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**GRANT NUMBER TF098703**

# **Project Agreement**

**(Provincial Energy Efficiency Scale-up Project)**

**among**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT  
(acting as an Implementing Agency of the Global Environment Facility)**

**and**

**SHANDONG PROVINCE**

**SHANXI PROVINCE**

**and**

**JIANGXI PROVINCE**

**Dated May 17, 2011**

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**PROJECT AGREEMENT**

AGREEMENT dated May 17, 2011, entered into among INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (World Bank), acting as an implementing agency of the Global Environment Facility (GEF); and SHANDONG PROVINCE (Shandong), SHANXI PROVINCE (Shanxi), and JIANGXI PROVINCE (Jiangxi) (Shandong, Shanxi, and Jiangxi, each Project Implementing Entity, and collectively, the Project Implementing Entities).

The World Bank and the Project Implementing Entities hereby agree as follows:

**ARTICLE I  
Standard Conditions; Definitions**

- 1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010 (“Standard Conditions”) constitute an integral part of this Agreement.
- 1.02. Unless the context otherwise requires, the several terms defined in the Global Environmental Facility Grant Agreement of the same date as this Agreement (the Grant Agreement), the Preamble to this Agreement and the Standard Conditions have the respective meanings therein set forth.

**ARTICLE II  
Execution of the Project**

- 2.01. Each Project Implementing Entity declares its commitment to the objective of the Project as set forth in Schedule 1 to the Grant Agreement, and, to this end, shall: (i) carry out its Respective Part of the Project in accordance with the provisions of Article II of the Standard Conditions; and (ii) provide, promptly as needed, the funds, facilities, services and other resources required for its Respective Part of the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the World Bank and the Project Implementing Entities shall otherwise agree, the Project Implementing Entities shall carry out their Respective Part of the Project in accordance with the provisions of the Schedule to this Agreement.

**ARTICLE III  
Effectiveness; Termination**

- 3.01. This Agreement shall come into force and effect on the date upon which the Grant Agreement becomes effective.
- 3.02. This Agreement and all obligations of the World Bank and of each Project Implementing Entity thereunder shall terminate on the date on which the Grant Agreement shall terminate in accordance with its terms, and the World Bank shall promptly notify each Project Implementing Entity thereof.
- 3.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation, suspension or refund under the Standard Conditions.

**ARTICLE IV  
Miscellaneous Provisions**

- 4.01. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of each of the Project Implementing Entities may be taken or executed by the Governor or Vice Governor; and any action required or permitted to be taken, or such other person or persons as said Governor or Vice Governor shall designate in writing, and each Project Implementing Entity shall furnish to the World Bank sufficient evidence of the authority and the authenticated specimen signature of each such person.
- 4.02. The World 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)	(202) 477-6391

4.03. The Project Implementing Entities' Addresses are:

For Shandong:

Shandong Provincial Finance Bureau  
No.3 Jida Road  
Jinan Municipality  
Shandong Province, 250002  
People's Republic of China

Facsimile:

86-531-829-20751

For Shanxi:

Shanxi Provincial Finance Bureau  
Taiyuan Municipality  
Shanxi Province, 030001  
People's Republic of China

Facsimile:

86-351-4045-332

For Jiangxi:

Jiangxi Provincial Finance Bureau  
Nanchang Municipality  
Jiangxi Province, 330006  
People's Republic of China

Facsimile:

0791-7287-637

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

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
(acting as an Implementing Agency of the  
Global Environment Facility)

By /s/ Klaus Rohland  
Authorized Representative

SHANDONG PROVINCE

By /s/ Wu Jinkang  
Authorized Representative

SHANXI PROVINCE

By /s/ Wu Jinkang  
Authorized Representative

JIANGXI PROVINCE

By /s/ Wu Jinkang  
Authorized Representative

## SCHEDULE

### Execution of the Project

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

1. Each Project Implementing Entity shall, throughout the period of implementation of its Respective Part of the Project, maintain its Project Management Office (PMO), with terms of reference, staffing, and other resources satisfactory to the World Bank to be responsible for coordination and implementation of its Respective Part of the Project.
2. Each Project Implementing Entity shall prepare and furnish to the World Bank for its review and approval by November 1 of each year until completion of its Respective Part of the Project, commencing on November 1, 2011, an annual work plan and budget (including planned use of Incremental Operating Costs) for implementation of the Project for the following fiscal year and thereafter carry out said annual work plan and budget taking into account the World Bank's comments thereon.
3. Each Project Implementing Entity shall cause its Respective Part of the Project to be carried out in accordance with the provisions of the Anti-Corruption Guidelines.

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

##### **A. Project Reports**

1. Each Project Implementing Entity shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth in Annex to this Schedule. Each such Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the World Bank not later forty-five (45) days after the end of the period covered by such report.
2. Without the limitation on the provision of paragraph A.1 of this Section II, each Project Implementing Entity shall prepare and submit to the World Bank a mid-term report, not later than September 15, 2014, or such later date as the World Bank may have agreed, integrating the results of the monitoring and evaluation activities performed pursuant to paragraph A.1 of this Section II, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof.

3. Each Project Implementing Entity shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

**B. Financial Management, Financial Reports and Audits**

1. Each Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to its Respective Part of the Project.
2. Each Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the World 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 furnished to the Recipient and the World Bank not later than six (6) months after the end of the period.

**Section III. Procurement**

All goods and services required for each Project Implementing Entity's Respective Part of the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the provisions of Section III of Schedule 2 to the Grant Agreement.

**ANNEX  
to  
SCHEDULE**

**Project Performance Indicators**

Project Outcome Indicators	Baseline	Target Values				Data Collection and Reporting		
		YR1	YR3	YR4	YR5	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
<ul style="list-style-type: none"> <li>• Coverage (number of enterprises) of energy efficiency monitoring and supervision information platform</li> <li>• Investment flows from energy service companies (\$million)</li> <li>• Cumulative lifetime energy savings (mtce)</li> <li>• Associated GHG emission reductions (mCO<sub>2</sub>e)</li> </ul>	0	60	220	330	500	Annual report	Project reports	Shandong PMO Shanxi PMO Jiangxi PMO
	N/A	53	90	122	164			
		2.64	6.50	11.48	18.20			
		6.45	15.86	28.00	44.40			