

CONFORMED COPY

LOAN NUMBER 3929 CHA

Zhejiang Project Agreement

(Shanghai-Zhejiang Highway Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

and

ZHEJIANG PROVINCE

Dated November 2, 1995

LOAN NUMBER 3929 CHA

ZHEJIANG PROJECT AGREEMENT

AGREEMENT, dated November 2, 1995, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and ZHEJIANG PROVINCE (Zhejiang).

WHEREAS: by the Loan Agreement of even date herewith between People's Republic of China (the Borrower) and the Bank, the Bank has agreed to make available to the Borrower an amount in various currencies equivalent to two hundred and sixty million dollars (\$260,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that Zhejiang and Shanghai agree to undertake such obligations toward the Bank as are set forth in this Agreement and the Shanghai Project Agreement respectively; and

WHEREAS: Zhejiang, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Loan Agreement and the General Conditions (as so defined) have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Road Safety Environmental Action Plan" means the environmental action plan for the Road Safety Program (Part B of the Project) of August 1994, and includes

environmental protection measures as well as the administrative and monitoring arrangements to ensure the implementation of said measures;

(b) "Road Safety Resettlement Action Plan" means the resettlement action plan for the Road Safety Program (Part B of the Project) dated June 19, 1995, and includes the procedures governing land acquisition, resettlement and compensation, as well as reporting and monitoring arrangements to ensure compliance with said plan;

(c) "Zhejiang Environmental Action Plan" means the environmental action plan for the Zhejiang section of the Expressway of February 1994, and includes environmental protection measures as well as the administrative and monitoring arrangements to ensure the implementation of said measures; and

(d) "Zhejiang Resettlement Action Plan" means the resettlement action plan for the Zhejiang section of the Expressway of June 19, 1995, and includes the procedures governing land acquisition, resettlement and compensation as well as reporting and monitoring arrangements to ensure compliance with said plan.

## ARTICLE II

### Execution of the Project

Section 2.01. (a) Zhejiang declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Loan Agreement, and, to this end, shall carry out Parts A (1), B, C (1) and D (1) of the Project (the Zhejiang Parts of the Project) with due diligence and efficiency and in conformity with appropriate administrative, financial, and engineering practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Zhejiang Parts of the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Bank and Zhejiang shall otherwise agree, Zhejiang shall carry out the Zhejiang Parts of the Project in accordance with the Implementation Program set forth in Schedule 2 to this Agreement.

Section 2.02. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for the Zhejiang Parts of the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 1 to this Agreement.

Section 2.03. Zhejiang shall carry out the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the Zhejiang Project Agreement and the Zhejiang Parts of the Project.

Section 2.04. (a) Zhejiang shall, at the request of the Bank, exchange views with the Bank with regard to the progress of the Zhejiang Parts of the Project, the performance of its obligations under this Agreement and other matters relating to the purposes of the Loan.

(b) Zhejiang shall promptly inform the Bank of any condition which interferes or threatens to interfere with the progress of the Zhejiang Parts of the Project, the accomplishment of the purposes of the Loan, or the performance by Zhejiang of its obligations under this Agreement.

## ARTICLE III

### Financial Covenants

Section 3.01. (a) Zhejiang shall maintain, or cause to be maintained, records and accounts adequate to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in respect of the Project of the departments or agencies of Zhejiang responsible for carrying out the Zhejiang Parts of the Project or any part thereof.

(b) Zhejiang shall:

(i) have the records and accounts referred to in paragraph (a) of this Section for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;

(ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and

(iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request.

#### ARTICLE IV

Effective Date; Termination;  
Cancellation and Suspension

Section 4.01. This Agreement shall come into force and effect on the date upon which the Loan Agreement becomes effective.

Section 4.02. This Agreement and all obligations of the Bank and of Zhejiang thereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms, and the Bank shall promptly notify Zhejiang thereof.

Section 4.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

#### ARTICLE V

Miscellaneous Provisions

Section 5.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Bank:

International Bank for  
Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:

INTBAFRAD  
Washington, D.C.

Telex:

248423 (RCA)  
82987 (FTCC)  
64145 (WUI) or  
197688 (TRT)

For Zhejiang:

Zhejiang Provincial People's Government  
No. 1, Sheng Fu Road  
Hangzhou 310025  
Zhejiang Province

People's Republic of China

Cable address:

0074 HANGZHOU

Telex:

35030 COSCO CN

Section 5.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of Zhejiang, or by Zhejiang on behalf of the Borrower under the Loan Agreement, may be taken or executed by Governor or Vice Governor of Zhejiang or such other person or persons as Governor or Vice Governor of Zhejiang shall designate in writing, and Zhejiang shall furnish to the Bank sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 5.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Nicholas C. Hope

Acting Regional Vice President  
East Asia and Pacific

ZHEJIANG PROVINCE

By /s/ Li Daoyu

Authorized Representative

#### SCHEDULE 1

##### Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: General

Goods and works shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 (the Guidelines) and the following provisions of this Section, as applicable.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods and works shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. The following provision shall apply to goods and works to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B:

(a) Prequalification

Bidders for all contracts for works shall be prequalified in accordance with the

provisions of paragraphs 2.9 and 2.10 of the Guidelines.

(b) Preference for domestically manufactured goods and domestic contractors

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower and works to be carried out by domestic contractors.

(c) Dispute Review Board

Each contract for works estimated to cost \$50,000,000 equivalent or more shall include the provisions for a dispute review board set forth in the standard bidding documents for works referred to in paragraph 2.12 of the Guidelines.

Part C: Other Procurement Procedures

1. National Competitive Bidding

(a) Works estimated to cost less than \$10,000,000 equivalent per contract and \$96,700,000 equivalent or less in the aggregate, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

(b) Goods estimated to cost between \$50,000 and \$200,000 equivalent per contract and \$1,400,000 equivalent or less in the aggregate, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. International or National Shopping

Goods estimated to cost \$50,000 equivalent per contract or less and \$600,000 equivalent or less in the aggregate, may be procured under contracts awarded on the basis of international or national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions of said paragraph.

2. Prior Review

With respect to each contract:

(a) for works under Part A of the Project estimated to cost \$4,000,000 equivalent or more and for works under Part B of the Project;

(b) for goods estimated to cost of \$200,000 equivalent or more; and

(c) for the supply and installation of electrical, electronic and mechanical equipment under Part A of the Project, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: Consultants' services shall be procured under contracts awarded in

accordance with the provisions of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981 (the Consultant Guidelines). For complex, time-based assignments, such contracts shall be based on the standard form of contract for consultants' services issued by the Bank, with such modifications thereto as shall have been agreed by the Bank. Where no relevant standard contract documents have been issued by the Bank, other standard forms acceptable to the Bank shall be used.

Part B: Notwithstanding the provisions of Part A of this Section, the provisions of the Consultant Guidelines requiring prior Bank review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts, shall not apply to:

(a) contracts for the employment of consulting firms estimated to cost less than \$100,000 equivalent each; or

(b) contracts for the employment of individual consultants estimated to cost less than \$50,000 equivalent each. However, said exceptions to prior Bank review shall not apply to:

(i) the terms of reference for such contracts;

(ii) single-source selection of consulting firms;

(iii) assignments of a critical nature, as reasonably determined by the Bank;

(iv) amendments to contracts for the employment of consulting firms raising the contract value to \$100,000 equivalent or above; or

(v) amendments to contracts for the employment of individual consultants raising the contract value to \$50,000 equivalent or above.

## SCHEDULE 2

### Implementation Program

1. Zhejiang shall:

(a) carry out Parts A (1), C (1) and D (1) of the Project through ZPEC and Part B of the Project through ZPHAB;

(b) ensure that ZPEC is at all times staffed with qualified staff in adequate numbers;

(c) maintain a road safety unit within ZPHAB to exercise overall responsibility for road safety activities with qualified staff in adequate numbers; and

(d) maintain a supervision team with qualified staff in adequate numbers to ensure that works are carried out in accordance with technical specifications and that strict quality controls are exercised on site.

2. Zhejiang shall, in coordination with Shanghai, prepare and furnish to the Bank by December 31, 1995, a plan for the coordinated management of the Expressway, including a description of toll operations, toll setting arrangements and measures to facilitate the movement of traffic across the Shanghai-Zhejiang border.

3. Zhejiang shall, in coordination with Shanghai, prepare and furnish to the Bank by December 31, 1998, recommendations for the toll levels and the organizational arrangements for the toll operations for the Expressway.

4. (a) The following nine sections of National Route 320 have been selected for upgrading as part of the Road Safety Program to be implemented under Part B (1) of the Project:

- (i) from kilometer 86 through kilometer 96;
- (ii) from kilometer 96 through kilometer 104;
- (iii) from kilometer 104 through kilometer 114;
- (iv) from kilometer 114 through kilometer 124;
- (v) from kilometer 124 through kilometer 133;
- (vi) from kilometer 133 through kilometer 143;
- (vii) from kilometer 143 through kilometer 153;
- (viii) from kilometer 153 through kilometer 164; and
- (ix) from kilometer 164 through kilometer 171.750.

(b) Prior to commencing such upgrading on any section referred to in (a) above, Zhejiang shall furnish to the Bank:

- (i) a detailed description of the design and technical aspects of said section which shall meet engineering design standards acceptable to the Bank;
- (ii) a description of construction supervision arrangements for said section;
- (iii) layout plans for all junction types for said section; and
- (iv) a report containing an assessment of the likely impact of the works on road safety of said section.

5. Zhejiang declares its commitment to the preservation of the environment and, to this end, shall:

- (a) carry out the Zhejiang Environmental Action Plan and the Road Safety Environmental Action Plan in a manner satisfactory to the Bank; and
- (b) furnish any proposed revision of the plans referred to in (a) above to the Bank for its prior approval.

6. Zhejiang shall:

- (a) carry out the Zhejiang Resettlement Action Plan and the Road Safety Resettlement Action Plan in a manner satisfactory to the Bank;
- (b) furnish monitoring reports regarding the implementation and impact of resettlement activities under the Zhejiang Parts of the Project in a format acceptable to the Bank as follows:
  - (i) reports prepared separately by ZPEC and ZPHAB shall be furnished to the Bank at three month intervals on or about March 15, June 15, September 15 and December 15 of each year; and
  - (ii) reports prepared by an independent agency acceptable to the Bank shall be furnished to the Bank on or about July 15 and December 15 of each year; and
- (c) furnish any proposed revision of the plans referred to in (a) above to the Bank for its prior approval.

7. Zhejiang shall cause ZPEC and ZPHAB to:

- (a) furnish quarterly progress reports on the implementation of the Zhejiang Parts of the Project (not including resettlement) to the Bank within two weeks from the end of each quarter of the calendar year and in a format acceptable to the Bank;

(b) by September 30 of each year, beginning in 1996, furnish to the Bank for its review a detailed implementation plan (including construction, training, environmental and resettlement activities) for the implementation of the Zhejiang Parts of the Project during the following calendar year and, in the case of training, for the following two calendar years; and

(c) thereafter, implement each such plan while taking into account any comments made by the Bank.

