

Public Disclosure Authorized

CONFORMED COPY

LOAN NUMBER 7616-CN

Loan Agreement

(Wenchuan Earthquake Recovery Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated March 20, 2009

LOAN AGREEMENT

AGREEMENT dated March 20, 2009, 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, an amount equal to seven hundred ten million Dollars (\$710,000,000), 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. The Borrower shall pay the Front-end Fee not later than sixty (60) days after the Effective Date.
- 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead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 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 to be carried out by Sichuan and Gansu in accordance with the provisions of Article V of the General Conditions.
- 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; TERMINATION

- 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) 68-55-11-25

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/ Li Yong
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ James W. Adams

Authorized Representative

SCHEDULE 1

Project Description

The objectives of the Project are to restore essential infrastructure, health, and education services to at least levels existing prior to the Wenchuan Earthquake and, where appropriate, to provide for expansion of services, while reducing the vulnerability to seismic and flood hazards and building capacity of local governments to manage the recovery program.

The Project consists of the following parts:

Part 1: Sichuan Recovery Program

- (a) Carrying out of Sub-projects in Sichuan Province consisting of:
 - (i) the reconstruction and appropriate expansion of infrastructure facilities in Selected Project Counties in the municipalities of Mianyang, Guangyuan, Bazhong, Nanchong and Ya'an through, *inter alia*, provision of civil works, necessary equipment and supplies; and
 - (ii) the reconstruction and appropriate expansion of health facilities in Selected Project Counties in the municipalities of Mianyang, Guangyuan, Bazhong, Nanchong, Ya'an, Chengdu and Deyang through, *inter alia*, provision of civil works, necessary equipment and supplies.
- (b) Preparation and management of Sub-projects under Parts 1(a)(i) and 1(a)(ii) of the Project, including carrying out social assessments, preparing technical designs, surveys and adverse impact mitigation plans, and carrying out tendering management, construction supervision and monitoring.
- (c) Strengthening the capacity of Provincial, municipal and county level staff of Sichuan Province for carrying out Parts 1(a)(i), 1(a)(ii) and 1(b) of the Project through, *inter alia*, training and provision of consultants' services.

Part 2: Gansu Recovery Program

- (a) Carrying out of Sub-projects in Gansu Province consisting of:
 - (i) the reconstruction and appropriate expansion of infrastructure facilities in Selected Project Counties in Longnan Municipality

through, *inter alia*, provision of civil works, necessary equipment and supplies;

- (ii) the reconstruction and appropriate expansion of health facilities in Selected Project Counties in Longnan Municipality through, *inter alia*, provision of civil works, necessary equipment and supplies; and
 - (iii) the reconstruction and appropriate expansion of education facilities in Selected Project Counties in Longnan Municipality through, *inter alia*, provision of civil works, necessary equipment and supplies.
- (b) Preparation and management of Sub-projects under Part 2(a) of the Project, including carrying out social assessments, preparing technical designs, surveys and adverse impact mitigation plans, and carrying out tendering management, construction supervision and monitoring.
- (c) Strengthening the capacity of Provincial, Longnan Municipal and county level staff of Gansu Province for carrying out Parts 2(a) and 2(b) of the Project through, *inter alia*, training, and provision of consultants' services.

SCHEDULE 2**Project Execution****Section I. Financing and Institutional****A. Financing Arrangements**

1. The Borrower shall make available to Sichuan and Gansu the proceeds of the Loan allocated from time to time to the Categories for each such Province as set forth in the table in Section IV of this Schedule, in the following principal amounts: (a) to Sichuan an amount not to exceed in the aggregate \$510,000,000; and (b) to Gansu an amount not to exceed in the aggregate \$200,000,000, or such other amounts as the Borrower and the Bank may agree from time to time. The principal amount shall be made available without requiring any repayment, fees or charges from Sichuan and Gansu.

B. Anti-Corruption

1. 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 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 of the Schedule to the Project Agreements. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by such report.
2. 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 September 1, 2014.

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. 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) calendar semester of the Borrower's fiscal year. The audited Financial Statements for each such period shall be furnished to the Bank not later than sixty (60) days 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.** Except as otherwise provided in paragraph below, goods and works 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)	National Competitive Bidding in accordance with procedures set out in paragraph 3 below
(b)	Shopping
(c)	Direct Contracting
(d)	Force Account

3. **Procedures for National Competitive Bidding.** The procedures to be followed for procuring goods and works under contracts awarded on the basis of 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:
- (i) All invitations to prequalify or to bid shall be advertised in a newspaper of national circulation in the Borrower's country, except contracts for works estimated to cost less than US\$2,000,000 equivalent each or goods contracts that are estimated to cost less than US\$300,000 equivalent each, which may be advertised in a provincial daily newspaper or the provincial government's public tendering website. 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, the period of time between advertisement and availability of prequalification or bidding documents and the deadline for submission of responses, shall be at least 14 (fourteen) days in the case of urgently-required contracts and 30 (thirty) days in the case of non-urgent contracts as set out in the Operations Manual 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 invited 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 purchaser in case of breach of the bidding conditions by the

bidder, and the bidding documents shall specify the required form and amount of such security. In place of a bid security, the bidding documents may require that a bidder submit with its bid a signed declaration that, if the bidder withdraws its bid during the bid validity period or, if awarded the contract, the bidder fails to sign the contract or to submit any required performance security before the deadline required in the bidding documents, the bidder will be suspended for a period of two (2) years from being awarded any contract with the Borrower, Gansu or Sichuan, including any of their departments, agencies or administrative units.

- (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 submission of such bids.
- (vi) All bids shall be opened in public; all bidders shall be afforded 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 bid prices established by the Borrower.
- (ix) Each contract shall be awarded to the lowest evaluated, substantially 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) For each contract financed with the proceeds of the Loan, the bidding documents and contract shall provide that bidders, suppliers and contractors shall permit the Bank, at its request, to inspect their accounts and records relating to bid submission and contract performance 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 if they can establish that they: (A) are legally and financially autonomous; (B) operate under commercial law; and (C) are not a dependent enterprise of the entity conducting the procurement.
- (xii) All bids should not be rejected 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 3(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) Sichuan and Gansu shall have in place provisions for bidders to protest.

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.
- 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)	Individual Consultants
(d)	Single Source Selection

- 3. The shortlist of consultants for services estimated to cost less than an amount established by the Bank from time to time may comprise entirely of national consultants.

D. Review by the Bank of Procurement Decisions

1. 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 works estimated to cost the equivalent of \$10,000,000 or more; (b) each contract for goods estimated to cost the equivalent of \$500,000 or more; (c) the first contract for works and the first contract for goods procured by a Selected Project County through Shopping; (d) each contract for works and each contract for goods procured by a Selected Project County through Direct Contracting; (e) each contract for works procured by a Selected Project County through Force Account; (f) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$200,000 or more; (g) each contract for consultants' services provided by an individual estimated to cost the equivalent of \$50,000 or more; and (h) each contract for consultants' services to be selected on a Single Source basis. 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 this Section and such additional instructions as the Bank shall specify by notice to the Borrower to finance Eligible Expenditures, inclusive of taxes, 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
1. Sichuan Infrastructure (a) Goods and works for Sub-projects under Part 1(a)(i) of the Project (b) Consultants' services and training under Parts 1(b) and 1(c) of the Project related to infrastructure Sub-projects Health (c) Goods and works for Sub-projects under Part 1(a)(ii) of the Project (d) Consultants' services and training under Parts 1(b) and 1(c) of the Project related to health Sub-projects	432,400,000 17,600,000 57,600,000 2,400,000	100% 100% 100% 100%
2. Gansu (a) Goods and works for Sub-projects under Part 2(a) of the Project (b) Consultants' services and training under Parts 2(b) and 2(c) of the Project	196,000,000 4,000,000	100% 100%
TOTAL	710,000,000	

B. Withdrawal Conditions, Procedures and Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:
 - (a) from the Loan Account until the Bank has received payment in full of the Front-end Fee;

- (b) in respect of expenditures under:
 - (i) Category 1 unless Sichuan has adopted: (A) an Operations Manual; (B) an Environmental and Social Screening and Assessment Framework; (C) a Financial Management Manual; and (D) a Procurement Plan, all in a manner satisfactory to the Bank; and
 - (ii) Category 2 unless Gansu has adopted: (A) an Operations Manual; (B) an Environmental and Social Screening and Assessment Framework; (C) a Financial Management Manual; and (D) a Procurement Plan, all in a manner satisfactory to the Bank;
- (c) in respect of expenditures under a Sub-project under Category 1(a), 1(c) or 2(a) unless:
 - (i) the Bank has received confirmation from the Borrower in a manner satisfactory to the Bank that the appropriate governmental authorities of the Borrower and Sichuan or Gansu, as the case may be, have provided all required clearances/approvals, including environmental clearances, for implementing the Sub-project; and
 - (ii) the Bank has either:
 - (A) authorized withdrawals under said Sub-project as set out in paragraph 7(a) of Section I.D of the Schedule to the Sichuan Project Agreement or the Gansu Project Agreement respectively; or
 - (B) approved said Sub-project as set out in paragraph 7(b) of Section I.D of the Schedule to the Sichuan Project Agreement or the Gansu Project Agreement respectively; and
- (d) in respect of payments made prior to the date of this Agreement, except that withdrawals up to an amount not to exceed \$142,000,000 equivalent may be made for payments made prior to this date but on or after May 12, 2008 for Eligible Expenditures.

2. The Closing Date is June 30, 2014.

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)
April 15, 2014	2%
October 15, 2014	2%
April 15, 2015	2%
October 15, 2015	2%
April 15, 2016	2%
October 15, 2016	2%
April 15, 2017	2%
October 15, 2017	2%
April 15, 2018	2%
October 15, 2018	2%
April 15, 2019	2%
October 15, 2019	2%
April 15, 2020	2%
October 15, 2020	2%
April 15, 2021	2%
October 15, 2021	2%
April 15, 2022	2%
October 15, 2022	2%
April 15, 2023	2%
October 15, 2023	2%
April 15, 2024	2%
October 15, 2024	2%
April 15, 2025	2%
October 15, 2025	2%
April 15, 2026	2%
October 15, 2026	2%

April 15, 2027	2%
October 15, 2027	2%
April 15, 2028	2%
October 15, 2028	2%
April 15, 2029	2%
October 15, 2029	2%
April 15, 2030	2%
October 15, 2030	2%
April 15, 2031	2%
October 15, 2031	2%
April 15, 2032	2%
October 15, 2032	2%
April 15, 2033	2%
October 15, 2033	2%
April 15, 2034	2%
October 15, 2034	2%
April 15, 2035	2%
October 15, 2035	2%
April 15, 2036	2%
October 15, 2036	2%
April 15, 2037	2%
October 15, 2037	2%
April 15, 2038	2%
October 15, 2038	2%

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.

SCHEDULE 4**List of Selected Project Counties****A. List of Selected Project Counties for Part 1(a)(i) of the Project**

Fucheng District, Youxian District, Zitong County, Yanting County, Santai County and Jiangyou City in Mianyang Municipality; Chaotian District, Lizhou District, Yuanba District, Wangcang County and Cangxi County in Guangyuan Municipality; Nanjiang County in Bazhong Municipality; Langzhong City in Nanchong Municipality; Lushan County, Baoxing County and Shimian County in Ya'an Municipality.

B. List of Selected Project Counties for Part 1(a)(ii) of the Project

Dayi County in Chengdu Municipality; Jingyang District, Luojiang County, Guanghan City and Zhongjiang County in Deyang Municipality; Fucheng District, Youxian District, Zitong County, Yanting County and Santai County in Mianyang Municipality; Chaotian District, Yuanba District, Wangcang County and Cangxi County in Guangyuan Municipality; Nanjiang County in Bazhong Municipality; Langzhong City in Nanchong Municipality; Lushan County, Baoxing County and Shimian County in Ya'an Municipality.

C. List of Selected Project Counties for Part 2 of the Project

Xihe County, Cheng County, Hui County, Wudu District, Kang County, Wen County and Liangdang County in Longnan Municipality.

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. “Cultural Property Management Plan” means the plan to be prepared and adopted by Sichuan or Gansu for each Sub-project that involves the restoration and preservation of historic or archeological sites as such Plan may be required pursuant to the Environmental and Social Screening and Assessment Framework.
5. “Dam Safety Plan” means the plan to be prepared and adopted by Sichuan or Gansu for each Sub-project that involves the construction, repair, or rehabilitation of dams as such Plan may be required pursuant to the Environmental and Social Screening and Assessment Framework, such plan to set out, *inter alia*, the policies, procedures, mechanisms and actions for carrying out the necessary remedial works, including establishing a panel of experts and carrying out inspection and evaluation of the safety status of any dam located upstream of such dam that rely on the performance of such upstream dam and carrying out remedial works for such upstream dam as necessary.
6. “Displaced Person” means a person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (i) the involuntary taking of land, resulting in: (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not such person must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person; and “Displaced Persons” means, collectively, all such Displaced Persons.
7. “Environmental and Social Screening and Assessment Framework” and the acronym “ESSAF” mean the framework, satisfactory to the Bank, to be adopted by Sichuan and Gansu as referred to in paragraph B.1(b) of Section IV of Schedule 2 to this Agreement, and included in the Operations Manual, setting out, *inter alia*, the policies, procedures, guidelines and arrangements for carrying out environmental and social screening of each Sub-project to determine the

mechanisms and actions to be adopted for mitigating any adverse environmental and social impacts from the implementation of the Sub-project and for such purpose to carry out an Environmental Assessment and a Social Assessment and, based on the results of such Assessments, to prepare, where applicable, for the approval of the Bank, an Environmental Management Plan, a Resettlement Action Plan, an Ethnic Minority Community Plan, a Cultural Property Management Plan and a Dam Safety Plan for the Sub-project.

8. “Environmental Assessment” and the acronym “EA” mean the environmental assessment to be carried out by Sichuan or Gansu for each Sub-project pursuant to the Environmental and Social Screening and Assessment Framework setting forth, *inter alia*, the assessment of the environmental impacts of the Sub-project, recommendations for mitigation of adverse impacts and enhancement of positive impacts based on such assessment, and the guidelines for the preparation and adoption of an Environmental Management Plan, including arrangements for monitoring of such Plan during Sub-project implementation.
9. “Environmental Management Plan” and the acronym “EMP” mean the plan to be prepared and adopted by Sichuan or Gansu for each Sub-project as may be required pursuant to the Environmental and Social Screening and Assessment Framework setting out, *inter alia*, the policies, procedures, mechanisms and actions for mitigating the adverse environmental impacts resulting from the implementation of the Sub-project, as well as reporting and monitoring arrangements to ensure compliance with said Plan.
10. “Ethnic Minority Community Plan” and the acronym “EMCP” mean the plan to be prepared and adopted by Sichuan or Gansu for each Sub-project as may be required pursuant to the Environmental and Social Screening and Assessment Framework with the objective of avoiding cultural, social and economic adverse effects on ethnic minorities caused or likely to be caused by the Sub-project, and through a process of informed consultation and participation, involving concerned ethnic minorities in the design and implementation of the Sub-project so as to ensure that the benefits received by the ethnic minorities under the Sub-project are in harmony with their economic, social and cultural preferences and protect their customary user rights.
11. “Financial Management Manual” means the Financial Management Manual to be adopted by Sichuan and Gansu as referred to in paragraph B.1(b) of Section IV of Schedule 2 to this Agreement, and included in the Operations Manual setting out, *inter alia*, the policies, procedures and guidelines for establishing and maintaining a financial management system to be implemented by Gansu and Sichuan, respectively, in carrying out their relevant activities under the Project, including internal controls, accounting procedures, fund and asset management, withdrawal application procedures, financial reporting, and auditing arrangements.

12. “Feasibility Study Report” means the report to be prepared by Sichuan or Gansu for each Sub-project in accordance with the Operations Manual and including detailed information on Sub-project feasibility, technical specifications and standards, cost estimates, construction and procurement arrangements, and arrangements for operation and maintenance.
13. “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 modification set forth in Section II of this Appendix.
14. “Gansu” means the Borrower’s Province of Gansu, and any successor thereto.
15. “Gansu Project Agreement” means the agreement between the Bank and Gansu of even date herewith relating to implementation of Part 2 of the Project, as the same may be amended from time to time; and such term includes all schedules and agreements supplemental to the Gansu Project Agreement.
16. “National Masterplan” means the National Masterplan for the Rehabilitation and Reconstruction of Wenchuan Earthquake dated September 19, 2008 adopted by the Borrower for the rehabilitation and reconstruction of areas affected by the Wenchuan Earthquake.
17. “Operations Manuals” means collectively each Operations Manual to be adopted by Sichuan and Gansu for Parts 1 and 2 of the Project, respectively, as referred to in paragraph B.1(b) of Section IV of Schedule 2 to this Agreement which sets out a framework, satisfactory to the Bank, in accordance with which the activities under the Project will be screened, appraised, approved, implemented, supervised and evaluated, and includes, *inter alia*, the: (i) Project implementation arrangements; (ii) criteria and procedures for the eligibility, selection, appraisal and approval of Sub-projects; (iii) supervision and acceptance procedures for reimbursement purposes; (iv) procurement procedures set forth in Section III Schedule 2 to the Loan Agreement and standard procurement documentation; (v) reporting requirements, financial management procedures and audit procedures; (vi) the Financial Management Manual; (vii) the Environmental and Social Screening and Assessment Framework; (viii) the Project Performance Indicators as set forth in the Annex 1 to the Schedule to the Project Agreements; and (ix) the monitoring and evaluation framework; as said Operations Manual may be revised or supplemented from time to time with the prior agreement of the Bank; and “Operations Manual” means the Operations Manual of Sichuan or Gansu as the context may require.
18. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.

19. “Procurement Plans” means collectively each Procurement Plan to be adopted by Sichuan and Gansu for Parts 1 and 2 of the Project respectively as referred to in paragraph B.1(b) of Section IV of Schedule 2 to this Agreement 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; and “Procurement Plan” means the Procurement Plan of Sichuan or Gansu as the context may require.
20. “Project Area” means the area comprising the Selected Project Counties of Sichuan and Gansu as set out in Schedule 4 to this Agreement.
21. “Project Agreements” means the Sichuan Project Agreement and the Gansu Project Agreement.
22. “Project Implementing Entities” means collectively Gansu and Sichuan, and “Project Implementing Entity” means Gansu when used in the Gansu Project Agreement and Sichuan when used in the Sichuan Project Agreement.
23. “Resettlement Action Plan” and the acronym “RAP” mean the plan to be adopted by Sichuan or Gansu for a Sub-project pursuant to the Environmental and Social Screening and Assessment Framework setting out, *inter alia*, the policies and procedures for land acquisition, resettlement, compensation and rehabilitation of Displaced Persons on account of the implementation of the Sub-project, and developed through a process of informed consultation and participation, involving concerned Displaced Persons in the design and implementation of the Sub-project, as well as reporting and monitoring arrangements to ensure compliance with said Plan.
24. “Safeguards Plans” means collectively the Cultural Property Management Plan, the Dam Safety Plan, the Environmental Management Plan, the Ethnic Minority Community Plan, and the Resettlement Action Plan which may be required to be prepared for a Sub-project by Sichuan or Gansu pursuant to the provisions of the ESSAF and the Operations Manual; and “Safeguards Plan” means any such Plan individually.
25. “Selected Project Counties” means the following Counties, Cities and Districts classified in the National Master Plan as severely affected by the Wenchuan Earthquake and selected by the Borrower and the Bank to be eligible for receiving financing under the Project, and includes any other County, City or District listed in the National Master Plan that may be selected by agreement amongst the Borrower, the Bank and the Province of Gansu or the Province of Sichuan, as the case may be, to be eligible for receiving financing under the Project:

- (a) in respect of Part 1(a)(i) of the Project, those listed in Section A of Schedule 4 to this Agreement;
 - (b) in respect of Part 1(a)(ii) of the Project, those listed in Section B of Schedule 4 to this Agreement; and
 - (c) in respect of Part 2(a) of the Project, those listed in Section C of Schedule 4 to this Agreement.
26. “Sichuan” means the Borrower’s Province of Sichuan, and any successor thereto.
27. “Sichuan Project Agreement” means the agreement between the Bank and Sichuan of even date herewith relating to implementation of Part 1 of the Project, as the same may be amended from time to time; and such term includes all schedules and agreements supplemental to the Sichuan Project Agreement.
28. “Social Assessment” and the acronym “SA” mean the social assessment to be carried out by Sichuan or Gansu for a Sub-project pursuant to the Environmental and Social Screening and Assessment Framework setting forth, *inter alia*, an assessment of the needs and interests of different stakeholders, including Displaced Persons and Ethnic Minorities, that may be affected by the Sub-project based on consultation and informed participation, recommendations for mitigation of adverse impacts and enhancement of positive impacts based on such assessment, and the guidelines for the preparation and adoption of an Ethnic Minority Community Plan, and a Resettlement Action Plan, including arrangements for monitoring of such Plans during Sub-project implementation.
29. “Sub-project” means a Sub-project to be prepared by Sichuan Province or by Gansu Province under Part 1(a) or Part 2(a) of the Project, respectively, in accordance with the criteria, procedures and conditions set out in Section I.D of the Schedule to the Sichuan Project Agreement or the Gansu Project Agreement and to be financed from the proceeds of the Loan.
30. “Wenchuan Earthquake” means the earthquake that struck Wenchuan in the Sichuan Province of the Borrower on May 12, 2008.

Section II. Modification to the General Conditions

The modification to the General Conditions is as follows:

1. The definition of the term “Conversion Date” 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.”