

Public Disclosure Authorized

CONFORMED COPY

**LOAN NUMBER 4864-CHA
GRANT NUMBER TF057757-CHA**

Loan Agreement

(Second Liaoning Medium Cities Infrastructure Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated September 19, 2007

LOAN AGREEMENT

Agreement dated September 19, 2007, between PEOPLE'S REPUBLIC OF CHINA ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

ARTICLE I – GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in the Loan Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II – LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, an amount equal to one hundred and seventy three million Dollars (\$173,000,000) ("Loan") to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Commitment Charge payable by the Borrower shall be equal to three-fourths of one percent (3/4 of 1%) per annum on the Unwithdrawn Loan Balance, subject to any waiver of a portion of such charge as may be determined by the Bank from time to time.
- 2.04. The Front-end Fee payable by the Borrower shall be equal to one percent (1%) of the Loan amount, subject to any waiver of a portion of such fee as may be determined by the Bank from time to time.
- 2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Variable Spread, subject to any waiver of a portion of such interest as may be determined by the Bank from time to time.
- 2.06. The Payment Dates are March 15 and September 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

ARTICLE III – PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall cause the Project Implementing Entity to carry out the Project in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV – REMEDIES OF THE BANK

- 4.01. The Additional Events of Suspension consists of the following, namely, that any parties to the Subsidiary Loan Agreements shall have failed to perform any of its respective obligations thereunder.
- 4.02. The Co-financing Deadline for the effectiveness of the Co-financing Agreement is ninety (90) days after the date of this Agreement.

ARTICLE V – EFFECTIVENESS

- 5.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI – REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is the Minister of Finance.
- 6.02. The Borrower's Address is:

Ministry of Finance
Sanlihe, Beijing 100820
People's Republic of China

Facsimile:

(86-10) 68551125

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

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

PEOPLE'S REPUBLIC OF CHINA

By /s/ Yang Shaolin
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ David Dollar
Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to assist Liaoning Province in improving the performance and sustainability of the wastewater, water supply, and solid waste services through: (i) construction of infrastructure in the Project Cities; and (ii) improving utility management and regulatory practices in Liaoning Province.

The Project consists of the following parts:

Part A: Wastewater Management

Improving the infrastructure for, and the management of, wastewater, stormwater, and flood control services in the Project Cities through: (i) constructing and/or expanding drainage collection systems, treatment plants, sludge disposal facilities, river bank improvements, and other associated works; and (ii) strengthening wastewater management practices in industrial pollution control, sludge management, and wastewater fee collection to improve operational efficiency and help achieve financial sustainability.

Part B: Water Supply Management

Improving the infrastructure and management of water supply services in the Project Cities through: (i) constructing and/or expanding raw water supply sources, raw water conveyance facilities, treatment plants, distribution systems, and other associated works; and (ii) strengthening water supply management practices.

Part C: Solid Waste Management

Improving the infrastructure and management of solid waste services in the Project Cities through: (i) constructing and/or expanding solid waste collection and transfer systems, sanitary landfills with leachate control and treatment, closure of open dumps, and other associated works; and (ii) strengthening solid waste management practices, including: developing integrated and city-wide solid waste management programs, dedicated cost accounting systems, and management information systems; and improving cost recovery through user fees.

Part D: Institutional Development

1. **Project Management and Asset Management:** Providing technical assistance to the Project Cities with respect to: (i) engineering design review, procurement support, and construction supervision for the Project; (ii) asset management planning for water and wastewater networks; and (iii) Project management and reporting.

2. **Public Utility Management:** Providing technical assistance to the Project Implementing Entity, the Project Cities, and the Project Companies, with respect to: (i) a provincial-wide public utility performance benchmarking program; (ii) public-private partnerships; (iii) utility business planning and management; and (iv) public utility regulation.

3. **Solid Waste Master Planning:** Providing technical assistance to Fushun, Yingkou EDZ, and Panjin for solid waste management planning and its implementation with respect to: (i) development of solid waste master plans; (ii) institutional development; (iii) landfill site assessment and engineering design; (iv) procurement assistance; (v) landfill construction supervision; and (vi) training of personnel for effective operation of solid waste management systems.

4. **Water Pollution Control Management:** Providing technical assistance to Huludao, Fushun, and Gaizhou for water pollution control management, including: (i) institutional development and financial sustainability; (ii) wastewater master planning; (iii) industrial water pollution control; and (iv) sludge management.

SCHEDULE 2**Project Execution****Section I. Financing Arrangements**

1. The Borrower shall make available the proceeds of the Loan to the Project Implementing Entity, under the following principal terms:

- (a) The principal amount shall be made available in Dollars (determined on the date, or respective dates, of withdrawal from the Loan Account) of the value of the currency or currencies so withdrawn.
- (b) The following shall be recovered over a period of seventeen (17) years, inclusive of a grace period of five (5) years: the principal amount so made available, including the fee paid pursuant to Section 2.04 of this Agreement.
- (c) Interest shall be charged on such principal amount withdrawn and outstanding from time to time at a rate equal to the rate of interest applicable from time to time to the Loan pursuant to Section 2.05 of this Agreement.
- (d) A commitment fee shall be charged on such principal amount of the Loan so made available and not withdrawn from time to time at a rate equal to three-fourths of one percent (3/4 of 1%) per annum.

Section II. Project Monitoring, Reporting, Evaluation**A. Project Reports.**

1. The Borrower shall ensure that the Project Implementing Entity monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators set forth in Annex B to Schedule to the Project Agreement. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank not later than two (2) months after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits.

1. The Borrower shall cause the Project Implementing Entity to maintain a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Borrower shall cause the Project Implementing Entity to prepare and furnish to the Bank as part of the Project Report not later than two (2) months after the end of each calendar semester, interim un-audited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.

3. The Borrower shall cause the Project Implementing Entity to have its Financial Statements audited in accordance with the provisions of Section 5.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General.

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Schedule.

2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Schedule.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works.

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding procedures. The provisions of paragraphs 2.55 and 2.56 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower (other than goods manufactured in the Hong Kong Special Administrative Region or the Macau Special Administrative Region of the Borrower).

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for particular goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

<u>Procurement Methods:</u>

(a) Shopping

<p>(b) National Competitive Bidding may be used for goods and works. In addition, the procedures to be followed for National Competitive Bidding shall be those set forth in the Law on Tendering and Bidding of the People's Republic of China promulgated by Order No.21 of the President of the People's Republic of China on August 30, 1999, with the following clarifications required for compliance with the Procurement Guidelines:</p>
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| <ul style="list-style-type: none"> (i) All invitations to prequalify or to bid shall be advertised in a newspaper of national circulation in the Borrower's country, except for civil works contracts that are estimated to cost less than \$2,000,000 equivalent each and for goods contracts that are estimated to cost less than \$300,000 equivalent each, which may be advertised in a provincial daily newspaper. Such advertisement shall be made in sufficient time for prospective bidders to obtain prequalification or bidding documents and prepare and submit their responses. In any event, a minimum of thirty (30) days shall be given to bidders between the date of advertisement in such newspaper and the deadline for submission of bids, and the advertisement and bidding documents shall specify the deadline for such submission. (ii) Qualification requirements of bidders and the method of evaluating the qualification of each bidder shall be specified in detail in the bidding documents. (iii) All bidders that meet the qualification criteria set out in the pre-qualification document shall be allowed to bid and there shall be no limit on the number of pre-qualified bidders. (iv) All bidders shall be required to provide security in an amount sufficient to protect the Borrower or the Project Implementing Entity, as the case may be, in case of breach of contract by the contractor, and the bidding documents shall specify the required form and amount of such security. (v) The date and time for opening of all bids shall be the same as the deadline for receipt of such bids. (vi) All bids shall be opened in public; all bidders shall be offered an opportunity to be present (either in person or through their representatives) at the time of bid opening, but bidders shall not be required to be present at the bid opening. |
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- (vii) No bid may be rejected solely on the basis that the bid price falls outside any standard contract estimate, or margin or bracket of average bids established by the Borrower or the Project Implementing Entity, as the case may be.
- (viii) Each contract shall be awarded to the lowest evaluated responsive bidder, that is, the bidder who meets the appropriate standards of capability and resources and whose bid has been determined: (A) to be substantially responsive to the bidding documents; and (B) to offer the lowest evaluated cost. The winning bidder shall not be required, as a condition of award, to undertake responsibilities for work not stipulated in the bidding documents or otherwise to modify the bid as originally submitted.
- (ix) Each contract financed with the proceeds of the Loan shall provide that the suppliers and contractors shall permit the Bank, at its request, to inspect their accounts and records relating to the performance of the contract and to have said accounts and records audited by auditors appointed by the Bank.
- (x) Re-bidding should not be allowed solely because the number of bids is less than three (3).

C. Particular Methods of Procurement of Consultants’ Services.

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than \$300,000 equivalent per contract may comprise entirely national consultants.

2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies the methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<u>Procurement Method:</u>
(a) Quality-based Selection
(b) Selection under a Fixed Budget
(c) Selection based on Consultants’ Qualifications
(d) Selection of Individual Consultants
(e) Sole Source Procedures for the Selection of Individual Consultants
(f) Single Source Procedures for the Selection of firms

D. Review by the Bank of Procurement Decisions.

Except as the Bank shall otherwise determine by notice to the Borrower, the following contracts shall be subject to Prior Review by the Bank: (a) each contract for goods estimated to cost the equivalent of \$500,000 or more; (b) each contract for works estimated to cost the equivalent of \$5,000,000 or more; (c) each contract for consultants’ services provided by a firm estimated to cost the equivalent of \$200,000 or more; (d) each contract for consultants’ services provided by an individual estimated to cost the equivalent of \$50,000 or more; and (e) each contract for consultants’ services provided by a firm to be procured using Single-source Selection procedure, and each contract for consultants’ services provided by an individual to be procured using Sole Source Selection procedure, regardless of its contract value. All other contracts shall be subject to Post Review by the Bank.

Section IV. Withdrawal of Loan Proceeds

A. General.

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower, to finance other Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category, inclusive of taxes.

<u>Category</u>	<u>Amount of the Loan Allocated (expressed in Dollars)</u>	<u>Percentage of Expenditures to be financed (inclusive of Taxes)</u>
(1) Civil works:		
(a) under Part A of the Project in Panjin City	11,220,000)
(b) under Part A of the Project in Yingkou City	18,470,000)
(c) under Part B of the Project in Anshan City	12,070,000) 60%
(d) under Part B of the Project in Haicheng City	5,820,000)
(e) under Part B of the Project in Panjin City	2,750,000)
(f) under Part B of the Project in Xingcheng City	2,140,000)

<u>Category</u>	<u>Amount of the Loan Allocated (expressed in Dollars)</u>	<u>Percentage of Expenditures to be financed (inclusive of Taxes)</u>
(g) under Part B of the Project in Yingkou City	16,220,000)
(h) under Part B of the Project in Fushun City	12,890,000)
(i) under Part C of the Project in Panjin	10,410,000)
(j) under other Parts of the Project (including Part A of the Project in Gaizhou, Part A of the Project in Fushun, Part C of the Project in Fushun, and Part C of the Project in Yingkou EDZ)	25,830,000)
(2) Goods:		
(a) under Part A of the Project in Panjin City	9,390,000)
(b) under Part A of the Project in Yingkou City	9,010,000)
(c) under Part B of the Project in Anshan City	5,790,000)
(d) under Part B of the Project in Haicheng City	2,760,000)
(e) under Part B of the Project in Panjin City	10,920,000)
(f) under Part B of the Project in Xingcheng City	340,000)
(g) under Part B of the Project in Yingkou City	3,950,000)
(h) under Part B of the Project in Fushun City	800,000)
(i) under Part C of the Project in Panjin	1,920,000)
(j) under other Parts of the Project (including Part A of the Project in Gaizhou, Part A of the Project in Fushun, Part C of the Project in Fushun,	7,600,000)
		100%

<u>Category</u>	<u>Amount of the Loan Allocated (expressed in Dollars)</u>	<u>Percentage of Expenditures to be financed (inclusive of Taxes)</u>
and Part C of the Project in Yingkou EDZ)		
(3) Consultants services, training, workshops, and study tours under Part D.1 of the Project	2,700,000) 100%
TOTAL AMOUNT	<u>173,000,000</u>	

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

(a) for payments made prior to the date of this Agreement; except that withdrawals up to an aggregate amount not to exceed \$10,200,000 equivalent may be made for payments made prior to this date but on or after January 1, 2007, for Eligible Expenditures under Categories (1) and (3);

(b) for payments under, respectively, Categories (1)(a) and (2)(a); Categories (1)(b) and (2)(b); Categories (1)(c) and (2)(c); Categories (1)(d) and (2)(d); Categories (1)(e) and (2)(e); Categories (1)(f) and (2)(f); Categories (1)(g) and (2)(g) and Categories (1)(h) and (2)(h) until, with respect to each such case, the Bank shall have notified the Borrower and Liaoning of its receipt of a copy of the Subsidiary Loan Agreement entered into between the Project City concerned and its Respective Project Company, satisfactory to the Bank and in accordance with the provisions of paragraph 13 of Section I of the Schedule to the Project Agreement;

(c) for payments under Categories 1(h) and 2(h), until the Bank shall have received satisfactory evidence that: (i) a satisfactory feasibility study for Part B of the Project in Fushun has been conducted under terms of reference acceptable to the Bank; and (ii) an environmental management plan and a resettlement action plan have been adopted by Fushun City with respect to said Part of the Project in accordance with the provisions of paragraphs 2(b)(i) and 3(a) of Section I of the Schedule to the Project Agreement; and

(d) for payments under Categories (1)(i) and (2)(i) and until the Bank shall have received satisfactory evidence that: (i) a satisfactory feasibility study for Part C of the Project in Panjin has been conducted under terms of reference acceptable to the Bank;

and (ii) an environmental management plan has been adopted by Panjin City with respect to said Part of the Project in accordance with the provisions of paragraphs 2(b)(i) and 3(a) of Section I of the Schedule to the Project Agreement.

2. The Closing Date is December 31, 2013.

SCHEDULE 3**Amortization Schedule**

<u>Principal Payment Date</u>	<u>Principal Amount of the Loan Payable (Expressed in Dollars*)</u>
March 15, 2013	7,210,000
September 15, 2013	7,210,000
March 15, 2014	7,210,000
September 15, 2014	7,210,000
March 15, 2015	7,210,000
September 15, 2015	7,210,000
March 15, 2016	7,210,000
September 15, 2016	7,210,000
March 15, 2017	7,210,000
September 15, 2017	7,210,000
March 15, 2018	7,210,000
September 15, 2018	7,210,000
March 15, 2019	7,210,000
September 15, 2019	7,210,000
March 15, 2020	7,210,000
September 15, 2020	7,210,000
March 15, 2021	7,210,000
September 15, 2021	7,210,000
March 15, 2022	7,210,000
September 15, 2022	7,210,000
March 15, 2023	7,210,000
September 15, 2023	7,210,000
March 15, 2024	7,210,000
September 15, 2024	7,170,000

* The figures in this column represent the amount in Dollars to be repaid, except as provided in Section 3.10 of the General Conditions.

APPENDIX**Definitions**

- (a) “Anshan City Water Supply General Company” means the state-owned limited liability company established and operating pursuant to its Charter dated August 6, 2006, and to Business License No.2103011130827 dated April 20, 2004, issued by Anshan Municipality Industry and Commerce Administrative Bureau, and any successor thereto.
- (b) “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
- (c) “Co-financier” means the Global Environment Facility.
- (d) “Co-financing” means an amount of five million dollars (\$5,000,000) to be provided by the Co-financier to assist in the financing of Parts D.2, D.3, and D.4 of the Project.
- (e) “Co-financing Agreement” means the agreement to be entered into between the People’s Republic of China (the Recipient) and the Bank and providing for the Co-financing.
- (f) “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
- (g) “Displaced Persons” means persons who, on account of the execution of the Project, have experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such persons; and a “Displaced Person” means any of such Displaced Persons.
- (h) “Environmental Management Plan” means the Environmental Management Plan dated September 2006 prepared for the Project, which said plan sets out the environmental protection measures in respect of the Project, as well as administrative and monitoring arrangements to ensure the implementation of said plan, as said plan may be revised from time to time with the agreement of the Bank.
- (i) “Financial Improvement Plans” means, collectively, the financial improvement plans prepared by each of the Project Companies, Fushun and Gaizhou, all dated March 2007, which includes actions and performance targets for improving the

financial conditions of the Project Companies and of the utilities in Fushun and Gaizhou through a combination of improving tariff collection efficiency, reducing operating costs, and adjusting utility tariffs; and “Financial Improvement Plan” means any of the Financial Improvement Plans.

- (j) “Fiscal Year” means: “Fiscal Year” means the fiscal year of the Project Companies, covering the period January 1 through December 31.
- (k) “Fushun City Water Supply Company” means the state-owned water supply company established and operating pursuant to its Charter dated December 10, 2006 and to Business License No.2104021121149 dated November 10, 1993, issued by Fushun City Industry and Commerce Administrative Bureau, and any successor thereto.
- (l) “Fushun Drainage Company” means the state-owned urban engineering company established and operating pursuant to its Charter dated February 24, 2006, and to Business License No.210411117957 dated November 10, 1993, issued by Fushun Municipality Industry and Commerce Administrative Bureau, and any successor thereto.
- (m) “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005.
- (n) “Haicheng City Water Supply Company” means the state-owned limited liability company established and operating pursuant to its Charter dated August 7, 2006, and to Business License No.2103811122825 dated March 22, 2001, issued by Haicheng Municipality Industry and Commerce Administrative Bureau, and any successor thereto.
- (o) “Liaoning” means the Borrower’s Liaoning Province, and any successor thereto.
- (p) “LUCRPO” means Liaoning Urban Construction and Renewal Project Office referred to in paragraph 1(c) of Section I of the Schedule to the Project Agreement.
- (q) “Panjin City Water Supply General Company” means the state-owned limited liability company established and operating pursuant to its Charter dated January 1, 2006, and to Business License No.2111001105059 dated November 29, 2004, issued by Panjin Municipality Industry and Commerce Administrative Bureau, and any successor thereto.
- (r) “Panjin Urban Drainage Management Company Ltd” means the state-owned limited liability company established and operating pursuant to its Charter dated October 24, 2000, and to Business License No.2111001100330 dated

January 19, 2005, issued by Panjin Municipality Industry and Commerce Administrative Bureau, and any successor thereto.

- (s) “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.
- (t) “Procurement Plan” means the Borrower’s procurement plan for the Project, dated December 15, 2006, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
- (u) “Project Agreement” means the agreement between the Bank and Liaoning of even date herewith, as the same may be amended from time to time; and such term includes all schedules and agreements supplemental to the Project Agreement.
- (v) “Project Companies” means, collectively, Anshan City Water Supply General Company, Haicheng City Water Supply Company, Panjin Urban Drainage Management Company Ltd, Panjin City Water Supply General Company, Xingcheng City Water Supply Company, Yingkou City Drainage Company, Yingkou Water Affairs Company Ltd., and Fushun City Water Supply Company; and “Project Company” means any of the Project Companies.
- (w) “Project Implementing Entity” means the Borrower’s Province of Liaoning and any successor thereto.
- (x) “Project Cities” means the Borrower’s municipalities of Fushun, Panjin, Yingkou, Anshan, Huludao and county-level cities of Gaizhou and Yingkou EDZ each under jurisdiction of Yingkou municipality, Xingcheng under jurisdiction of Huludao municipality, and Haicheng under jurisdiction of Anshan, municipality, all located in Liaoning Province, and any successors thereto; and a “Project City” means, individually, either of said Project Cities.
- (y) “Project Coordination Group” means the group referred in paragraph 1(a) of Section I of the Schedule to the Project Agreement.
- (z) “Project Management Offices” means the offices referred to in paragraph 1(d) of Section I of the Schedule to the Project Agreement.
- (aa) “Resettlement Action Plans” means, collectively, the Resettlement Action Plan dated August 2006, prepared on behalf of Yingkou for Part A of the Project; the Resettlement Action Plan dated August 2006, prepared on behalf of Yingkou for Part B of the Project; the Resettlement Action Plan dated August 2006, prepared on behalf of Yingkou EDZ for Part C of the Project; the Resettlement Action Plan dated December 2006, prepared on behalf of Panjin for Part A of the

Project; the Resettlement Action Plan dated August 2006, prepared on behalf of Haicheng for Part B of the Project; the Resettlement Action Plan dated August 2006, prepared on behalf of Anshan for Part B of the Project; the Resettlement Action Plan dated June 2006, prepared on behalf of Gaizhou for Part A of the Project; the Resettlement Action Plan dated August 2006, prepared on behalf of Fushun for Part C of the Project; which said plans set out the principles and procedures governing the acquisition of land and other assets, and the resettlement, compensation and rehabilitation of Displaced Persons on account of its Respective Parts of the Project, as well as monitoring and reporting arrangements to ensure compliance with said plans, as the same may be revised from time to time with the prior agreement of the Bank; and “Resettlement Action Plan” means, individually, either of the Resettlement Action Plans.

- (bb) “Resettlement Policy Framework” means the policy framework dated December 2006 adopted by each Project City, which sets out policies and procedures for acquisition, compensation and rehabilitation of Displaced Persons, and guidelines for the preparation of resettlement action plans if necessary, as said policy framework may be amended from time to time with the prior agreement of the Bank.
- (cc) “Respective Parts of the Project” means in respect of:
 - (i) Fushun City: Parts A and C of the Project in Fushun.
 - (ii) Gaizhou City: Part A of the Project in Gaizhou.
 - (iii) Panjin Urban Drainage Management Company Ltd.: Part A of the Project in Panjin.
 - (iv) Panjin City Water Supply General Company: Part B of the Project in Panjin.
 - (v) Panjin City: Part C of the Project in Panjin.
 - (vi) Yinkou City Drainage Company: Part A of the Project in Yinkou.
 - (vii) Yinkou Water Affairs Company Ltd.: Part B of the Project in Yinkou.
 - (viii) Yinkou EDZ: Part C of the Project in Yinkou EDZ.
 - (ix) Anshan City Water Supply General Company: Part B of the Project in Anshan.
 - (x) Haicheng City Water Supply Company: Part B of the Project in Haicheng.

- (xi) Xingcheng City Water Supply Company: Part B of the Project in Xingcheng.
- (xii) Project Implementing Entity: Part D of the Project.
- (xiii) Fushun City Water Supply Company: Part B of the Project in Fushun.
- (dd) “Respective Project Companies” means in respect of:
 - (i) Panjin City: Panjin Urban Drainage Management Company Ltd and Panjin City Water Supply General Company.
 - (ii) Yingkou City: Yingkou City Drainage Company and Yingkou Water Affairs Company Ltd.
 - (iii) Anshan City: Anshan City Water Supply General Company.
 - (iv) Haicheng City: Haicheng City Water Supply Company.
 - (v) Xingcheng City: Xingcheng City Water Supply Company.
 - (vi) Fushun City: Fushun City Water Supply Company.
- (ee) “Subsidiary Loan Agreements” means, collectively, the agreements to be entered into between each Project City, and its Respective Project Company pursuant to paragraph 14 of Section I of the Schedule to the Project Agreement, as the same may be amended from time to time, and such term includes all schedules and supplements to said agreements; and a “Subsidiary Loan Agreement” means, individually, any of said Subsidiary Loan Agreements.
- (ff) “Xingcheng City Water Supply Company” means the state-owned limited liability company established and operating pursuant to its Charter dated October 26, 2005, and to Business License No.2114811100030 dated June 22, 2004, issued by Xingcheng Municipality Industry and Commerce Administrative Bureau, and any successor thereto.
- (gg) “Yingkou City Drainage Company” means the state-owned limited liability company established and operating pursuant to its Charter dated September 2000, and to Business License No.2108001110543 dated May 12, 2003, issued by Yingkou Municipality Industry and Commerce Administrative Bureau, and any successor thereto.
- (hh) “Yingkou EDZ” means the Yingkou Economic Development Zone.

- (ii) “Yingkou Water Affairs Company Ltd” means the state-owned limited liability company established and operating pursuant to its Charter dated October 29, 2003, and to Business License No.2108001300004 dated January 31, 2005, issued by Yingkou Municipality Industry and Commerce Administrative Bureau, and any successor thereto.