei Province and any successor thereto.


10. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated March 8, 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.

11. “Project Implementing Entity” and the acronym “PIE” mean the Xiangyang Municipality in the province of Hubei.

12. “Project Leading Group” means the Project Leading Group established by the Project Implementing Entity (Xiangyang Municipality), on August 28, 2009, to provide overall leadership, policy guidance and institutional coordination in Project preparation and implementation, and any successor thereto.

13. “PMO” means the Project Management Office, established by Xiangyang Municipality, on August 28, 2009, to coordinate the preparation of the Project and supervise and monitor its implementation, and referred to in paragraph 2, Section I of the Schedule to the Project Agreement, or any successor thereto.

14. “RAP” means the Resettlement Action Plan dated November 8, 2011, and to be implemented by the Project Implementing Entity (Xiangyang Municipality) for purposes of carrying out the Project, which plan sets 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; and (c) reporting and monitoring arrangements to ensure compliance with said plan, as the same may be revised from time to time with the written agreement of the Bank; and such term includes all attachments and annexes supplemental to said plan, and all such plans that shall have been prepared in accordance with the RPF (as hereinafter defined).

15. “Resettlement Policy Framework” and “RPF” mean the resettlement policy framework dated November 8, 2011, duly adopted by the Project Implementing Entity (Xiangyang Municipality), that sets forth the principles and procedures to address impacts to land and other assets and the compensation of Displaced Persons on account of such impacts during the execution of the Project; and for preparation of Resettlement Plans as per the RPF, as well as the monitoring and reporting arrangements to ensure compliance with said framework and plans, organizational arrangements, and criteria in accordance with which resettlement action plans are prepared and submitted to the Bank for approval in accordance with the provisions of paragraph C.1(b) of Section I of the Schedule to the Project Agreement.

16. “Subsidiary Agreement” means the agreement referred to in paragraph 3 of Section I of the Schedule to the Project Agreement pursuant to which the Project Implementing Entity (Xiangyang Municipality) shall make part of the proceeds of the Loan available to the XCIC (as hereinafter defined).
17. "Training" 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.


19. "XCIC Subsidiary Loan" means the subsidiary loan provided by the Project Implementing Entity (Xiangyang Municipality) to XCIC.