Loan Agreement

(Guangdong Social Security Integration and Rural Worker Training Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated July 22, 2013
LOAN AGREEMENT


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) 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 General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of eighty million Dollars ($80,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (“Loan”), to assist in financing the project described in Schedule I 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 payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.

2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.

2.05. The Payment Dates are April 15 and October 15 in each year.

2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

(c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall cause the Project to be carried out by the Project Implementing Entity and the Project Schools in accordance with the provisions of Article V of the General Conditions and the Project Agreement.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — TERMINATION

4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Borrower’s representative is its Minister of Finance.

5.02. The Borrower’s Address is:

Ministry of Finance
Sanlihe
Beijing 100820
People’s Republic of China

Facsimile:
(86-10) 6855-1125

5.03. The Bank’s Address is:

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

Cable address: INTBAFRAD
Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391
AGREED at Beijing, People’s Republic of China as of the day and year first above written.

PEOPLE’S REPUBLIC OF CHINA

By

Authorized Representative

Name: Yang Yingying

Title: Deputy Director-General
International Department
Ministry of Finance

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: Klaus Rodland

Title: Country Director, China
SCHEDULE 1

Project Description

The objectives of this Project are to enhance portability of social security data and beneficiary entitlements, and to strengthen the skills base and employment prospects of rural hukou workers in Guangdong.

The Project consists of the following parts:

Part 1 Social Security Management Information System

Part 1.1 Designing and developing the provincial MIS

Design and development of a provincial MIS for social insurance, and employment services programs, including:

(a) development of data standards to facilitate inter-operability among the components of the New System and across the Prefectures;

(b) design and integration of the MIS, including design of the enterprise and system architecture, support platform and data exchange scheme; and

(c) acquisition and development of software for the provincial entitlements clearinghouse to enable data exchange across programs and Prefectures.

Part 1.2 Building the provincial MIS delivery platform

(a) Acquisition of hardware for the New System, including servers, computers, scanners, storage and network equipment, and leasing of networks; and

(b) acquisition and/or development of selected software for the New System, including data analysis tools.

Part 1.3 Capacity Strengthening for MIS modernization and Project management

Strengthening the capacity of the Project Implementing Entity and the Prefectures to manage the New System through:

(a) provision of technical assistance and training, including facilitation of study tours, to enhance management capacity and innovation; and

(b) monitoring of Project results, including carrying out of an impact evaluation.
Part 2 Rural Worker Training

Part 2.1: Strengthening School-Industry Linkages

Strengthening the capacity of the Project Schools to institutionalize linkages with industry through:

(a) carrying out of surveys to identify employer demand for skills;
(b) formulation of guidelines for school-industry partnerships; and
(c) development and/or revision, and dissemination, of skills standards and curricula, and training programs.

Part 2.2: Strengthening Instructional and Institutional Management Capacity

Enhancing the capacity of Project School management, administrators and instructors through:

(a) carrying out of training needs analyses and provision of training, including facilitation of study tours; and
(b) evaluating training results, to inform further development of training programs.

Part 2.3: Developing Modular, Competency-Based Training Programs

(a) Development by Project Schools of modular and competency-based training models and teaching materials in selected programs;
(b) establishment of a database of training programs for rural workers including teaching and learning materials and employer information; and
(c) monitoring and evaluation of training programs, including development of evaluation standards.

Part 2.4: Upgrading of Facilities and Equipment and School Information Services

(a) Development of school information systems, including acquisition of computer hardware and software;
(b) construction and/or rehabilitation of school buildings and facilities; and
(c) acquisition of training equipment and supplies, including books, computers and peripherals, learning materials, and software.

Part 2.5 Improving Project Monitoring and Evaluation and Project management

(a) Strengthening the capacity of the Project Schools to monitor and evaluate their training programs, through establishment of monitoring and evaluation teams, and conducting of evaluations and tracer studies;
(b) strengthening the capacity of the Project Implementing Entity to manage the Project through provision of technical assistance and training; and

(c) carrying out of policy studies to guide the design and implementation of skills enhancement programs for rural workers.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Financing Arrangements

1. For the purposes of the Project, the Borrower shall make available the proceeds of the Loan to the Project Implementing Entity, and cause the Project Implementing Entity to make part of the said proceeds available to the Project Schools, under terms and conditions satisfactory 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) shall be recovered over a period of 25 years, inclusive of a grace period of 5 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 Section 2.04 of this Agreement.

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 satisfactory 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 information, as may be requested by the Borrower or the Bank from time to time.

B. Implementation Arrangements and Work Plans

1. The Borrower shall cause the Project Implementing Entity to carry out its Respective Parts of the Project, and cause the Project Schools to carry out their Respective Parts of the Project, in accordance with the Project Implementation Plan, as annually reviewed and approved by the Bank, as provided for in the Section I, Part E of the Schedule to the Project Agreement, in a manner satisfactory to the Bank and shall not amend, suspend, or waive the said plan or any part thereof without the prior written agreement of the Bank.

2. In the event of any inconsistency between the Project Implementation Plan and this Agreement, the provisions of this Agreement shall prevail.

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C. Anti-Corruption

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

D. Safeguards

1. The Borrower shall cause the Project Implementing Entity to ensure that the Project is carried out in accordance with the provisions of the Environmental Codes of Practice and the Due Diligence Report, and, except as the Bank shall otherwise agree in writing, the Borrower shall 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 any inconsistency between the Environmental Codes of Practice and the Due Diligence Report, and this Agreement, the provisions of this Agreement shall prevail.

3. Without limitation upon its other reporting obligations under Section II, of this Schedule, the Borrower shall take, and cause the Project Implementing Entity to 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 Codes of Practice and the Due Diligence Report, providing details of:

   (a) measures taken in furtherance of said Codes;

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

   (c) remedial measures taken or required to be taken to address such conditions.

Section II. Project Monitoring, Reporting, Evaluation

A. Project Reports.

The Borrower shall: (a) monitor and evaluate, and cause the Project Implementing Entity to monitor and evaluate, the progress of the Project and to prepare Project Reports in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of the indicators agreed with the Bank and set forth in the Project Implementation Plan. Each such Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank not later than March 15 and September 15 each year; and (b) without limitation upon the provisions of the preceding sub-paragraph, cause the Project Implementing Entity to, by no later than January 31, 2016 carry out a mid-term review of the Project, under terms of reference acceptable to the Bank.

1. The Borrower shall maintain, or shall cause the Project Implementing Entity to maintain, a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Borrower shall cause the Project Implementing Entity to prepare and furnish to the Bank as part of the Project Report not later than March 15 and September 15 each year, interim un-audited financial reports for the Project covering the preceding calendar semester, in form and substance satisfactory to the Bank.

3. The Borrower shall cause the Project Implementing Entity to have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

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) Shopping; (b) Direct Contracting; and (c) National Competitive Bidding, subject to the additional provisions set forth in the Law on Tendering and Bidding of the People's Republic of China promulgated by Order No. 21 of the President of the People’s Republic of China on August 30, 1999, with the following clarifications required for compliance with the Procurement Guidelines:

(i) All invitations to prequalify or to bid shall be advertised in a newspaper of national circulation in the Borrower's territory, except for civil works contracts that are estimated to cost less than $2,000,000 equivalent each and for goods contracts that are estimated to cost less than $300,000 equivalent 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 advertisement in such newspaper and the deadline for submission of bids, and the advertisement and bidding documents shall specify the deadline for such submission.

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

(iii) All bidders that meet the qualification criteria set out in the pre-qualification document shall be allowed to bid and there shall be no limit on the number of pre-qualified bidders.

(iv) All bidders shall be required to provide security in an amount sufficient to protect the Borrower or the Project Implementing Entity, 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.

(v) Bidders will be allowed to submit bids by mail or by hand. The time for opening of all bids shall be the same as the deadline for receipt of such bids.

(vi) 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.

(vii) 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.

(viii) No bid may be rejected solely on the basis that the bid price falls outside any standard contract estimate, or margin or bracket of average bids established by the Borrower or the Project Implementing Entity, as the case may be.

(ix) 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 not stipulated in the bidding documents or otherwise to modify the bid as originally submitted.

(x) Each contract financed with the proceeds of the Loan shall provide that the suppliers and contractors shall permit the Bank, at its request, to inspect their accounts and records relating to the performance of the contract and to have said accounts and records audited by auditors appointed by the Bank.

(xi) Government owned enterprises in the Borrower's country may be permitted to bid or submit a proposal of goods and works 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.

(xii) All bids should not be rejected 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 concurrence.

(xiii) The results of bid evaluation and contract award shall be published in the national press or provincial press (as provided under sub-paragraph (i) above) or official gazette or a free and open access website and shall identify the name and offered price of the winning bidder, as well as the duration and summary scope of the awarded contract.

(xiv) The Project Implementing Entity shall have in place provisions for bidders to protest.

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 the Consultants’ Qualifications; (c) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (d) Single-source procedures for the Selection of firm and Individual Consultants.

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

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<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, non-consulting services, consultants’ services, Network Leasing, Operating Costs, and Training and Study Tours under Part 1 of the Project</td>
<td>44,887,500</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Works, goods, non-consulting services, consultants’ services Operating Costs, and Training and Study Tours under Part 2 of the Project</td>
<td>34,912,500</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Front-end Fee</td>
<td>200,000</td>
<td></td>
</tr>
<tr>
<td>(4) Interest Rate Cap or Interest Rate Collar premium</td>
<td>0</td>
<td>Amount due pursuant to Section 2.07(c) of this Agreement.</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>80,000,000</td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $16,000,000 equivalent may be made for payments made prior to this date but on or after December 1, 2012 for Eligible Expenditures.

2. The Closing Date is December 31, 2018.
SCHEDULE 3

Amortization 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"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 15, 2018</td>
<td>1.48</td>
</tr>
<tr>
<td>April 15, 2019</td>
<td>1.52</td>
</tr>
<tr>
<td>October 15, 2019</td>
<td>1.56</td>
</tr>
<tr>
<td>April 15, 2020</td>
<td>1.59</td>
</tr>
<tr>
<td>October 15, 2020</td>
<td>1.63</td>
</tr>
<tr>
<td>April 15, 2021</td>
<td>1.67</td>
</tr>
<tr>
<td>October 15, 2021</td>
<td>1.72</td>
</tr>
<tr>
<td>April 15, 2022</td>
<td>1.76</td>
</tr>
<tr>
<td>October 15, 2022</td>
<td>1.80</td>
</tr>
<tr>
<td>April 15, 2023</td>
<td>1.85</td>
</tr>
<tr>
<td>October 15, 2023</td>
<td>1.89</td>
</tr>
<tr>
<td>April 15, 2024</td>
<td>1.94</td>
</tr>
<tr>
<td>October 15, 2024</td>
<td>1.99</td>
</tr>
<tr>
<td>April 15, 2025</td>
<td>2.04</td>
</tr>
<tr>
<td>October 15, 2025</td>
<td>2.09</td>
</tr>
<tr>
<td>April 15, 2026</td>
<td>2.14</td>
</tr>
<tr>
<td>October 15, 2026</td>
<td>2.20</td>
</tr>
<tr>
<td>April 15, 2027</td>
<td>2.25</td>
</tr>
<tr>
<td>October 15, 2027</td>
<td>2.31</td>
</tr>
<tr>
<td>April 15, 2028</td>
<td>2.37</td>
</tr>
<tr>
<td>October 15, 2028</td>
<td>2.43</td>
</tr>
<tr>
<td>April 15, 2029</td>
<td>2.49</td>
</tr>
<tr>
<td>October 15, 2029</td>
<td>2.55</td>
</tr>
<tr>
<td>April 15, 2030</td>
<td>2.61</td>
</tr>
<tr>
<td>October 15, 2030</td>
<td>2.68</td>
</tr>
<tr>
<td>April 15, 2031</td>
<td>2.74</td>
</tr>
<tr>
<td>October 15, 2031</td>
<td>2.81</td>
</tr>
<tr>
<td>April 15, 2032</td>
<td>2.88</td>
</tr>
<tr>
<td>October 15, 2032</td>
<td>2.95</td>
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</table>

-15-
<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 15, 2033</td>
<td>3.03</td>
</tr>
<tr>
<td>October 15, 2033</td>
<td>3.10</td>
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<td>April 15, 2034</td>
<td>3.18</td>
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<td>October 15, 2034</td>
<td>3.26</td>
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<td>3.34</td>
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<tr>
<td>October 15, 2035</td>
<td>3.43</td>
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<tr>
<td>April 15, 2036</td>
<td>3.51</td>
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<tr>
<td>October 15, 2036</td>
<td>3.60</td>
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<tr>
<td>April 15, 2037</td>
<td>3.69</td>
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<tr>
<td>October 15, 2037</td>
<td>3.78</td>
</tr>
<tr>
<td>April 15, 2038</td>
<td>4.14</td>
</tr>
</tbody>
</table>

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

   (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.

   (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two (2) calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

   (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any
Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.
APPENDIX

Section I. Definitions


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


4. "DHRSS" means the Department for Human Resources and Social Security of Guangdong, or any successor thereto.

5. "Due Diligence Report" means the Borrower’s report dated October 2012, and updated on May 20, 2013, detailing: (a) an overall review of the land acquisition and resettlement undertaken in connection with the Project; (b) an assessment of compliance of said land acquisition and resettlement with the Borrower’s laws and regulations on land acquisition, resettlement, and related compensation, including consistency with the World Bank involuntary resettlement policies; (c) monitoring and evaluation measures to be undertaken in relation to the impacts and mitigation of land acquisition and resettlement (including economic displacement) in connection with the Project and related budget; and (d) actions to be undertaken by the Borrower in relation to any land acquisition and resettlement issues or disputes.

6. "Environmental Codes of Practice" means the codes prepared for Yunfu Technical School and Guangdong Advanced Technical School of Light Industry, respectively, found acceptable by the Bank and locally disclosed in the Borrower’s territory on November 26, 2012 and November 27, 2012, respectively, and in the Bank’s Infoshop on November 23, 2012, specifying the actions, measures and policies, to be taken or adopted to maximize the environmental benefits of their Respective Parts of the Project, as well as eliminate, offset or mitigate any adverse environmental impacts, or reduce such impacts to acceptable levels, along with administrative and monitoring arrangements to ensure the implementation of said actions, measures and policies, and including the reporting and supervision arrangements.


8. "Guangdong" means the Borrower’s Guangdong Province, or any successor thereto, which is the Project Implementing Entity for the Project.

9. "MIS" means management information system.
10. "Network Leasing" means the reasonable cost to the Project Implementing Entity of leasing telecommunications networks for the New System under Part 1.2 (a) of the Project.

11. "New System" means the provincial computerized social security MIS to be designed, developed and built under the Part 1 of the Project.

12. "Operating Costs" means the operating costs of the Project, incurred by the Project Implementing Entity or the Project Schools for purposes of Project management and implementation, on account of office supplies and consumables, utilities, bank charges, communications, mass media and printing services, interpretation and translation services, patents costs, publishing costs, vehicle rental, operation, maintenance, and insurance, equipment maintenance, local transportation, domestic travel, lodging, and subsistence allowances, Overtime Allowances, salaries of contractual and temporary staff, honoraria for industry and sector experts, and other expenditures acceptable to the Bank, but excluding salaries and salary supplements of members of the Borrower’s or the Project Implementing Entity’s civil service.

13. "Overtime allowances" means allowances paid to teachers of the Project Schools for time spent over and above their regular working hours in the development of curricula for the purposes of Part 2.3 (a) of the Project.

14. "Prefectures" means, collectively, the twenty one administrative sub divisions of Guangdong, and any successors thereto.


16. "Procurement Plan" means the Project Implementing Entity’s procurement plans for the Project, dated March 25, 2013, and April 12, 2013 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.

17. "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.

18. "Project Implementation Leading Group" means the group to be maintained by the Project Implementing Entity, as provided for in Section I, Paragraph A.1 (a) of the Schedule to the Project Agreement, to facilitate inter-agency and inter-divisional coordination, and provide policy guidance, during Project Implementation.

19. "Project Implementation Plan" means the implementation plans of the Project Implementing Entity and the Project Schools, dated February 4, 2013, satisfactory to the Bank, containing the principles, procedures and arrangements for implementing the Project, including, but not limited to, those related to financial management.
procurement, disbursement of funds, mitigation of adverse impacts on environment, and monitoring and evaluation of Project activities, as said plan shall be updated annually based on the annual work plans and budgets to be prepared by the Project Implementing Entity and the Project Schools and approved by the Bank.

20. “Project Implementing Entity” means the Borrower’s Province of Guangdong, or any successor thereto.

21. “Project Schools” means collectively, (a) the Guangdong Advanced Technical School of Light Industry; (b) the Guangzhou Industry and Trade Technician College; (c) the Yunfu Technical School; and (d) any other school or schools selected by agreement among the Borrower, the Project Implementing Entity and the Bank to participate in Project activities. “Project School” means, individually, any one of the Project Schools.

22. “Respective Part of the Project” means, in the case of each Project School, Parts 2.1, 2.2, 2.3, 2.4 and 2.5 (a) of the Project with respect to such School and, in the case of the Project Implementing Entity, all parts of the Project other than the Respective Parts of the Project of the Project Schools.

23. “Training and Study Tours” means, for the purposes of the table in Schedule 2, Section IV. Paragraph A.2 of this Agreement, and based on an annual work plan and budget approved in advance by the Bank and the Project Implementing Entity, the reasonable cost of travel, lodging and per diem for trainees attending training, workshops and study tours and the cost of delivering training including rental of training space and training equipment, fees, and other logistical costs, all as agreed with the Bank.