OFFICIAL DOCUMENTS

LOAN NUMBER 8670-CN

Project Agreement

(Guangxi Rural Poverty Alleviation Pilot Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

GUANGXI ZHUANG AUTONOMOUS REGION

Dated February 27, 2017
PROJECT AGREEMENT

Agreement dated February 27, 2017, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and GUANGXI ZHUANG AUTONOMOUS REGION ("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 objectives 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 Chairman or a Vice-Chairman or such other person as said Chairman or a Vice-Chairman 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

Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391
3.03. The Project Implementing Entity's Address is:

No. 12 Shuangyong Road
Nanning City
Guangxi Zhuang Autonomous Region
People's Republic of China

Facsimile:
86 771 5313620

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

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By
Authorized Representative

Name: Bent Hofman
Title: Country Director, China

GUANGXI ZHUANG AUTONOMOUS
REGION

By
Authorized Representative

Name: Huang Shiyong
Title: Vice Chairman
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. For the purpose of carrying out the Project, the Project Implementing Entity shall maintain, and cause to be maintained, the following entities with composition, powers, functions, staffing, facilities and other resources satisfactory to the Bank:

(a) At the regional level:

(i) a Regional Project Leading Group responsible for providing overall policy, financial, and institutional guidance on Project implementation and facilitating coordination among different implementing agencies within its respective jurisdiction; and

(ii) a Regional Project Management Office responsible for implementation, coordination, reporting, management, and monitoring and evaluation of the activities under the Project, including the preparation of the consolidated Annual Work Plans.

(b) At the municipal level:

(i) a Municipal Project Management Office in each Project Municipality to provide technical guidance to the Project Counties within its respective jurisdiction, supervise implementation, and assist the Regional Project Management Office with the handling of withdrawal applications and monitoring and evaluation of Project activities within its jurisdiction.

(c) At the county level:

(i) a county Project leading group in each Project County, responsible for providing overall policy, financial and institutional guidance on Project implementation and facilitating coordination among different implementing agencies within its respective jurisdiction.

(ii) a County Project Management Office responsible for implementation of the Project at the county level, and coordinating day-to-day activities with the Regional Project Management Office, and the Project management offices at the municipal level, monitoring Project implementation within the county concerned and preparing Project annual work plans and semi-annual progress and financial reports for submission to the Regional Project Management Office for consolidation and onward submission to the Borrower and the Bank, the selection of the Project Villages, and the verification of the Outputs.
B. Annual Work Plans and Project Operational Manual

1. The Project Implementing Entity shall: (a) prepare and furnish to the Bank by November 30 in each year, beginning in 2017, a draft Annual Work Plan for review and comment, summarizing the implementation progress of the Project for the said year and the Project activities to be undertaken in the following calendar year, including the proposed annual budget for the Project; (b) taking into account the Bank's comments, finalize and furnish to the Bank no later than January 31 in each year, beginning in 2018, the Annual Work Plan, satisfactory to the Bank; and (c) 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 satisfactory 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.

2. Throughout the implementation of the Project, the Project Implementing Entity shall, and shall cause the Project Counties to, apply the Project Operational Manual in a timely and efficient manner satisfactory to the Bank. The Project Implementing Entity shall, and shall cause the Project Counties to, not amend, suspend, or waive said Project Operational Manual 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 Operational Manual and those of this Agreement or the Loan Agreement, the provisions of this Agreement and the Loan Agreement shall prevail.

C. Anti-Corruption

The Project Implementing Entity shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Safeguards

1. In carrying out the Project, the Project Implementing Entity shall, and shall cause the Project Counties 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;

   (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 Displaced Persons in accordance with the RAPs and in a manner satisfactory to the Bank; and

   (c) whenever required in terms of the ESMF or the RPF, and prior to the commencement of any works, proceed to have an EMP or EMPs, and a RAP or RAPs, respectively: (i) prepared in form and substance satisfactory to the Bank; (ii) except as otherwise agreed with the Bank, submitted to the Bank for review
and approval; (iii) thereafter, adopted and publicly disclosed; and (iv) thereafter, implemented, or cause to be implemented, in accordance with their terms and in a manner acceptable to the Bank.

2. The Project Implementing Entity shall implement, and shall cause the Project Counties to implement, the Safeguards Instruments in a manner and substance satisfactory to the Bank. Without limitation on the foregoing, the Project Implementing Entity shall ensure, and cause the Project Counties to ensure, that each contract for works financed under the Project includes the obligations of the work contractors and any sub-contractor to comply with the relevant provisions of the Safeguards Instruments, as the case may be.

3. The Project Implementing Entity shall ensure, and cause the Project Counties to ensure, that all studies and technical assistance to be supported under the Project are carried out under terms of reference satisfactory 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, and shall cause the Project Counties not to 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, and shall cause the Project Counties to maintain, policies and procedures adequate to enable them to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the implementation of the Safeguards Instruments.

6. Without limitation to the provisions of paragraphs 1 through 5 of this Section I.D, or the provisions of Section IIA below, the Project Implementing Entity shall take, and cause the Project Counties to take, all measures necessary on their 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.

E. Cooperative Development Grants and Enterprise Matching Grants

1. For the purposes of Part 1 of the Project, the Project Implementing Entity shall provide Cooperative Development Grants and Enterprise Matching Grants to Project Farmer Cooperatives and Cooperating Agro-enterprises, respectively, within its respective
jurisdiction in accordance with eligibility criteria and procedures acceptable to the Bank and set out in the Project Operational Manual.

2. The Project Implementing Entity shall provide each Cooperative Development Grant and each Enterprise Matching Grant under a Cooperative Development Agreement with the respective Project Farmer Cooperative, and an Enterprise Matching Grant Agreement with the respective Cooperating Agro-enterprise, all on terms and conditions approved by the Bank and set out in the Project Operational Manual.

3. The Project Implementing Entity, through each Cooperative Development Agreement and Enterprise Matching Grant Agreement, as the case may be, shall obtain rights adequate to protect its interests and those of the Borrower and the Bank, including the right to:

   (i) suspend or terminate the right of the Project Farmer Cooperative or the Cooperating Agro-enterprise to use the proceeds of the Cooperative Development Grant or Enterprise Matching Grant, as the case may be, or obtain a refund of all or any part of the amount of the Cooperative Development Grant or Enterprise Matching Grant then withdrawn, upon the Project Farmer Cooperative's or Cooperating Agro-enterprise's failure to perform any of its obligations under the Cooperative Development Grant Agreement or Enterprise Matching Grant Agreement; and

   (ii) require each Project Farmer Cooperative and Cooperating Agro-enterprise to:

       (A) carry out its supported activities with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower, the Project Operational Manual, and the Safeguard Instruments;

       (B) provide, promptly as needed, the resources required for the purpose;

       (C) as appropriate, procure or use the goods, works and services to be financed out of the Cooperative Development Grant or Enterprise Matching Grant, as the case may be, in accordance with the provisions of this Agreement;

       (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the supported activities and the achievement of their objectives;

       (E) (1) 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, resources and expenditures related to the supported activities; and (2) at the Bank's or the Borrower's or the Project Implementing Entity's request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards.
acceptable to the Bank, and promptly furnish the statements as so audited to the Borrower, the Bank and the Project Implementing Entity;

(F) enable the Borrower, the Bank and the Project Implementing Entity to inspect the supported activities and any relevant records and documents; and

(G) prepare and furnish to the Borrower, the Bank and the Project Implementing Entity all such information as the Borrower or the Bank or the respective Project Implementing Entity shall reasonably request relating to the foregoing.

4. The Project Implementing Entity shall: (i) exercise its rights under each Cooperative Development Agreement and Enterprise Matching Grant Agreement, as the case may be, in such manner as to protect the interests of the Borrower, the Bank and the Project Implementing Entity and to accomplish the purposes of the Loan; and (ii) maintain, throughout the period of implementation of the Project, a grievance redress mechanism acceptable to the Bank and set out in the Project Operational Manual, to address any complaints associated with the Cooperative Development Grants and the Enterprise Matching Grants. Except as the Borrower and the Bank shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive any Cooperative Development Agreement and Enterprise Matching Grant Agreement, as the case may be, or any of their provisions.

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 the indicators set forth in the Project Operational Manual. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Borrower not later sixty (60) days after the end of the period covered by such report for incorporation and forwarding by the Borrower to the Bank of the overall Project Report.

2. Without limitation to the provisions of paragraph A.1 above, the Project Implementing Entity shall prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank no later than March 31, 2020, 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.

3. The Project Implementing Entity shall provide to the Borrower not later than three (3) months after the Closing Date, for incorporation in the report referred to in Section 5.08 (c) of the General Conditions all such information as the Borrower or the Bank shall reasonably request for the purposes of that Section.
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. Without limitation on the provision of Part A of this Section, the Project Implementing Entity shall prepare and furnish to the Bank as part of the Progress Report not later than sixty (60) 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 (6) 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.