

CONFORMED COPY

CREDIT NUMBER 1917 CHA  
LOAN NUMBER 2951 CHA

Project Agreement

(Sichuan Provincial Highway Project)

among

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

and

SICHUAN PROVINCE

Dated February 27, 1989

CREDIT NUMBER 1917 CHA  
LOAN NUMBER 2951 CHA

PROJECT AGREEMENT

AGREEMENT, dated February 27, 1989, among INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association), INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and SICHUAN PROVINCE (Sichuan).

WHEREAS (A) by the Development Credit Agreement of even date herewith between the People's Republic of China (the Borrower) and the Association, the Association has agreed to lend to the Borrower an amount in various currencies equivalent to thirty-six million one hundred thousand Special Drawing Rights (SDR 36,100,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that Sichuan agree to undertake such obligations toward the Association as are set forth in this Agreement;

(B) by the Loan Agreement of even date herewith between the Borrower and the Bank, the Bank has agreed to make available to the Borrower an amount in various currencies equivalent to seventy-five million dollars (\$75,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that Sichuan agree to undertake such obligations toward the Bank as are set forth in this Agreement; and

WHEREAS Sichuan, in consideration of the Association's entering into the Development Credit

Agreement with the Borrower, and 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 Development Credit Agreement and in the General Conditions (as so defined) and in the Loan Agreement and the General Conditions (as so defined) have the respective meanings therein set forth.

#### ARTICLE II

##### Execution of the Project

Section 2.01. Sichuan declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Development Credit Agreement, and, to this end, shall carry out the Project, through SPTD and Chongqing Municipal Transport Bureau, under the general supervision of MOC, with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and highway practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project.

Section 2.02. Except as the Association and 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 Credit and of the Loan shall be governed by the provisions of Schedule 3 to the Development Credit Agreement.

Section 2.03. Sichuan shall carry out the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions applicable to the Development Credit Agreement and in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions applicable to the Loan Agreement (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.

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

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

Section 2.05. Sichuan shall carry out the resettlement under the Project in accordance with the plan agreed with the Association and the Bank.

#### ARTICLE III

##### Financial Covenants

Section 3.01. (a) Sichuan shall maintain, or cause to be maintained, records and accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition in respect of the activities related to the Project.

(b) Sichuan shall:

(i) have the accounts referred to in paragraph (a) above, for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the

Association and the Bank;

(ii) furnish to the Association and the Bank as soon as available, but in any case not later than six months after the end of each such year a certified copy of the report of such audit by said auditors of such scope and in such detail as the Association and the Bank shall have reasonably requested; and

(iii) furnish to the Association and the Bank such other information concerning said records, accounts and the audit thereof, as the Association and 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 both the Development Credit Agreement and the Loan Agreement become effective.

Section 4.02. (a) This Agreement and all obligations of the Association, the Bank and Sichuan thereunder shall terminate on the earlier of the following dates:

(i) the date on which both the Development Credit Agreement and the Loan Agreement shall have terminated; or

(ii) the date twenty years after the date of this Agreement.

(b) If the Development Credit Agreement or the Loan Agreement or both of said Agreements terminate in accordance with their respective terms before the date specified in paragraph (a) (ii) of this Section, the Association or the Bank or both, as the case may be, shall promptly notify Sichuan of this event.

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 applicable to the Development Credit Agreement or the Loan Agreement.

#### 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 radiogram 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. The addresses so specified are:

For the Association:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:

INDEVAS  
Washington, D.C.

Telex:

440098 (ITT)  
248423 (RCA) or  
64145 (WUI)

For the Bank:

International Bank for



SICHUAN PROVINCE

By /s/ Zhao Xixin

Authorized Representative

