Loan Agreement

(Sichuan Wudu Irrigated Agriculture Development Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated May 8, 2012
LOAN AGREEMENT

AGREEMENT dated May 8, 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 Appendix 1 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 Withdrawal 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 March 15 and September 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 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 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 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.

(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 cause the Project to be carried out by the Project Implementing Entity (Sichuan) 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 – 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 the Borrower’s Minister of Finance.

5.02. The Borrower’s Address is:

Ministry of Finance
Sanlihe
Xicheng District
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 248423(MCI) or 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 objectives of the Project are to: (a) increase the coverage of irrigation services in the Project Area in order to increase agricultural production; (b) provide water supply, in bulk, to small rural communities and industries in the Project Area; and (c) introduce a community-based participatory approach in the management of water facilities and infrastructure and increase of production capacity of higher-value agro-products in the Project Area to ensure the sustainable development of agriculture.

The Project, which constitutes the second phase of the Wudu Scheme of Sichuan, consists of the following parts subject to modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objectives:

Part 1: Construction of Main Irrigation System

(a) Construction and operation of the second phase of the Wudu Scheme to irrigate about 70,200 hectares of land, as well as to supply water to urban and rural areas and water to industries in the Project Area, and consisting of two systems:

(i) construction of branch canals from the right and left segments of the Wudu Reservoir to irrigate areas directly under said Reservoir; and

(ii) construction of a new main irrigation system consisting of:

(A) construction of Xizi Main Canal with a total length of about 108 km to divert water from the Wudu Reservoir to irrigate areas under said Canal in the Project Area and consisting of numerous structures including tunnels, aqueducts, syphons, gates and other structures;

(B) construction of a reservoir at Jinfeng with intake from the Xizi Main Canal with a total storage capacity of 98 million cubic meters consisting of tunnels, aqueducts, syphons, gates and other structures including an asphalt concrete core rock-fill dam with a height of 88m and a chest length of 454.87m, an irrigation intake and a tunnel to supply and regulate the supply of water to the irrigation system to be constructed as referred in this Part 1(a) (ii); and

(C) construction of Jinlong sub-main canal and 16 branch canals consisting of numerous structures including tunnels, aqueducts, syphons, gates and other structures to divert water to irrigate
areas covered under the Xizi Main Canal to be constructed as referred in this Part 1(a)(ii)(A).

Part 2: Development of CDD-based On-farm Works in Demonstration Areas

1. Carrying out of on-farm development works under community demand driven ("CDD") approach in selected demonstration areas in the counties of Jiangyou, Zitong and Yanting (Project Counties) of Mianyang City covering about 766 hectares within the irrigated area covered by the second phase of the Wudu Water Diversion and Irrigation Scheme as referred to in Part 1(a) above and consisting of:

(a) construction of on-farm works including 1 lateral canal and 3 sub-lateral canals with a total length of about 48 kms;

(b) establishment and development of Water Users’ Associations (WUAs) and enhancement of producer co-operatives based on community demand driven approach around a lateral canal area or sub-lateral areas in each demonstration area as referred to in this Part 2 to organize and implement the construction, operation and maintenance of on-farm works referred to in Part 2(a) above; and

(c) provision of an integrated package of agricultural inputs and supporting services in each demonstration area referred to in this Part 2 to small holder agricultural producers and farmer groups to maximize the benefit of irrigated water delivered to the field and help increase farmer’s production and income.
Part 3: Institutional Capacity Building and Project Management Support

1. Provision of technical assistance for the institutional strengthening of the Project Counties and Sichuan to implement the Project, including:
   
   (a) capacity building through, inter alia, study tours and training;
   
   (b) consulting services and office equipment; and
   
   (c) acquisition of vehicles to provide necessary technical support for implementing the activities under Parts 1 and 2 of the Project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Financing Arrangements

1. The Borrower shall make the proceeds of the Loan allocated from time to time to Categories (1) through (5) set forth in Section IV.A.2 of this Schedule available to the Project Implementing Entity (Sichuan) and shall cause the Project Implementation Entity (Sichuan) to make said proceeds available to Mianyang City and the Project Counties, and under terms and conditions satisfactory to the Bank, and the following principal terms:

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 six (6) 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.

B. Anti-Corruption

1. 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, and shall cause the Project Implementing Entity (Sichuan) 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 the Annex 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 February 15 and August 15 in each year, beginning on August 15, 2012.

2. The Borrower shall review the measures to be taken for project implementation as may be proposed in the mid-term review of the Project referred to in paragraph A.2 of Section II of the Schedule to the Project Agreement and shall take all necessary steps, satisfactory as the Bank, to facilitate the implementation of the recommendation resulting from said review.

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 cause the Project Implementing Entity (Sichuan) to prepare and furnish to the Bank as part of the Project Reports by not later than February 15 and August 15 in each year after the end of each calendar semester, interim un-audited financial reports for the Project covering the calendar semester, in form and substance satisfactory to the Bank.

3. The Borrower shall cause the Project Implementing Entity (Sichuan) to have the 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

A. General

1. Goods and Works. All goods and works required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods and Works**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding. The provisions of paragraphs 2.55 and 2.56 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower (other than goods manufactured in the Hong Kong Special Administrative Region or the Macau Special Administrative Region of the Borrower).

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for procurement of goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.
Procurement Methods

(a) National Competitive Bidding. In addition, the procedures to be followed for National Competitive Bidding shall be those set forth in the Law on Tendering and Bidding of the People’s Republic of China promulgated by Order No.21 of the President of the People’s Republic of China on August 30, 1999, with the following clarifications required for compliance with the Procurement Guidelines:

(i) All invitations to prequalify or to bid shall be advertised in a newspaper of national circulation in the Borrower’s country, except for civil works contracts that are estimated cost less than $2,000,000 equivalent each and for goods contracts that are estimated to cost less than $300,000 equivalent each, which may be advertised in a provincial daily newspaper. Such advertisement shall be made in sufficient time for prospective bidders to obtain prequalification or bidding documents and prepare and submit their responses. In any event, a minimum of thirty (30) days shall be given to bidders between the date of advertisement in such newspaper and the deadline for submission of bids, and the advertisement and bidding documents shall specify the deadline for such submission.

(ii) Qualification requirements of bidders and the method of evaluating the qualification of each bidder shall be specified in detail in the bidding documents.

(iii) All bidders that meet the qualification criteria set out in the pre-qualification document shall be allowed to bid and there shall be no limit on the number of pre-qualified bidders.

(iv) All bidders shall be required to provide security in an amount sufficient to protect the Borrower or the Project Implementing Entity, (Sichuan) as the case may be, in case of breach of contract by the contractor, and the bidding documents shall specify the required form and amount of such security.

(v) Bidders will be allowed to submit bids by mail or by hand. The time for opening of all bids shall be the same as the deadline for receipt of such bids.

(vi) All bids shall be opened in public; all bidders shall be offered an opportunity to be present (either in person or through their representatives) at the time of bid opening, but bidders shall not be required to be present at the bid opening.
(vii) All bid evaluation criteria shall be disclosed in the bidding documents and quantified in monetary terms or expressed in the form of pass/fail requirements.

(viii) No bid may be rejected solely on the basis that the bid price falls outside any standard contract estimate, or margin or bracket of average bids established by the Borrower or the Project Implementing Entity (Sichuan), as the case may be.

(ix) Each contract shall be awarded to the lowest evaluated responsive bidder, that is, the bidder who meets the appropriate standards of capability and resources and whose bid has been determined: (A) to be substantially responsive to the bidding documents; and (B) to offer the lowest evaluated cost. The winning bidder shall not be required, as a condition of award, to undertake responsibilities for work not stipulated in the bidding documents or otherwise to modify the bid as originally submitted.

(x) Each contract financed with the proceeds of the Loan shall provide that the suppliers and contractors shall permit the Bank, at its request, to inspect their accounts and records relating to the performance of the contract and to have said accounts and records audited by auditors appointed by the Bank.

(xi) Government owned enterprises in the Borrower’s country may be permitted to bid or submit a proposal of goods and works if they can establish that they: (A) are legally and financially autonomous; (B) operate under commercial law; and (C) are not a dependent agency of the agency conducting the procurement.

(xii) All bids should not be rejected solely because the number of bids is less than three (3), and rejection of all bids or rebidding shall not take place without the Bank’s prior written concurrence.

(xiii) The results of bid evaluation and contract award shall be published in the national press or provincial press (as provided under sub-paragraph (i) above) or official gazette or a free and open access website and shall identify the name and offered price of the winning bidder, as well as the duration and summary scope of the awarded contract.

(xiv) The Project Implementing Entity (Sichuan) shall have in place provisions for bidders to protest.
C. Particular Methods of Procurement of Consultants' Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. Other Methods of Procurement of Consultants’ Services. The following table specifies the methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality-Based Selection</td>
</tr>
<tr>
<td>(b) Selection based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(c) Single-source Selection</td>
</tr>
<tr>
<td>(d) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants</td>
</tr>
</tbody>
</table>

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank’s Prior Review. All other contracts shall be subject to Post Review by the Bank.
Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of 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: (a) the Front-end Fee in accordance with Section 2.07(b) of the General Conditions; (b) if applicable, the Premium for Interest Rate Caps or Interest Rate Collars in accordance with Section 2.07(c) of the General Conditions; and (c) other 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 Dollars)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) works under Part 1(a)(ii)(A) and (C) of the Project carried out in the Project Counties</td>
<td>97,410,000</td>
<td>84%</td>
</tr>
<tr>
<td>(b) works under Part 2.1(a) of the Project carried out in the Project Counties</td>
<td>750,000</td>
<td>20%</td>
</tr>
<tr>
<td>(2) Goods, equipment and materials under Part 1(a)(ii) A and C, and Part 2.1(a) and Part 3.1(b) and (c) of the Project</td>
<td>270,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Consultants’ services under Part 3 of the Project</td>
<td>510,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Study tours, training and workshops under Part 3 of the Project</td>
<td>710,000</td>
<td>100%</td>
</tr>
<tr>
<td>Category</td>
<td>Amount of the Loan Allocated (expressed in Dollars)</td>
<td>Percentage of Expenditures to be financed (inclusive of Taxes)</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>----------------------------------------------------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>(5) WUA establishment cost under Part 2.1(b) of the Project</td>
<td>100,000</td>
<td>100%</td>
</tr>
<tr>
<td>(6) 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>(7) Premium for Interest Rate Caps or Interest Rate Collars</td>
<td>0</td>
<td>Amount payable pursuant to Section 2.07(c) of this Agreement and Section 4.05(c) of the General Conditions</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 may be made for payments made prior to this date but on or after June 30, 2011, for Eligible Expenditures.

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.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each March 15 and September 15, Beginning September 15, 2017 through September 15, 2035</td>
<td>2.63%</td>
</tr>
<tr>
<td>On March 15, 2036</td>
<td>2.69%</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

Definitions


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


4. "Dam Construction Supervision and Quality Assurance Plan" means the Plan of Sichuan (as hereinafter defined), prepared pursuant to paragraph C.10 of Section I of the Schedule to the Project Agreement, for supervision and quality assurance of the construction of the Project Dam.

5. "Dam Emergency Preparedness Plan" means the Plan of Sichuan, prepared pursuant to paragraph C.10 of Section I of the Schedule to the Project Agreement detailing, inter alia, the roles of responsible parties during possible emergency situations relating to the Project Dam.

6. "Dam Instrumentation Plan" means the Plan of Sichuan prepared pursuant to paragraph C.10 of Section I of the Schedule to the Project Agreement, setting out measures for the installation of instruments to monitor and record the behavior of the Project Dam.

7. "Dam Operation and Maintenance Plan" means the Plan of Sichuan, prepared pursuant to paragraph C.10 of Section I of the Schedule to the Project Agreement, setting out measures for the operation and maintenance of the Project Dam.

8. "Dam Safety Panel" means the panel appointed by Sichuan on May 12, 2010 consisting of at least three (3) experts for the purposes, inter alia, of reviewing the safety aspects of the Upstream Dams and the Project Dam and to be maintained according to the provision of paragraph C.8 of section I of the schedule to the Project Agreement.

9. "Dam Safety Plans" means collectively the following Plans prepared by Sichuan pursuant to paragraph C.10 of Section I of the Schedule to the Project Agreement: (i) the Dam Construction Supervision and Quality Assurance Plan;
(ii) the Dam Emergency Preparedness Plan; (iii) the Dam Instrumentation Plan; and (iv) the Dam Operation and Maintenance Plan.

10. "Displaced Persons" means persons who, on account of the execution of the Project and the construction of the Wudu Dam and the Wudu Reservoir, 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.

11. "Environmental Management Plan" and the acronym "EMP" means the plan of Sichuan Wudu Irrigated Agriculture Development Project adopted by it dated April 12, 2011; such plan setting forth, inter alia, the assessment of environmental impacts of the Project, recommendations for mitigation of adverse impacts and enhancement of positive impacts based on such assessment, and the guidelines for environmental screening and monitoring of Project implementation, as such plan may be amended from time to time with the prior written approval of the Bank; and such term includes all attachments and annexes supplemental to each such Plan;


14. "Mianyang City" means the Borrower’s city of Mianyang or any successor thereto;

15. "Pest Management Plan" and the acronym “PMP” mean the Pest Management Plan dated April 12, 2011, adopted by Sichuan and to be implemented or caused to be implemented by it for improving integrated pest management activities during the design, construction and operation of the Project, including environmental, and safety risk assessment, capacity building, grievance handling mechanisms, and monitoring and evaluation arrangements, as such plan may be amended from time to time with the prior written approval of the Bank; and such Plan includes all attachments and annexes supplemental to such plan;

16. "Project Area" means the area where the Project will be carried out.
17. "Project Dam" means the Dam to be constructed under Part 1(a)(ii)(B) of the Project.

18. "Procurement and Financial Management Information System" means the system, acceptable to the Bank, to be installed for the Project by the Project Implementing Entity to improve internal controls, monitor the entire procurement process and financial transactions, identify and cross-check errors, and improve external reviews and auditing, and to be applied in accordance with the provisions of paragraph B.4 of Section II of the Schedule to the Project Agreement.


20. "Procurement Plan" means the Borrower's procurement plan for the Project, dated October 28, 2011, 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.

21. "Project Agreement" means the Project agreement for the Project between Sichuan and the Bank, dated the same date as this Agreement, as such agreement may be amended from time to time with the prior written approval of the Bank, and such term includes all appendices, schedules and agreements supplemental to said Agreement.

22. "Project Counties" means the counties of Jiangyou, Zitong and Yanting in Mianyang City of Sichuan collectively, and any successor thereto; and "Project County" means, individually, any such county.

23. "Project Implementation Plan" means the Plan dated December 16, 2011, adopted by Sichuan setting out the detailed arrangements and procedures for implementing and supervising the Project, and to be carried out by Sichuan in the implementation of the Project, as the same may be amended from time to time with the prior written approval of the Bank; and such term includes all attachments and annexes supplemental to said Plan.

24. "Project Implementing Entity" and the acronym "PIE" mean Sichuan.

25. "RAP" means the Resettlement Action Plan dated April 12, 2011 duly adopted by Sichuan and to be implemented or caused to be implemented by it in the context of carrying out the second phase of the Wudu Scheme under Part 1 of the Project, which plan sets out, inter alia: (a) the principles and procedures governing the acquisition of land required for said part of the Project and related
facilities, including construction camps, borrow pits, spoil disposal sites, resettlement sites and quarries; (b) principles, actions and measures for the payment of compensation to Displaced Persons under the Project and for their resettlement and rehabilitation; (c) a due diligence review of the action and measures taken for the resettlement, rehabilitation and payment of compensation to Displaced Persons under the Wudu Dam and the Wudu Reservoir, and the actions and measures to be taken to address any deficiency identified or that may be identified in the future, including the principles and procedures to be followed in respect thereof; and (d) reporting and monitoring arrangements to ensure compliance with said plan, as the same may be revised from time to time with the agreement of the Bank; and such term includes all attachments and annexes supplemental to said plan.

26. “Sichuan” means the Borrower’s Province of Sichuan or any successor thereto.

27. “Study tours, Training and Workshops” means for purposes of Section IV of Schedule 2 to the Loan Agreement, the reasonable cost of travel, lodging and per diem of trainees attending training, study tours, workshops and seminars, the cost of organizing workshops, training and seminars, and the cost of delivering training (excluding consultants fees) such as rental of training space and training equipment and other logistical costs, all as yearly budgeted and approved by the Borrower and the Bank.

28. “Upstream Dams” means collectively the existing Heping dam and the Wudu dam located in an area in Sichuan lying upstream of the facilities to be constructed under the Project and “Upstream Dam” means, individually, any such Dam.

29. “WUA” means a Water Users’ Association to be established and operated in each Project County by farmer households as a non-profitable social organization based upon democratic consultations in accordance with the Borrower’s document No.502 (Nong Shui 2005) and the WUA Manual (as hereinafter defined) for the purpose of carrying out activities under Part 2 of the Project.


31. “Wudu Dam” means the Dam constructed by Sichuan over the Fujiang river in 2011 and financed as a separate scheme from the Wudu Scheme (as hereinafter defined).

32. “WUA establishment cost” means the cost incurred by a WUA for its establishment, including registration fee, and office furniture, supplies, and equipment.
33. "Wudu Reservoir" means the reservoir constructed in 2011 to store water from the Wudu Dam and financed as a separate scheme from the Wudu Scheme.

34. "Wudu Scheme" means the Wudu Water Diversion and Irrigation Scheme located in Mianyang City of Sichuan, a large-scale water diversion scheme consisting of the following two phases:

(a) the first phase partially financed by the International Development Association completed in 2002 that included the construction of the Wudu barrage on the Fujiang river, the general main canal, diversion gate, Fuzi main canal and its branch and lateral canals and providing water to irrigate about 84,667 hectares of land in the central part of Mianyang City and in parts of Suining city of Sichuan; and

(b) the second phase consisting of construction of branch canals from the Wudu Reservoir, Xizi main canal, Jinfeng reservoir, Jinlong sub-main canal and 16 branch canals as set out in Part 1 of the Project and to be partially financed by the Loan in order to irrigate about 70,200 hectares of land in the Project Areas as well as to provide some water for urban, rural and industrial use in the Project Area.