Project Agreement

(Poverty Alleviation and Agriculture-Based Industry Pilot and Demonstration in Poor Areas Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

GANSU PROVINCE

GUIZHOU PROVINCE

and

SICHUAN PROVINCE

Dated September 10, 2015
PROJECT AGREEMENT

AGREEMENT dated September 10, 2015, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and GANSU PROVINCE ("Gansu"), GUIZHOU PROVINCE ("Guizhou"), and SICHUAN PROVINCE ("Sichuan") (collectively, "Project Provinces") ("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 Provinces 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. Each Project Province declares its commitment to the objective of the Project. To this end, each Project Province shall carry out its Respective Part of 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 Provinces shall otherwise agree, each of the Project Provinces shall carry out its Respective Part of the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III—REPRESENTATIVE; ADDRESSES

3.01. The Project Province's Representative is on behalf of:

(a) Gansu its Governor or a Vice Governor or such other person or persons as said Governor or a Vice Governor shall designate in writing, and Gansu shall furnish to the Bank sufficient evidence of the authority and the authenticated specimen signature of each such person;
(b) Guizhou its Governor or a Vice Governor or such other person or persons as said Governor or a Vice Governor shall designate in writing, and Guizhou shall furnish to the Bank sufficient evidence of the authority and the authenticated specimen signature of each such person; and

(c) Sichuan its Governor or a Vice Governor or such other person or persons as said Governor or a Vice Governor shall designate in writing, and Sichuan 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

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

3.03. The Project Provinces’ Address is:

For Gansu:

No. 1 Central Plaza,
Chengguan District
Lanzhou
Gansu Province

Facsimile: 0931-8891043

For Guizhou:

Guizhou Provincial Poverty Alleviation and Development Office, Foreign Capital Project Management Center
242 Zhong huo, Bei lu
Provincial Government Compound, Building No.5, 2nd Floor
Guiyang Municipality
Guizhou Province

Facsimile: 085-1-86832615
For Sichuan:
Provincial Finance Bureau
No. 37 Nanxin Street
Jinjiang District
Chengdu City
Sichuan Province

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: Bert Hofman
Title: Country Director, China

GANSU PROVINCE

By
Authorized Representative
Name: Yang Yingying
Title: Deputy Director General

GUANGDONG PROVINCE

By
Authorized Representative
Name: Yang Yingying
Title: Deputy Director General

INTERNATIONAL ECONOMIC AND
FINANCIAL COOPERATION DEPT.
MINISTRY OF FINANCE
SICHUAN PROVINCE

By

Authorized Representative

Name: Yang Yingying
Title: Deputy Director General
International Economic and Financial Cooperation Dept.
Ministry of Finance
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. For the purpose of carrying out their Respective Part of the Project, each Project Province shall take into account the guidance on poverty reduction provided by the Borrower, through IPRCC, and maintain, and cause to be maintained, the following organizations, with terms of reference, powers, functions and other resources acceptable to the Bank, including competent staff in adequate numbers, throughout the period of Project implementation:

(a) At the provincial level:

(i) A provincial Project Leading Group responsible for providing overall policy, financial, and institutional guidance on Project implementation and facilitating coordination among different implementing agencies; and

(ii) A Provincial Project Management Office responsible for implementation, coordination, management, and monitoring and evaluation of the activities under its Respective Part of the Project.

(b) At the municipal level:

(i) A municipal Project Leading group in each Project Municipality responsible for providing overall policy, financial, and institutional guidance on Project implementation and facilitating coordination among different implementing agencies within its respective jurisdiction; and

(ii) A municipal Project Management Office in each Project Municipality to provide technical guidance to the Project Counties within its respective jurisdiction, supervise implementation, and assist the Provincial Project Management Office with the handling of withdrawal applications and monitoring and evaluation of Project activities within its jurisdiction.

(c) At the county level:

(i) A county Project Leading group in each Project County, responsible for providing overall policy, financial and institutional guidance on Project implementation and facilitating coordination among different implementing agencies within their respective jurisdictions.

(ii) A County Project Management Office responsible for implementation of the Project at the county level, and coordinating day-to-day activities
with Provincial Project Management Office, monitoring Project implementation within the county concerned and preparing Project progress and financial reports for submission to the Provincial Project Management Office for consolidation and onward submission to the Borrower and the Bank.

B. Annual Work Plans and Project Implementation Manual

1. Each Project Province shall:

   (a) prepare, by no later than December 31 of each year, (i) a consolidated draft work plan, including a work program, procurement plan and budget, and documented evidence of adequate committed counterpart funding for each activity to be financed under its Respective Parts of the Project; and (ii) a consolidated plan for supervision of its Respective Part of the Project, in accordance with guidelines acceptable to the Bank and the procedures set forth in the Project Implementation Manual;

   (b) afford the Bank a reasonable opportunity to exchange views with the Project Provinces on said work plans and any proposed revisions by the Project Provinces; and

   (c) thereafter, taking into account the Bank's comments, finalize and provide to the Bank said annual work plan for the following calendar year.

2. Each Project Province shall carry out its Respective Part of the Project in accordance with the Project Implementation Manual and the Annual Work Plans as annually reviewed and approved by the Bank, as provided for in the preceding paragraph, in a manner satisfactory to the Bank and shall not amend, suspend, or waive the said manual or plan or any part thereof without the prior written agreement of the Bank. In the event of any inconsistency between the Project Implementation Manual or the Annual Work Plan and this Agreement, the provisions of this Agreement shall prevail.

C. Anti-Corruption

Each Project Province shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Safeguards

1. Each Project Province shall carry out its Respective Part of the Project, in accordance with the provisions of the Environmental Management Plans, the Ethnic Minority Development Plan, the Pest Management Plans and the Resettlement Policy Framework and any Resettlement Action Plans prepared thereunder; and, except as the Bank shall otherwise agree in writing, the Project Provinces shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof. In the event of any inconsistency between the Safeguards Instruments and this Agreement, the provisions of this Agreement shall prevail.
2. Without limitation upon the foregoing, each Project Province shall:

(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, in carrying out its Respective Part of the Project and activities described in subparagraph (b) below;

(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 Policy Framework and in a manner satisfactory to the Bank;

(c) whenever required in terms of the Resettlement Policy Framework, proceed to have a Resettlement Action Plan: (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) adopted and publicly disclosed; and (iv) thereafter, to implement, or cause to be implemented, such Resettlement Action Plan in accordance with its terms and in a manner acceptable to the Bank; and

(d) 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 Safeguards Instruments.

3. Each Project Province shall not amend, suspend, fail to implement or waive the Safeguards Instruments, or any provision thereof, without the prior written concurrence of the Bank. 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.

4. Each Project Province shall, 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 previous paragraphs of this Part D or the provisions of paragraph A.1 of Section II below, each Project Province, shall 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.
E. Financing Arrangements

1. Each Project Province shall make available to each Project County the portion of the Loan allocated to the activities to be carried out by such Project County under arrangements satisfactory to the Bank.

2. For the purposes of Part 1.2 of the Project each Project County shall provide Grants to Project Farmer Cooperatives within its respective jurisdictions in accordance with eligibility criteria and procedures acceptable to the Bank and set out in the Project Implementation Manual.

3. The Project Counties shall provide each Grant to a Project Farmer Cooperative under an Implementation Agreement with the respective Project Farmer Cooperative on terms and conditions approved by the Bank and set out in the Project Implementation Manual.

4. The Project County, through each Implementation Agreement, as the case may be, shall obtain rights adequate to protect its interests and those of the Borrower and the Bank, including the right to: (i) suspend or terminate the right of the Project Farmer Cooperative to use the proceeds of the Grant, or obtain a refund of all or any part of the amount of the Grant then withdrawn, upon the Project Farmer Cooperative's failure to perform any of its obligations under the Implementation Agreement; and (ii) require each Project Farmer Cooperative to: (A) carry out its supported activities with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower, the Project Implementation Manual, and the Safeguard Instruments; (B) provide, promptly as needed, the resources required for the purpose; (C) as appropriate, procure or use the goods, works and services to be financed out of the Grant in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the supported activities and the achievement of their objectives; (E) (1) 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 supported activities; and (2) at the Bank’s or the Borrower’s or the Project Province’s request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Borrower, the Bank and the respective Project Province; (F) enable the Borrower, the Bank and the respective Project Province to inspect the supported activities and any relevant records and documents; and (G) prepare and furnish to the Borrower, the Bank and the respective Project Province all such information as the Borrower or the Bank or the respective Project Province shall reasonably request relating to the foregoing.

5. Each Project County shall exercise its rights under each Implementation Agreement in such manner as to protect the interests of the Borrower, the Bank and the respective Project Province and to accomplish the purposes of the Loan. Except as the Borrower
and the Bank shall otherwise agree, the Project Provinces shall not assign, amend, 
abrogate or waive any Implementation Agreement or any of its provisions.

6. For the purposes of Part 1.1 (d) of the Project, the Project Counties shall identify crop- 
and livestock-insurers in accordance with the criteria and procedures set out in the Project 
Implementation Manual, and shall purchase crop insurance for the benefit of qualifying 
members of Project Farmer Cooperatives in accordance with the criteria and under the 
terms and conditions set out in the Project Implementation Manual.

Section II. Project Monitoring, Reporting and Evaluation.

A. Project Reports

1. Each Project Province 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 Project Implementation 
Manual. 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, each Project Province shall 
prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank no 
later than March 15, 2018, a mid-term review report for the Project, summarizing the 
result 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 the achievement of the objectives thereof during the period following 
such data.

3. Each Project Province shall provide to the Borrower, not later than three (3) 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. Each Project Province shall, and shall cause the Project Participants 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, each Project Province shall 
preserve and furnish to the Bank, not later than sixty (60) days after the end of each 
calendar semester (i.e. February 28 and August 31 of each calendar year), interim 
unaudited financial reports for the Project covering the semester, in form and substance 
satisfactory to the Bank.

3. Each Project Province shall 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 each Project Province. Each Project Province 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.