Project Agreement

(Liaoning Medium Cities Infrastructure Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

LIAONING PROVINCE

Dated October 18, 2006
PROJECT AGREEMENT

Agreement dated October 18, 2006, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") AND LIAONING PROVINCE ("Project Implementing Entity") ("Project Agreement") in connection with the Loan Agreement of same date between the People’s Republic of China ("Borrower") and the Bank ("Loan Agreement"). 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 the Project 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 objectives of the Project. To this end, the Project Implementing Entity shall, and shall cause the Project Cities to:

(a) carry out the Project in accordance with the provisions of Article V of the General Conditions; and

(b) 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, and shall cause the Project Cities to, carry out the Project in accordance with the provisions of the Schedule to this Agreement.
ARTICLE III – REPRESENTATIVE; ADDRESSES

3.01. The Project Implementing Entity’s Representative is Governor or a Vice Governor; or such other person or persons as said Governor or a Vice Governor shall designate in writing, and the Project Implementing Entity shall furnish to the Bank sufficient evidence of the authority and the authenticated specimen signature of each such person.

3.02. The Bank’s Address is:

For the Bank:

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

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

3.03. The Project Implementing Entity’s Address is:

For Liaoning Province:

Liaoning Provincial Department of Finance
103 North Nanjing Street
Heping District
Shenyang
Liaoning Province
People’s Republic of China
110002

Facsimile:

86-24-2283-4167
AGREED at Beijing, People’s Republic of China, as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: /s/ David Dollar

Authorized Representative

LIAONING PROVINCE

By: /s/ Xu Weiguo

Authorized Representative
SCHEDULE

Section I. Institutional and Other Arrangements.

Project Management.

1. The Project Implementing Entity shall maintain, and cause to be maintained, for purposes of carrying out the Project, the following organizations, with terms of reference, staffing and other resources acceptable to the Bank, throughout the period of implementation of the Project:

   (a) the Project Coordinating Group established at the provincial level, chaired by a Vice Governor of Liaoning to be responsible for reviewing the overall Project planning, and coordinating on policy and institutional issues related to the Project implementation;

   (b) the Liaoning Provincial Department of Finance to be responsible for integrated management of the Project, including providing guidance to the Liaoning Urban Construction and Renewal Project Office (LUCRPO) and monitoring day-to-day Project implementation by LUCRPO;

   (c) LUCRPO under the direction of qualified and experienced managers, staffed with competent personnel in sufficient number, and provided with adequate resources, all in a manner satisfactory to the Bank; said LUCRPO to be responsible for day-to-day Project implementation;

   (d) each Local Leading Group established by each Project City, chaired by a Vice Mayor of the Project City to be responsible for providing overall policy guidance and coordination for Project preparation and implementation within its respective jurisdiction; and

   (e) each Local Project Management Office established by each Project City, to be responsible for day-to-day management of implementation of the Project within its respective jurisdiction.

Resettlement and Environment Protection.

2. The Project Implementing Entity shall:

   (a) take, and shall cause each Project City to 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 in carrying out the Project;

(b) for this purpose and prior to the commencement of any civil works under the Project, implement, and cause each Project City, to implement its respective Resettlement Action Plan and the Resettlement Policy Framework, in a manner satisfactory to the Bank; and

(c) provide, and cause each Project City to provide, to the Bank for its prior concurrence any proposed modification or waiver of its respective Resettlement Action Plan and the Resettlement Policy Framework, prior to putting into effect such modification or waiver.

3. The Project Implementing Entity shall, and shall cause each Project City to:

(a) implement its respective Environmental Management Plan in a manner satisfactory to the Bank and designed to ensure that the Project is implemented in accordance with sound environmental standards and practices; and

(b) provide to the Bank for its prior concurrence any proposed modification or waiver of its respective Environmental Management Plan, or any provisions thereof, prior to putting into effect such modification or waiver.

4. The Project Implementing Entity shall, and shall cause each Project City to:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the implementation of its respective Environmental Management Plan, its respective Resettlement Action Plan, and the Resettlement Policy Framework, the achievement of the objectives of said Plans and said Framework, including the engagement of experienced and qualified independent monitoring agencies acceptable to the Bank;

(b) prepare under terms of reference satisfactory to the Bank, and furnish to the Bank by January 31 and July 31 of each year, commencing January 31, 2007, semi-annual reports of the results of such monitoring and evaluation activities, together with any revisions proposed to be introduced into such Plans and Framework in order to achieve their respective objectives; and
(c) Introduce such revisions into said Plans and Framework as shall have been agreed with the Bank.

**Project Implementation.**

5. The Project Implementing Entity shall cause each Project City to:

   (a) prepare, in accordance with terms of reference satisfactory to the Bank, and furnish to the Bank by February 15 in each calendar year, beginning on February 15, 2007, for review and approval, a proposed action plan for the carrying out of its Respective Parts of the Project during the same calendar year, said work plan to include, inter alia, the scope and schedule of activities under its Respective Parts of the Project, the financing plan and detailed budget arrangements (including required counterpart funds as validated by each Project City);

   (b) thereafter, carry out such Respective Parts of the Project in accordance with such action plan as shall have been approved by the Bank; and

   (c) provide to the Bank for its prior concurrence any proposed modification or waiver of its respective annual action plan, or any provisions thereof, prior to putting into effect such modification or waiver.

6. The Project Implementing Entity shall cause each Project City to engage consultants, from time to time, in adequate numbers, with expertise, terms of reference, qualification and experience, acceptable to the Bank, as required for supervision of civil works implemented under its Respective Parts of the Project.

7. The Project Implementing Entity shall cause each Project City to:

   (a) conduct a public survey using public participatory process on the impacts and benefits of the Project by June 30, 2008, and June 30, 2011 respectively, under terms of reference and in accordance with methodologies acceptable to the Bank;

   (b) after each public survey promptly prepare and furnish to the Bank a report integrating the results of the public survey performed pursuant to subparagraph (a) of this paragraph and setting out the measures recommended to address the issues raised by the public during the public surveys; and
(c) thereafter immediately take all measures required to carry out the conclusions and recommendations of said reports and the Bank’s views on the reports, if any.

8. The Project Implementing Entity shall cause each Project City to:

(a) arrange an annual meeting chaired by its respective Road Safety Committee in October of each calendar year, starting October 2006, to review the records of road safety and traffic flows of such year on selected corridors and intersections in the respective Project City based on the measurements of traffic volumes and road safety agreed with the Bank; and

(b) promptly after each meeting, prepare and immediately thereafter implement a time-bound action plan to improve safety and traffic flows in the above-mentioned corridors and intersections.

9. The Project Implementing Entity shall cause each Project City to notify the Bank reasonably in advance of adopting or putting into effect any policies which may result in changes to the following: (a) legal status or corporate form of state-owned bus companies; (b) granting of bus route or bus network concessions longer than three (3) years in duration; and (c) transfer from government ownership of bus fixed infrastructure, such as depots, interchanges, terminals, and maintenance workshops.

10. During the Project implementation, the Project Implementing Entity shall cause each Project City to furnish an annual report to the Bank, by December 15 of each calendar year, beginning December 15, 2006, describing the procurement completed in such year for non-Bank financed road maintenance contracts in the Project City, which report should include, among other things, with respect to such road maintenance contracts, the number of bidders and their bid prices as announced at the bid opening, contract owner’s cost estimate, the selected bidder, the signed contract price, and the reasons for rejection of the lowest bid, if any.

Financial Arrangements.

11. The Project Implementing Entity shall allocate to each Project City an amount of the Loan under arrangements satisfactory to the Bank, which shall include, without limitation, the following principal terms:

(a) The Project Implementing Entity shall make available the principal amount, which has been allocated to each Project City, in Dollars (determined on
the date, or respective dates, of withdrawal from the Loan Account) of the value of the currency or currencies so withdrawn on account of its Respective Parts of the Project;

(b) The Project Implementing Entity shall recover: (i) such principal amount so made available; and (ii) an amount equal to the fee paid pursuant to Section 2.04 of the Loan Agreement, over a period of twenty (20) years, inclusive of a grace period of five (5) years;

(c) The Project Implementing Entity shall charge interest 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 2.05 of the Loan Agreement; and

(d) The Project Implementing Entity shall charge a commitment charge on such principal amount, not withdrawn from time to time at a rate equal to the fee paid pursuant to Section 2.03 of the Loan Agreement.

Section II. Project Monitoring, Reporting, Evaluation.

A. Project Reports.

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports for the Project in accordance with the provisions of Section 5.08(b) of the General Conditions and on the basis of the indicators set forth in a supplemental letter dated the date of this Agreement. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than one and a half months after the end of the period covered by such report.

2. The Project Implementing Entity shall provide to the Borrower not later than six 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.


1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect
the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to the Project.

2. The Project Implementing Entity shall have its financial statements referred to above 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 fiscal year of the Project Implementing Entity. The audited financial statements for each period shall be furnished to the Borrower and the Bank not later than six months after the end of the period.

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 Schedule 2 to the Loan Agreement.