Project Agreement

(Lushan Earthquake Reconstruction and Risk Reduction Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

SICHUAN PROVINCE

Dated November 23, 2016
PROJECT AGREEMENT

Agreement dated November 23, 20__, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and SICHUAN 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 objectives of the Project. To this end, the Project Implementing Entity 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 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 Vice Governor, or such other person or persons as said Governor shall designate in writing.

3.02. The Bank's Address is:

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

Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391
3.03. The Project Implementing Entity’s Address is:

Sichuan Provincial Finance Department
37 Nanxin Street
Chengdu City
Sichuan Province
People’s Republic of China

Facsimile:
86-28-8666-7231

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: Bart Hofman
Title: Country Director, China

SICHUAN PROVINCE

By

Authorized Representative

Name: Lin Weiwen
Title: Deputy Director-General
International Economic and Financial Cooperation Department
Ministry of Finance
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Financing Arrangements

For the purposes of carrying out the Project, the Project Implementing Entity shall on-lend the proceeds of the Loan to Chengdu Municipality and Ya'an Municipality under terms and conditions satisfactory to the Bank, including the principal terms referred to in Section I.A.1 of Schedule 2 to the Loan Agreement.

B. Institutional and Implementation Arrangements

1. In order to ensure the proper carrying out of the Project, the Project Implementing Entity shall maintain, and cause to be maintained, the following entities with composition, powers, functions, staffing, facilities and other resources satisfactory to the Bank:

(a) the Provincial Leading Group, to be responsible for providing high-level policy direction for the Project;

(b) the provincial-level Transport Project Management Office, to be responsible for: (i) overall coordination, management, and monitoring; (ii) annual budget preparation; (iii) progress reporting to the Bank and the Project Implementing Entity; (iv) interagency coordination and procurement support; and (v) training and capacity-building facilitation, in respect of Part 1 of the Project;

(c) the provincial-level Urban Project Management Office, to be responsible for: (i) overall coordination, management, and monitoring; (ii) annual budget preparation; (iii) progress reporting to the Bank and the Project Implementing Entity; (iv) interagency coordination and procurement support; and (v) training and capacity-building facilitation, in respect of Parts 2, 3, and 4 of the Project;

(d) the Municipal Leading Group, to be responsible for leading and coordinating the relevant agencies and the counties and districts of Ya'an Municipality in implementing the Project;

(e) the Ya'an Project Management Office, to be responsible for: (i) supervision; (ii) management; and (iii) progress reporting to the provincial project management offices, in respect of Project activities in Ya'an Municipality; and

(f) local-level project management offices in each Project City, County, and District, to be responsible for contracting, approval, quality assurance and implementation of Project activities within their respective jurisdictions, with support from the provincial and municipal project management offices.
2. Throughout the implementation of the Project, the Project Implementing Entity shall apply, and shall cause each Project City, County, and District to apply, the Operations Manual in a timely and efficient manner satisfactory to the Bank. The Project Implementing Entity shall not amend, suspend, or waive said Operations Manual or any provision or schedule thereof, without the prior written agreement of the Bank. In the event of any inconsistency between the provisions of the Operations Manual and those of this Agreement or the Loan Agreement, the provisions of this Agreement and the Loan Agreement shall prevail.

3. The Project Implementing Entity shall, and shall cause each Project City, County, and District to: (a) carry out activities under the Project during each fiscal year in accordance with Annual Work Plans agreed with the Bank; (b) prepare and furnish to the Bank by January 31 in each year, beginning in 2017, a draft Annual Work Plan for review and comment, summarizing the implementation progress of the Project for the said year and the Project activities to be undertaken in the following calendar year, including the proposed annual budget for the Project; (c) taking into account the Bank’s comments, finalize and furnish to the Bank no later than March 1 in each year, beginning in 2017, the Annual Work Plan, satisfactory to the Bank; and (d) thereafter, ensure the implementation of the Project during the following calendar year in accordance with the Annual Work Plan, as such plan may have been revised with the approval of the Bank, in a manner satisfactory to the Bank. The Project Implementing Entity shall not, and shall cause each Project City, County, and District not to, amend, suspend, abrogate, or waive said Annual Work Plans or any provision thereof without the prior approval of the Bank.

C. Anti-Corruption

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

D. Safeguards

1. In carrying out the Project, the Project Implementing Entity shall, and shall cause each Project City, County, and District 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 Resettlement Action Plan and in a manner satisfactory to the Bank; and

(c) whenever required in terms of the Resettlement Policy Framework, 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 implement, and shall cause each Project City, County, and District to implement, the Safeguards Instruments in a manner and substance satisfactory to the Bank. Without limitation on the foregoing, the Project Implementing Entity shall ensure, and shall cause each Project City, County, and District to ensure, that each contract for works under the Project includes the obligations of the work contractors and any sub-contractor to comply with the relevant provisions of the EMP, as the case may be.

3. The Project Implementing Entity shall ensure, and cause each Project City, County, and District to ensure, that all studies and technical assistance to be supported under the Project are carried out under terms of reference satisfactory to the Bank, and that such terms of reference are consistent with, and pay due attention to, the Bank's Safeguards Policies.

4. The Project Implementing Entity shall not, and shall cause each Project City, County, and District not to, amend, suspend, or waive the Safeguards Instruments, or any provision thereof, without the prior written concurrence of the Bank.

5. The Project Implementing Entity shall maintain, and shall cause each Project City, County, and District to maintain, policies and procedures adequate to enable them to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the implementation of the Safeguards Instruments.

6. Without limitation to the provisions of paragraphs 1 through 5 of this Section I.D, or the provisions of Section II.A below, the Project Implementing Entity shall take, and shall cause each Project City, County, and District to take, all measures necessary on their 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.

7. 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.

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

A. **Project Reports**

1. The Project Implementing Entity shall, and shall cause each Project City, County, and District to, monitor and evaluate the progress of the Project and prepare Project Reports on
a semi-annual basis 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 Operations Manual. Each such Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Borrower not later than sixty (60) days after the end of the period covered by such report for incorporation and forwarding by the Borrower to the Bank of the overall Project 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 December 31, 2019, 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, through the Sichuan Provincial Finance Department, to the Borrower not later than four (4) 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.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain, and shall cause each Project City, County, and District 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 on the provisions of Part A of this Section, the Project Implementing Entity shall cause each Project City, County, and District to prepare, on a semi-annual basis, and furnish to the Project Implementing Entity, for submission to the Bank as part of the Project Report not later than sixty (60) days 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 Project Implementing Entity shall have, and shall cause each Project City, County, and District to have, its financial statements 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 (1) 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 (6) 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.