Project Agreement

(Ma'anshan Cihu River Basin Improvement Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

ANHUI PROVINCE

Dated July 4, 2013
PROJECT AGREEMENT

AGREEMENT dated July 4, 2013, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and ANHUI PROVINCE ("Project Implementing Entity") ("Project Agreement") in connection with the Loan Agreement ("Loan Agreement") of same date between PEOPLE’S REPUBLIC OF CHINA ("Borrower") and the Bank. The Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Loan Agreement or the General Conditions.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objective of the Project. To this end, the Project Implementing Entity, through Ma’anshan Municipality, shall carry out the Project in accordance with the provisions of Article V of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity, through Ma’anshan Municipality, shall 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 its 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:

International Bank for Reconstruction and Development
1818 H Street, NW
Washington, DC 20433
United States of America
3.03. The Project Implementing Entity's Address is:

World Bank Project Management Office
Ma’anshan Development and Reform Commission
2008 Taibai Avenue
Ma’anshan Municipality
Anhui, 243000
People’s Republic of China

Facsimile:
+86 555 8355655

AGREED at Beijing, People’s Republic of China, as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: Klaus Redlund
Title: Country Director, China

ANHUI PROVINCE

By

Authorized Representative

Name: Zhan Xiaolai
Title: Executive Vice Governor
SCHEDULE

Section I. Implementation Arrangements

A. Institutional and Implementation Arrangements

1. Throughout the period of Project implementation, the Project Implementing Entity shall maintain, through Ma'anshan Municipality, the following groups and offices, with membership, terms of reference, staffing and other resources acceptable to the Bank:

   (a) a Project Leading Group at the municipal level, that shall be responsible for providing overall leadership, coordination and policy guidance, reviewing annual work plans and budgets, ensuring inter-agency coordination, and evaluating progress of the Project;

   (b) a Project Management Office responsible for, inter alia, overall coordination, management and monitoring, annual budget and work plan preparation and review quality assurance, preparation of progress reports, and procurement and financial management of the Project; and

   (c) Project implementation units in each of: (i) The Municipal Environmental Protection Bureau (EPB); and (ii) MCRD, all of which shall be responsible for implementing their respective parts of the Project, including leading the engineering design, procurement, signing and management of contracts, and authorizing disbursements for each Project activity accordingly.

2. For the purpose of assisting the Project Implementing Entity with the carrying out of Parts A and B of the Project, the Project Implementing Entity, through Ma'anshan Municipality, shall enter into an agreement (the “Subsidiary Agreement”) with MCRD, under terms and conditions acceptable to the Bank, which shall include those set forth in the Annex to this Schedule.

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

4. The Project Implementing Entity, through Ma'anshan Municipality, shall: (a) by July 15, 2013, furnish to the Bank, for approval, an initial work and budget plan covering the first eighteen months of Project implementation, including details on the planned program of activities, procurement plan and budget for such prospective period; (b) furnish to the Bank, for approval, a prospective annual work and budget plan for the Project by December 15 of each year of Project implementation, commencing on December 15, 2014, including details on the planned program of activities, procurement plan and budget for the following calendar year; and (c) carry out, or cause to carry out, the Project activities in accordance with each approved annual work and budget plan.
5. The Project Implementing Entity, through Ma’anshan Municipality, shall engage, and/or cause MCRD to engage, consultants in adequate numbers, with expertise, terms of reference, qualifications and experience, acceptable to the Bank, as required for the appropriate supervision of civil works to be implemented under the Project.

6. Throughout the implementation of the Project, the Project Implementing Entity, through Ma’anshan Municipality, shall apply, and shall cause MCRD to apply, the Operational Manual in a timely and efficient manner satisfactory to the Bank. The Project Implementing Entity, through Ma’anshan Municipality, shall not amend, suspend, or waive said Operational Manual or any provision or schedule thereof, without the prior written concurrence of the Bank. In the event of any inconsistency between the Operational Manual and this Agreement or the Loan Agreement, the provisions of this Agreement and the Loan Agreement shall prevail.

B. Anti-Corruption

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

C. Safeguards

1. The Project Implementing Entity, through Ma’anshan Municipality shall, and shall cause MCRD to:
   (a) implement the EMP and the RAP in accordance with their respective terms;
   (b) without limitation to the provisions of paragraph (a) of this Section I.C, ensure that all land acquisition under the RAP, required for the purposes of carrying out works under the Project, is financed exclusively out of its own resources, and to provide, promptly as needed, the resources needed for this purpose; and
   (c) report on progress of compliance with the EMP and the RAP, as described therein.

2. The Project Implementing Entity, through Ma’anshan Municipality, shall maintain, and cause to be maintained, policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the implementation of the EMP and the RAP, and the achievement of the objectives of said plans.

3. The Project Implementing Entity, through Ma’anshan Municipality, shall, by February 15 and August 15 of each year, commencing on February 15, 2014, furnish to the Bank semi-annual reports of monitoring and evaluation activities with respect to the EMP and the RAP, together with any revisions proposed to be introduced into said plans in order to achieve their respective objectives. The information on the status of compliance with the EMP and the RAP shall provide details of:
(a) measures taken in furtherance;

(b) conditions, if any, which interfere or threaten to interfere with their smooth implementation; and

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

4. The Project Implementing Entity shall not amend, abrogate or waive any provision of the EMP or the RAP without the prior written agreement of the Bank.

5. The Project Implementing Entity, through Ma’anshan Municipality, shall ensure that each contract for civil works includes the obligation of the respective contractor to implement the EMP in accordance with their terms.

Section II. Project Monitoring, Reporting and Evaluation.

A. Project Reports

1. The Project Implementing Entity, through Ma’anshan Municipality, 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 agreed with the Bank and set forth in the Operational Manual. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Borrower not later than 45 days after the end of the period covered by such report.

2. The Project Implementing Entity, through Ma’anshan Municipality, shall provide to the Bank, for its review and comment: (a) a mid-term review report by March 1, 2016; (b) a Project implementation completion report (ICR) before the Closing Date, all in form and substance acceptable to the Bank; and (c) no later than one month after the submission of the report referred to in (a) above, take all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of the said report and the Bank’s views on the matter.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain, and ensure that Ma’anshan Municipality maintains, 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 and Ma’anshan Municipality, including the operations, resources and expenditures related to the Project.

2. The Project Implementing Entity, through Ma’anshan Municipality, shall prepare and furnish to the Bank, as part of the Project Report, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.

3. The Project Implementing Entity shall have, and cause Ma’anshan Municipality to 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 Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Borrower and the Bank not later than six months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Bank.

Section III. Procurement

All goods, works and services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Section III of Schedule 2 to the Loan Agreement.
ANNEX A  
to the  
SCHEDULE  
Principal Terms and Conditions of the  
Subsidiary Agreement  

For the purposes of Section I.A.2 of the Schedule to this Agreement, the Subsidiary Agreement to be entered into by Ma'anshan Municipality and MCRD shall reflect, *inter alia*, the following terms and conditions:

1. For the purpose of assisting the Project Implementing Entity and Ma'anshan Municipality with the carrying out of Parts A and B of the Project, Ma'anshan Municipality shall make available to MCRD the proceeds of the Loan allocated to said Parts of the Project, received by the Project Implementing Entity pursuant to Section I.A.1 of Schedule 2 to the Loan Agreement, under terms and conditions acceptable to the Bank.

2. Ma'anshan Municipality shall have the right to suspend or terminate the right of MCRD to use and/or receive the proceeds of the Loan, allocated from time to time to Parts A and B of the Project, upon failure by MCRD to perform any of its obligations under the Subsidiary Agreement.

3. MCRD shall undertake to:

   (a) assist the Project Implementing Entity, through Ma'anshan Municipality, in the carrying out of Parts A and B of the Project with due diligence and efficiency and in accordance with appropriate management, financial, engineering and public utility practices, and social and environmental standards, acceptable to the Bank, including the Anti-Corruption Guidelines applicable to recipients of Loan proceeds other than the Borrower, and to provide, promptly as needed, the funds, facilities and other resources required for this purpose;

   (b) maintain, throughout Project implementation, staff in adequate numbers and with terms of reference and qualifications acceptable to the Bank, to be responsible for implementing Parts A and B of the Project; and

   (c) without limitation to the foregoing, to take all measures necessary to ensure that Parts A and B of the Project be implemented in accordance with the RAP and the EMP.

4. MCRD shall undertake to procure the works, goods and services to be financed out of the proceeds of the Loan, allocated from time to time to Parts A and B of the Project, in accordance with the provisions of Section III of Schedule 2 to the Loan Agreement, and utilize such works, goods and services exclusively in the carrying out of such Parts of the Project.

5. MCRD shall undertake to enable the Bank and the Project Implementing Entity, through Ma'anshan Municipality, to inspect such sites and works included in the Project, the
operation thereof, and any relevant records and documents as the Bank and/or the Project Implementing Entity, through Ma’anshan Municipality, shall deem necessary.

6. MCRD shall undertake, throughout Project implementation, to:

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

(b) have its financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;

(c) furnish to the Bank and the Project Implementing Entity, through Ma’anshan Municipality, as soon as available, but in any case not later than six (6) months after the end of each such year: (i) certified copies of its financial statements and accounts for such year as so audited; (ii) an opinion on such statements by the auditors referred to in 6 (b) above, in such scope and detail as the Bank and/or the Project Implementing Entity, through Ma’anshan Municipality, shall have reasonably requested; and (iii) all such other information concerning said records, accounts and financial statements, as well as the audit thereof, as the Bank and/or the Project Implementing Entity, through Ma’anshan Municipality, shall reasonably request; and

(d) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the performance indicators agreed between the Project Implementing Entity and the Bank, the carrying out of Parts A and B of the Project and the achievement of the objective thereof.