Loan Agreement

(Liaoning Safe and Sustainable Urban Water Supply Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
LOAN AGREEMENT

AGREEMENT dated as of the Signature Date 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) apply to and form part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

2.01. The Bank agrees to lend to the Borrower the amount of two hundred and fifty million Dollars (USD 250,000,000), as such amount may be converted from time to time through a Currency Conversion ("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 is one quarter of one percent (0.25%) of the Loan amount.

2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.

2.06. The Payment Dates are May 1 and November 1 in each year.

2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

2.08. (a) If on any given day, the Total Exposure exceeds the Standard Exposure Limit (as said terms are defined in sub-paragraphs (b)(ii) and (b)(iii) of
this Section), the Borrower shall pay to the Bank a surcharge at the rate of one half of one percent (0.5%) per annum of the Allocated Excess Exposure Amount (as defined in sub-paragraph (b)(i) of this Section) for each said day ("Exposure Surcharge"). The Exposure Surcharge (if any) shall be payable semi-annually in arrears on each Payment Date.

(b) For purposes of this Section the following terms have the meanings set forth below:

(i) "Allocated Excess Exposure Amount" means for each day during which the Total Exposure exceeds the Standard Exposure Limit, the product of: (A) the total amount of said excess; and (B) the ratio of all (or, if the Bank so determines, a portion) of the Loan to the aggregate amount of all (or the equivalent portions) of the loans made by the Bank to the Borrower and to other borrowers guaranteed by the Borrower that are also subject to an exposure surcharge, as said excess and ratio are reasonably determined from time to time by the Bank.

(ii) "Standard Exposure Limit" means the standard limit on the Bank’s financial exposure to the Borrower which, if exceeded, would subject the Loan to the Exposure Surcharge, as determined from time to time by the Bank.

(iii) "Total Exposure" means for any given day, the Bank’s total financial exposure to the Borrower, as reasonably determined by the Bank.

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 in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement and the Project Agreement.

ARTICLE IV — EFFECTIVENESS

4.01. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Borrower’s Representative is its Minister of Finance.
5.02. For purposes of Section 10.01 of the General Conditions: (a) the Borrower’s address is:

Ministry of Finance
Sanlihe
Xicheng District
Beijing 100820
People’s Republic of China; and

(b) the Borrower’s Electronic Address is:

Facsimile: (86-10) 6855-2077

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

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Bank’s Electronic Address is:

Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391
AGREED as of the Signature Date.

PEOPLE'S REPUBLIC OF CHINA

By

Authorized Representative

Name: Wang Zhongying
Title: Deputy Director General

Date: August 6, 2018

MINISTRY OF FINANCE

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: Bent Hofman
Title: Country Director, China

Date: August 6, 2018
SCHEDULE 1

Project Description

The objectives of the Project are to improve water quality and operational efficiency of selected water supply utilities in the Project areas.

The Project consists of the following parts:

Part 1: Water supply service infrastructure improvement

Improvement of water supply services’ infrastructure in Project Cities through carrying out of Subprojects consisting of activities such as:

(a) construction, upgrade, repair and/or rehabilitation of water reservoirs, treatment plants, pump stations, booster pumps, transmission and distribution pipelines and control valves;

(b) installation and/or replacement of water meters for: (i) district and bulk water supply; as well as (ii) commercial, industrial and household customers; and

(c) installation and/or replacement of household water service connections.

Part 2: Water supply service management improvement

Enhancement of water supply service management in Project Cities through such measures as:

(a) mapping and modeling of all water distribution systems;

(b) development and implementation of NRW Reduction Plan, including the development of monitoring and analysis systems for pipeline operation and leakage control, as well as the purchase and installation of leak detection equipment and related monitoring instruments;

(c) development of the Energy Management Plan;

(d) development and upgrade of computerized water supply management systems;

(e) enhancement of water quality monitoring for all water treatment plants and for the water distribution network and other system facilities;
(f) upgrading of sampling and testing capacity of water testing laboratories;

(g) preparation of Financial Improvement Plans; and

(h) building the capacity of Project Companies in developing and managing Public-Private Partnership (PPP) arrangements.

Part 3: Project implementation support and institutional strengthening

(a) Building and strengthening the institutional capacities of the water supply companies in the Project Cities in *inter alia:* (i) water utility management; (ii) operation, management and maintenance of the supervisory control and data acquisition system including geographic information system, mapping and hydraulic modelling and asset management; (iii) water quality sampling and testing; (iv) operation and management of water treatment plants and pump stations; (v) leak detection as well as NRW and energy management; and (vi) project management.

(b) Supporting the overall capacity of the Project Implementing Entity to coordinate, manage and supervise the implementation of the Project, including: (i) the operation of the Provincial Project Management Office and Project Implementation Units (including the purchase of office equipment); (ii) carrying out training for the staff of the Provincial Project Management Office and Project Implementation Units; (iii) provision of consulting services to undertake engineering design and construction supervision; (iv) procurement of external environmental and social safeguards monitoring services; and (v) and carrying out of capacity building activities to enable knowledge sharing, dissemination of study results and peer to peer learning among the Project Companies and other interested water supply companies.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Financing Arrangements

1. For the purposes of carrying out the Project, the Borrower shall make available the proceeds of the Loan to the Project Implementing Entity, under terms and conditions acceptable to the Bank, including 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 4.05(c) of the General Conditions) shall be recovered over a period of twenty-six (26) 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 2.05 of this Agreement.

   (d) A Commitment Charge shall be charged equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2. The Borrower shall cause the Project Implementing Entity to: (a) 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 acceptable to the Bank; (b) 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 Project Implementing Entity to comply with its undertakings under the Project Agreement; and (c) maintain all relevant records and documents related to the Loan and the Project and provide promptly such documents and records, including all other Project-related information, as may be requested by the Borrower or the Bank from time to time.
B.  safeguards

1. The Borrower shall take, and shall cause the Project Implementing Entity to take, all measures necessary to ensure that the Project is carried out in accordance with the provisions of the Safeguards Instruments and Section I.B of the Schedule to the Project Agreement.

2. In the event of a conflict between the provisions of any of the Safeguards Instruments and those of this Agreement or the Project Agreement, the terms of this Agreement or the Project Agreement shall govern.

Section II.  Project Monitoring Reporting and Evaluation

The Borrower shall cause the Project Implementing Entity to furnish to the Bank each Project Report not later than sixty (60) days after the end of each calendar semester, covering the calendar semester.

Section III.  Procurement

A.  General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting 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 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 Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.
B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the additional provisions set forth in the box below; (b) Direct Contracting; and (c) Shopping.

The procedures applicable to the procurement of goods, works, and non-consulting services under contracts awarded on the basis of National Competitive Bidding ("NCB") shall be the open tendering procedures set forth in the Borrower's Law on Tendering and Bidding promulgated by its Order No. 21 dated August 30, 1999; provided, however, that such procedures shall be subject to the provisions of Section I, Paragraphs 3.3 and 3.4 of Section III, and Appendix 1 of the Procurement Guidelines, and the additional provisions in the following. In the event of a conflict between the Borrower's procedures and these NCB Procedure Modifications, the latter shall govern.

(i) Eligibility to participate in a procurement process and to be awarded a Bank-financed contract shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for such contract for reasons other than those provided in Section I of the Procurement Guidelines. No restriction based on nationality of bidders and/or origin of goods shall apply, and foreign bidders shall be allowed to participate in NCB without application of restrictive conditions.

(ii) All invitations to prequalify or bid shall be advertised in a national newspaper of wide circulation in the Borrower's country, or on a widely used website / electronic portal with free national and international access acceptable to the Bank except for goods or non-consulting services contracts that are estimated to cost less than $300,000 equivalent each, or works contracts that are estimated to cost less than $2,000,000 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 such advertisement (or the date of availability of bidding documents, whichever is later) and the deadline for the submission of bids, and the advertisement and bidding documents shall specify the deadline...
for the submission of bids. In the case of such advertisement on a website / electronic portal, the notice shall remain readily accessible nationally and internationally until at least the deadline for the submission of bids. Potential bidders shall be allowed to inspect and purchase bidding documents at any time prior to the deadline for the submission of bids.

(iii) Standard Bidding Documents acceptable to the Bank shall be used.

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

(v) Prequalification procedures and documents acceptable to the Bank shall be used for large, complex and/or specialized works. Verification of the information upon which a bidder was prequalified, including current commitments, shall be carried out at the time of contract award, along with the bidder’s capability with respect to personnel and equipment. All bidders that meet the qualification criteria set out in the pre-qualification documents shall be allowed to bid, and there shall be no limit on the number of pre-qualified bidders. Where pre-qualification is not used, the qualification of the bidder who is recommended for award of contract shall be assessed by post-qualification, applying the qualification criteria stated in the bidding documents.

(vi) Registration shall not be used to assess bidders’ qualifications. A bidder shall not be required to register as a condition for inspecting or purchasing bidding documents, submitting its bid or receiving contract award. A bidder determined to be the lowest evaluated responsive bidder, shall be given reasonable opportunity of registering (if required) before contract signing without any let or hindrance. Bidding shall not be restricted to any particular class of contractors, and non-classified contractors shall also be eligible to bid.

(vii) No margins of preference of any sort shall be given to bidders, such as on the basis of their location, place of incorporation, or affinity with the geographical area in which the Project activities will take place.

(viii) All bidders who are awarded contracts for works and single-responsibility contracts shall be required to provide performance security in an amount sufficient to protect the Borrower or the Project Implementing Entity / Entities, 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 and any other potential damages for such breach.

(ix) Bidders shall be allowed to submit bids by mail or in person.
<table>
<thead>
<tr>
<th></th>
<th>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.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(xi)</td>
<td>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.</td>
</tr>
<tr>
<td>(xii)</td>
<td>No bid may be rejected solely on the basis that the bid price exceeds any cost estimate or falls outside any margin or bracket of prices or average bids established by the Borrower or the Project Implementing Entity / Entities, as the case may be. Rejection of all bids or re-bidding shall not be allowed 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 agreement.</td>
</tr>
<tr>
<td>(xiii)</td>
<td>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 or to assume other obligations not stipulated in the bidding documents or otherwise to modify the bid as originally submitted. No negotiations shall be permitted except with the Bank’s no-objection.</td>
</tr>
<tr>
<td>(xiv)</td>
<td>In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the Bank’s policy to sanction firms or individuals found to have engaged in fraud and corruption as set forth in the Procurement Guidelines.</td>
</tr>
<tr>
<td>(xv)</td>
<td>In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the Bank’s policy with respect to inspection and audit of accounts, records and other documents relating to the submission of bids and contract performance.</td>
</tr>
<tr>
<td>(xvi)</td>
<td>State-owned enterprises in the Borrower’s country may be permitted to bid or submit a proposal of goods, works, or non-consulting services 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.</td>
</tr>
<tr>
<td>(xvii)</td>
<td>Matters such as subcontracting, joint venture relationships and assignment of contract shall be handled in accordance with the bidding documents.</td>
</tr>
</tbody>
</table>
(xviii) The results of bid evaluation and contract award shall be published in the national or provincial press (as provided under paragraph (ii) above) or official gazette or a free and open-access website and shall identify: (A) the name of each bidder who submitted a bid; (B) bid prices as read out at bid opening; (C) the name of the bidder, and the evaluated price, of each bid that was evaluated; (D) the names of bidders whose bids were either rejected as non-responsive or not meeting qualification criteria, or not evaluated, with the reasons therefor; and (E) the name of the winning bidder and the final total contract price, as well as the duration and summary scope of the contract. Such publication shall be within two (2) weeks of receiving the Bank’s no-objection to the award recommendation for contracts subject to the Bank’s prior review, and within two (2) weeks of the Borrower or the Project Implementing Entity’s award decision for contracts subject to the Bank’s post review. The bidding documents shall disclose the newspaper in which and / or the electronic means by which the information on contract award will be published.

(xix) The Borrower or the Project Implementing Entity / Entities, as the case may be, shall have in place an effective and independent protest mechanism for bidders to protest. The bidding documents shall provide the professional title and address of the official to whom such protests should be sent.

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 methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection based on Consultants’ Qualifications; (c) Single-Source Selection of consulting firms; (d) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; (e) Single-source procedures for the Selection of Individual Consultants; (f) Selection under a Fixed Budget; and (g) Least Cost Selection.
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.

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (a) finance Eligible Expenditures; and (b) pay: (i) the Front-end Fee; and (ii) each Interest Rate Cap or Interest Rate Collar premium; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<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) Goods and Works for the Subprojects to be carried out by:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Shenyang Water Supply Group</td>
<td>85,040,000</td>
<td>100%</td>
</tr>
<tr>
<td>(b) Anshan Water Supply Co.</td>
<td>40,050,000</td>
<td>100%</td>
</tr>
<tr>
<td>(c) Fushun Water Supply Co.</td>
<td>61,890,000</td>
<td>100%</td>
</tr>
<tr>
<td>(d) Fuxin Water Supply Co.</td>
<td>28,605,000</td>
<td>100%</td>
</tr>
<tr>
<td>(e) Gaizhou Water Supply Co.</td>
<td>24,650,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Non-consulting services, Incremental Operating Costs, Training and Workshops and consultants’ services for the Project</td>
<td>9,140,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Front-end Fee</td>
<td>625,000</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 4.05 (c) of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>250,000,000</td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
   (a) for payments made prior to the Signature Date; or
   (b) under each of Categories (1)(a) through (1)(e) until the Bank shall have notified the Borrower and the Project Implementing Entity of its receipt of a copy of the Subsidiary Loan Agreement entered into between the Project City concerned and its Respective Project Company, acceptable to the Bank and in accordance with the provisions of Section I, paragraph D.1 of the Schedule to the Project Agreement.

2. The Closing Date is June 30, 2023.
SCHEDULE 3

Commitment-Linked Amortization Repayment Schedule

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").

Level Principal Repayments

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 1 and November 1</td>
<td></td>
</tr>
<tr>
<td>Beginning November 1, 2024 through May 1, 2044</td>
<td>2.5%</td>
</tr>
</tbody>
</table>
APPENDIX

Section I. Definitions

1. "Affected Persons" means persons who, on account of the execution of the Project, 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 an "Affected Person" means any of such Affected Persons.

2. "Annual Dam Safety Action Plan" means each of the plans referred to in Section I.B.11(c) of the Schedule to the Project Agreement.

3. "Annual Plan" means each of the consolidated annual work plans and budgets for the Project to be prepared or updated by the Provincial Project Management Office, submitted by the Project Implementing Entity, and approved by the Bank, on an annual basis as provided for in Section I.A.3 of the Schedule to the Project Agreement; and "Annual Plans" means, collectively, all such plans.


5. "Bank's Safeguards Policies" means the operational policies and procedures for financing of development projects by the Bank at the date of this Agreement and relating to Environmental Assessment, Natural Habitats, Pest Management, Indigenous Peoples (Ethnic Minorities), Physical Cultural Resources, Involuntary Resettlement, Forests, Safety of Dams, Projects on International Waterways, and Projects in Disputed Areas, as published under http://policies.worldbank.org/ to the extent they are applicable to the Project.

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


8. "Energy Management Plan" means the plan referred to in Section IV.D.1(c) of the Schedule to the Project Agreement.

10. “Environmental Management Plans” or “EMPs” means, collectively, the Project Implementing Entity’s environmental management plans for the Project, acceptable to the Bank, dated May 2017 and disclosed on the Bank’s external website (documents & reports) on July 11, 2017, which sets out the environmental protection measures, including chance finds procedures, in respect of the Project, as well as administrative, monitoring, supervision and training arrangements to ensure the implementation of said plans, as said plan may be revised from time to time with the prior written agreement of the Bank, and such term includes all schedules and annexes supplemental thereto, and any additional EMP as may be required for Project activities.

11. “Financial Improvement Plan” means any of the plans referred to in Section IV.B(a) of the Schedule to the Project Agreement, as such plan may be updated from time to time in accordance with Section IV.B(b) of the Schedule to the Project Agreement.


13. “Incremental Operating Costs” means the reasonable costs incurred by the Project Implementing Entity, for purposes of Project management and implementation based on the Annual Plans approved in advance by the Bank, on account of office rental, supplies and consumables, utilities, bank charges, communications, mass media and printing services, interpretation and translation services, vehicle rental, operation, maintenance, and insurance, building and equipment maintenance, local transportation, domestic travel, lodging, and subsistence allowances, and salaries of contractual and temporary staff, but excluding salaries and any salary supplements of members of the Borrower’s or the Project Implementing Entity’s civil service.

14. “Independent Expert” means any of the independent qualified dam professionals who have not been involved with the investigation, design, construction, or operation of the dam that they are tasked to inspect.

15. “Liaoning” means the Borrower’s Province of Liaoning, and any successor thereto.
16. “Non-Revenue Water” or “NRW” means water for which revenue has not been collected resulting from, among others, unbilled authorized consumption, unauthorized consumption, meter inaccuracies, and/or leakages.

17. “NRW Reduction Plan” means the plan referred to in Section IV.C.1(c) of the Schedule to the Project Agreement.


19. “Procurement Plan” means the Project Implementing Entity’s procurement plan for the Project, dated January 17, 2018 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.

20. “Project Agreement” means the agreement between the Bank and the Project Implementing Entity of even date herewith, as the same may be amended from time to time; and such term includes all schedules and agreements supplemental to the Project Agreement.

21. “Project Company” means, individually, each of the Project companies set forth in the second column of the table in Section III of the Appendix to this Agreement, which company is established and operating pursuant to its:

(a) charter issued on the date specified in said table; specifically, in the third column of the same row as the Project Company concerned; and

(b) business license issued by the relevant Municipal Industrial and Commercial Administration Bureau on the date and with the license number specified in said table; specifically, in the fourth and fifth columns of the same row as the Project Company concerned,

and any successor thereto; and “Project Companies” means, collectively, all such companies.

22. “Project Cities” means, collectively, the cities of Liaoning as set forth in the first column of the table in Section III of the Appendix to this Agreement; and “Project City” means, individually, any of such Project Cities.
23. "Project Dams" means the following existing dams on which the Project is directly dependent: Dahuofang Dam in Fushun City, Shimen Dam in Gaizhou City, Naodehai Dam in Fuxin City and Tanghe Dam in Liaoyang City.

24. "Project Implementation Plan" means the Project Implementing Entity’s plan dated January 2018, acceptable to the Bank, which incorporates the Procurement Plan, the Safeguard Instruments, procurement manual, financial management manual, the Project’s results framework and performance indicators, technical modules, procedures for the selection, implementation and monitoring of Subprojects; and other operational arrangements for the Project, as the same may be revised from time to time with the prior written agreement of the Bank.

25. "Project Implementation Unit" means a unit to be established within each of the Project Company and referred to in Section I.A.1(c) of the Schedule to the Project Agreement, and any successor thereto.


27. "Provincial Project Management Office" and the acronym “PPMO” mean the office referred to in Section I.A.1(b) of the Schedule to the Project Agreement, and any successor thereto.

28. "Provincial Project Steering Committee" means the committee referred to in Section I.A.1(a) of the Schedule to the Project Agreement, and any successor thereto.

29. "Resettlement Action Plan" or “RAP” means any of the resettlement action plans for the Project prepared by the Project Implementing Entity, acceptable to the Bank, dated May 2017 and disclosed on the Bank’s external website (documents & reports) on July 31, 2017, setting forth, inter alia: (i) the principles and procedures governing the acquisition of land required for the Project and related facilities; (ii) actions and measures for the payment of compensation to Affected Persons and for their resettlement and rehabilitation; (iii) the criteria and procedures for developing and implementing actions and measures, acceptable to the Bank, for mitigating the adverse social impacts resulting from the implementation of activities in locations that are not directly identified in the RAP; (iv) grievance redress mechanisms; and (v) reporting and monitoring arrangements to ensure compliance with said plan, as the same may be revised from time to time with the prior written agreement of the Bank; and such term includes all attachments and annexes supplemental to said plan, and any additional RAPs as may be required for Project activities.

30. "Resettlement Policy Framework" means the resettlement policy framework for the Project, acceptable to the Bank, prepared by the Project Implementing Entity,

31. “Respective Parts of the Project” means in respect of: (a) each Project Cities, activities under the Project to be carried out within its jurisdiction; and (b) each Project Company, activities under the Project to be carried out by said Project Company within the jurisdiction of the Project City concerned.

32. “Respective Project Company” means in respect of each Project City, the Project Company set forth in the same row as the Project City, in the table in Section III of the Appendix to this Agreement, and any successor thereto acceptable to the Bank.

33. “Safeguards Instruments” means, collectively, the Environmental Management Plans, Social Assessment, Environmental and Social Management Framework, Resettlement Policy Framework and the Resettlement Action Plan, dam safety assessment report(s), as well as any attachments, schedules and annexes supplemental to said instruments.

34. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.


36. “Subprojects” means any of the activities under Part I of the Project, to be carried out by the Project Cities and/or the Project Companies, all under terms and conditions acceptable to the Bank, and in accordance with the eligibility criteria, technical standards and procedures set forth to that effect in the Project Implementation Plan.

37. “Subsidiary Loan Agreements” means, collectively, the agreements to be entered into between each Project City and its Respective Project Company pursuant to Section I.D.1 of the Schedule to the Project Agreement and Section IV.B.1(b) of Schedule 2 to this Agreement, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to said agreements; and “Subsidiary Loan Agreement” means, individually, any of said Subsidiary Loan Agreements.

38. “Training and Workshops” means the costs of training activities under the Project, based on the Annual Plans approved in advance by the Bank, and attributable to seminars, workshops, and domestic and overseas training and study tours, along
with travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Section 5.13 (Procurement) is deleted in its entirety and the remaining section in Article V is renumbered accordingly.

2. Paragraphs 84 (Procurement Plan) and 85 (Procurement Regulations) in the Appendix are deleted in their entirety and the subsequent paragraphs are renumbered accordingly.

Section III. Project Companies and Project Cities

<table>
<thead>
<tr>
<th>Name of Project City</th>
<th>Name of Project Company</th>
<th>Project Company is established and operating pursuant to its Charter and Business License as follows:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Shenyang</td>
<td>Shenyang Water Supply Group</td>
<td>Date of Charter: May 8, 2015, Business License Number: 91210100675307959A, Date of Business License: May 29, 2008 to May 28, 2038</td>
</tr>
<tr>
<td>2. Anshan</td>
<td>Anshan Water Supply Company</td>
<td>Date of Charter: June 26, 2016, Business License Number: 912103002413770953, Date of Business License: November 21, 1984</td>
</tr>
<tr>
<td>3. Fushun</td>
<td>Fushun Water Supply Company</td>
<td>Date of Charter: April 27, 2015, Business License Number: 9121040011931471XX, Date of Business License: February 22, 1984</td>
</tr>
<tr>
<td>5. Gaizhou</td>
<td>Gaizhou Water Supply Company</td>
<td>Date of Charter: January 6, 2011, Business License Number: 91210881121127542R, Date of Business License: December 27, 1979</td>
</tr>
</tbody>
</table>