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**LOAN NUMBER 7882-CN**

# **Loan Agreement**

**(Shandong Ecological Afforestation Project)**

**between**

**PEOPLE'S REPUBLIC OF CHINA**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated June 17, 2010**

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## **LOAN AGREEMENT**

AGREEMENT dated June 17, 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 sixty million Dollars (USD60,000,000), 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead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.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05(c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

### **ARTICLE III – PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall cause the Project Implementing Entity (“Shandong”) to carry out 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 effective afforestation models for environmentally degraded areas in support of Shandong's environmental afforestation programs.

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: Environmental Plantation Establishment Sub-projects**

1. Re-vegetation of degraded mountainous areas through planting of tree and shrub vegetation on highly degraded hill sides with a shallow soil cover.
2. Establishing protection forest plantations on saline coastal areas by planting trees and shrubs along roads, canals, and in areas designated for afforestation to protect agricultural land, improve productivity, and stabilize the newly created alluvial land near the mouth of the Yellow River.

#### **Part B: Technical Support and Project Management**

1. Upgrading nurseries to propagate a wider number of shrub and tree species, including, inter alia, improving seedling quality, nursery equipment, and on-site irrigation system; and providing training to small nurseries in nursery management and seedling requirements.
2. Supporting applied research, extension and demonstration programs to generate and disseminate a wider range of tree species and planting techniques.
3. Strengthening the capacity of Project implementing agencies at the provincial and local levels in Project management, monitoring, and evaluation through the provision of technical assistance, training, and study tours.

**SCHEDULE 2****Project Execution****Section I. Financing and Implementation Arrangements****Financing Arrangements**

1. The Borrower shall make available the proceeds of the Loan to Shandong, 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 seven (27) years, inclusive of a grace period of eight (8) 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.

**Anti-Corruption**

2. 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 and Evaluation****A. Project Reports**

1. The Borrower shall monitor and evaluate the progress of the Project and shall cause Shandong to 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 Project Agreement. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank not later than February 15 and August 15 of each year, beginning on February 15, 2011.
2. Without limitation on the provisions in paragraph A.1 of this Section II above, the Borrower shall cause Shandong to prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank on or about August 15, 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 than 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 shall cause Shandong to prepare and furnish 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.

<b>Procurement Method</b>	
(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> <ol style="list-style-type: none"> <li>(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 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.</li> <li>(ii) Qualification requirements of bidders and the method of evaluating the qualification of each bidder shall be specified in detail in the bidding documents.</li> </ol>

- (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 Shandong, 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 Shandong, 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.
- (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.

<ul style="list-style-type: none"> <li>(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: (i) are legally and financially autonomous; (ii) operate under commercial law; and (iii) are not a dependent agency of the agency conducting the procurement.</li> <li>(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.</li> <li>(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.</li> <li>(xiv) Shandong shall have in place provisions for bidders to protest.</li> </ul>
(b) Shopping
(c) Community Participation in 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 of 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.

<b>Procurement Method</b>	
(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 works estimated to cost the equivalent of \$1,000,000 or more; (c) each contract for consultants' services estimated to cost the equivalent of \$100,000 or more for firms, and \$50,000 or more for individuals; and (d) 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.

<b>Category</b>	<b>Amount of the Loan Allocated (Expressed in Dollars)</b>	<b>% of Expenditures to be Financed (inclusive of Taxes)</b>
1. Sub-financing under Part A of the Project	56,814,000	63%
2. Civil works under Part B.1 of the Project	491,000	45%
3. Goods and equipment under Part B of the Project	1,049,000	100%
4. Consultants' services, training, and study tours under Part B of the Project	1,496,000	100%
5. Front-end Fee	150,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions
6. Premium for Interest Rate Cap or Interest Rate Collar	0	Amount payable pursuant to Section 2.07(c) of this Agreement and Section 4.05(c) of the General Conditions
<b>TOTAL</b>	<b>60,000,000</b>	

**B. Withdrawal Conditions; Procedures, and 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 September 1, 2009 for Eligible Expenditures.
2. Withdrawals for Sub-financing under Category 1 shall be made in accordance with the procedures and arrangements set forth in the Annex to this Schedule.
3. The Closing Date is July 31, 2016.

**ANNEX  
to  
SCHEDULE 2**

**Unit Costs Disbursement**

1. A Sub-financing to a Project Beneficiary shall be calculated on the basis of the following established output unit cost for activities under Part A of the Project, or such other output unit cost as may be established by the Bank after consultation with, and notification to, the Borrower and Shandong.

Afforestation Models	Costs RMB/ha	Loan disbursement (RMB/ha)		
		Year 1	Year 2	Year 3
<b><i>Degraded mountain protection</i></b>				
Afforestation Models 1, 2, 4, 7, and 8	11,700	6340	500	500
Afforestation Models 3, 5, and 6	9,000	4,640	500	500
<b><i>Saline coastal area protection</i></b>				
Afforestation Models 1, 2, and 3	7,100	3,450	500	500
Afforestation Models 4, and 5	8,000	4,020	500	500

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; and (b) the 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/vegetations completed under Part A of the Project (hereinafter called "Output" and collectively "Outputs");
  - (ii) that the Output or Outputs achieved are compliant with the provisions of the Implementation Agreements entered into pursuant to the provisions of paragraph 5(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 environment and social safeguards measures set out therein;
  - (iii) that the amount to be so withdrawn with respect of expenditures under Category 1 is equal to the amount resulting from multiplying the Output or Outputs times the established unit costs set forth in the unit costs disbursement models in this Annex, or such other output unit costs as may be updated by the Bank in consultation with and notification to the Borrower and Shandong;

- (iv) that the amount calculated referred to in sub-paragraph (iii) above does not exceed the actual costs of the plantation works of each such Output; and
- (v) 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.

<b>Principal Payment Date</b>	<b>Installment Share (Expressed as a Percentage)</b>
On each April 15 and October 15 Beginning October 15, 2018 through October 15, 2036	2.63%
On April 15, 2037	2.69%

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.

## APPENDIX

### Section I. Definitions

- (1) “Afforestation Models” means the different plantation design developed for the Project based on agro-ecological conditions in the Project areas which is described in the Project Implementation Plan (as defined hereunder).
- (2) “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.
- (3) “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
- (4) “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.
- (5) “County PLG” means each Project Leading Group established in each Participating County and referred to in Section I, paragraph 1(c) of the Schedule to the Project Agreement.
- (6) “County PMO” means each Project Management Office established in each Participating County and referred to in Section I, paragraph 1(d) of the Schedule to the Project Agreement.
- (7) “Environmental Management Plan” and the acronym “EMP” mean the plan, dated March 1, 2010 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 agreement of the Bank.
- (8) “Environmental Protection Guidelines” means the guidelines for environmental protection for the Project, dated March 1, 2010, included as a part of the EMP, 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 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 County PMO and a Project Beneficiary pursuant to the provisions in paragraph 5(a) of Section I of the Schedule to the Project Agreement, and “Implementation Agreements” means the plural thereof.
- (11) “Participatory Planning Manual” means the manual dated March 1, 2010 and referred to in paragraph 3(b) of Section I of the Schedule to the Project Agreement, as the same may be revised from time to time with the prior agreement of the Bank.
- (12) “Pest Management Plan” means the plan, dated March 1, 2010, included as a part of the EMP and referred to in paragraph 3 of Section I of the Schedule to the Project Agreement, as the same may be amended with the prior agreement of the Bank.
- (13) “PLG” means the Project Leading Group maintained pursuant to paragraph 1(a) of Section I of the Schedule to the Project Agreement.
- (14) “PPMO” means the Provincial Project Management Office maintained pursuant to paragraph 1(b) of Section I of the Schedule to the Project Agreement.
- (15) “Prefecture Project Leading Group” means the leading group referred to in paragraph 1(c) of Section I of the Schedule to the Project Agreement.
- (16) “Prefecture Project Management Office” means the prefecture project management office referred to in paragraph 1(d) of Section I of the Schedule to the Project Agreement.
- (17) “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
- (18) “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.
- (19) “Project Agreement” means the agreement between the Bank and Shandong 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.
- (20) “Project Beneficiary” means a household, a farmer group, a village, or a state forest farm participating in the Project on a voluntary basis to carry out a Sub-

project and receiving financing from the proceeds of the Loan for carrying out said Sub-project, all in accordance with the provisions of the Implementation Agreement, and the term “Project Beneficiaries” means, collectively, the plural thereof.

- (21) “Project County” means a county selected or to be selected to participate in one or more Parts of the Project pursuant to the selection criteria as set out in the Project Implementation Plan, and the term “Project Counties” means the plural thereof.
- (22) “Project Implementing Entity” means the Province of Shandong and any successor thereto.
- (23) “Project Implementation Plan” means the plan dated March 1, 2010 and referred to in paragraph 3(a) of Section I of the Schedule to the Project Agreement, as the same may be revised from time to time with the prior agreement of the Bank.
- (24) “Project Prefecture” means a prefecture selected or to be selected to participate in one or more Parts of the Project pursuant to the selection criteria as set out in the Project Implementation Plan, and the term “Project Prefectures” means the plural thereof.
- (25) “Sub-financing” means a grant to be made by the Project Implementing Entity out of the proceeds of the Loan to a Project Beneficiary under an Implementation Agreement for carrying out activities under Part A of the Project.
- (26) “Sub-project” means the activities to be carried out by a Project Beneficiary under Part A 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 the plural thereof.

## **Section II. Modifications to the General Conditions**

The modifications to the General Conditions are as follows:

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

“Section 7.02. *Suspension by the Bank*

....

(1) *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.”