

**CONFORMED COPY**

**LOAN NUMBER 4608 CHA**

# **Project Agreement**

**(Second Jiangxi Highway Project)**

**between**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**and**

**JIANGXI PROVINCE**

**Dated December 18, 2001**

**LOAN NUMBER 4608 CHA**

## **PROJECT AGREEMENT**

AGREEMENT, dated December 18, 2001, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and JIANGXI PROVINCE (Jiangxi).

WHEREAS (A) by the Loan Agreement of even date herewith between People's

Republic of China (the Borrower) and the Bank, the Bank has agreed to make available to the Borrower an amount equal to two hundred million Dollars (\$200,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that Jiangxi agree to undertake such obligations toward the Bank as are set forth in this Agreement; and

WHEREAS Jiangxi, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

## **ARTICLE I**

### **Definitions**

Section 1.01. Unless the context otherwise requires, the several terms defined in the Loan Agreement, the Preamble to this Agreement and the General Conditions (as so defined) have the respective meanings therein set forth.

## **ARTICLE II**

### **Execution of the Project**

Section 2.01. (a) Jiangxi declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Loan Agreement, and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering, road transport safety, social and environmental practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Bank and Jiangxi shall otherwise agree, Jiangxi shall carry out the Project in accordance with the Implementation Program set forth in Schedule 2 to this Agreement.

Section 2.02. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 1 to this Agreement.

Section 2.03. (a) Jiangxi shall carry out the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the Project Agreement and the Project.

(b) For the purposes of Section 9.07 of the General Conditions and without

limitation thereto, Jiangxi shall:

- (i) prepare, on the basis of guidelines acceptable to the Bank, and furnish to the Bank not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Bank and Jiangxi, a plan for the future operation of the Project; and
- (ii) afford the Bank a reasonable opportunity to exchange views with Jiangxi on said plan.

Section 2.04. (a) Jiangxi shall, at the request of the Bank, exchange views with the Bank with regard to progress of the Project, the performance of its obligations under this Agreement and other matters relating to the purposes of the Loan.

(b) Jiangxi shall promptly inform the Bank of any condition which interferes or threatens to interfere with the progress of the Project, the accomplishment of the purposes of Loan, or the performance by Jiangxi of its obligations under this Agreement.

### **ARTICLE III**

#### **Financial Covenants**

Section 3.01. (a) Jiangxi shall maintain, or cause to be maintained, records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of Jiangxi responsible for carrying out the Project or any part thereof.

(b) Jiangxi shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year, the report of such audit by said auditors of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning said records and accounts as well as the audit thereof, as the Bank shall from time to time reasonably request.

## ARTICLE IV

### Effective Date; Termination; Cancellation and Suspension

Section 4.01. This Agreement shall come into force and effect on the date upon which the Loan Agreement becomes effective.

Section 4.02. This Agreement and all obligations of the Bank and of Jiangxi thereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms, and the Bank shall promptly notify Jiangxi thereof.

Section 4.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

## ARTICLE V

### Miscellaneous Provisions

Section 5.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or facsimile to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. Deliveries made by facsimile shall also be confirmed by mail. The addresses so specified are:

For the Bank:

International Bank for  
Reconstruction and Development  
1818 H Street, NW  
Washington, DC 20433  
United States of America

Cable address:

INTBAFRAD  
Washington, D.C.

Telex:

248423 (MCI)  
or 64145 (MCI)

Facsimile:

(1-202) 477-6391

For Jiangxi:

People's Government of Jiangxi Province  
No. 69 Beijing Road 330046

Nanchang, Jiangxi  
People's Republic of China

Facsimile:

(86-791)

6281344

Section 5.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of Jiangxi may be taken or executed by the Governor or a Vice Governor of Jiangxi or such other person or persons as said Governor or Vice Governor shall designate in writing, and Jiangxi shall furnish to the Bank sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 5.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Beijing, People's Republic of China as of the day and year first above written.

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Yukon Huang

Authorized Representative

JIANGXI PROVINCE

By /s/ Zou Jiayi

Authorized Representative

**SCHEDULE 1**

**Procurement**

Section I. Procurement of Goods and Works

Part A: General

Goods and works shall be procured in accordance with the provisions of Section I of the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines) and the following provisions of Section I of this Schedule.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods and works shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. The following provisions shall apply to goods and works to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Prequalification

Bidders for works under Part A.1(a) of the Project shall be prequalified in accordance with the provisions of paragraphs 2.9 and 2.10 of the Guidelines.

(b) Preference for domestically manufactured goods

The provisions of paragraphs 2.54 and 2.55 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).

(c) Dispute Review Board

Each contract for works estimated to cost \$50,000,000 equivalent or more shall include the provisions for a dispute review board set forth in the standard bidding documents for works referred to in paragraph 2.42 of the Guidelines.

(d) Notification and Advertising

The invitation to prequalify or bid for each contract estimated to cost \$10,000,000 equivalent or more shall be advertised in accordance with the procedures applicable to large contracts under paragraph 2.8 of the Guidelines.

## Part C: Other Procurement Procedures

### 1. National Competitive Bidding

Works under Parts A.1 (b), A.2, B and C, estimated to cost less than \$9,000,000 equivalent per contract, up to an aggregate amount not to exceed \$84,000,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

### 2. International Shopping

Goods estimated to cost less than \$250,000 equivalent per contract, up to an aggregate amount not to exceed \$1,000,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

## Part D: Review by the Bank of Procurement Decisions

### 1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

### 2. Prior Review

With respect to each contract for (i) works estimated to cost the equivalent of \$2,000,000 or more, and (ii) goods estimated to cost the equivalent of \$250,000 or more, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

### 3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

## Section II. Employment of Consultants

### Part A: General

Consultants' services shall be procured in accordance with the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997

and January 1999 (the Consultant Guidelines) and the following provisions of Section II of this Schedule.

Part B: Quality- and Cost-based Selection

Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

Part C: Other Procedures for the Selection of Consultants

1. Least-cost Selection

Services for training and technical studies estimated to cost less than \$200,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

2. Single Source Selection

Services which are estimated to cost less than \$100,000 equivalent per contract, may, with the Bank's prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

3. Individual Consultants

Services for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

Part D: Review by the Bank of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Bank, and with the provisions of said paragraph.



2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Bank for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

## **SCHEDULE 2**

### **Implementation Program**

A. Project Management

Jiangxi shall maintain throughout the period of Project implementation, a project office, with terms of reference acceptable to the Bank, managed by a qualified and experienced director assisted by competent staff in adequate numbers, and provided with adequate resources, to manage the implementation of the Project, including procurement and financial management activities, implementation of the Resettlement Action Plans and Environmental Action Plans, and monitoring.

B. Environmental Protection. Land Acquisition and Resettlement

1. Jiangxi shall carry out the Environmental Action Plans in a manner designed to ensure that the Project is implemented in accordance with sound environmental practices and standards.

2. Jiangxi shall: (a) take all necessary actions to minimize to the extent possible any involuntary loss by persons of shelter, productive assets or access to productive assets or of income or means of livelihood, temporarily or permanently; and (b) carry out the Resettlement Action Plans in a manner designed to at least maintain at pre-Project levels, or improve, the living standards, income earning capacity and production levels of the Affected Persons.

3. Jiangxi shall: (a) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the implementation of the

Environmental Action Plans and the Resettlement Action Plans and the achievement of their respective objectives, including the engagement of experienced and qualified independent monitoring agencies acceptable to the Bank; (b) include the results of such monitoring and evaluation activities in each report to be prepared by it and furnished to the Bank pursuant to paragraph 4 of this Part B, together with any revisions proposed to be introduced into such plans in order to achieve their respective objectives; and (c) introduce such revisions into such plans as shall have been agreed with the Bank.

4. Jiangxi shall under terms of reference acceptable to the Bank:

(a) prepare and furnish to the Bank: (i) an annual environmental report, by February 15 of each year starting in 2002 through 2006; and (ii) by May 15 and November 15 of each year, commencing on November 15, 2001 through the second year following completion of the Project, a monitoring report of the resettlement implementation activities and the results thereof during the immediately preceding six-months period; and

(b) cause to be prepared by an independent entity acceptable to the Bank, and furnished to the Bank, by February 15 and August 15 of each year, commencing on February 15, 2002 through the second year following completion of the Project, an external monitoring report on the resettlement implementation activities and the results thereof during the same six-months periods as referred to in sub-paragraph (a)(ii) of this paragraph 4.

C. Project Implementation

1. In respect of the Taihe-Ganzhou Expressway under Part A of the Project, Jiangxi shall, by June 30, 2004, complete under terms of reference acceptable to the Bank and furnish to the Bank for its review and comment, an analysis and recommendations on the structure of toll rates on said Expressway, taking into consideration the findings of studies on toll rates structures under Bank-financed highway projects in China and the results of a survey of user responses to tolls.

2. Throughout the period of construction of the Taihe-Ganzhou Expressway, Jiangxi shall prepare, under terms of reference satisfactory to the Bank, and provide to the Bank a monthly progress report on the civil works on said Expressway.

3. In respect of the program for Road Improvement in Poor Counties under Part B of the Project, Jiangxi shall: (a) under terms of reference acceptable to the Bank, prepare and, by May 15 of each year, starting in 2002 through the second year following completion of said program, furnish to the Bank an annual monitoring report of the implementation activities during the preceding twelve calendar months; and (b) on the basis of the results recorded, with the concurrence of the Bank, establish a program of activities for the following twelve calendar months.

4. In respect of Highway Safety under Part C of the Project, Jiangxi shall, by December 31,

2004:

(a) (i) complete under terms of reference acceptable to the Bank, and furnish to the Bank for its review and comment, a study on safety measures at work sites for road construction and maintenance; and (ii) thereafter, taking into consideration the comments of the Bank thereon, implement the recommendations of said study;

(b) (i) prepare a schedule for safety audit under terms of reference acceptable to the Bank, and furnish said schedule to the Bank for its review and comments; and (ii) thereafter, carry out safety audit in accordance with said schedule, taking into consideration the comments of the Bank thereon;

(c) complete in a manner satisfactory to the Bank the pilot program of identification and repair of black spots on the Nanchang-Jiujiang Expressway.

5. In respect of Institutional Development under Part D of the Project, Jiangxi shall:

(a) (i) by November 15 of each year, beginning in 2001, furnish to the Bank for its prior concurrence, an annual training program; and (ii) thereafter, carry out said annual program in a manner satisfactory to the Bank;

(b) (i) by December 31, 2002, complete under terms of reference acceptable to the Bank a study on the establishment of maintenance centers; and (ii) thereafter, implement the recommendations of said study taking into consideration the Bank's comments thereon.

D. Monitoring and Report

1. Jiangxi shall maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the Bank, the carrying out of the Project and the achievement of the objectives thereof.

2. Jiangxi shall prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, quarterly progress reports, not later than February 15, May 15, August 15, and November 15 in each calendar year, commencing on February 15, 2002, said reports to:

(a) summarize the results of such monitoring and evaluation activities on the progress achieved in the carrying out of the Project during the preceding calendar quarter (or in the case of the first such report furnished in each calendar year, during the preceding calendar year);

(b) set forth the physical and financial progress in the implementation of the Project, both cumulatively, and in respect of the period under review; and

(c) set out any additional measures recommended to ensure the efficient carrying out

of the Project and the achievement of its objectives during the period following such date.

3. After furnishing each such report, Jiangxi shall review the same with the Bank, and, thereafter, promptly take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Bank's views on the matter.

