Project Agreement

(Green Energy for Low-Carbon City in Shanghai Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting in its own capacity
and
as an Implementing Agency of the Global Environment Facility

and

CHANGNING DISTRICT

BANK OF SHANGHAI COMPANY LIMITED

and

SHANGHAI HUDONG DEVELOPMENT BANK COMPANY LIMITED

Dated June 14, 2013
ARTICLE I — GENERAL CONDITIONS; STANDARD CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) and the Standard Conditions (as defined in Section 1.01 of the GEF Grant 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, the GEF Grant Agreement, the General Conditions (as defined in the Loan Agreement), or the Standard Conditions (as defined in the GEF Grant Agreement).

ARTICLE II — PROJECT

2.01. The Project Implementing Entities declare their commitment to the objectives of the Project. To this end, the Project Implementing Entities shall carry out their Respective Parts of the Project in accordance with the provisions of Article V of the General Conditions and Article II of the Standard Conditions, as the case may be, and shall provide promptly as needed, the funds, facilities, services, and other resources required for their Respective Parts of 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 Entities shall otherwise agree, the Project Implementing Entities shall carry out their Respective Parts of the Project in accordance with the provisions of the Schedule to this Agreement.

2.03. An amendment to this Agreement affecting only the Respective Part of the Project of one (1) or more Project Implementing Entities may be agreed in writing between the Bank and the relevant Project Implementing Entity or Entities.
ARTICLE III — REPRESENTATIVES; ADDRESSES

3.01. The Project Implementing Entities’ Representatives are as follows, namely, for Changning District, its Vice Mayor, and for each of the Participating Financial Intermediaries, the respective Chairman of the Board.

3.02. The Bank’s Address is:

International Bank for Reconstruction and Development
1818 H Street, NW
Washington, DC 20433
United States of America

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

3.03. The Project Implementing Entities’ Addresses are:

For Changning District:

Project Management Office
No. 599 Changning Road
Shanghai
China

Facsimile:
86-21-2205-1521

For Bank of Shanghai:

No. 168 Yincheng Road Central 168
Pudong New District
Shanghai
China

Facsimile:
86-21-6847-6215

For Shanghai Pudong Development Bank:

No. 12 Zhongshan East No. 1 Road
Huangpu District
Shanghai
China
AGREED at Beijing, China, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
acting in its own capacity and as an Implementing
Agency of the Global Environment Facility

By

Authorized Representative

Name:  Klaus Rodland
Title:  Country Director, CHN

CHANGNING DISTRICT

By

Authorized Representative

Name:  Gao Yun
Title:  Deputy Head

BANK OF SHANGHAI COMPANY LIMITED

By

Authorized Representative

Name:  He Qing
Title:  Vice President
SHANGHAI PUDONG DEVELOPMENT BANK COMPANY LIMITED

By

Authorized Representative

Name:  程鹏飞
Title:  Vice President
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Subsidiary Agreements

1. To facilitate the carrying out of Part 2 of the Project, Changning District shall make the proceeds of the Loan available to the Participating Financial Intermediaries under subsidiary agreements between Changning District and each of the Participating Financial Intermediaries (“Subsidiary Agreements”), under the same terms and conditions as those under which Changning District receives such proceeds from Shanghai Municipality.

2. Changning District shall exercise its rights under the Subsidiary Agreements in such manner as to protect the interests of Changning District and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree in writing, Changning District shall not assign, amend, abrogate or waive, or permit to be assigned, amended, abrogated, or waived, the Subsidiary Agreements, or any provision thereof.

B. Institutional Arrangements

Changning District

1. Changning District shall be responsible for the management, implementation, and monitoring and evaluation of its Respective Part of the Project in accordance with the following arrangements, and, to this end, shall maintain, throughout Project implementation, the entities referred to in paragraphs 2, 4, and 6 of this Part B with an institutional framework, functions, and resources, including competent personnel in adequate numbers, satisfactory to the Bank.

Project Steering Committee

2. Changning District shall be responsible for Project policy and strategic orientation through the Project Steering Committee.

3. To this end, Changning District shall establish, not later than one (1) month after the Effective Date, the Project Steering Committee, with a composition, an institutional framework, functions, and resources satisfactory to the Bank.

Project Executive Committee

4. Changning District shall be responsible for Project coordination and supervision through the Project Executive Committee.
5. To this end, Changning District shall establish, not later than one (1) month after the Effective Date, the Project Executive Committee, with a composition, an institutional framework, functions, and resources satisfactory to the Bank.

**Project Management Office**

6. Changning District shall be responsible for the day-to-day management, implementation, and monitoring and evaluation of its Respective Part of the Project and the supervision of the Participating Financial Intermediaries' Respective Part of the Project through the Project Management Office, and particularly a dedicated team established for this purpose.

**Participating Financial Intermediaries**

7. The Participating Financial Intermediaries shall be responsible for the day-to-day management, implementation, and monitoring and evaluation of their Respective Part of the Project through dedicated teams at headquarters, branch, and sub-branch levels.

8. To this end, the Participating Financial Intermediaries shall maintain throughout implementation of their Respective Part of the Project, the teams referred to in the preceding paragraph, with an institutional framework, functions, and resources, including competent personnel in adequate numbers, satisfactory to the Bank.

**C. Anti-Corruption**

The Project Implementing Entities shall ensure that their Respective Parts of the Project are carried out in accordance with the provisions of the Anti-Corruption Guidelines.

**D. Operational Manual and Implementation Plan**

1. The Project Implementing Entities shall:

   (a) ensure that their Respective Parts of the Project are carried out in accordance with the Operational Manual and the Implementation Plan as applicable; and

   (b) except as the Bank shall otherwise agree in writing, not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

2. In the event of a conflict between the provisions of either the Operational Manual or the Implementation Plan and those of this Agreement, the latter shall govern.

**E. Annual Work Plans and Budgets**

Changning District shall:

(a) furnish to the Bank for review and approval as soon as available, but in any case not later than November 30 of each year, the annual work plan and budget for its
Respective Part of the Project for each subsequent year of Project implementation, of such scope and detail as the Bank shall have reasonably requested, except for the annual work plan and budget for its Respective Part of the Project for the first year of Project implementation, which shall be furnished not later than one (1) month after the Effective Date; and

(b) thereafter ensure that its Respective Part of the Project are carried out in accordance with such plan and budget as agreed with the Bank.

F. Safeguards

1. The Project Implementing Entities shall ensure that their Respective Parts of the Project are carried out in accordance with the provisions of the Environmental and Social Management Framework and any Environmental Management Plans prepared pursuant to said Framework, and, except as the Bank shall otherwise agree in writing, the Project Implementing Entities shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

2. The Project Implementing Entities shall ensure that no land acquisition or Involuntary Resettlement is carried out under their Respective Parts of the Project.

3. The Participating Financial Intermediaries shall, for the purposes of Low-Carbon Investment Subprojects, and prior to the award of any contract for the implementation thereof, carry out a screening of said Subprojects for potential environmental and social impacts in accordance with the provisions of the Environmental and Social Management Framework and have any Environmental Management Plans required pursuant to said Framework:

   (a) prepared in form and substance satisfactory to the Bank; and

   (b) adopted and locally disclosed.

4. Without limitation upon their other reporting obligations under Section II.A.1 of this Schedule, the Project Implementing Entities shall take all measures necessary to regularly collect and compile, and submit to the Bank, as part of the Project Reports, information on the status of compliance with the Environmental and Social Management Framework and any Environmental Management Plans prepared pursuant to said Framework, providing details of:

   (a) measures taken in furtherance of said instruments;

   (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of said instruments; and

   (c) remedial measures taken or required to be taken to address such conditions.
5. In the event of a conflict between the provisions of either the Environmental and Social Management Framework or any Environmental Management Plan and those of this Agreement, the latter shall govern.

G. **Green-Energy Building Subprojects**

Changning District shall make Green-Energy Building Subproject Grants to Green-Energy Building Subproject Grant Beneficiaries in accordance with the provisions of Annex A to this Schedule.

H. **Low-Carbon Investment Subprojects**

The Participating Financial Intermediaries shall make Low-Carbon Investment Subproject Loans to Low-Carbon Investment Subproject Loan Beneficiaries in accordance with the provisions of Annex B to this Schedule.

Section II. **Project Monitoring, Reporting, and Evaluation**

A. **Project Reports**

1. The Project Implementing Entities shall monitor and evaluate the progress of their Respective Parts of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 (b) of the General Conditions and Section 2.06 (b) (i) of the Standard Conditions, as the case may be, and on the basis of the indicators set forth in the Operational Manual and the Implementation Plan, respectively. Each such Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Borrower for consolidation not later than fifty-five (55) days after the end of the period covered by such report.

2. The Project Implementing Entities shall provide to the Borrower not later than five (5) months after the Closing Date, for incorporation in the report referred to in Section 5.08 (c) of the General Conditions and Section 2.06 (c) of the Standard Conditions, as the case may be, all such information as the Borrower or the Bank shall reasonably request for the purposes of those Sections.

B. **Midterm Review**

The Project Implementing Entities shall:

(a) carry out jointly with the Bank, not later than thirty (30) months after the Effective Date, a midterm review to assess the status of Project implementation, as measured against the performance indicators set forth in the Implementation Plan and the Operational Manual;

(b) prepare and furnish to the Borrower and the Bank, at least one (1) month before such review, a report, in scope and detail satisfactory to the Bank and integrating the results of the monitoring and evaluation activities performed pursuant to Part A.1 of this Section II, on the progress achieved in the carrying out of the
Project during the period preceding the date of such report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review jointly with the Bank the report referred to in the preceding paragraph and thereafter take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of such report and the Borrower's and the Bank's views on the matter.

C. Financial Management, Financial Reports; Audits

1. The Project Implementing Entities 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 Entities, including the operations, resources, and expenditures related to their Respective Parts of the Project.

2. Without limitation on the provisions of Part A of this Section II, the Project Implementing Entities shall prepare and furnish to the Bank, not later than sixty (60) days after the end of each calendar semester, interim unaudited financial reports for their Respective Parts of the Project covering the calendar semester, in form and substance satisfactory to the Bank.

3. The Project Implementing Entities shall have their financial statements referred to in paragraph 1 of this Part C 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 (1) fiscal year of the Project Implementing Entities. 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 or the Grant shall be procured in accordance with the provisions of Section III of Schedule 2 to the Loan Agreement and Section III of Schedule 2 to the GEF Grant Agreement, as the case may be.
ANNEX A TO SCHEDULE

Green-Energy Building Subprojects

A. General

1. Changning District shall, through the Project Management Office, review and approve applications for Green-Energy Building Subproject Grants, and thereafter monitor and evaluate Green-Energy Building Subprojects, in accordance with the provisions of this Annex and the Green-Energy Building Subproject Guidelines.

2. Changning District shall furnish to the Bank for review and approval, prior to the conclusion of each Green-Energy Building Subproject Grant Agreement, the application for and the appraisal documents relating to the relevant Green-Energy Building Subproject.

3. Changning District shall, jointly with the Bank, review the Outputs of Green-Energy Building Subprojects and related costs on an annual basis throughout Project implementation, and thereafter adjust them as necessary in a manner satisfactory to the Bank.

B. Criteria

Changning District shall make a Green-Energy Building Subproject Grant to a Green-Energy Building Subproject Grant Beneficiary in accordance with criteria approved by the Bank, set forth in the Green-Energy Building Subproject Guidelines, and which shall include the following:

(a) the application for the Green-Energy Building Subproject Grant sets forth the Green-Energy Building Subproject objectives, activities, budget, benefits, and management arrangements;

(b) the Green-Energy Building Subproject Grant Beneficiary is a building developer or owner meeting the relevant criteria set forth in the Green-Energy Building Subproject Guidelines;

(c) the Green-Energy Building Subproject:

(i) has been assessed by the Green-Energy Building Subproject Grant Beneficiary to be technically feasible and environmentally sustainable;

(ii) is consistent with the relevant technical, economic, financial, managerial, environmental, and social standards and has received all required environmental approvals from the Borrower, evidence of which has been submitted with the application;

(iii) complies with the Environmental and Social Management Framework; and

(iv) does not require land acquisition or Involuntary Resettlement; and
the amount of the Green-Energy Building Subproject Grant and the aggregate amount of Green-Energy Building Subproject Grants to a Green-Energy Building Subproject Grant Beneficiary do not exceed the ceilings set forth in this regard in the Green-Energy Building Subproject Guidelines.

C. Terms

1. Changning District shall make a Green-Energy Building Subproject Grant to a Green-Energy Building Subproject Grant Beneficiary pursuant to a Green-Energy Building Subproject Grant Agreement between Changning District, acting through the Project Management Office, and the Green-Energy Building Subproject Grant Beneficiary on terms and conditions approved by the Bank, set forth in the Green-Energy Building Subproject Guidelines, and which shall include the following:

(a) the amount of the Green-Energy Building Subproject Grant, a description of the Green-Energy Building Subproject, the eligible technologies and expenditures, a budget, the performance indicators, the Outputs, and the disbursement arrangements;

(b) disbursement of the Green-Energy Building Subproject Grant in the amounts and at the intervals specified in the Green-Energy Building Subproject Grant Agreement, upon verification by Changning District of delivery by the Green-Energy Building Subproject Grant Beneficiary of the Outputs set forth in the Green-Energy Building Subproject Grant Agreement;

(c) the right of Changning District to suspend or terminate the right of the Green-Energy Building Subproject Grant Beneficiary to use the proceeds of the Green-Energy Building Subproject Grant, or obtain a refund of all or any part of the amount of the Green-Energy Building Subproject Grant then withdrawn, upon the Green-Energy Building Subproject Grant Beneficiary’s failure to perform any of its obligations under the Green-Energy Building Subproject Grant Agreement; and

(d) the obligation of the Green-Energy Building Subproject Grant Beneficiary to:

(i) carry out the Green-Energy Building Subproject and deliver the Outputs set forth in the Green-Energy Building Subproject Grant Agreement 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 the provisions of the Anti-Corruption Guidelines applicable to recipients of grant proceeds other than the Borrower, the Green-Energy Building Subproject Guidelines, and the Environmental and Social Management Framework;

(ii) provide, promptly as needed, the resources required for the purpose of the Green-Energy Building Subproject, including the funds required pursuant to any cost-sharing arrangement set forth in the Green-Energy
Building Subproject Guidelines or the Green-Energy Building Subproject Grant Agreement;

(iii) ensure that no land acquisition or Involuntary Resettlement is carried out under the Green-Energy Building Subproject;

(iv) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with indicators acceptable to the Bank, the progress of the Green-Energy Building Subproject and the achievement of its objectives;

(v) (A) 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 Green-Energy Building Subproject; and (B) at the Borrower's, the Bank's, or Changning District's request, have such statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the accounts and records as so audited to the Borrower, the Bank, and Changning District;

(vi) procure the goods and services to be financed out of the Green-Energy Building Subproject Grant in accordance with procedures ensuring economy and efficiency, including the provisions of the Green-Energy Building Subproject Guidelines, and use such goods and services exclusively in the carrying out of the Green-Energy Building Subproject;

(vii) enable the Borrower, the Bank, and Changning District to inspect the Green-Energy Building Subproject, its operation, and any relevant records and documents; and

(viii) prepare and furnish to the Borrower, the Bank, and Changning District all such information as the Borrower, the Bank, or Changning District shall reasonably request relating to the foregoing.

2. Changning District shall exercise its rights under each Green-Energy Building Subproject Grant Agreement in such manner as to protect the interests of Changning District and the Bank and to accomplish the purposes of the Grant. Except as the Bank shall otherwise agree in writing, Changning District shall not assign, amend, abrogate or waive, or permit to be assigned, amended, abrogated or waived, any Green-Energy Building Subproject Grant Agreement or any provision thereof.
ANNEX B TO SCHEDULE

Low-Carbon Investment Subprojects

A. General

1. The Participating Financial Intermediaries shall, through the teams referred to in Section I.B.7 of the Schedule to this Agreement and under the supervision of Changning District, review and approve applications for Low-Carbon Investment Subproject Loans, and thereafter monitor and evaluate Low-Carbon Investment Subprojects, in accordance with the provisions of this Annex and the Operational Manual.

2. The Participating Financial Intermediaries shall furnish to the Bank for review and approval, prior to the conclusion of the first Low-Carbon Investment Subproject Loan Agreement each relating to the retrofitting of a commercial building, the retrofitting of a government building, and a new building, the application for and the appraisal documents, including any Environmental Management Plans, relating to the relevant Low-Carbon Investment Subproject.

3. The Participating Financial Intermediaries shall provide, promptly as needed, any co-financing required for the purpose of Low-Carbon Investment Subprojects pursuant to the Operational Manual.

B. Criteria

The Participating Financial Intermediaries shall make a Low-Carbon Investment Subproject Loan to a Low-Carbon Investment Subproject Loan Beneficiary in accordance with criteria approved by the Bank, set forth in the Operational Manual, and which shall include the following:

(a) the application for the Low-Carbon Investment Subproject Loan sets forth the Low-Carbon Investment Subproject objectives, activities, budget, benefits, and management arrangements;

(b) the Low-Carbon Investment Subproject Loan Beneficiary is an individual or entity meeting the relevant criteria set forth in the Operational Manual;

(c) the Low-Carbon Investment Subproject:

(i) has been assessed by the Low-Carbon Investment Subproject Loan Beneficiary to be technically and financially feasible and environmentally sustainable;

(ii) is consistent with the relevant technical, economic, financial, managerial, environmental, and social standards and has received all required environmental approvals from the Borrower, evidence of which has been submitted with the application;

(iii) complies with the Environmental and Social Management Framework; and
(iv) does not require land acquisition or Involuntary Resettlement.

C. Terms

1. The Participating Financial Intermediaries shall make a Low-Carbon Investment Subproject Loan pursuant to a Low-Carbon Investment Subproject Loan Agreement between the Participating Financial Intermediaries and the Low-Carbon Investment Subproject Loan Beneficiary on terms and conditions approved by the Bank, set forth in the Operational Manual, and which shall include the following:

(a) the amount of the Low-Carbon Investment Subproject Loan, a description of the Low-Carbon Investment Subproject, the eligible technologies and expenditures, a budget, and the performance indicators;

(b) payment of interest on the principal amount of the Low-Carbon Subproject Loan withdrawn and outstanding from time to time at a rate consistent with prevailing interest rates in the Borrower’s country for comparable credit;

(c) the right of the Participating Financial Intermediaries to suspend or terminate the right of the Low-Carbon Investment Subproject Loan Beneficiary to use the proceeds of the Low-Carbon Investment Subproject Loan, or obtain a refund of all or any part of the amount of the Low-Carbon Investment Subproject Loan then withdrawn, upon the Low-Carbon Investment Subproject Loan Beneficiary’s failure to perform any of its obligations under the Low-Carbon Investment Subproject Loan Agreement; and

(d) the obligation of the Low-Carbon Investment Subproject Loan Beneficiary to:

(i) carry out the Low-Carbon Investment Subproject 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 the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower, the Operational Manual, the Environmental and Social Management Framework, and any Environmental Management Plan prepared pursuant to said Framework;

(ii) provide, promptly as needed, the resources required for the purpose of the Low-Carbon Investment Subproject, including the funds required pursuant to any equity investment arrangement set forth in the Operational Manual or the Low-Carbon Investment Subproject Loan Agreement;

(iii) prior to the award of any contract for the implementation of the Low-Carbon Investment Subproject, prepare in form and substance satisfactory to Changning District, submit to Changning District, acting through the Project Management Office, for review and approval, and thereafter adopt and locally disclose, any Environmental Management
Plan required pursuant to the Environmental and Social Management Framework, and carry out said Subproject in accordance with the provisions of such Plan;

(iv) ensure that no land acquisition or Involuntary Resettlement is carried out under the Low-Carbon Investment Subproject;

(v) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with indicators acceptable to the Bank, the progress of the Low-Carbon Investment Subproject and the achievement of its objectives;

(vi) (A) 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 Low-Carbon Investment Subproject; and (B) at the Borrower’s, the Bank’s, or the Participating Financial Intermediaries’ request, have such statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the accounts and records as so audited to the Borrower the Bank, and the Participating Financial Intermediaries;

(vii) procure the goods, works, and services to be financed out of the Low-Carbon Investment Subproject Loan in accordance with the provisions of Section III of Schedule 2 to the Loan Agreement and the Operational Manual, and use such goods, works, and services exclusively in the carrying out of the Low-Carbon Investment Subproject;

(viii) enable the Borrower, the Bank, and the Participating Financial Intermediaries to inspect the Low-Carbon Investment Subproject, its operation, and any relevant records and documents; and

(ix) prepare and furnish to the Borrower, the Bank, and the Participating Financial Intermediaries all such information as the Borrower, the Bank, or the Participating Financial Intermediaries shall reasonably request relating to the foregoing.

2. The Participating Financial Intermediaries shall exercise their rights under each Low-Carbon Investment Subproject Loan Agreement in such manner as to protect the interests of the Participating Financial Intermediaries and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree in writing, the Participating Financial Intermediaries shall not assign, amend, abrogate or waive, or permit to be assigned, amended, abrogated or waived, any Low-Carbon Investment Subproject Loan Agreement or any provision thereof.
3. The Participating Financial Intermediaries shall ensure that all monies under Low-Carbon Investment Subproject Loans repaid to the Participating Financial Intermediaries are made available for further low-carbon investments.