Project Agreement
(Second Gansu Cultural and Natural Heritage Protection and Development Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

GANSU PROVINCE

Dated July 7, 2017
PROJECT AGREEMENT

Agreement dated 2017, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and GANSU PROVINCE ("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 objective of the Project. To this end, the Project Implementing Entity shall carry out the Project, through the Project Counties/Districts, 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, through the Project Counties/Districts, 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 Governor or Vice Governor or such other person or persons as said Governor or Vice Governor 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

Cable: Telex: Facsimile:
INTBAFRAD 248423(MCI) or 1-202-477-6391
Washington, D.C. 64145(MCI)
3.03. The Project Implementing Entity’s Address is:

Gansu Foreign Loans Administration Committee
No. 696 West Donggang Road
Chengguan District, Lanzhou
Gansu Province
People’s Republic of China

Facsimile: +86 (931) 889-1043

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: Bert Hofman
Title: Country Director, China

GANSU PROVINCE

By

Authorized Representative

Name: Huang Qiang
Title: Executive Vice Governor
SCHEDULE

Execution of the Project

Section I. Institutional and Implementation Arrangements

1. In order to ensure the proper carrying out of 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) a Project Leading Agency at the provincial level, to provide leadership, policy guidance and coordination in the preparation and implementation of the Project;

(b) the Provincial Project Management Office, housed within GHATIG, to be responsible for the overall coordination, management and supervision of the Project, including the review and approval of Annual Work Plans, revisions to the Project budget and allocation of resources, coordination of fiduciary aspects, and provision of guidance to the Project Counties/Districts on all aspects of Project implementation; and

(c) Project Management Offices at the county and district levels, to be responsible for the day-to-day implementation of Project activities, including inter alia, procurement, financial management, contract management, accounting, reporting, and environmental and social safeguards management.

2. To assist the Project Implementing Entity and the Project Counties/Districts with the day-to-day implementation of the Project, the Project Implementing Entity, through its Provincial Finance Department, shall enter into an agreement (the "Implementation Agreement") with GHATIG under terms and conditions acceptable to the Bank, which shall include those set forth in the Annex to this Schedule.

3. The Project Implementing Entity shall exercise its rights under the Implementation Agreement in such a manner as to protect the interests of the Borrower and the Bank, and to accomplish the purposes of the Loan, and except as the Bank shall otherwise agree, not assign, amend, abrogate or waive the Implementation Agreement, or any provision thereof.

4. In case of any inconsistency between the provisions of the Implementation Agreement and the provisions of the Loan Agreement and/or this Agreement, the provisions of the Loan Agreement and this Agreement shall prevail.

5. The Project Implementing Entity shall, and shall cause the Project Counties/Districts to, carry out the Project in accordance with the Project Operations Manual, in a timely and efficient manner satisfactory to the Bank. The Project Implementing Entity shall not amend, suspend, or waive said Project Operations Manual or any provision or schedule thereof, without the prior written concurrence of the Bank. In the event of any inconsistency between the terms of the Project Operations Manual and those of the Loan
Agreement and/or this Agreement, the provisions of the Loan Agreement and this Agreement shall prevail.

6. The Project Implementing Entity shall, and shall cause the Project Counties/Districts to: (a) prepare and furnish to the Bank by November 30 in each year, beginning in 2016, 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 December 30 in each year, beginning on December 30, 2016, 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, and shall cause the Project Counties/Districts not to, amend, suspend, abrogate, or waive said Annual Work Plans or any provision thereof without the prior written agreement of the Bank.

B. Anti-Corruption

The Project Implementation Entity shall ensure, and shall cause the Project Counties/Districts to ensure, that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Safeguards

1. In carrying out the Project, the Project Implementing Entity shall, and shall cause the Project Counties/Districts 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 a resettlement action plan to be developed pursuant to the RPF, and in a manner satisfactory to the Bank; and

(c) whenever required in terms of the RPF, proceed to have an additional resettlement action plan or plans: (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/Districts 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 shall cause the Project Counties/Districts to ensure, that each contract for works under the Project includes the obligation of the work contractor(s) and any sub-contractor(s) to comply with the relevant provisions of the Safeguards Instruments applicable to such works commissioned/awarded pursuant to said contract.

3. The Project Implementing Entity shall ensure, and cause the Project Counties/Districts 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/Districts not to, amend, suspend, or waive the Safeguards Instruments, or any provision thereof, without the prior written agreement of the Bank.

5. The Project Implementing Entity shall maintain, and shall cause the Project Counties/Districts 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.C, or the provisions of Section II.A below, the Project Implementing Entity shall take, and shall cause the Project Counties/Districts 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.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity shall, and shall cause the Project Counties/Districts to, 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 Operations Manual. Each such Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Borrower not later than 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 December 15, 2019, 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, Audits

1. The Project Implementing Entity shall maintain, and shall cause the Project Counties/Districts to 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 Project.

2. Without limitation to the provisions of Part A of this Section, the Project Implementing Entity shall cause the Project Counties/Districts to prepare and furnish to the Project Implementing Entity, for submission 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, and shall cause the Project Counties/Districts to have, its financial statements 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 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 such 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.
ANNEX to the SCHEDULE

Principal Terms and Conditions of the Implementation Agreement

For the purposes of Section I.A.2 of the Schedule to this Agreement, the terms of the Implementation Agreement to be entered into by the Project Implementing Entity, through its Provincial Finance Department, and GHATIG shall reflect, inter alia, the following terms and conditions:

1. GHATIG shall undertake to:
   
   (a) assist the Project Implementing Entity and the Project Counties/Districts in the carrying out of the Project with due diligence and efficiency and in accordance with appropriate management, financial and technical practices, and social and environmental standards acceptable to the Bank (including in accordance with the Project Operations Manual and the provisions of the Anti-Corruption Guidelines) and provide, promptly as needed, the funds, facilities and other resources required for that purpose; and
   
   (b) without limitation on the foregoing, take all measures necessary to ensure that the Project be implemented in accordance with the Safeguards Instruments.

2. GHATIG shall assist the Project Implementing Entity and the Project Counties/Districts to procure the goods, works and consultants' services to be financed out of the proceeds of the Loan in accordance with the provisions of Section III of Schedule 2 to the Loan Agreement, and utilize such goods, works and consultants' services exclusively in the carrying out of the Project.

3. GHATIG shall undertake to enable the Bank, the Borrower and the Project Implementing Entity to inspect any goods and/or works under the Project, the operation thereof, and any relevant records and documents.

4. GHATIG shall undertake, maintain, throughout Project implementation, staff in adequate numbers and with terms of reference and qualifications acceptable to the Bank, to be responsible for assisting the Project Implementing Entity and the Project Counties/Districts in the implementation of the Project.

5. GHATIG shall undertake:

   (a) to maintain records and accounts adequate to reflect, in accordance with sound accounting practices, its operations and financial condition;

   (b) to have its financial statements for the Project, for each Fiscal Year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
to furnish to the Bank as soon as available, but in any case not later than six (6) months after the end of each Fiscal Year: (i) certified copies of said financial statements, as the case may be, for such year as so audited pursuant to subparagraph (b) of this paragraph; and (ii) an opinion on such statements by said auditors in such scope and detail as the Bank shall have reasonably requested;

to prepare and furnish to the Bank, the Borrower and the Project Implementing Entity, all such other information concerning said financial statements, as well as the audit thereof, as the Bank, the Borrower and/or the Project Implementing Entity shall reasonably request;

to maintain policies and procedures adequate to enable them to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth in the Project Operations Manual, the carrying out of the Project and the achievement of the objectives thereof; and

to prepare, under terms of reference satisfactory to the Bank, and furnish to the Project Implementing Entity, for its review, consolidation in the Project Reports, and submission to the Bank, semi-annual reports integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (e) of this Section 5, on the progress achieved in the carrying out of the Project during the period preceding the date of each such report.

6. The Project Implementing Entity, through its Provincial Finance Department, shall have the right to suspend or terminate the right of GHATIG to participate in the Project and/or otherwise use the proceeds of the Loan, upon failure by GHATIG to perform any of its obligations under the Implementation Agreement.