Project Agreement

(Gansu Revitalization and Innovation Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

GANSU PROVINCE
PROJECT AGREEMENT

AGREEMENT 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 the Signature Date between PEOPLE’S REPUBLIC OF CHINA ("Borrower") and the Bank, concerning Loan A No. 8970-CN and Loan B No. 8971-CN. 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) 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 Loan Agreement or the General Conditions and the terms used in italics in this Agreement are referring to locations on the territory of the Borrower or the Project Implementing Entity.

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 the Schedule to this Agreement, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

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. 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:

Facsimile:
1-202-477-6391
3.03. For purposes of Section 10.01 of the General Conditions: (a) the Project Implementing Entity’s address is:

No. 1 Central Plaza
Chengguan District
Lanzhou
Gansu Province; and

(b) the Project Implementing Entity’s Electronic Address is:

Facsimile:

0931-8891043
AGREED as of the later of the two dates written below.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: Martin Raiser
Title: Country Director, China
Date: July 17, 2019

GANSU PROVINCE

By

Authorized Representative

Name: Song Liang
Title: Executive Vice Governor
Date: Gansu Province
      July 17, 2019
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 throughout the implementation of the Project, the following entities with composition, powers, functions, terms of reference, staffing, facilities and other resources acceptable to the Bank:

(a) At the provincial level:

(i) The Project Leading Agency, chaired by the Project Implementing Entity’s Executive Vice Governor, to be responsible for ensuring leadership of the Project, providing overall policy, financial, institutional and strategic guidance on Project implementation and facilitating coordination among different implementing agencies within its jurisdiction;

(ii) the Provincial Department of Culture and Tourism of the Project Implementing Entity, which has been designated as the Provincial Project Management Office (“Culture and Tourism PPMO”). The Culture and Tourism PPMO shall be responsible for the implementation, coordination, reporting, management and monitoring and evaluation of the activities under Parts 2 and 3 of the Project, as well as the preparation of the consolidated Annual Work Plans and Budgets and Project Reports with inputs provided by GFHG with respect to Part 1 of the Project;

(iii) Gansu Financial Holding Group Company Limited (“GFHG”) which:

(A) is designated as the Provincial Project Management Office (“Line of Credit PPMO”) responsible for the implementation, coordination, reporting, management and monitoring and evaluation of the activities under Part 1 of the Project, including the provision of the inputs related to Part 1 of the Project to the Culture and Tourism PPMO for the preparation by the Culture and Tourism PPMO of the consolidated Annual Work Plans and Budgets and Project Reports;

(B) on-lends the funds allocated from time to time to Category (1) to the Participating Financial Institutions (“PFIs”); and
(C) bears the foreign exchange risk for the use of the funds allocated from time to time to Category (1); and

(b) At the local level:

(i) Local level leading groups (each a “Local Leading Group”), which have been designated in each prefecture or municipality within which Project activities will be implemented, in each case, chaired by the Executive Vice Mayor, to ensure effective implementation of Project activities within their respective jurisdiction; and

(ii) Eight Project Implementation Units (each a “PIU”), which have been designated in each city, county or district within which Project activities will be implemented (Qin'an county, Maiji district, and Wu Shan county in Tianshui municipality, Lintao and Tongwei counties in Dingxi municipality, Ganzhou district in Zhangye municipality, Dunhuang city and Ji'xian city). Each PIU shall be responsible for the implementation of such Project activities, including carrying out procurement, coordinating with other entities in the implementation arrangement, preparing annual work plans and budgets, as well as progress and financial reports related to the Project activities within its respective jurisdiction, for submission to the Culture and Tourism PPMO for consolidation and onward submission to the Borrower and the Bank.

B. Contractual Arrangements.

1. For the implementation of Part 1 of the Project

(a) On-Lending Agreement.

(i) For the purposes of carrying out Part 1 of the Project, the Project Implementing Entity shall make the proceeds of Loan A available to GFHG as a loan (the “On-Lending Loan A”) under an agreement between the Project Implementing Entity and GFHG (the “On-Lending Agreement”), under terms and conditions approved by the Bank.

(ii) The Project Implementing Entity shall exercise its rights under the On-Lending Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of Loan A. Except as the Bank shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive the On-Lending Agreement or any of its provisions.
(b) Subsidiary Agreement.

(i) For the purposes of carrying out Part 1 of the Project, the Project Implementing Entity shall cause GFHG to make the proceeds of the On-Lending Loan A available to the PFIs, as a loan (each a “Subsidiary Loan”) under an agreement between GFHG and the PFIs (each a “Subsidiary Agreement”).

(ii) The Project Implementing Entity shall cause GFHG to exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Project Implementing Entity and the Bank and to accomplish the purposes of Loan A. Except as the Bank shall otherwise agree, the Project Implementing Entity shall ensure that GFHG shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

(iii) For the purposes of carrying out Part 1 of the Project, the Project Implementing Entity shall cause GFHG to cause the PFIs to allocate from their own resources an amount agreed with the Project Implementing Entity and the Bank to the co-financing of Sub-loans (the “Co-financing”).

(c) Sub-loan Agreements.

(i) For the purposes of carrying out Part 1 of the Project, the Project Implementing Entity shall cause GFHG to cause the PFIs to use the proceeds of the Subsidiary Loan, as well as the Co-financing, to extend Sub-loans to Eligible Beneficiaries in accordance with eligibility criteria and procedures acceptable to the Bank and specified further in the Loan A – Operations Manual, which shall include the following:

(A) Eligible Beneficiaries shall be MSEs;

(B) Eligible Beneficiaries shall operate or starting operation in the culture, tourism or creative industry in Gansu;

(C) Unless otherwise agreed with the Bank, an amount of not less than 40% of the Subsidiary Loan and the Co-financing shall be used to extend Sub-loans to micro-enterprises, with each Sub-loan in an amount not to exceed the equivalent of $50,000;

(D) Unless otherwise agreed with the Bank, an amount of not more than 60% of Subsidiary Loan and the Co-financing shall be used to extend Sub-loans to small enterprises, with each Sub-loan in an amount not to exceed the equivalent of $500,000;
Unless otherwise agreed with the Bank, an amount of not less than 40% of the Subsidiary Loan and the Co-financing shall be used to extend Sub-loans to enterprises located and operating (or planning to operate) in the Tianshui, Dingxi, Zhangye, and Jiayuguan prefectures;

Unless otherwise agreed with the Bank, an amount of not more than 60% of the Subsidiary Loan and the Co-financing shall be used to extend Sub-loans to enterprises located in other prefectures of the Gansu Province than those listed in Section I.B.1(c)(ii)(E) of this Schedule; and

Sub-project categorized in accordance with the Bank’s Safeguards Policies as environmental assessment category A Sub-projects shall be excluded.

The Project Implementing Entity shall cause GFHG to cause the PFIs to make each Sub-loan under an agreement (each a “Sub-loan Agreement”) with the respective Eligible Beneficiary, in each case on terms and conditions approved by the Bank, which shall include the terms and conditions listed in Attachment 1 to this Schedule.

The Project Implementing Entity shall cause GFHG to cause the PFIs to exercise its rights under each Sub-loan Agreement in such manner as to protect the interests of the Project Implementing Entity and the Bank and to accomplish the purposes of Loan A. The PFIs shall not assign, amend, abrogate or waive any Sub-loan Agreement or any of its provisions, which, in the opinion of the Bank, will adversely affect the implementation of the Sub-project and the achievement of the objectives thereof.

The Project Implementing Entity shall ensure, and shall cause GFHG to ensure, that any repayment of the Sub-loans received by the PFIs after the Closing Date (if any) shall be used by the PFIs exclusively to support the access of MSEs in the culture, tourism and creative industry in the Gansu Province to the credit market.

2. For the implementation of Parts 2 and 3 of the Project

(a) For the purposes of carrying out Parts 2 and 3 of the Project, the Project Implementing Entity shall make available the proceeds of Loan B to the PIUs, under terms and conditions acceptable to the Bank, including the principal terms listed in paragraphs (i) to (iii) below.
(i) The principal amount shall be made available in Euros or any other Currency as Loan B may be converted from time to time through a Currency Conversion of the value of the currency or currencies so withdrawn (such principal amount determined on the date, or respective dates, of withdrawal from the Loan Account).

(ii) The principal amount so made available (including an amount equal to the fee paid pursuant to Section 2.03 of the Loan Agreement with respect to Loan B) shall be recovered over a period of twenty-nine (29) years, inclusive of a grace period of six (6) years.

(iii) All other terms and conditions of such financing shall be strictly identical to those applicable to Loan B.

(b) The Project Implementing Entity shall cause the PIUs to:

(i) manage, operate, monitor, transfer and reconcile the proceeds of Loan B made available to it pursuant to paragraph (a) immediately above in accordance with arrangements and procedures acceptable to the Bank;

(ii) take all required actions, including provision of timely consents and approvals as may be necessary, to facilitate the utilization of said Loan B proceeds and the implementation of Parts 2 and 3 of the Project and, to enable the Project Implementing Entity to comply with its undertakings under the Project Agreement; and

(iii) maintain all relevant records and documents related to Loan B and Parts 2 and 3 of the Project and provide promptly such documents and records, including all other information related to Loan B and Parts 2 and 3 of the Project, as may be requested by the Project Implementing Entity, the Borrower or the Bank, from time to time.

(c) For the implementation of Parts 2 and 3 of the Project, the Project Implementing Entity shall:

(i) recruit, no later than August 30, 2019, and thereafter maintain throughout the implementation of the Project, one (1) procurement agency, on the basis of terms of reference, qualifications and experience satisfactory to the Bank;

(ii) recruit, no later than December 31, 2019, and thereafter maintain throughout the implementation of the Project, a project management
consulting firm, on the basis of terms of reference, qualifications and experience satisfactory to the Bank; and

(iii) recruit, no later than December 31, 2019, and thereafter maintain throughout the implementation of the Project, one (1) or more design institutes, as needed, each to act as architectural and engineering design firm, on the basis of terms of reference, qualifications and experience satisfactory to the Bank.

(d) For the implementation of the Project, the Project Implementing Entity shall recruit, no later than December 31, 2019, and thereafter maintain as needed, throughout the implementation of the Project, one (1) consulting team to provide support in safeguard management, on the basis of terms of reference, qualifications and experience satisfactory to the Bank.

C. **Safeguards.**

1. In carrying out the Project, the Project Implementing Entity shall cause the PIUs, and shall cause GFHG to cause the PFIs, 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 Resettlement Action Plan(s) and in a manner acceptable to the Bank; and

   (c) whenever required in terms of the RPF, and prior to the commencement of any works, proceed to have RAPs: (i) prepared in form and substance acceptable 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 caused to be implemented, in accordance with their terms and in a manner acceptable to the Bank.

2. (a) The Project Implementing Entity shall cause the Culture and Tourism PPMO to cause the PIUs to implement, and shall cause the Line of Credit PPMO to cause the PFIs to implement, the Project in accordance with the Safeguards Instruments, in a manner and substance acceptable to the Bank.
Without limitation on the foregoing, the Project Implementing Entity shall cause the Culture and Tourism PPMO to cause the PIUs to ensure, and shall cause the Line of Credit PPMO to cause the PFIs to ensure, that:

(i) all the bidding documents and contracts include the obligation of the relevant contractors and subcontractors to: (A) adopt and implement measures to assess and manage the risks and impacts of labor influx; and (B) adopt and enforce codes of conduct that should be provided to and signed by all workers; as applicable to such civil works commissioned or carried out pursuant to said contracts; and

(ii) each contract for works under the Project includes the obligations of the 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 cause the Culture and Tourism PPMO to cause the PIUs to ensure, and shall cause the Line of Credit PPMO to cause the PFIs to ensure, that all studies and technical assistance to be supported under the Project are carried out under terms of reference acceptable 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 cause the Culture and Tourism PPMO to cause the PIUs to, and shall cause the Line of Credit PPMO to cause the PFIs to, not 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 cause the Culture and Tourism PPMO to cause the PIUs to, and shall cause the Line of Credit PPMO to cause the PFIs 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.1 below, the Project Implementing Entity shall cause the Culture and Tourism PPMO to cause the PIUs to, and shall cause the Line of Credit PPMO to cause the PFIs to, take all measures necessary on their part to regularly collect, compile and submit to the Bank, as part of the Project Reports, and promptly in a separate report whenever the circumstances warrant or the Bank requests, 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 the Loan Agreement or this Agreement, the provisions of the Loan Agreement and this Agreement shall prevail, in this order of priority.

D. **Annual Work Plans and Budgets and Loan B - Project Implementation Plan**

1. With inputs from the PIUs, the PFIs and the PPMOs, the Project Implementing Entity shall: (a) prepare and furnish to the Bank by November 1 in each year, beginning in 2019, a draft Annual Work Plan and Budget 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 (together with documentary evidence that the safeguard obligations related to such upcoming Project activities shall be fully complied with in a timely fashion in accordance with the Safeguard Instruments), including the proposed annual budget and sources of financing for the Project; (b) taking into account the Bank’s comments, finalize and furnish to the Bank no later than December 1 in each year, beginning in 2019, the Annual Work Plan and Budget, acceptable to the Bank; and (c) thereafter ensure the implementation of the Project during the following calendar year in accordance with the Annual Work Plan and Budget agreed with the Bank and in a manner acceptable to the Bank. The Project Implementing Entity shall not amend, suspend, abrogate, or waive said Annual Work Plans and Budgets 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 Culture and Tourism PPMO and the PIUs to, apply the Loan B - Project Implementation Plan in a timely and efficient manner acceptable to the Bank. The Project Implementing Entity shall, and shall cause the Culture and Tourism PPMO and the PIUs to, not amend, suspend, or waive said Loan B - Project Implementation Plan 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 Loan B - Project Implementation Plan and those of the Loan Agreement or this Agreement, the provisions of the Loan Agreement and this Agreement shall prevail, in that order of priority.

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

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 indicators acceptable to the Bank. 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 forwarding by the Borrower to the Bank.

2. Without limitation to the provisions of the preceding paragraph, the Project Implementing Entity shall prepare, under terms of reference acceptable to the Bank, and furnish to the Bank, no later than December 31, 2021, 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 and the Bank not later than 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.

Section III. Other Undertakings

The Project Implementing Entity shall ensure that GFHG shall, no later than June 30, 2020, make a new equity investment in GFGC, using its own resources, in an amount equivalent to not less than fifty million Dollars ($50,000,000) as paid-in capital allowing GFGC to extend guarantees of the risk of payment default by enterprises engaged in the culture, tourism and creative industries in Gansu in favor of financing institutions lending to such enterprises.
ATTACHMENT 1

Terms and Conditions of the Sub-loan Agreements
Between PFIs and Eligible Beneficiaries

For purposes of Section I.B (c)(iv) of Schedule 2 to this Agreement, the Sub-loan Agreements to be entered into by the PFIs and the respective Eligible Beneficiary shall reflect, *inter alia*, the following terms conditions:

1. The PFIs shall obtain rights adequate to protect their interests and those of the Bank, including the right to suspend or terminate the right of the Eligible Beneficiary to use the proceeds of the Sub-loan, or declare to be immediately due and payable all or any part of the amount of the Sub-loan then withdrawn, upon the Eligible Beneficiary’s failure to perform any of its obligations under the Sub-loan Agreement.

2. Each Eligible Beneficiary shall undertake to:

   (A) carry out its Sub-project with due diligence and efficiency and in accordance with sound business, environmental and social standards and practices acceptable to the Bank, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower;

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

   (C) carry out procurement of any goods, works or services financed by the Sub-loans in accordance with commercial practices and maintain financial management, accounting and auditing arrangements proportionate to its operations, resources and expenditures related to the Sub-project; acceptable to the Bank;

   (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 Sub-project and the achievement of its objectives;

   (E) enable the PFIs and the Bank to inspect the Sub-project, its operation and any relevant records and documents; and

   (F) prepare and furnish to the PFIs and the Bank all such information as the PFIs or the Bank shall reasonably request relating to the foregoing.