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**LOAN NUMBER 7542-CN**

# **Project Agreement**

**(Gansu Cultural and Natural Heritage  
Protection and Development Project)**

**between**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**and**

**GANSU PROVINCE**

**Dated May 28, 2008**

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## **PROJECT AGREEMENT**

AGREEMENT dated May 28, 2008, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and GANSU PROVINCE (“Project Implementing Entity”) (“Project Agreement”) in connection with the Loan Agreement of same date between People’s Republic of China (“Borrower”) and the Bank (“Loan Agreement”). 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 the Project 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:
  - (a) carry out the Project in accordance with the provisions of Article V of the General Conditions; and
  - (b) 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 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, N.W.  
Washington, D.C. 20433  
United States of America

Cable:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

3.03. The Project Implementing Entity's Address is:

Gansu Provincial Office of Foreign Loans  
Administration Committee  
No. 696 West Donggang Road  
Lanzhou, Gansu  
People's Republic of China

Facsimile:  
  
86-931-8891043

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

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ David Dollar  
Authorized Representative

GANSU PROVINCE

By /s/ Liu Yongfu  
Authorized Representative

## **SCHEDULE**

### **Execution Of The Project**

#### **Section I. Institutional and Other Arrangements**

##### **Project Management**

1. The Project Implementing Entity shall maintain, and cause to be maintained, for purposes of carrying out the Project, the following organizations, with terms of reference, staffing and other resources acceptable to the Bank, throughout the period of implementation of the Project:
  - (a) At the provincial level:
    - (i) The Provincial Project Leading Group (“PPLG”), chaired by a Vice Governor of Gansu, and responsible for providing overall guidance on Project implementation and coordinating policy and institutional issues related to the Project.
    - (ii) The Provincial Project Management Office (“PPMO”), established within the Gansu Provincial Development and Reform Commission, responsible for: (A) overall Project coordination, management and monitoring; (B) Project-wide quality assurance; (C) Project progress reporting; (D) interagency coordination and procurement support; and (E) implementation of multi-municipal activities, such as institutional strengthening and training.
    - (iii) The Project Experts Panel, consisting of technical specialists in engineering, planning, cultural heritage and other fields of expertise relevant to the Project, and responsible for reviewing plans and proposals and providing technical advice on such plans and proposals.
  - (b) At the Selected Municipality level:
    - (i) The Municipal Project Leading Group (“MPLG”), responsible for providing overall guidance on Project implementation and coordinating policy and institutional issues related to the Project within the Selected Municipality.
    - (ii) The Municipal Project Management Office (“MPMO”), responsible for providing guidance for the preparation and

execution of Project activities within the Selected Municipality and for coordinating activities with the PPMO.

- (iii) The Project Implementation Unit (“PIU”), established at each Selected Site, responsible for Project implementation, construction supervision and management in the Selected Site.

**Resettlement, Environment Protection, Cultural Heritage Conservation, Minority Development and Dam Safety**

2. The Project Implementing Entity shall:

- (a) take, and shall cause the Selected Municipalities to 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 the Project;
- (b) for this purpose: (i) prior to the commencement of any works in Lanzhou Municipality, implement and cause the Lanzhou Municipality to implement the Resettlement Action Plan, in a manner satisfactory to the Bank; and (ii) whenever implementation of Project activities in the Selected Sites would give rise to Displaced Persons, prepare, and cause to be prepared, a resettlement action plan in accordance with the principles and procedures set forth in the Resettlement Policy Framework and, thereafter, provide said plan to the Bank for review and implement such resettlement action plan as shall have been accepted by the Bank as being satisfactory; and
- (c) provide, and cause the Selected Municipalities concerned to provide, to the Bank for its prior concurrence any proposed modification or waiver of the Resettlement Action Plan, Resettlement Policy Framework and any resettlement action plan prepared in accordance with said Framework and accepted by the Bank as being satisfactory, prior to putting into effect such modification or waiver.

3. The Project Implementing Entity shall implement and:

- (a) shall cause the Selected Municipalities to implement, the Environmental Management Plan and Cultural Heritage Conservation Plans; and

- (b) shall cause Zhangye Municipality to implement the Minority Development Plan, in a manner satisfactory to the Bank and designed to ensure that the Project is implemented in accordance with sound environmental and cultural assets conservation and management practices and standards.
- 4. The Project Implementing Entity shall cause Tianshui Municipality:
  - (a) to complete by September 30, 2008, all remedial works at Xianren Lake Dam, which is located in the Maijishan Scenic Area, in accordance with the provisions of the Xianren Lake Dam Safety Report; and
  - (b) to furnish to the Bank by September 30, 2008, a long-term operation, maintenance and emergency preparedness plan (including the proposed budget and source of financing) for each of the dams located at Yinyue Lake and Xianren Lake (“Project Dams”) and thereafter, promptly implement said plans, taking into account the views of the Bank thereon.
- 5. The Project Implementing Entity shall, and shall cause the Selected Municipalities to:
  - (a) maintain policies and procedures adequate to enable them to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the implementation of the Environmental Management Plan (including safety of the Project Dams), Cultural Heritage Conservation Plan, Minority Development Plan, Resettlement Action Plan and any resettlement action plan prepared in accordance with the Resettlement Policy Framework and the achievement of the objectives of said plans, including the engagement of experienced and qualified independent monitoring agencies acceptable to the Bank;
  - (b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank by February 15 and August 15 of each year, commencing on February 15, 2009, semi-annual reports of the results of the monitoring and evaluation activities with respect to plans referred to in subparagraph (a) above, together with any revisions proposed to be introduced into said plans in order to achieve their respective objectives; and
  - (c) introduce such revisions into said plans as shall have been agreed with the Bank.

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

**Project Reports**

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports for the Project 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 Annex to this Schedule. Each such Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank by February 15 and August 15 of each year.

**Financial Management, Financial Reports and Audits**

2. The Project Implementing Entity shall maintain a financial management system and prepare Project financial statements in accordance with consistently applied accounting standards acceptable to the Bank, in a manner adequate to reflect the operations, resources and expenditures related to the Project.
3. The Project Implementing Entity shall have its Project 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 Project financial statements shall cover the period of one (1) fiscal year of the Project Implementing Entity. The audited financial statements for each period shall be furnished to the Borrower and the Bank not later than six (6) months after the end of the period.

**Section III. Procurement**

All goods, works and services required for the Project to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Schedule 2 to the Loan Agreement.

**Section IV. Other Undertakings**

1. By September 1, 2008, the Project Implementing Entity shall enter into a contract, satisfactory to the Bank, for the provision of technical assistance to the PPMO for management of construction and supervision of Project activities.
2. The Project Implementing Entity shall cause each PIU to furnish to the Bank by December 31, 2010, an operation and maintenance plan (including financing required and financing sources) for the heritage and tourism facilities located in their Selected Site, which plan shall be prepared in accordance with terms of reference acceptable to the Bank.

3. By December 31, 2008, the Project Implementing Entity shall have provided training in financial management to staff in the MPMOs and PIUs in a manner satisfactory to the Bank.
4. The Project Implementing Entity shall cause the PIU of Jiayuguan Municipality:
  - (a) to furnish to the Bank a detailed development control plan for the Jiayuguan Great Wall Scenic Area prepared in accordance with applicable national and local laws; and
  - (b) thereafter, incorporate the Bank's comments on said plan and submit said plan to Jiayuguan Municipal Government by December 31, 2010, for approval.



ANNEX to SCHEDULE

Indicators

Project Outcome Indicators	Target Values						Data Collection and Reporting					
	Baseline 2007	YR1 2008	YR2 2009	YR3 2010	YR4 2011	YR5 2012	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection			
<b>Participation in sustainable cultural tourism</b>												
Number of people participating in the provision of tourism services at the project sites	3,130	3,130	3,130	3,330	3,530	3,740	Annual	Community survey conducted once per year during the period May - September plus local employment records	Each PIU, consolidated by PPMO			
<b>Community benefits from sustainable cultural tourism</b>												
Percentage of tourists who purchase private tourism services when visiting the project sites (%)	34%	34%	34%	40%	50%	60%	Annual	Visitor survey conducted once per year during the period May - September	Each PIU, consolidated by PPMO			
Percentage of local community members with awareness and knowledge of the significance of the cultural site.	63%	65%	68%	72%	76%	80%	Annual	Community survey conducted once per year during the period May - September	Each PIU, consolidated by PPMO			
<b>Intermediate Outcome Indicators</b>												
<b>Heritage conservation at project sites</b>												
Number of heritage sites in project with approved cultural conservation plans (#)	1	2	4	6	7	7	Annual	Annual Progress Report	PPMO			
<b>Development of sustainable tourism</b>												
Level of visitor satisfaction with:							Annual	Visitor survey conducted once per year during the period May - September	Each PIU, consolidated by PPMO			
• Access to site (% fully satisfied)	37%	37%	37%	40%	50%	60%						
• Interpretation of site (% fully satisfied)	24%	30%	40%	50%	60%	80%						
• Management of site (% fully satisfied)	21%	21%	30%	40%	50%	60%						
• Environment at site (% fully satisfied)	15%	15%	20%	30%	40%	50%	Annual	Visitor survey conducted once per year during the period May - September	Each PIU, consolidated by PPMO			
Average expenditure per tourist visit at:												
• Maijishan Scenic Area (RMB/visitor/visit)	400	415	430	450	465	480						
• Yellow River Stone Forest Geological Park (RMB/visitor/visit)	335	370	380	400	415	430						
• Jiayuguan Great Wall Scenic Area (RMB/visitor/visit)	625	655	690	720	760	800						
• Yadan National Geological Park (RMB/visitor/visit)	350	365	380	390	410	425						
<b>Participation of communities in sustainable tourism</b>												
Cumulative number of local people trained in sustainable tourism-related activities (#)	0	2,000	5,400	7,200	7,900	9,000	Annual	Annual Progress Report	Each PIU, consolidated by PPMO			
Number of community persons with improved road access to main tourist areas within Maijishan and Qingcheng (#)	0	8,000	10,000	18,000	25,000	27,000	Annual	Annual Progress Report	Each PIU, consolidated by PPMO			

