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LOAN NUMBER 9682-CN

# Loan Agreement

Low Carbon Transition of Urban Mobility in Yichang (Hubei) Program

between

PEOPLE'S REPUBLIC OF CHINA

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

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## **LOAN AGREEMENT**

AGREEMENT dated as of the Signature Date 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) apply to and form 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 General Conditions or in the Appendix to this Agreement.

### **ARTICLE II — LOAN**

- 2.01. The Bank agrees to lend to the Borrower the amount of two hundred and thirty-one million nine hundred thousand Euros (EUR 231,900,000), as such amount may be converted from time to time through a Currency Conversion ("Loan"), to assist in financing the program described in Schedule 1 to this Agreement ("Program").
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Loan Account shall be deposited by the Bank into an account specified by the Borrower and acceptable to the Bank.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Variable Spread; or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.06. The Payment Dates are May 15 and November 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

### **ARTICLE III — PROGRAM**

- 3.01. The Borrower declares its commitment to the objectives of the Program. To this end, the Borrower shall cause the Program to be carried out by the Program Implementing Entity in accordance with the provisions of Article V of the General Conditions and the Program Agreement.

### **ARTICLE IV — REMEDIES OF THE BANK**

- 4.01. The Additional Event of Suspension is that the Program Implementing Entity, through Yichang Municipality, has modified, suspended or adopted a successor program to the Yichang Municipality Transportation Development 14th Five-Year Plan or the Yichang

City Transport Carbon Peak Implementation Plan, which will materially and adversely affect its ability to achieve the objective of the Program and/or perform any of its obligations under the Program Agreement.

- 4.02. The Additional Event of Acceleration is that any of the events specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Bank to the Borrower.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Condition of Effectiveness is that the Program Implementing Entity, through Yichang Municipality, has adopted the Program Implementation Plan in form and substance acceptable to the Bank.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Borrower's Representative is its Minister, or a Vice Minister, of Finance.
- 6.02. For purposes of Section 10.01 of the General Conditions:

(a) the Borrower's address is:

Ministry of Finance  
Sanlihe  
Xicheng District  
Beijing 100820  
People's Republic of China; and

(b) the Borrower's Electronic Address is:

Facsimile:

(86-10) 6855-2077

- 6.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

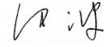
Facsimile:

1-202-477-6391

AGREED as of the Signature Date.

**PEOPLE'S REPUBLIC OF CHINA**

**By**



**Authorized Representative**

**Name:** Zhang Bo

**Title:** Deputy Director General

**Date:** 13-Sep-2024

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

**By**



**Authorized Representative**

**Name:** Mara warwick

**Title:** Country Director.

**Date:** 11-Sep-2024

## SCHEDULE 1

### Program Description

The objective of the Program is to improve low carbon mobility and accessibility, and reduce carbon emissions from road transport in Yichang.

The Program consists of the following activities, which are a subset of the Yichang Municipality Transportation Development 14th Five-Year Plan and the Yichang City Transport Carbon Peak Implementation Plan:

1. *Managing motorization and accessibility.* (a) Implementing a scrappage program and strengthening systems for improving the scrappage rate of qualified truck, bus, and coach vehicles; (b) incorporating Transit-Oriented Development (“TOD”) principles in the spatial master plan and updating technical guidelines for urban street designs with short and convenient walkability improvement to transit stops; and (c) implementing TOD and accessibility investments by preparing a walking accessibility plan, a cycling improvement plan, and making accessibility improvements along key transit corridors.
2. *Facilitating modal shift for passengers and freight transport.* (a) Expanding the network of bus priority/exclusive lanes; (b) improving the quality of bus services and operations through infrastructure improvements, road traffic improvements, and service improvements with respect to frequency, speed, number of transfers, and route optimization; (c) modernizing intelligent transport systems for improved customer responsiveness and operational performance; (d) extending the coverage of transit network and its accessibility to the urban population; and (e) establishing incentives to facilitate a shift of container cargo to rail and water freight transport.
3. *Incentivizing low-carbon choices.* (a) Improving the subsidy mechanism for public transport operators to include incentives for decarbonization and ridership increases; (b) strengthening parking demand management through price and quantity levers to influence private vehicle usage; (c) implementing a parking plan for the urban core and along bus rapid transit corridors; and (d) piloting transport subsector participation in ETS for Yichang through a voluntary mechanism, and establishing and maintaining a MRV system for the ETS.
4. *Enhancing institutional capacity for transport decarbonization.* (a) Establishing a decarbonization coordination institutional mechanism; (b) revising the Yichang City Transport Carbon Peak Implementation Plan using carbon accounting system and scientific modeling tools to simulate transport carbon emissions trajectories to define impactful policies and programs for transport carbon peaking; (c) developing a capacity building plan for Yichang’s government officials, a knowledge sharing plan for documentation and dissemination of the experience and lessons learned from Program implementation, and strategies for scaling-up; and (d) conducting public communication events on green mobility and modes to build awareness and popularize sustainable urban mobility, and carrying out relevant public awareness raising events.

## SCHEDULE 2

### Program Execution

#### Section I. Implementation Arrangements

##### A. Financing Arrangements

1. For the purposes of carrying out the Program, the Borrower shall make available to the Program Implementing Entity the proceeds of the Loan, under terms and conditions acceptable to the Bank, including the following principal terms:
  - (a) the principal amount shall be made available in Euros, or any other Currency as the Loan may be converted from time to time through a Currency Conversion of the value of the currency or currencies so withdrawn (such principal amount determined on the date, or respective dates, of withdrawal from the Loan Account).
  - (b) the principal amount so made available shall be recovered over a period of thirty (30) years, inclusive of a grace period of six (6) years.
  - (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 the provisions of Section 2.05 of this Agreement.
  - (d) a Commitment Charge shall be charged equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
2. The Borrower shall cause the Program Implementing Entity to: (a) manage, operate, monitor, transfer and reconcile the proceeds of the Loan made available to them pursuant to paragraph 1 above in accordance with arrangements and procedures acceptable to the Bank; (b) take all required actions, including provision of timely consents and approvals as may be necessary, to facilitate the utilization of the proceeds of the said Loan and the implementation of the Program and, to enable the Program Implementing Entity to comply with its undertakings under the Program Agreement; and (c) maintain all relevant records and documents related to the Loan and the Program and provide promptly such documents and records, including all other information related to the Loan and the Program, as may be requested by the Borrower or the Bank from time to time.

##### B. Program Action Plan

The Borrower shall, and shall cause the Program Implementing Entity to, take all measures necessary to comply with, or all measures necessary to enable the Program Implementing Entity to comply with the provisions of Section I.B.3 of the Schedule to the Program Agreement.

**Section II. Excluded Activities**

The Borrower shall cause the Program Implementing Entity to ensure that the Program excludes any activities which:

- A. in the opinion of the Bank, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or
- B. involve the procurement of: (1) works, estimated to cost \$115,000,000 equivalent or more per contract; (2) goods, estimated to cost \$75,000,000 equivalent or more per contract; (3) non-consulting services, estimated to cost \$75,000,000 equivalent or more per contract; or (4) consulting services, estimated to cost \$30,000,000 equivalent or more per contract.

**Section III. Program Monitoring, Reporting and Evaluation**

The Borrower shall cause the Program Implementing Entity to furnish to the Bank each Program Report not later than sixty (60) days after the end of each calendar semester, covering the calendar semester.

**Section IV. Withdrawal of Loan Proceeds**

**A. General**

- 1. Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to:(a) finance Program Expenditures (inclusive of Taxes), on the basis of the results (“Disbursement Linked Results” or “DLRs”) achieved by the Program Implementing Entity, as measured against specific indicators (“Disbursement Linked Indicators” or “DLIs”); and (b) pay the Front-end Fee; all as set forth in the table in paragraph 2 of this Part A.
- 2. The following table specifies each category of withdrawal of the proceeds of the Loan (including the Disbursement Linked Indicators as applicable) (“Category”), the Disbursement Linked Results for each Category (as applicable), and the allocation of the amounts of the Loan to each Category:

<b>Category (including Disbursement Linked Indicator as applicable)</b>	<b>Disbursement Linked Results (as applicable)</b>	<b>Amount of the Loan Allocated (expressed in EUR)</b>	<b>Disbursement Calculation Formula (as applicable)</b>
(1) DLI #1: Number of High-emission Vehicles scrapped	DLR #1: 18,583	18,545,834	From CY 2023 to CY 2027: EUR 998 per High-emission Vehicle scrapped and up to total number of the High-emission Vehicles eligible for scrapping in the said years; and for CY

			2028: EUR 4,706,568 for 4,716 High-emission Vehicles scrapped and achieving 75% scrappage rate in the said CY.
(2) DLI #2: Average daily public transport ridership	DLR #2: 300,000 passengers Baseline: 230,000 passengers	125,226,000	EUR 8,944,714 per 5,000 increase above the baseline
(3) DLI #3: Parking demand management strengthened	DLR #3.1: Yichang Municipality has maintained 2198 or less parking spots on pedestrian sidewalks on an annual basis starting in CY2024	4,638,000	EUR 927,600 per year
	DLR #3.2: Yichang Municipality has: (a) set targets for on-street parking reductions within the vicinity of mass transit stations; and (b) implemented the said reduction targets in on-street parking around mass transit stations	13,914,000	EUR 3,710,400 for DLR # 3.2 (a); and EUR 10,203,600 for DLR #3.2 (b)
	DLR #3.3: Yichang Municipality has implemented a ceiling for building parking standards and additional limits to said allocations based on the proximity to mass transit stations	16,696,800	n/a
	DLR #3.4: Yichang Municipality has achieved DLR#3.3 and implemented new classifications for determining parking allocations for new buildings in accordance with the National Standard	2,782,800	n/a
	DLR #3.5: Yichang Municipality has achieved DLR#3.3 and applied good practice criteria such as population density, land use, transit availability in the establishment of parking zones for parking allocations to new buildings	3,710,400	n/a



(4) DLI #4: Functional pilot ETS for the transport sector in Yichang Municipality using an MRV system	DLR #4.1: Yichang Municipality has issued an implementation plan for the establishment of a municipal ETS for the transport sector	4,058,250	n/a
	DLR #4.2: Yichang Municipality has issued guidelines for the management of the municipal ETS for the transport sector	9,276,000	
	DLR #4.3: Yichang Municipality has established a municipal ETS platform for the transport sector and successfully registered an ETS project proposal using an MRV system	9,276,000	
	DLR #4.4: Yichang Municipality has developed at least two transport sector methodologies for carbon emission estimation	4,638,000	
	DLR #4.5: At least one transport carbon emission reduction transaction has been completed and recorded at Hubei Province's carbon exchange market	4,638,000	
(5) DLI #5: Coordination mechanism for transport decarbonization in Yichang Municipality established and operational	DLR #5.1: Yichang Municipality has established a leading group to coordinate the decarbonization of transportation with defined leadership and membership and a technical secretariat	4,638,000	n/a
	DLR #5.2: Yichang Municipality has developed a carbon accounting tool for the road transport sector and modeling tools and publicly released the carbon emission estimates for the road transport sector	4,638,000	
	DLR #5.3: Yichang Municipality has revised the Yichang City Transport Carbon Peak Implementation Plan using the tools developed under DLR #5.2	4,644,166	

(6) Front-end Fee to be paid pursuant to Section 2.03 of this Agreement in accordance with Section 2.05 (b) of the General Conditions		579,750	
<b>TOTAL AMOUNT</b>		<b>231,900,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
  - (a) on the basis of DLRs achieved prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed three million eight hundred eighty-nine thousand two hundred and six Euros (EUR 3,889,206) may be made on the basis of DLRs achieved prior to this date but on or after January 1, 2023; or
  - (b) for any DLR under Categories (1) through (5), until and unless the Borrower or the Program Implementing Entity has furnished evidence satisfactory in accordance with the provisions of the Verification Protocol and acceptable to the Bank showing that the said DLR has been achieved.
2. Notwithstanding the provisions of Part B.1(b) of this Section, the Borrower may withdraw an amount not to exceed fifty-seven million nine hundred seventy-five thousand Euros (EUR 57,975,000) as an advance; provided, however, that if the DLRs in the opinion of the Bank, are not achieved (or only partially achieved) by the Closing Date, the Borrower shall refund such advance (or portion of such advance as determined by the Bank in accordance with the Disbursement Calculation Formula) to the Bank promptly upon notice thereof by the Bank. Except as otherwise agreed with the Borrower, the Bank shall cancel the amount so refunded. Any further withdrawals requested as an advance under any Category shall be permitted only on such terms and conditions as the Bank shall specify by notice to the Borrower.
3. Notwithstanding the provisions of Part B.1(b) of this Section, if any of the DLRs under Categories (1) through (5) has not been achieved by the Closing Date, the Bank may, by notice to the Borrower:
  - (a) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Loan then allocated to said Category which, in the opinion of the Bank, corresponds to the extent of achievement of said DLR, said lesser amount to be calculated in accordance with the Disbursement Calculation Formula;
  - (b) reallocate all or a portion of the proceeds of the Loan then allocated to said DLR to any other DLR; and/or
  - (c) cancel all or a portion of the proceeds of the Loan then allocated to said DLR.
4. The Closing Date is December 31, 2029.

5. For purposes of, *inter alia*, Section 2.03 and 7.04 of the General Conditions, the term “Program Expenditures” means those expenditures incurred by the Program Implementing Entity under the budget codes and/or the accounts specified under selected fund programs as set forth in the Program Implementation Plan, and the expenditures financed out of the proceeds of the Loan, but excluding any expenditures associated with the Excluded Activities.

### SCHEDULE 3

#### Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”).

#### Annuity Principal Repayments

Principal Payment Date	Installment Share
15 Nov 2030	1.63%
15 May 2031	1.65%
15 Nov 2031	1.66%
15 May 2032	1.68%
15 Nov 2032	1.70%
15 May 2033	1.71%
15 Nov 2033	1.73%
15 May 2034	1.75%
15 Nov 2034	1.77%
15 May 2035	1.78%
15 Nov 2035	1.80%
15 May 2036	1.82%
15 Nov 2036	1.84%
15 May 2037	1.86%
15 Nov 2037	1.87%
15 May 2038	1.89%
15 Nov 2038	1.91%
15 May 2039	1.93%
15 Nov 2039	1.95%
15 May 2040	1.97%
15 Nov 2040	1.99%
15 May 2041	2.01%
15 Nov 2041	2.03%
15 May 2042	2.05%
15 Nov 2042	2.07%
15 May 2043	2.09%
15 Nov 2043	2.11%
15 May 2044	2.13%
15 Nov 2044	2.15%
15 May 2045	2.18%
15 Nov 2045	2.20%
15 May 2046	2.22%
15 Nov 2046	2.24%
15 May 2047	2.26%
15 Nov 2047	2.29%
15 May 2048	2.31%
15 Nov 2048	2.33%
15 May 2049	2.36%
15 Nov 2049	2.38%

15 May 2050	2.40%
15 Nov 2050	2.43%
15 May 2051	2.45%
15 Nov 2051	2.48%
15 May 2052	2.50%
15 Nov 2052	2.53%
15 May 2053	2.55%
15 Nov 2053	2.58%
15 May 2054	2.78%

## APPENDIX

### Definitions

1. “Anti-corruption Guidelines” means, for purposes of paragraph 6 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing” dated February 1, 2012, and revised July 10, 2015.
2. “Category” means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
3. “CY” means any calendar year starting on January 1 and ending December 31 within the period of Program implementation.
4. “Disbursement Calculation Formula” means in respect of any DLR, the disbursement calculation formula set forth in the column entitled “Disbursement Calculation Formula (as applicable)” in the table in Section IV.A.2 of Schedule 2 to this Agreement.
5. “Disbursement Linked Indicator” or “DLI” means in respect of a given Category, the indicator related to said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
6. “Disbursement Linked Result” or “DLR” means in respect of a given DLI, the result under said DLI as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement, on the basis of the achievement of which, the amount of the Loan allocated to said result may be withdrawn in accordance with the provisions of said Section IV.
7. “ETS” means emission trading scheme.
8. “Excluded Activities” means the activities that are referred to in Section II of Schedule 2 to this Agreement and Section II of the Schedule to the Program Agreement.
9. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Program-for-Results Financing”, dated December 14, 2018 (Last revised on July 15, 2023).
10. “High-emission Vehicles” means trucks, coaches and buses of certain emission level and below (as set forth in the Program Implementation Plan), or such other vehicles agreed with the Bank.
11. “Hubei Province” means the Borrower’s province of the same name represented by its people’s government, or any successor thereto.
12. “Implementation Agreement” means the agreement to be entered into between Yichang Municipality and Yichang City Development Investment Group Co., Ltd., pursuant to subparagraph 2 of Section I.B of the Schedule to the Program Agreement; setting forth, *inter alia*, the roles and responsibilities of each party and the activities to be carried out thereunder, as said agreement may be amended from time to time with the prior written concurrence of the Bank, and such term includes all schedules supplemental to the said agreement.

13. “Mid-term Review” means the joint review of the Program to be carried out in accordance with Section III.2 of the Schedule to the Program Agreement.
14. “MRV” means monitoring, reporting, and verification.
15. “Municipal Program Leading Group” means the leading group established by Yichang Municipality on August 9, 2022, and to be maintained in accordance with the provisions of Section I.B.1(a) of the Schedule to the Program Agreement, or a successor thereto acceptable to the Bank.
16. “National Standard” means the national standard GB/T 51149 (2016) (Code for Urban Parking Plan), or such other standard agreed between the Bank and the Program Implementing Entity.
17. “Program Action Plan” means Program Implementing Entity’s plan dated April 29, 2024, and referred to in Section I.B of Schedule 2 to this Agreement and Section I.B.3 of the Schedule to the Program Agreement, as may be amended from time to time with the agreement of the Bank.
18. “Program Implementing Entity” means Hubei Province.
19. “Program Implementation Plan” means the plan, acceptable to the Bank, to be adopted by the Program Implementing Entity, through Yichang Municipality, setting forth, among other things: (a) guidelines, policies, procedures and requirements for the implementation of the Program, including the Program Action Plan, the Verification Protocol, and additional measures to strengthen the Program Implementing Entity’s procurement, financial management, anti-corruption, environmental and social systems; (b) the institutional arrangements for the implementation of the Program, and the roles and responsibilities of the entities involved in Program implementation; and (c) monitoring and evaluation, reporting, auditing, and information disclosure arrangements, and the indicators and targets for purposes of monitoring and evaluation of the progress of the Program.
20. “Program Management Office” means the management office established by Yichang Municipality within its department of transport on August 9, 2022, and to be maintained in accordance with the provisions of Section I.B.1(b) of the Schedule to the Program Agreement, or a successor thereto acceptable to the Bank.
21. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
22. “TOD” means transit-oriented development.
23. “Verification Protocol” means the protocol setting forth the actions and mechanism required for verification of DLRs, agreed with the Bank, dated April 29, 2024, and referred to in Section IV.B.1(b) of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written agreement of the Bank.
24. “Yichang City Transport Carbon Peak Implementation Plan” means Yichang Municipality’s plan of the same name, dated April 14, 2023, aimed at optimizing the

transportation system for improved efficiency, reduced energy consumption, and advance decarbonization.

25. “Yichang Municipality” or “Yichang” means Hubei Province’s municipality of the same name represented by its people’s government, or any successor thereto.
26. “Yichang Municipality Transportation Development 14th Five-Year Plan” means Yichang Municipality’s plan of the same name, dated June 2, 2022, aimed at shifting to greener transport modes for both passenger and freight transport, strengthening inter-jurisdiction coordination for transport development, and ensuring resilient, safe, and reliable transport services for Yichang.
27. “Yichang City Development Investment Group Co., Ltd.” means an enterprise of the same name, established and operating pursuant to the laws of the Borrower and said enterprise’s Business Registration No. 91420500331827803C dated February 22, 2023 (as such registration may be duly renewed from time to time), or a successor thereto acceptable to the Bank.