

Public Disclosure Authorized

CONFORMED COPY

LOAN NUMBER 4863-CHA

Project Agreement

**(Western Provinces Rural Water Supply, Sanitation
and Hygiene Promotion Project)**

between

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

and

SHAANXI PROVINCE and SICHUAN PROVINCE

Dated September 29, 2007

PROJECT AGREEMENT

AGREEMENT dated September 29, 2007, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and SHAANXI PROVINCE and SICHUAN PROVINCE (individually, “Project Implementing Entity” and collectively, “Project Implementing Entities”) (“Project Agreement”) in connection with:

- (1) the Loan Agreement (“Loan Agreement”) of the same date between PEOPLE’S REPUBLIC OF CHINA (“Borrower”) and the Bank; and
- (2) the DFID Grant Agreement (“Co-financing Agreement”) of the same date between the People’s Republic of China (“Recipient”) and the Bank, acting as administrator of grant funds provided by the United Kingdom of Great Britain and Northern Ireland (“Co-financier”), for the Co-financing (hereinafter defined).

The Bank and the Project Implementing Entities hereby agree as follows:

ARTICLE I – GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Loan Agreement), with the modifications set forth below, constitute an integral part of this Agreement:

(a) Whenever used in the General Conditions, the term “Borrower” shall include the term “Recipient” and the term “Loan” shall include the term “Grant” except in Article III, Article IV and Sections 7.02(a), 7.05, 7.07 and 7.08 of the General Conditions.

(b) Whenever used in the provisions of Sections 5.01, 5.02, 5.09 and 5.11, the term “Legal Agreement” means any of the Loan Agreement, the Co-financing Agreement or the Project Agreement. “Legal Agreements” means collectively, all of such agreements.

(c) Whenever used in the provisions of Sections 5.04 and 5.11, the term “Loan” means the Loan or the Co-financing.

(d) Section 5.07(c) is modified to read as follows:

“(c) The Borrower and the Project Implementing Entities shall retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under their Respective Parts of the Project until at least the latest of:

- (i) one (1) year after the Bank has received the audited Financial Statements covering the period during which the last withdrawal from the Loan Account was made;
- (ii) one (1) year after the Bank has received the audited Financial Statements covering the period during which the last withdrawal from the Grant Account (as defined in Section 1.02(b) of the Project Agreement) was made;
- (iii) two (2) years after the Closing Date specified in Section IV of Schedule 2 to the Loan Agreement; or
- (iv) two (2) years after the Closing Date specified in Section IV of Schedule 2 to the Co-financing Agreement.

The Borrower and the Project Implementing Entity shall enable the Bank's representatives to examine such records.”

- (e) Section 5.08(c) is amended to read as follows:

“(c) The Borrower shall prepare, or cause to be prepared, and furnish to the Bank not later than three (3) months after the Closing Date specified in Section IV of Schedule 2 to the Co-financing Agreement or the Closing Date specified in Section IV of Schedule 2 to the Loan Agreement, whichever is later: (i) a report of such scope and in such detail as the Bank shall reasonably request, on the execution of the Project, the performance by the Loan Parties, the parties to the Co-financing Agreement, the Project Implementing Entity and the Bank of their respective obligations under the Loan Agreement, Co-Financing Agreement and the Project Agreement and the accomplishment of the purposes of the Loan and the Co-financing; and (ii) a plan designed to ensure the sustainability of the Project's achievements.”

- (f) Section 5.10 is modified to read as follows:

“The Bank, the Loan Parties, the parties to the Co-financing Agreement and the Project Implementing Entities shall cooperate fully to assure that the purposes of the Loan and the Co-financing and the objectives of the Project will be accomplished. To that end, the Bank, the Loan Parties, the parties to the Co-financing Agreement and the Project Implementing Entities, throughout the implementation of the Project and for a period of ten (10) years thereafter, shall:

(a) from time to time, at the request of any one of them, exchange views on the Project, the Loan, the Co-financing and the performance of their respective obligations under the Loan Agreement, the Co-Financing Agreement and the Project Agreement, and furnish to the other party all such information related to such matters as it shall reasonably request; and

(b) promptly inform each other of any condition which interferes with, or threatens to interfere with, such matters.”

(g) Section 9.05 of the General Conditions is amended to read as follows:

“Section 9.05. Termination of the Project Agreement

The Project Agreement and all obligations of the parties under the Project Agreement shall forthwith terminate upon: (i) full payment of the Withdrawn Loan Balance and all other Loan Payments due; or (ii) when all obligations of the Co-financing Agreement have been fully performed, whichever is later.”

1.02. Unless the context requires otherwise, the capitalized terms used in the Project Agreement have the meanings ascribed to them in the Loan Agreement or the General Conditions and the following terms have the following meanings:

(a) “Co-financing” means an amount of Thirteen million five hundred forty-two thousand and four hundred and twenty-nine British Pounds Sterling (£13,542,429) to be provided by the Co-financier to the Borrower to assist in the financing of the Project.

(b) “Grant Account” means the account opened in the books of the Co-financier in the name of the Borrower and into which the amount of the Co-financing is credited pursuant to the provisions of the Co-financing Agreement.

ARTICLE II – PROJECT

2.01. Each Project Implementing Entity declares its commitment to the objectives of the Project. To this end, each Project Implementing Entity shall: (a) carry out, and cause to be carried out, the Project in accordance with the provisions of Article V of the General Conditions, the Implementation Framework and Project Operation Manual; and (b) provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and each Project Implementing Entity shall otherwise agree, the

Project Implementing Entity shall carry out, and shall cause to be carried out, the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III – REPRESENTATIVE; ADDRESSES

3.01. Each Project Implementing Entity’s Representative is Governor or a Vice Governor or such other person or persons as said Governor or a Vice Governor shall designate in writing, and the Project Implementing Entities shall furnish to the Bank sufficient evidence of the authority and the authenticated specimen signature of each such person.

3.02. 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:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

3.03. The Project Implementing Entities’ Addresses are:

For Shaanxi Province:

Foreign Loan Support Project Management Office of Shaanxi Province
Xincheng, Xian
Shaanxi Province
Peoples Republic of China 710006

Facsimile:
86-29-87291248

For Sichuan Province:

Sichuan Rural Irrigation and Water Conservancy Bureau
No.17 Binsheng Street
Chengdu, Sichuan
Peoples Republic of China 610015

Facsimile:
86-028-86630968

AGREED at Beijing, People's Republic of China, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ David Dollar
Authorized Representative

SHAANXI PROVINCE

By /s/ Qi Huanyin
Authorized Representative

SICHUAN PROVINCE

By /s/ Li Yaping
Authorized Representative

SCHEDULE

Execution Of The Project

Section I. Institutional and Other Arrangements

Project Management.

1. Each Project Implementing Entity shall maintain, and cause to be maintained, for purposes of carrying out the Project, the following organizations, with terms of reference, staffing and other resources acceptable to the Bank, throughout the period of implementation of the Project:

- (a) At the provincial level:
 - (i) the Provincial Project Leading and Coordinating Group, chaired by the Vice-Governor of the Project Implementing Entity and responsible, at the provincial level, for providing guidance on policy issues, coordinating and resolving key Project issues across government departments, mobilizing counterpart funds and providing support to the project management offices established at various levels of government to implement the project; and
 - (ii) the Provincial Project Management Office established within the provincial Development and Reform Commission and responsible, at the provincial level, for Project management, co-ordination, planning, implementation, monitoring and reporting.
- (b) At the Respective Project Participants level:
 - (i) the Project Leading Group chaired by a Vice-Mayor, Magistrate or Vice-Magistrate, as the case may be, and responsible, at the District or County level, for providing guidance on policy issues, coordinating and resolving key Project issues across government departments, mobilizing counterpart funds and providing support to the project management offices; and
 - (ii) the Project Management Office established in the County Development and Reform Commission and responsible at the District or County level, as the case may be, for Project management, co-ordination, planning, implementation, monitoring and reporting.

2. Each Project Implementing Entity shall establish and maintain, and cause to be established and maintained, for purposes of carrying out the Project, the following organizations, with terms of reference, staffing and other resources acceptable to the Bank, throughout the period of implementation of the Project:

(a) groups, consisting of representatives from relevant government departments and specialists (“Working Groups”), to be responsible, with respect to Parts A and B of the Project, for detailed planning, organizing and undertaking of fieldwork and capacity building in villages participating in the Project;

(b) with respect to Part C of the Project, teams, consisting of government officials and experts (“Hygiene Teams”), to be responsible for facilitating and providing guidance and training for implementation and sequencing of hygiene promotion activities relative to the water supply and sanitation activities under the Project; and

(c) committees (“Water, Sanitation and Hygiene Promotion Committees”) to be responsible for liaising with and mobilizing and coordinating households in villages to ensure their participation in the Project activities and where applicable, to be responsible for the management of water supply schemes also.

Resettlement and Environment.

3. Each Project Implementing Entity shall:

(a) take, and shall cause the Respective Project Participants to 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 income or means of livelihood, temporarily or permanently in carrying out Subprojects; and

(b) for this purpose:

(i) prior to commencement of any works under the First-year Subprojects, implement, and cause the Respective First-year Subproject Project Participants to implement their Respective First-year Subproject RAP, in each case in a manner satisfactory to the Bank; and

(ii) whenever implementation of a Post-selected subproject would give rise to Displaced Persons, prepare, and cause the Respective Project Participant concerned to prepare, a resettlement action plan in accordance with the principles and procedures set forth in the Resettlement Policy Frameworks and, thereafter, implement said plan in a manner satisfactory to the Bank.

4. Each Project Implementing Entity shall:

(a) in carrying out the Project, implement, and shall cause the Respective First-year Subproject Project Participants to implement, the Respective First-year Subproject EMP in a manner satisfactory to the Bank and designed to ensure that the Project is implemented in accordance with sound environmental practices and standards; and

(b) in carrying out the Post-selected Subprojects, conduct, and cause the Project Participants concerned to conduct, environmental assessments and prepare environmental management plans pursuant thereto, all in accordance with the principles and procedures set forth in the Environmental Safeguard Frameworks, and, thereafter, implement said plans in a manner satisfactory to the Bank.

5. Each Project Implementing Entity shall, and shall cause the Respective Project Participants to:

(a) maintain policies and procedures adequate to enable them to monitor and evaluate (including the engagement of experienced and qualified independent monitoring agencies acceptable to the Bank), in accordance with guidelines acceptable to the Bank the implementation of the Environment Management Plans, Environmental Safeguard Frameworks, Resettlement Action Plans, Resettlement Policy Frameworks and the achievement of the objectives of said plans and frameworks; and

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank by June 30 and December 31 of each year, commencing on December 31, 2007, semi-annual reports of the results of the monitoring and evaluation activities referred to in sub-paragraph (a) above, together with any revisions proposed to be introduced into said plans and frameworks in order to achieve their respective objectives.

6. Each Project Implementing Entity shall, and shall cause the Respective Project Participants to provide, to the Bank for its prior concurrence any proposed modification or waiver of the Environment Management Plans, Resettlement Action Plans, Environmental Safeguard Frameworks, and Resettlement Policy Frameworks, and put into effect only such modification or waiver as shall have been agreed by the Bank.

Dam Safety.

7. (a) Each Project Implementing Entity shall have in place, or cause to have in place, independent dam safety experts (“Dam Safety Experts”), with qualifications and experience, satisfactory to the Bank. The Dam Safety Experts shall be responsible for monitoring and evaluating the safety of the First-year Subproject Related Dams and providing to the Bank by each December 31, beginning on December 31, 2007, an annual report of said monitoring and evaluation, prepared under terms of reference satisfactory

to the Bank, together with any recommendations for remedial works being carried out or to be carried out.

(b) Each Project Implementing Entity shall cause the owners of dams within its jurisdiction, each to carry out in a timely manner any remedial works that are identified or recommended in any report prepared pursuant to the provisions of sub-paragraph (a) of this paragraph.

(c) Without limitation to the provisions of sub-paragraph (b) of this paragraph 7, each Project Implementing Entity shall cause the First-year Subproject Related Dams Owners within its jurisdiction:

- (i) to carry out the First-year Subproject Related Dams Remediation Plan; and
- (ii) thereafter, furnish to the Bank: (A) confirmation by the Dam Safety Experts of the satisfactory completion of the remedial works under said plan; and (B) operational plans of the First-year Subproject Related Dams.

8. In the event that any Post-selected Subproject will draw water from an existing dam or a dam under construction, the Implementing Entity concerned shall apply, or cause to be applied, in the implementation of the schemes, the Dam Safety Review Guidelines and:

- (a) arrange for one (1) or more independent dam specialists to:
 - (i) inspect and evaluate the safety status of said dam, its appurtenance and its performance history;
 - (ii) review and evaluate the operation and maintenance procedures for said dam; and
 - (iii) provide to the Project Implementing Entity concerned, the Borrower and the Bank a written report of findings and recommendations for any remedial work or safety-related measures necessary to upgrade said dam to a standard of safety acceptable to the Bank; and

(b) in the event substantial remedial work is determined to be required following the report of said dam specialists, make arrangements for said work to be designed and supervised by qualified engineers acceptable to the Bank; provided that, in respect of dams of a height of fifteen (15) meters or more, the Project Implementing Entity concerned, shall:

- (i) prepare and provide to the Bank for its review and comment, detailed plans for construction supervision and quality assurance, for instrumentation, operation and maintenance, and for emergency preparedness;
- (ii) implement, and cause to be implemented, said plans in a manner satisfactory to the Bank; and
- (iii) following completion of construction, carry out periodic safety inspection of said dams.

Financial Arrangements.

9. Each Project Implementing Entity shall allocate to each of its Respective Project Participants an amount of the Loan under arrangements satisfactory to the Bank, which shall include, without limitation, the following principal terms:

(a) the Project Implementing Entity shall make available the principal amount, which has been allocated to each Project Participant, in Dollars (on the date, or respective dates, of withdrawal from the Loan Account) of the value of the currency or currencies so withdrawn on account of goods, works and services for a Subproject to be implemented within the jurisdiction of the Project Participant;

(b) the Project Implementing Entity shall recover such principal amount so made available (including an amount equal to one percent (1%), or such other percentage as may be determined by the Bank from time to time pursuant to Section 2.04 of the Loan Agreement, of such principal amount) over a period of seventeen (17) years, inclusive of a grace period of five (5) years;

(c) the Project Implementing Entity shall charge interest 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 2.05 of the Loan Agreement; and

(d) the Project Implementing Entity shall charge a commitment charge on such principal amount, not withdrawn from time to time at a rate equal to three-fourths of one percent (3/4 of 1%) per annum.

10. The Project Implementing Entity shall allocate to each of the Respective Project Participants an amount of the Co-financing under arrangements satisfactory to the Bank.

Project Operation Manual.

11. Each Project Implementing Entity:

(a) shall prepare, in accordance with the principles set out in the Implementation Framework and terms of reference satisfactory to the Bank, a project operation manual (“Project Operation Manual”) which shall include:

- (i) criteria and procedures, satisfactory to the Bank, for the appraisal, selection, and approval of subprojects;
- (ii) principles, procedures and schedules, satisfactory to the Bank, for:
 - (A) implementation of the Project and post-construction management of facilities constructed under the Project;
 - (B) monitoring and evaluation of Project activities, including of the implementation of the Environment Management Plans, Resettlement Action Plans, Environmental Safeguard Frameworks, Resettlement Policy Frameworks, and Dam Safety Review Guidelines;
 - (C) procurement management, including therein procurement procedures and standard documentation in accordance with the provisions of Section III of Schedule 2 to the Loan Agreement; and
 - (D) financial management, including therein reporting requirements and financial management and audit procedures, all in accordance with the provisions of Section II of Schedule 2 to the Loan Agreement and Section II, paragraphs 2 and 3 of the Schedule to this Agreement;

(b) shall adopt and carry out, and cause to be adopted and carried out, the Project in accordance with a Project Operation Manual, as shall have been approved by the Bank; and

(c) shall furnish to the Bank for its prior approval any proposed amendment to the provisions of the Project Operation Manual and, thereafter, put into effect such amendment as shall have been agreed with the Bank.

Subprojects under the Project.

12. Each Project Implementing Entity shall ensure that their Respective Project Participants evaluate and select subprojects in accordance with the provisions of their Project Operation Manual including that:

- (a) Each proposed subproject may be approved only if:
- (i) the proposed subproject and subproject beneficiary satisfy the eligibility criteria set forth in the Project Operation Manual; and
 - (ii) the subproject beneficiary has prepared an environmental assessment and an environmental management and monitoring plan, on the basis of standards satisfactory to the Bank and in accordance with the principles set forth in the Environmental Safeguard Framework, in the event that the environmental screening carried out in accordance with said principles concludes that such assessment and management and monitoring plan are required.

(b) In respect of subproject activities under Part B of the Project to be carried out by household beneficiaries (“Community Participation”), each Project Implementing Entity shall ensure that the following procedures are followed:

- (i) Household Agreement: Based on an annual work plan approved pursuant to paragraph 13 of this Schedule, the Project Participant concerned shall enter into an implementation agreement (“Household Agreement”) with the representative of a household (“Household”) selected in accordance with criteria and procedures set forth in the Project Operation Manual. The Household Agreement shall contain terms and conditions, satisfactory to the Bank, relating to the construction of latrines including: (A) the type of latrine; (B) the total cost; (C) a flat-rate subsidy equivalent to 600 Renminbi per latrine or such other amount agreed by the Bank (“Household Subsidy”); (D) the implementation schedule; (E) the technical and construction standards; (F) supervision and final acceptance procedures; and (G) payment to Households.
- (ii) Implementation: The Household shall purchase the construction materials on the local market and construct the latrine with technical guidance from the project management office (“PMO”) established at the local level. Alternatively, where said materials are not available in the local market, the PMO will purchase the materials in bulk and provide them to the Household.
- (iii) Payment: Payment of the Household Subsidy per latrine shall be made to each Household as follows: (A) payment of thirty percent (30%) of the Household Subsidy upon signing of the Household Agreement between a Project Participant and a Household, followed by payment of the balance seventy percent

(70%) of the Household Subsidy upon completion of physical and installation works for both the underground and above ground structures, satisfactory to the Bank; or (B) payment of one hundred percent (100%) of the Household Subsidy upon completion of physical and installation works for both underground and above ground structures, satisfactory to the Bank.

- (iv) Monitoring and Reporting: A six-monthly report on the subsidy payments shall be furnished by the PMO to the Bank.

Project Annual Work Plan.

13. Each Project Implementing Entity shall:

(a) by October 31 of each year, commencing on October 30, 2007, prepare and furnish to the Bank for its review and comment, a proposed annual work plan for the implementation of Subprojects to be carried out within its jurisdiction in the following calendar year (except for the first plan which shall cover the period from July 1, 2007 through December 31, 2008), said work plan to be prepared in accordance with the provisions of the Project Operation Manual; and

(b) thereafter, each Project Implementing Entity shall carry out, and cause to be carried out, the Subprojects within its jurisdiction during the following calendar year in accordance with such annual work plan, taking into account the Bank's views thereon.

Section II. Project Monitoring, Reporting, and Evaluation

Project Reports.

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports for the Project in accordance with the provisions of Section 5.08(b) of the General Conditions and on the basis of the indicators set forth in the Annex to this Schedule. Each such 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.

Financial Management, Financial Reports and Audits.

2. Each Project Implementing Entity shall maintain a financial management system and prepare Project financial statements in accordance with consistently applied accounting standards acceptable to the Bank, in a manner adequate to reflect the operations, resources and expenditures related to the Project.

3. Each Project Implementing Entity shall have its Project financial statements referred to above audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank. Each audit of these Project financial statements shall cover the period of one (1) fiscal year of the Project Implementing Entity. The audited financial statements for each period shall be furnished to the Borrower and the Bank not later than six (6) months after the end of the period.

Section III. Procurement

All goods, works and services required for the Project: (a) to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Schedule 2 to the Loan Agreement; and (b) to be financed out of the proceeds of the Co-financing shall be procured in accordance with the provisions of Schedule 2 to the Co-financing Agreement.

Section IV. Other Undertakings

With respect to each multi-village or single-village piped water supply system completed and commissioned under Part A of the Project, the Project Implementing Entity concerned, before the end of the first full fiscal year of operation of such system, shall establish and begin annual collection of water charges at a level sufficient to cover the cost of administration, operation and maintenance of said system.

**ANNEX
to
SCHEDULE**

Results Framework

PDO	Project Outcome Indicators	Use of Project Outcome Information
<p>To increase access of poor participating communities to sustainable and equitable water supply, sanitation and hygiene promotion services by adopting an integrated and participatory approach, which can be replicated in other provinces.</p>	<p>(a) Increase in number of people¹ with access to safe water supply.</p> <p>(b) Increase in number of schools with access to safe water supply.</p> <p>(c) Increase in number of people¹ with access to improved sanitation services.</p> <p>(d) Increase in number of school with access to improved sanitation services.</p> <p>(e) Increase in percentage of people in project communities and schools who have adopted safe hygiene and sanitation behaviors².</p> <p>(f) Percentage of water supply schemes operating sustainably³.</p> <p>(g) Evidence of the adoption of the 3-in-1 model and replication in domestic programs.</p>	<p>(a) (b) (c) (d) (e) Year 2-5 Assess coverage rates and level of behavior change to gauge progress towards national and international targets.</p> <p>(f) Year 3-5 Assess progress of the sustainability of water supply services and determines if further support is required.</p> <p>(g) Year 2 & 4 Assess progress in the adoption of the 3-in-1 model and dissemination activities. Year 4 Expert panel to assess replication in wider programs and review dissemination activities.</p>

Intermediate Outcomes	Intermediate Outcome Indicators	Use of Intermediate Outcome Monitoring
<p>Access to and use of safe water supply services in participating communities.</p>	<p>(a) Increase in percentage of households using safe water supply in participating communities¹.</p> <p>(b) Average time saved by households in obtaining safe drinking water.</p> <p>(c) Number of water supply systems⁴ meeting the tariff covenant by the first full fiscal year of operation.</p> <p>(d) Number of water supply systems meeting 80% of design capacity two years after construction completion.</p> <p>(e) Number of water supply schemes submitting yearly analytical reports on water quality.</p>	<p>(a) (b) (c) Year 2-5 Low Levels may flag issues regarding affordability, counterpart funding, over-estimation of consumption or design standards, inadequate safe water promotion, poor management etc.</p> <p>(d) Year 3-5 Low Levels may flag inappropriate design, affordability, and poor management or promotion activities.</p> <p>(e) Year 2-5 Poor monitoring will highlight need for increase capacity building in water quality monitoring.</p>

<p>Access and use of improved sanitation services in participating communities.</p>	<p>(a) Increase in percentage of households¹ with improved latrines.</p> <p>(b) Increase in percentage of schools in project areas with improved latrine, hand washing facilities, soak-away systems and garbage drop-off points.</p> <p>(c) Number and percentage of community garbage drop-off points and public latrines sustainably managed by communities.</p>	<p>(a) (b) Year 2-5 Lower than expected levels of access to latrines or their use or functionality may suggest a need to increase capacity building to carry out the sanitation activities.</p> <p>(c) (d) Year 2-5 Lower than expected levels may flag insufficient community mobilization or participation and the capacity of PMOs or WASH committees to support activities.</p>
<p>Access and use of improved hygiene services in participating communities.</p>	<p>(a) Increase in percentage of primary⁵ and secondary⁶ target groups demonstrating key hygiene behaviours.</p> <p>(b) Annual reduction in cases of diarrhoea in children under five years old over project period.</p> <p>(c) Percent of participating communities that have received all three hygiene promotion interventions (government channel, mass media, personal contact).</p> <p>(d) Percentage of participating schools students meeting hygiene knowledge.</p>	<p>(a) Year 3-5 Low Levels may flag insufficient (intensity, duration or coordination) hygiene promotion and a need to review activities.</p> <p>(b) Year 1-5: Each year, monitor reported diarrhoea cases in participating communities and in the final year review overall patterns of diarrhoea cases.</p> <p>(c) (d) Low levels may flag insufficient capacity to implement hygiene promotion activities and inappropriate promotion materials developed.</p>
<p>Equitable services provided through a participatory approach to service delivery.</p>	<p>(a) Proportion of vulnerable households⁷ receiving and using safe water supply service.</p>	<p>(a) (b) Year 2-5 Low levels would highlight insufficient measures for involving vulnerable groups in the project and a need to improve activities.</p>

	<p>(b) Proportion of vulnerable households⁷ receiving and using improved sanitation services.</p> <p>(c) Number of WASH committees established by following principles and requirement set out by the project.</p> <p>(d) Percentage of vulnerable households⁷ and women representatives in executive committee of WASH Committees.</p> <p>(e) Number of WASH Committee members and percentage of women participating in training for capacity building.</p> <p>(f) Number of WASH Committee authorized to manage single village and cluster household Water Supply Schemes.</p> <p>(g) Number of meetings of WASH committees.</p> <p>(h) Percent of spot-checks of schemes, in which community needs have been Satisfactorily reflected in project planning⁸.</p>	<p>(c) Low levels would highlight either insufficient steps to establish or empower these groups. May require further support in WASH committee development.</p> <p>(d) Low levels would highlight either insufficient participation of vulnerable group in decision making or exclusion of the vulnerable groups.</p> <p>(e) (f) (g) (h) Low levels would highlight low capacity of WASH in fulfilling assigned responsibilities and low level of community needs reflected in the project. May require further steps to strengthen.</p>
<p>Replicable approach adopted to service delivery⁹</p>	<p>(a) Number of other government agencies / program in project provinces adopting project approach.</p> <p>(b) Number of other provinces adopting project approach.</p>	<p>(a) (b) Year 2-5 Low levels would reflect a need to provide improved capacity building for implementing the 3-in-1 approach. May need to improve dissemination of project approaches and good practices.</p>

	(c) Project approach adopted by national planning processes.	(c) Poor uptake at national levels may highlight the need to develop a policy-related dialogue with central government.
--	--	---

¹ “Routine M&E” data to be disaggregated by “normal” households and “poor and vulnerable group household”. The poor and vulnerable group household would be disaggregated by disabled/ old age/ extreme poor/ female headed household. The baseline (and follow-up surveys) would be able to generate more disaggregated data for households interviewed (such as gender, disability, income level etc).

² Key Hygiene behaviors are: hand washing with soap after contact with faecal material and before eating; increase in safe disposal of children’s stools; hand washing with soap before food preparation; safe water storage/handling; and using improved latrines (and others such as disposal of solid waste and waste water etc).

³ Sustainably defined as: covering recurrent costs plus support mechanism for major repairs after one year.

⁴ Water Supply systems to be disaggregated by type of system and type of management model.

⁵ Primary target groups are mothers and grandmothers of children under 13.

⁶ Secondary target groups are villagers, village leaders, village doctors, women cadre, school teachers, WASH Committees.

⁷ Identified by communities at the beginning of the project.

⁸ Local consultants, mobilized as part of supervision mission, to carry out a spot check on schemes to gauge what information has been publicized in the village on the project, and what has been reflected in the project planning.

⁹ Based on the findings of an independent expert panel arranged by the Bank and DFID.

Arrangements for results monitoring – Shaanxi and Sichuan Province¹

Contents	Baseline	Target Values					Data Collection and Reporting			
		YR1	YR2	YR3	YR4	YR5	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection	
Project Outcome Indicators										
(a) Increase in number of people ¹ with access to safe water supply.	(a)(b) (c) (d)(e) To be set in participating communities when they enter the project					Shaanxi=326,716 Sichuan=444,393	6-monthly and annual project progress reports	Statistic Statements and survey report by WASH Committee and completion report	WASH Committee, CPMO and PPMO	
(b) Increase in number of school with access to safe water supply.							6-monthly and annual project progress reports	Statistic Statements and survey report by WASH Committee	WASH Committee, CPMO and PPMO	
(c) Increase in number of people ¹ with access to improved sanitation services.						Shaanxi=326716 Sichuan=337,289	6-monthly and annual project progress reports	Statistic Statements and survey report by WASH Committee and completion report	WASH Committee, CPMO and PPMO	
(d) Increase in number of schools with access to improved sanitation services.		Zero				Shaanxi=297 Sichuan=195	6-monthly and annual project progress reports	Statistic Statements and survey report by WASH Committee and completion report	PPMO and CPMO	
(e) Increase in percentage of people in project communities and schools who have adopted safe hygiene and sanitation behaviors ² .		Zero	30%	35%	50%	65%	80%	Baseline survey, annual progress report, mid-term review report and follow up survey	Village statistic statement, survey (interview and observation) report by WASH Committee	PPMO and CPMO
f) Percentage of water supply schemes operating sustainably after one year ³ .		Zero	-	100%	100%	100%	100%	Annual project progress report	Survey report of water plants by county PMO.	CPMO and PPMO
(g) Evidence of the adoption of the 3-in-1 model and replication in domestic programs.		Zero						Investigation in Year 3, 4 and 5.	Investigation report by PMOs and Bank	CPMO, PPMO and Bank

Intermediate Outcome Indicators									
1. Access to and use of safe water supply services in participating communities									
(a) Increase in percentage of households using safe water supply in participating communities ¹ .	Zero (a)(b) to be set in participating communities when they enter the project	38%	56%	75%	85%	100%	6 monthly report and annual report	Baseline survey report, statistic statements and construction completion report	WASH Committee, CPMO, Working Groups led by PPMO
(b) Average time saved by households in obtaining safe drinking water.							Annual progress report, Baseline survey in Year 1, Year 3 and follow up survey	Baseline survey, statistic statements and working groups reports	
(c) Number of water supply systems ⁴ meeting the tariff covenant after the first year of operation.	Zero	-	100%	100%	100%	100%	Annual (Fiscal) Project progress reports	Annual financial statement and reports	
(d) Number of water supply systems meeting its full design supply capacity two years after construction completion.	Zero	-	-	20%	35%	45%	Annual project progress reports	Annual survey report of water plants by county PMO	
(e) Water Quality Certification done on time.	Zero	60%	70%	80%	90%	100%	6-monthly and annual project progress reports	CDC reports of Water quality test	
2. Access and use of improved sanitation services in participating communities									
(a) Increase in percentage of households ¹ with improved latrines.	Shaanxi =Zero Sichuan=Zero	27% 30%	45% 40%	65% 50%	85% 60%	Shaanxi =100% Sichuan = 70%	Baseline survey, 6 monthly and annual progress reports	Baseline survey report, statistic statements and construction completion report	WASH Committee, CPMO, Working Groups led by PPMO
(b) Increase in percentage of schools in project areas with improved latrine, hand washing facilities, soak-away systems and garbage drop-off points.	(b) To be set in participating communities when they enter the project						Baseline survey, 6 monthly and annual progress reports	Baseline survey report, statistic statement	

(c) Number and percentage of community garbage drop-off points and public latrines sustainably managed by communities.	Zero						<u>Drop-off Points</u> Shaanxi = 719 Sichuan = 452 <u>Public Latrines</u> Shaanxi = 126 Sichuan = 162	6 monthly and annual progress reports	Baseline survey report, statistic statement, working group reports	
3. Access and use of improved hygiene services in participating communities										
(a) Increase in percentage of primary ⁵ and secondary ⁶ target groups demonstrating key hygiene behaviours.	(a) (b) To be set in participating communities when the baseline is carried out.	20%	35%	50%	65%	80%		6 monthly and annual progress reports	Baseline survey report, mid term review report and follow up survey report	WASH Committee, CPMO, Working Groups led by PPMO
(b) Annual reduction in cases of diarrhoea in children under five years old over project period.							Baseline survey, annual progress	Survey reports, Statistic statements		
(c) Percent of participating communities that have received all three hygiene promotion interventions (government channel, mass media, personal contact).	Zero	35%	50%	75%	85%	100%	6 monthly and annual progress reports	Statistic statement, registration forms, and working group report		
(d) Percentage of participating schools students meeting hygiene knowledge.	Zero	35%	45%	55%	65%	80%	6 monthly and annual progress reports	Statistic statement, registration forms, and working group report		

Contents	Baseline	Target Values					Data Collection and Reporting		
		YR1	YR2	YR3	YR4	YR5	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
4. Equitable services provided through a participatory approach to service delivery									
(a) Proportion of vulnerable households ⁷ receiving and using safe water supply service.	Zero	100%	100%	100%	100%	100%	Baseline survey, 6 monthly and annual progress reports	Survey reports, statistic statement	WASH Committee, CPMO, Working Groups led by PPMO
(b) Proportion of vulnerable households ⁷ receiving and using improved sanitation services.	Zero	100%	100%	100%	100%	100%	Baseline survey, 6 monthly and annual progress reports	Survey reports, statistic statement	
(c) Number of WASH Committees established by following principles and requirement set out by the project.	Zero	20%	45%	55%	75%	100%	6 monthly and annual progress reports	WASH Statistic statement	
(d) Percentage of vulnerable households ⁷ and women representatives in executive committee of WASH Committees.	Zero	15%	15%	20%	20%	20%	6 monthly and annual progress reports	WASH report, WASH statistic statement, Meeting records	
(e) Number of WASH Committee members and percentage of women participating in training for capacity building.	All Members Women	65% 35%	90% 35%	100% 35%	100% 35%	100% 35%	6 monthly and annual progress reports	Statistic statement, training reports	
(f) Number of WASH Committee managed single village and cluster household Water Supply Schemes working sustainably.	Zero	50%	75%	85%	90%	90%	6 monthly and annual progress reports	Statistic statement, contract/agreement signed	
(g) Number of meetings of WASH Committees.	Zero						6 monthly and annual progress reports	Meeting records	

Contents	Baseline	Target Values					Data Collection and Reporting		
		YR1	YR2	YR3	YR4	YR5	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
(h) Percent of spot-checks of schemes, in which community needs have been satisfactorily reflected in project planning ⁸ .	Zero						Spot Check during supervision missions	Qualitative and quantitative survey of random sample of schemes.	Supervision Mission
5. Duplication and Magnification									
(a) Number of other government agencies / program in project provinces adopting project approach.	Zero						Mid-term review and follow up survey report	Investigation report	Bank in collaboration with the KASH Project
(b) Number of other provinces adopting project approach.	Zero						Mid-term review and follow up survey reports	Investigation report	Bank in collaboration with the KASH Project
(c) Project approach adopted by national planning processes.	Zero						Mid-term review and follow up survey reports	Investigation report	Bank in collaboration with the KASH Project

¹ “Routine M&E” data to be disaggregated by “normal” households and “poor and vulnerable group household”. The poor and vulnerable group household would be disaggregated by disabled/ old age/ extreme poor/ female headed household. The baseline (and follow-up surveys) would be able to generate more disaggregated data for households interviewed (such as gender, disability, income level etc).

² Key Hygiene behaviors are: hand washing with soap after contact with faecal material and before eating; increase in safe disposal of children’s stools; hand washing with soap before food preparation; safe water storage/handling; and using improved latrines (and others such as disposal of solid waste and waste water etc).

³ Sustainably defined as: covering recurrent costs plus support mechanism for major repairs after one year.

⁴ Water Supply systems to be disaggregated by type of system and type of management model.

⁵ Primary target groups are mothers and grandmothers of children under 13.

⁶ Secondary target groups are villagers, village leaders, village doctors, women cadre, schoolteachers and WASH Committees.

⁷ Identified by communities at the beginning of the project.

⁸ Local consultants, mobilized as part of supervision mission, to carry out a spot check on schemes to gauge what information has been publicized in the village on the project, and what has been reflected in the project planning. ⁹Based on the findings of an independent expert panel arranged by the World Bank and DFID. Note - These targets associated with these indicators are only indicative and will be updated during implementation.

