

Public Disclosure Authorized

CONFORMED COPY

LOAN NUMBER 7939-CN

Loan Agreement

(Integrated Forestry Development Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated August 13, 2010

LOAN AGREEMENT

AGREEMENT dated August 13, 2010, 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, the amount of one hundred million Dollars (US\$100,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement ("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 Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. 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; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02(d) of the General Conditions.
- 2.05. The Payment Dates are April 15 and October 15 in each year.

- 2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
- 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III – PROJECT

- 3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall cause SFA and the Project Implementing Entities to carry out their Respective Parts of the Project in accordance with the provisions of Article V of the General Conditions and of the Project Agreement.
- 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 – EFFECTIVENESS

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

ARTICLE V – REPRESENTATIVE; ADDRESSES

- 5.01. The Borrower’s Representative is the Minister of Finance.
- 5.02. The Borrower’s Address is:

Ministry of Finance
Sanlihe

Beijing 100820
People's Republic of China
Facsimile:

86-10-6855-1125

5.03. 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/ Zheng Xiaosong
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Klaus Rohland
Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to assist the Borrower to demonstrate the establishment and management of sustainable multifunction forest plantations with significant environmental benefits in the Project Provinces.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objective:

Part A: Establishment of New Multifunction Forest Plantations

Carrying out a program to support the establishment and management of multifunction forest plantations on degraded and erosion-prone lands including, *inter alia*:

1. Plantation of suitable trees and shrubs to create wind breaks and sand break forests; soil and water conservation forests; and farmland shelter belts, including, *inter alia*, planting stock quality improvement and nursery management improvement in the Provinces of Anhui, Hebei, Liaoning and Shanxi.
2. Construction of water collection wells in Shanxi Province to meet irrigation needs of the plantations established under the Project.

Part B: Improvement of Existing Plantation Forests

Carrying out a program to upgrade existing degraded monoculture plantations into multifunction forest plantations to increase their resilience and their erosion control potential in the Provinces of Anhui and Zhejiang.

Part C: Institutional Strengthening, Project Management, Monitoring and Evaluation

Carrying out a program to complement the Borrower's efforts in reforming collective forestland tenure and strengthen the implementation, management, and monitoring capacity of Project implementing agencies at all levels and strengthen the capacity of Project Beneficiaries in managing their land and forest resources, including, *inter alia*, the following activities:

1. Strengthening the capacity of Project implementing agencies at all levels and Project Beneficiaries in effective implementation of the Project and in the overall forest resources management through the provision of technical assistance, training, and study tours.

2. Establishing a monitoring and evaluation system for monitoring Project implementation progress and impacts.
3. Piloting the establishment of farmer associations at the township and village levels based on the Borrower's applicable laws and piloting the formulation and implementation of management plans for forestlands for which land use certificates have been issued.

SCHEDULE 2

Project Execution

Section I. Financing and Implementation Arrangements

Financing Arrangements

1. The Borrower shall make available the proceeds of the Loan to the Project Implementing Entities, under the following principal terms:
 - (a) The principal amount shall be made available in Dollars.
 - (b) The principal amount so made available, including an amount equal to the Front-end Fee paid pursuant to Section 2.03 of this Agreement, shall be recovered over a period of twenty five (25) years, inclusive of a grace period of ten (10) 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 Section 2.04 of this Agreement.
 - (d) A Front-end Fee shall be charged at a rate equal to the rate paid by the Borrower to the Bank pursuant to Section 2.03 of this Agreement.

Institutional Arrangement

2. The Borrower shall, through the State Forestry Administration, maintain its Project Management Center with adequate powers, functions, staff and resources satisfactory to the Bank to be responsible for the overall coordination of Project implementation, quality-control activities, planning, management of overseas training and study tours, monitoring, evaluation, and reporting.

Anti-Corruption

3. The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

Section II. Project Monitoring, Reporting, Evaluation

A. Project Reports

1. The Borrower through SFA shall 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 1 to the Schedule of 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 ninety (90) days after the end of the period covered by such report, commencing March 31, 2011.

2. Without limitation on the provisions in paragraph A.1 of this Section II above, the Borrower shall prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank on or about March 31, 2013, a mid-term report on the progress achieved in carrying out of the Project during the period preceding such report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date.
3. For purposes of Section 5.08(c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Bank not later six (6) months after the Closing Date.

B. Financial Management, Financial Reports and Audits.

1. The Borrower shall maintain or cause to be maintained 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 through SFA shall prepare and furnish, or cause to be prepared and furnished, to the Bank as part of the Project Report after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.
3. The Borrower shall 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 (ICB).** Except as otherwise provided in paragraph 2 below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding. The provisions of paragraphs 2.55 and 2.56 of the Procurement 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 goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method	
(a)	<p>National Competitive Bidding.</p> <p>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> <p>(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 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</p>

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) Bidders will be allowed to submit bids by mail or by hand. The 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.
- (vii) All bid evaluation criteria shall be disclosed in the bidding documents and quantified in monetary terms or expressed in the form of pass/fail requirements.
- (viii) 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.
- (ix) 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.

<ul style="list-style-type: none"> (x) 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. (xi) Government owned enterprises in the Borrower's country may be permitted to bid or submit a proposal of goods and works if they can establish that they: (a) are legally and financially autonomous; (b) operate under commercial law; and (c) are not a dependent agency of the agency conducting the procurement. (xii) Re-bidding should not be allowed solely because the number of bids is less than three (3), and rejection of all bids or rebidding shall not take place without the Bank's prior written concurrence. (xiii) The results of bid evaluation and contract award shall be published in the national press or provincial press (as provided under sub-paragraph (i) above) or official gazette or a free and open access website and shall identify the name and offered price of the winning bidder, as well as the duration and summary scope of the awarded contract. (xiv) Project Implementing Entities shall have in place provisions for bidders to protest.
(b) Shopping
(c) Community Participation Procurement

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.

Procurement Method
(a) Quality-based Selection
(b) Selection based on Consultants' Qualifications
(c) Single-source Selection
(d) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants
(e) Sole-source Selection

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 \$300,000 or more; (b) each contract for consultants' services estimated to cost the equivalent of US\$100,000 or more for firms, and \$50,000 or more for individuals; and (c) each contract proposed to be awarded under Single-source Selection and Sole-source Selection procedures. 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 Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance 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.

Category	Amount of the Loan Allocated (Expressed in Dollars)	% of Expenditures to be Financed (inclusive of Taxes)
1. SFA Overseas training and study tours under Part C of the Project	1,290,000	100%
2. Anhui (a) Sub-financing under Parts A and B of the Project (b) Goods, consultants services , domestic training and study tours under Part C of the Project	20,457,400	58%
3. Hebei (a) Sub-financing under Part A of the Project (b) Goods, consultants services , domestic training and study tours under Part C of the Project	19,026,300	58%
4. Liaoning (a) Sub-financing under Part A of the Project (b) Goods, consultants services , domestic training and study tours under Part C of the Project	15,203,300	58%
5. Shanxi (a) Sub-financing under Part A of the Project (b) Goods , consultants services , domestic training and study tours under Part C of the Project	19,760,600	58%

Category	Amount of the Loan Allocated (Expressed in Dollars)	% of Expenditures to be Financed (inclusive of Taxes)
6. Zhejiang		
(a) Sub-financing under Part B of the Project	20,367,600	58%
(b) Goods, consultants services, domestic training and study tours under Part C of the Project	519,900	100%
7. Front-end Fee	250,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions
TOTAL	100,000,000	

B. Withdrawal Conditions and Procedures; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$10,000,000 equivalent may be made for payments made prior to this date but on or after October 1, 2009, for Eligible Expenditures under Categories (2)(a), (3)(a), (4)(a), (5)(a), and (6)(a) provided that the requirements set out in paragraph 2 below of this Section B have been met.
2. Withdrawals for a Sub-financing under Categories (2)(a), (3)(a), (4)(a), (5)(a), and (6)(a) shall be made in accordance with the procedures and arrangements set forth in Annex to this Schedule 2.
3. The Closing Date is December 31, 2016.

ANNEX 1 to SCHEDULE 2

Unit Cost Disbursement

1. A Sub-financing to a Project Beneficiary for carrying out a Sub-project shall be calculated on the basis of the following established output unit cost, or such other output unit cost as may be established from time to time based on actual costs of the plantation works under the Project by the Bank after consultation and agreement with, and notification to, the Borrower and the Project Implementing Entities (Unit Cost).

Unit Cost	Plantation Models	Costs	Costs Per Ha Per Year			58% Disbursement Rate from Loan			
		Total	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3	
		RMB/ha	RMB/ha	RMB/ha	RMB/ha	RMB/ha	RMB/ha	RMB/ha	
Part A: Establishment of New Multifunction Forest Plantations									
Anhui									
I	Conifer and broadleaf tree plantings	7,900	5,200	1,800	900	3016	1044	522	
II	Broadleaf plantings	13,700	11,000	1,800	900	6380	1044	522	
	Broadleaf and bamboo plantings	13,700	11,000	1,800	900				
Hebei									
I	Mixed Windbreak and Sandbreak	7,400	4,600	1,600	1,200	2668	928	696	
II	Intercropped Windbreak and Sandbreak	7,600	4,800	1,600	1,200	2784	928	696	
III	Economic Windbreak and Sandbreak	17,000	9,800	3,600	3,600	5684	2088	2088	
Liaoning									
I	Poplar and Pine	6,500	5,300	1,200	-	3074	696	-	
	Poplar and Seabuckthorn	6,500	5,300	1,200	-				
	Poplar Shrub and Locust mixed forests	6,500	5,300	1,200	-				
	II	Larch and Pine	6,600	5,300	900				400
	III	Apricot	7,300	5,300	1,000				1,000
IV	Chinese dates	7,500	5,500	1,000	1,000	3190	580	580	
V	Hazelnuts	7,400	4,800	1,300	1,300	2784	754	754	

Shanxi								
I	Forest tree plantations	7,200	6,800	400	-	3944	232	-
II	Shrub plantations	4,800	4,600	200	-	2668	116	
III	Economic trees A	13,700	12,000	900	800	6960	522	464
IV	Economic trees B	10,500	9,000	800	700	5220	464	406
	Water collection wells (no.)	5,000	5,000	-	-	2,900	-	-
Part B: Improving Existing Plantation Forests								
Anhui								
I	Rehabilitation of conifer stands	5,200	5,200	-	-	3,016	-	-
	Rehabilitation of broadleaf stands	5,200	5,200	-	-			
Zhejiang								
I	Broadleaf in existing pinewood stands	6,900	6,000	900	-	3480	522	-
II	Broadleaf and Mao bamboo in existing pinewood stands	14,000	12,600	1,400	-	7308	812	-
III	Broadleaf in existing fir wood stands	10,000	8,600	1,400	-	4988	812	-
IV	Broadleaf and Mao bamboo in existing fir wood stands	15,000	13,300	1,700	-	7714	986	-
V	Broadleaf in chestnut stands	9,200	8,200	1,000	-	4756	580	-
VI	Broadleaf in existing tea orchards	6,200	5,500	700	-	3190	406	-

2. Withdrawals under a Sub-financing shall be made only after: (a) County PMO has carried out an inspection of a Sub-project financed by the said Sub-financing after its completion pursuant to the provisions of paragraph 6 of Annex 2 to the Project Agreement; and (b) PPMO, on the basis of reports issued by a respective County PMO, has certified in a form and substance satisfactory to the Bank of the following:
- (i) number of hectares of plantations completed or improved under Parts A and B of the Project (hereinafter called “Output” and collectively “Outputs”);

- (ii) that the Output or Outputs achieved are in compliance with the provisions of the Implementation Agreements entered into pursuant to the provisions of paragraph 7(a) of Section I of the Schedule to the Project Agreement and of the Project Implementation Plan, including the quality, technical standards and specifications, and environmental and social safeguards measures set out therein;
- (iii) that the amount to be so withdrawn with respect to expenditures under Categories (2)(a), (3)(a), (4)(a), (5)(a), and (6)(a), respectively, is equal to the amount resulting from multiplying the Output or Outputs times the Unit Cost; and
- (iv) that the said Output or Outputs have not already been claimed by the Borrower to support a previous withdrawal application from the Loan Account.

SCHEDULE 3

Amortization Schedule

1. 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”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each April 15 and October 15 Beginning October 15, 2020 through October 15, 2034	3.33%
On April 15, 2035	3.43%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
- (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
- (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two (2) calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
 - (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
5. If the Withdrawn Loan Balance is denominated in more than one (1) Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

APPENDIX**Section I. Definitions**

- (1) “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
- (2) “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
- (3) “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
- (4) “County PLG” means the project leading group established in each Participating County (as defined hereafter) and maintained pursuant to Section I, paragraph 1(a) of the Schedule to the Project Agreement.
- (5) “County PMO” means the project management office established in each Participating County maintained pursuant to Section I, paragraph 1(b) of the Schedule to the Project Agreement.
- (6) “Environmental Management Plan” and the acronym “EMP” mean the plan (including therein Environmental Protection Guidelines and the Pest Management Plan as defined hereafter), dated March 1, 2010, prepared by PIEs, and referred to in paragraph 3 of Section I of the Schedule to the Project Agreement, which 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 prior written agreement of the Bank.
- (7) “Environmental Protection Guidelines” means the specific guidelines for environmental protection for Parts A and B of the Project during implementation of the Project, dated March 1, 2010, prepared by PIEs, and referred to in paragraph 3 of Section I of the Schedule to the Project Agreement, which set out environmental protection measures as well as administrative and monitoring arrangements to ensure the implementation of said measures, as such Guidelines may be amended from time to time with the prior written agreement of the Bank.
- (8) “Ethnic Minorities Development Plan” means the plan, dated March 1, 2010, prepared by the Borrower’s Liaoning Province, and referred to in paragraph 3 of Section I of the Schedule to the Project Agreement, which sets out measures or actions to be undertaken by Liaoning Province, aimed at ensuring that ethnic minorities in the Project areas receive benefits from the Project which are

socially and culturally acceptable to them and avoid, and otherwise reduce, mitigate and offset adverse impacts of the implementation of the Project, as said plan may be amended from time to time with prior written agreement of the Bank.

- (9) “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through February 12, 2008) with the modifications set forth in Section II of this Appendix.
- (10) “Implementation Agreement” means an agreement to be entered into between a PIE and a Project Beneficiary (as defined hereafter) pursuant to the provisions in paragraph 7(a) of Section I of the Schedule to the Project Agreement, and “Implementation Agreements” means all such agreements collectively.
- (11) “Municipal Project Leading Group” means the municipal project leading group referred to in paragraph 1(a) of Section I of Schedule to the Project Agreement.
- (12) “Municipal Project Management Office” means the municipal project management office referred to in paragraph 1(b) of Section I of Schedule to the Project Agreement.
- (13) “Participating Counties” means the counties selected to participate in one or more Parts of the Project. The list of such Participating Counties as described in the PIP may be amended from time to time with the prior written agreement of the Bank; and the term “Participating County” means any of the Participating Counties.
- (14) “Participatory Planning Manual” means the manual dated March 1, 2010 and referred to in paragraph 4(b) of Section I of the Schedule to the Project Agreement, as the same may be revised from time to time with the prior written agreement of the Bank.
- (15) “Pest Management Plan” means the plan, dated March 1, 2010, prepared by PIEs, and referred to in paragraph 3 Section I of the Schedule to the Project Agreement, as the same may be amended with the prior written agreement of the Bank.
- (16) “PLGs” means the Project Leading Groups referred to in paragraph 1(a) of Section I of the Schedule to the Project Agreement, and “PLG” means any of the PLGs.
- (17) “PPMO” means the Provincial Project Management Office referred to in paragraph 1(b) of Section I of the Schedule to the Project Agreement.

- (18) “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
- (19) “Procurement Plan” means the Borrower’s procurement plan for the Project, dated March 1, 2010 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.
- (20) “Project Agreement” means the agreement between the Bank and the Project Implementing Entities 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.
- (21) “Project Beneficiary” means a household, a farmer cooperative, or a forest farm participating in the Project on a voluntary basis to carry out the activities under Part A and/or Part B of the Project and receiving financing for carrying out said activities under the Project, in accordance with the provisions of the relevant Implementation Agreement, and the term “Project Beneficiaries” means the plural thereof.
- (22) “Project Implementing Entities” and its acronym “PIEs” mean, collectively, the Borrower’s Provinces of Anhui, Hebei, Liaoning, Shanxi, and Zhejiang and any successors thereto, and “Project Implementing Entity” means any of the Project Implementing Entities.
- (23) “Project Implementation Plan” means the plan (including therein the Financial Management Manual and Participatory Planning Manual) dated March 1, 2010, prepared by PIEs, and referred to in paragraph 4 of Section I of the Schedule to the Project Agreement, as the same may be revised from time to time with the prior written agreement of the Bank.
- (24) “Project Management Center” and its acronym “PMC” mean the office referred to in paragraph 2 of Section I of Schedule 2 to this Agreement.
- (25) “Project Provinces” means, collectively, the Borrower’s Provinces of Anhui, Hebei, Liaoning, Shanxi, and Zhejiang and any successors thereto, and “Project Province” means any of the Project Provinces.
- (26) “Respective Parts of the Project” means in the case of SFA (as define hereafter), the management of overseas training and study tours under Part C.2 of the Project, and in the case of PIEs, Parts A, B, and C of the Project in their respective provinces.

- (27) “SFA” means the Borrower’s State Forestry Administration and any successor thereto.
- (28) “Sub-financing” means a grant to be made by a Project Implementing Entity out of a portion of the proceeds of the Loan to a Project Beneficiary under an Implementation Agreement for carrying out a Sub-project (as define hereafter) under Part A and/or Part B of the Project.
- (29) “Sub-project” means the activities to be carried out by a Project Beneficiary under Parts A and/or B of the Project pursuant to the terms and conditions of the relevant Implementation Agreement and the relevant provisions of the Project Implementation Plan, and the term “Sub-projects” means all such Sub-projects collectively.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

- 1. Paragraph (l) of Section 7.02 is modified to read as follows:

“Section 7.02. *Suspension by the Bank*

....

(l) *Ineligibility.* The Bank or the Association has declared the Borrower (other than the Member Country) or the Project Implementing Entity ineligible to receive proceeds of any financing made by the Bank or the Association or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Bank or the Association, as a result of a determination by the Bank or the Association that the Borrower or the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Bank or the Association.”

- 2. The definition of the term “Conversion Date” in the Appendix is modified to read as follows:

“‘Conversion Date’ means, in respect of a Conversion, the Execution Date (as herein defined) or such other date as requested by the Borrower and accepted by the Bank, on which the Conversion enters into effect, and as further specified in the Conversion Guidelines.”