Loan Agreement

(Hunan Forest Restoration and Development Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated March 20, 2013
LOAN AGREEMENT

Agreement dated March 20, 2013, between PEOPLE’S REPUBLIC OF CHINA (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) 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 1 to this Agreement (“Project”).

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Front-end Fee 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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 March 15 and September 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 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 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 — EFFECTIVENESS; 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 the 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 Dept., MOP

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name:  Klaus Radlauer

Title:  Country Director, China
SCHEDULE 1

Project Description

The objective of the Project is to enhance the resilience and environmental function of selected ice storm affected ecological forest plantations in Hunan Province by increasing forest species diversity and vegetative tree cover in those areas.

The Project consists of the following parts:

Part A. Reforestation and Rehabilitation of Damaged Ecological Forest Plantations

1. Carrying out a program of reforestation of ecological forest plantations denuded by the ice storm, through the replanting of about 27,700 hectares (ha) of forestland with various locally adapted mixes of conifer and broadleaf indigenous species.

2. Carrying out a program of rehabilitation of damaged ecological forest plantations, including:

(a) the supplemental reforestation of about 18,600 ha of damaged and partially denuded ecological forest plantations by inter-planting them with mixes of conifer and broadleaf indigenous species; and

(b) the natural regeneration of about 12,600 ha of damaged ecological forest plantation where spontaneous germination of forest seedlings, as well as sprouts from damaged stumps to be supported through silvicultural management practices and supplemented by partial replanting of mixes of conifer and broadleaf indigenous species.

Part B. Institutional Support and Technology Enhancement

1. Nursery Upgrading and Planting Material Development: Carrying out a program to increase the number of species available and improve the quality of planting materials by supporting better nursery management technologies and the production of approximately 60.5 million seedlings, including the upgrading of two central nurseries in Taoyuan County and Suxian District and one provincial demonstration nursery located in Ningxiang County.

2. Forest Cooperatives: Carrying out a program to establish and strengthen 22 farmer forest cooperatives for the purpose of replanting, forest rehabilitation and long-term management of ecological forest plantations.

3. Research, Technical Service and Extension: Carrying out an applied research, training, capacity building and knowledge dissemination program covering areas and topics of nursery technologies and management, silvicultural management systems, ecological forest plantation management, enhancing and monitoring carbon sequestration in forest plantations, and climate change impacts on forest ecosystems.
4. **Project Monitoring and Evaluation (M&E):** Establishing and implementing the Project's progress, outcome, and impacts monitoring and evaluation system.

5. **Project Management and Institutional Development:** Provision of support for capacity building and institutional strengthening for Project management offices at provincial and county levels.
SCHEDULE 2

Project Execution

Section I. Financing and Implementation Arrangements

A. Financing Arrangements

1. For the purposes of carrying out of the Project, the Borrower shall make available to the Project Implementing Entity under terms and conditions satisfactory to the Bank, part of the proceeds of the Loan on the following principal terms:

   (i) 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.

   (ii) The principal amount so made available (including an amount equal to the fee paid pursuant to Section 2.03 of this Agreement and any premium for Interest Rate Caps or Interest Rate Collars paid pursuant to Section 2.07(c) of this Agreement and Section 4.05(c) of the General Conditions) shall be recovered over a period of twenty-six (26) years, inclusive of a grace period of six (6) years.

   (iii) Interest shall be charged on such principal amount withdrawn and outstanding from time to time at a rate equal to the rate of interest applicable from time to time to the Loan pursuant to the provisions of Section 2.04 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. Institutional Arrangements.

The Borrower shall maintain, throughout the period of implementation of the Project, a Project management office with adequate powers, functions, staff and resources, satisfactory to the Bank, to be responsible for the overall coordination of Project implementation, quality-control activities, planning and management of overseas training and study tours, monitoring, evaluation, and reporting.
C. **Anti-Corruption**

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines, including the provisions thereof that are applicable to the recipients of Loan proceeds other than the Borrower.

D. **Safeguards.** The Borrower shall take, and shall cause the Project Implementing Entity to take, all measures necessary to comply with, or all measures necessary to enable the Project Implementing Entity and the Participating Counties to comply with the provisions of Section I.D of the Schedule to the Project Agreement.

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

A. **Project Reports**

1. The Borrower shall cause the Project Implementing Entity to monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators set forth in the Annex to the Schedule to the Project Agreement. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than two months after the end of the period covered by such report.

B. **Financial Management, Financial Reports and Audits**

1. The Borrower shall maintain or cause to be maintained 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 two months 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 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 fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such 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 Section III of the Schedule to the Project Agreement.
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 ("Category"), 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) Sub-financing for reforestation and rehabilitation of forest plantations under Parts A B of the Project</td>
<td>75,320,000</td>
<td>100% of Sub-financing disbursed</td>
</tr>
<tr>
<td>(2) Goods and equipment</td>
<td>1,720,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Consultants' services, non-consulting services, Training, and Costs related to Demonstration Facilities</td>
<td>2,760,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Front-end fee</td>
<td>200,000</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
<tr>
<td>(5) 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><strong>TOTAL AMOUNT</strong></td>
<td><strong>80,000,000</strong></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:

(a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $8,000,000 equivalent may be made for payments made prior to this date but on or after July 1, 2012, for all Eligible Expenditures; and

(b) for payments under Category (1), unless:

(i) the Unit Cost estimated for each reforestation and rehabilitation technical models, as reflected in the Annex to this Schedule, have been agreed by the Bank and the Borrower;

(ii) the Outputs have been achieved in compliance with the provision of the Project Implementation Plan, including the quality, technical standards and specifications set out therein; and

(iii) after the relevant County PMO has carried out an inspection of the related Sub-project financed under said Category after its completion; and the Provincial PMO, on the basis of reports issued by the respective County PMO, has certified, in a form and substance satisfactory to the Bank, and on the basis of the plantation inspection and acceptance guidelines included in PIP, the following:

(A) the number of hectares of plantations completed or improved;

(B) that the Output or Outputs have been achieved in compliance with the provisions of the Implementation Agreements entered into pursuant to the provision of Section 1.C.3 of the Schedule to the Project Agreement, including the quality, technical standards and specifications therein, and the provisions of the Safeguards Instruments;

(C) that the amounts to be so withdrawn with respect to expenditures under said Category (1) is equal to the amount resulting from multiplying the certified Output or Outputs times the Unit Cost; and

(D) that the said Output or Outputs have not been claimed by the Borrower to support a previous withdrawal application from the Loan Account.

2. The Closing Date is March 31, 2019.
Annex to Schedule 2
Unit Cost

A Sub-financing to a Project Beneficiary for carrying out a Sub-project shall be in an amount calculated on the basis of the following Unit Cost, or such other Unit Cost as may be established from time to time, by the Bank, after consultation with, and notification to, the Borrower and the Project Implementing Entity.

<table>
<thead>
<tr>
<th>Reforestation and Rehabilitation Models</th>
<th>Unit Cost for WB Loan (RMB)</th>
<th>WB Loan Disbursement (RMB/ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Year 1</td>
</tr>
<tr>
<td>Reforestation Models</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Model 1 Conifer + broadleaf (P)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Model 2 Conifer + precious broadleaf (P)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Model 4 Mixed broadleaf (P)</td>
<td>10,360</td>
<td>7,000</td>
</tr>
<tr>
<td>Model 3 Precious and high value broadleaf (P)</td>
<td>11,380</td>
<td>8,000</td>
</tr>
<tr>
<td>Rehabilitation Models</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Model 5 Conifer + broadleaf (R)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Model 6 Conifer + precious broadleaf (R)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Model 7 Natural regeneration with treatment (R)</td>
<td>5,080</td>
<td>4,000</td>
</tr>
<tr>
<td>Model 8 Tree + bamboo (R)</td>
<td>4,670</td>
<td>4,000</td>
</tr>
</tbody>
</table>
SCHEDULE 3

Amortization Schedule

1. 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>On each March 15 and September 15</td>
<td></td>
</tr>
<tr>
<td>Beginning March 15, 2019</td>
<td></td>
</tr>
<tr>
<td>Through September 15, 2038</td>
<td>2.50%</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 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. "County PMO" or the acronym "CPMO" means county level Project management office, established by each Participating County and to be maintained according to the provisions of paragraph A.1(b) of Section I of the Schedule to the Project Agreement.

5. "Costs related to Demonstration Facilities" means the costs incurred or to be incurred by a County PMO for demonstration materials preparation and dissemination and rental of site facilities for field visits, as described in the PIP (as hereinafter defined), and disbursed in accordance with the provisions of an annual plan approved by the Bank, and including actual expenditures incurred in accordance with the approved programs.

6. "Demonstration Facilities" means a series of activities to support showcase of improved technologies for ecological forest management, consisting of designing and installing information boards, monitoring the performance of the afforestation and forest rehabilitation models implemented in the context of the Project, sheets or brochures preparation and dissemination, and construction of access tracks, as explained in detail in the PIP.

7. "Environmental Management Plan" or the acronym "EMP" mean the Environmental Management Plan dated March 31, 2012, adopted by the Project Implementing Entity, which plan sets out the environmental protection measures in respect of the Project, as well as administrative and monitoring arrangements to ensure the implementation of said plan, as said plan may be revised from time to time with the prior written agreement of the Bank, and such term includes all schedules and agreements supplemental thereto.

8. "Environmental Protection Guidelines" means the Project Implementing Entity's guidelines for environmental protection for the Project, dated March 31, 2012, included as a part of the EMP, which set out environmental protection measures as well as administrative and monitoring arrangements to ensure the implementation of said measures, as such Guidelines may be amended from time to time with the prior written agreement of the Bank.
9. "Ethnic Minorities Development Plan" or "EMDP" means the plan, dated March 31, 2012, prepared by the Project Implementing Entity, which sets out measures or actions aimed at ensuring that ethnic minorities in the Project areas receive benefits from the Project which are socially and culturally acceptable to them and avoid, and otherwise reduce, mitigate and offset adverse impacts of the implementation of the Project, as said plan may be amended from time to time with prior written agreement of the Bank, and such terms includes all schedules and agreements supplemental thereto.

10. "Financial Management Manual" means the Project Implementing Entity's manual dated July 5, 2012, setting out financial management, disbursement, and audit procedures to be observed in the carrying out of the Project consistent with the provisions in Section II.B of Schedule 2 to the Loan Agreement.


12. "Implementation Agreement" means an agreement to be entered into between a Participating County PMO and a Project Beneficiary (as defined hereafter) pursuant to the provisions in C.3 of Section I of the Schedule to the Project Agreement, and "Implementation Agreements" means all such agreements collectively.

13. "Output" means a number of hectares of plantations completed or improved under Parts A and B of the Project.

14. "Participating Counties" means the counties participating in the Project and included in a list in the PIP, and selected by written agreement between the Bank, the Project Implementing Entity and the Participating County; provided that the list of such Participating Counties as described in the PIP may be amended from time to time with the prior written agreement of the Bank; and the term "Participating County" means any of the Participating Counties.

15. "Participating Municipalities" means the municipalities/cities of Changde, Chenzhou, and Yongzhou, and Xiangxi Autonomous Prefecture participating in the Project, and selected by agreement between the Bank, the Project Implementing Entity and the Participating Municipalities; provided that the list of such Participating Municipalities may be amended from time to time with the prior written agreement of the Bank; and the term "Participating Municipality" means any of the Participating Municipalities.

16. "Participatory Planning Manual" means the manual dated March 31, 2012, prepared by the Project Implementing Entity, including, inter alia, guidelines for Project preparation and implementation on a voluntary basis and steps to be taken for participatory planning in the Project design at the village level to meet the needs of the local communities, as the same may be revised from time to time with the prior written agreement of the Bank.

17. "Pest Management Plan" means the plan, dated March 31, 2012, included as a part of the EMP, as the same may be amended with the prior agreement of the Bank.

19. "Procurement Manual" means the Project Implementing Entity’s manual dated July 5, 2012, setting out the procurement methods and procedures to be observed in the carrying out of the Project.

20. "Procurement Plan" means the Borrower’s procurement plan for the Project, dated July 5, 2012 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.

21. "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.

22. "Project Areas" means, collectively, all the areas within the territory of the Project Implementing Entity in which the Project is to be carried out; and "Project Area" means any of the Project Areas.

23. "Project Beneficiary" means households, villages, farmer forest cooperatives, and forest farms participating in the Project on a voluntary basis to carry out activities under Parts A and B of the Project and eligible, in accordance with the PIP, to receive financing for carrying out said activities under the Project, in accordance with the provisions of the relevant Implementation Agreement, and the term "Project Beneficiaries" means all such beneficiaries.

24. "Project Implementation Plan" or the acronym “PIP” means the plan (which includes the Financial Management Manual, Procurement Manual, and Participatory Planning Manual, technical models, and other operational arrangements) dated July 5, 2012, prepared by the Project Implementing Entity, and referred to in paragraph 3 of Section IA of the Schedule to the Project Agreement, as the same may be revised from time to time with the prior written agreement of the Bank.

25. "Project Implementing Entity" means the Borrower’s Hunan Province.

26. "Provincial PMO" or the acronym “PPMO” means the provincial level Project management office, referred to in paragraph A.1(b) of Section I of the Schedule to the Project Agreement.

27. “Rehabilitation and Reforestation Models” means the models for rehabilitation and reforestation, including details on species composition and mixture structure, site selection, seedling standard, planting density, site preparation, tending (weeding and fertilizer application) and long-term forest management, and as detailed in the PIP.
28. "Safeguards Instruments" means, collectively, the Environmental Management Plan, the Pest Management Plan, and the EMDP, and such term includes any annexes or schedules to such instruments.

29. "Sub-financing" means a grant, in an amount calculated in accordance with the Annex to Schedule 2 to this Agreement, to be made by the Project Implementing Entity to a Project Beneficiary, out of a portion of the proceeds of the Loan under an Implementation Agreement for carrying out a Sub-project (as hereafter defined) under the Project.

30. "Sub-project" means the activities to be carried out by a Project Beneficiary under Part A and Part B of the Project pursuant to the terms and conditions of the relevant Implementation Agreement and the relevant provisions of the Project Implementation Plan, and the term "Sub-projects" means all such Sub-projects collectively.

31. "Technical Models" means the models including details on technical/silvicultural prescriptions for species composition and mixture structure, site selection, seedling standard, planting density, site preparation, tending (weeding and fertilizer application) and long-term forest management, and as detailed in the PIP.

32. "Training" means the costs of training activities under the Project, based on annual work plans and budgets approved by the Bank, and attributable to seminars, workshops, and domestic and overseas study tours, along with travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.

33. "Unit Cost" means the cost of reference as may be established from time to time by the Bank in consultation with the Borrower and the Project Implementing Entity, for withdrawals for payments under Category (1) of the Table set forth in paragraph 2 of Section IV.A of Schedule 2 to this Agreement, and as calculated on the basis determined in accordance with the Annex to Schedule 2 to this Agreement.