Project Agreement

(Heilongjiang Cold Weather Smart Public Transportation System Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

HEILONGJIANG PROVINCE

Dated May 21, 2014
PROJECT AGREEMENT

Agreement dated May 21, 2014, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and HEILONGJIANG PROVINCE ("Project Implementing Entity") ("Project Agreement") in connection with the Loan Agreement ("Loan Agreement") of same date between the 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 the Project Municipalities, shall carry out the Project, in accordance with the provisions of Article V of the General Conditions, and 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 the Project Municipalities, 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 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:

202 Zhongshan Road Nangang District
Harbin, Heilongjiang Province, 150001
People's Republic of China

Facsimile:
86-451-8263-1458

AGREED at Beijing, China, as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: [Signature]
Authorized Representative

Name: [Signature] Klaus Rohland
Title: Country Director, China

HEILONGJIANG PROVINCE

By: [Signature]
Authorized Representative

Name: [Signature] Hao Houlong
Title: Vice Governor
SCHEDULE

Execution of the Project

Section I. Institutional and Implementation Arrangements

A. Institutional Arrangements

1. In order to ensure the proper carrying out of the Project, the Project Implementing Entity shall maintain throughout the period of implementation of the Project a Provincial Project Management Office to provide overall leadership, policy guidance, and coordination under the Project, and among the Project Municipalities and their respective agencies.

2. The Project Implementing Entity shall cause each of the Project Municipalities, as applicable, to establish and maintain throughout the implementation of the Project the following entities with composition, powers, functions, funds, staffing, facilities and other resources acceptable to the Bank:

   (a) Harbin Project Leading Group to provide leadership, coordination and supervision on the preparation and implementation of the Project in Harbin City.

   (b) Harbin Project Management Office, responsible for the day-to-day implementation of the Project in Harbin City, including procurement, financial management, supervising contractors and consultants, and monitoring and reporting on the progress of the Project in Harbin City.

   (c) Mudanjiang Project Leading Group to provide leadership, coordination and supervision on the preparation and implementation of the Project in Mudanjiang City.

   (d) Mudanjiang Project Management Office responsible for the day-to-day implementation of the Project in Mudanjiang City, including procurement, financial management, supervising contractors and consultants, and monitoring and reporting on the progress of the Project in Mudanjiang City.

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. In carrying out the Project, the Project Implementing Entity shall, and shall cause the Project Municipalities to:

   (a) take all necessary actions to minimize to the extent possible any involuntary loss by persons of shelter, productive assets or access to productive assets or income
or means of livelihood, temporarily or permanently, and the displacement of said people in the carrying out of the Project or any part thereof;

(b) where the acquisition of land or assets or the displacement of people is unavoidable, before initiating the implementation of any works which would result in such acquisition or displacement, make available to such people compensation and, as applicable, relocate and rehabilitate the Displaced Persons in accordance with the RAP and in a manner satisfactory to the Bank; and

(c) whenever required in terms of the RPF, proceed to have an additional RAP or RAPs: (i) prepared in form and substance satisfactory to the Bank; (ii) except as otherwise agreed with the Bank, submitted to the Bank for review and approval; (iii) thereafter, adopted and publicly disclosed; and (iv) thereafter, to implement, or cause to be implemented, such additional RAP or RAPs in accordance with their terms and in a manner acceptable to the Bank.

2. The Project Implementing Entity shall, and shall cause the Project Municipalities to, implement the Safeguards Instruments in a manner and substance satisfactory to the Bank. Without limitation on the foregoing, the Project Implementing Entity, through the Project Municipalities as the case may be, shall ensure that each contract for works financed with the proceeds of the Loan shall include the obligations of the work contractors and any sub-contractor to comply with the relevant provisions of the EMPs.

3. The Project Implementing Entity shall not, and shall cause the Project Municipalities not to, amend, suspend, fail to implement or waive the Safeguards Instruments, or any provision thereof, without the prior written concurrence of the Bank.

4. The Project Implementing Entity shall, and shall cause the Project Municipalities to, maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the implementation of the Safeguards Instruments.

5. Without limitation to the provisions of paragraphs C.1 through C.4 of this Section I or the provisions of paragraph A.1 of Section II below, the Project Implementing Entity, shall, and shall cause each of the Project Municipalities to, take all measures necessary on its part to regularly collect, compile, and submit to the Bank, as part of the Project Reports, information on the status of compliance with the Safeguards Instruments, giving details of:

(a) measures taken in furtherance thereof;

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

(c) remedial measures taken or required to be taken to address such conditions.
6. In the event of any inconsistency between the provisions of the Safeguards Instruments and the provisions of this Agreement or the Loan Agreement, the provisions of this Agreement and the Loan Agreement shall prevail.

D. Other Implementation Arrangements

1. The Project Implementing Entity shall, and shall cause the relevant Project Municipality to, take all necessary measures to ensure that:

(a) By no later than September 30, 2016, Harbin Municipality, through Harbin PMO, shall have transferred the property of the clean-fuel buses procured under Part B.1(a) of the Project to Harbin Bus Company and/or Harbin Tram Company by means of a transfer and performance agreement(s) setting out, *inter alia*, performance standards for the operation of said clean-fuel buses, all under terms and conditions acceptable to the Bank.

(b) By no later than September 30, 2016, Mudanjiang Municipality, through Mudanjiang PMO, shall have entered into a lease agreement with Mudanjiang Bus Company setting out, *inter alia*, performance standards for the operation of the clean-fuel buses procured under Part B.2(a) of the Project for Mudanjiang Municipality, all under terms and conditions acceptable to the Bank.

(c) By no later than September 30, 2016, as part of the activities under Part E of the Project, each of the Project Municipalities shall have undertaken a study, under terms of reference acceptable to the Bank, to review the regulation, financing, concession and subsidization arrangements of its respective public transport sector, with a view to better integrating the private sector and to establishing integrated service standards, as well as adequate operational responsibilities and public support mechanisms.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity, through the Project Municipalities, 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 the indicators set forth in the Results Framework. Each such Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank and the Borrower not later than sixty (60) days after the end of the period covered by such report.

2. Without limitation to the provisions of paragraph A.1 above, the Project Implementing Entity shall prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank no later than June 30, 2017, a consolidated mid-term review report for the Project, summarizing the results of the monitoring and evaluation activities carried out from the inception of the Project, and setting out the measures recommended to ensure the efficient completion of the Project and to further the objectives thereof.
3. The Project Implementing Entity shall provide to the Borrower, not later than one month before 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.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall, and shall cause the Project Municipalities to, 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, resources and expenditures related to the Project.

2. Without limitation to the provisions of Section II.A hereof, the Project Implementing Entity shall prepare and furnish to the Bank, not later than sixty (60) days after the end of each calendar semester, interim unaudited financial reports for the Project for each Project Municipality covering the semester, in form and substance satisfactory to the Bank.

3. The Project Implementing Entity shall have, and shall cause the Project Municipalities to have, its financial statements referred to above audited by independent auditors, 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.