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CONFORMED COPY

LOAN NUMBER 4844-CHA

Loan Agreement

(Guangxi Integrated Forestry Development and Conservation Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated February 28, 2007

LOAN AGREEMENT

Agreement dated February 28, 2007, 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 one hundred million Dollars (USD100,000,000) ("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 Commitment Charge payable by the Borrower shall be equal to three-fourths of one percent (3/4 of 1%) per annum on the Unwithdrawn Loan Balance, subject to any waiver of a portion of such charge as may be determined by the Bank from time to time.
- 2.04. The Front-end Fee payable by the Borrower shall be equal to one percent (1%) of the Loan amount, subject to any waiver of a portion of such fee as may be determined by the Bank from time to time.
- 2.05. 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, subject to any waiver of a portion of such interest as may be determined by the Bank from time to time.
- 2.06. The Payment Dates are January 15 and July 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 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 the Project Implementing Entity 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 – REMEDIES OF THE BANK

- 4.01. The Additional Events of Suspension consist of the following:
 - (a) Subject to paragraph (b) of this paragraph, the right of the Borrower to withdraw the proceeds of the GEF Grant, made to the Borrower for the financing of Parts C and D.1, D.2(iii) and D.3(ii) of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the GEF Trust Fund Grant Agreement.
 - (b) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Bank that: (A) such suspension, cancellation, or termination is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and (B) adequate funds for the financing of Parts C and D.1, D.2(iii) and D.3(ii) of the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.
- 4.02. The Additional Events of Acceleration consist of the following: Any event specified in Section 4.01(a) of this Agreement occurs subject to the proviso set forth in Section 4.01(b) of this Agreement.

ARTICLE V – EFFECTIVENESS

- 5.01. The Additional Conditions of Effectiveness consists of the following:
 - (a) The GEF Trust Fund Grant Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the

Borrower to make withdrawals thereunder, except only the effectiveness of the Loan Agreement, have been fulfilled.

- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI – REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower’s Representative is the Minister of Finance.

- 6.02. The Borrower’s Address is:

Ministry of Finance
Sanlihe
Beijing 100820
People’s Republic of China

Facsimile:
(86-10) 68 55 11 25

- 6.03. 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/ Yang Shaolin
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ David Dollar
Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to assist the Borrower to improve the effectiveness of forest management and institutional arrangements in timber production, watershed protection and natural reserves management in selected areas of the Guangxi Zhuang Autonomous Region.

The Project consists of the following parts:

Part A: Expanding Timber Plantations

1. Establishing in an economically, environmentally and socially sustainable way of about 200,000 hectares of timber plantations with high quality planting materials of about eleven selected species (Part 1 Selected Species) in selected Project sites in about 37 Participating Counties by Participating Forest Farms and Participating Sub-borrowers.
2. Provisions of technical support for afforestation through:
 - (a) planting stock development comprising the introduction of improved genetic materials, the production of approximately 424 million seedlings required for the Project and nursery management at about 33 permanent central nurseries (Participating Nurseries) including expansion of four forest farm nurseries (Participating Forest Farm Nurseries); and
 - (b) construction of small guard and storage sheds by Participating Forest Farms and Participating Sub-borrowers.

Part B: Increasing of Ecological Forest Cover

1. Establishing approximately 18,000 hectares of multiple-use protection forests (Protection Forests) through planting of sixteen selected species (Part 2 Selected Species).
2. Promoting forest regeneration and vegetation rehabilitation in approximately 100,000 hectares in about 25 Participating Counties through hill closure restricting consumptive use of forest resources in watershed and karst areas.
3. Establishing a Bio-carbon pilot of approximately 4,000 hectares of multiple use protection forests for carbon sequestration and test carbon trade processes.

Part C: Improving Management of Nature Reserves

1. Development of ecological baseline maps for ecosystems in the Participating Nature Reserves.
2. Development and implementation of management plans for the Participating Nature Reserves (Nature Reserve Management Plans), including construction of small-scale facilities; training of Participating Nature Reserve; training of key stakeholders outside of nature reserves, including farmers, farmer groups, village committees, forest farms and forest bureau staff in biodiversity conservation; and strengthening administrative capacity in the Wildlife Management Division and Wildlife and Nature Reserve Management Station of GFB.
3. Conservation Management Outside Existing Nature Reserve System, including:
 - (a) Supporting comprehensive biodiversity surveys of karst cave ecosystems in Mulun Nature Reserve and one additional site, including training of staff in cave fauna survey and mapping techniques;
 - (b) Supporting a rapid biodiversity assessment of the Southwestern Guangxi Karst Biodiversity Area focusing on existing protected areas and remaining blocks of unprotected forest; and
 - (c) Supporting a rapid biodiversity assessment of selected sites under Part B of the Project (Increasing of Ecological Forest Cover).
4. Community Relationships with Participating Nature Reserves, including:
 - (a) supporting activities to engage local communities in nature reserve management;
 - (b) developing and implementing conservation education and public awareness programs;
 - (c) training of community leaders and rural households; and
 - (d) training village committees to manage community projects.
5. Monitoring and Replication of the activities under Part C of the Project, including: developing a monitoring scheme with each Participating Nature Reserve; undertaking Participating Nature Reserve Management Plan reviews; and disseminating and promoting replication of Project experiences in other provinces of the Borrower.

Part D: Enhancing Institutional Management

1. Strengthening the capacity of GFB to develop and implement a provincial forest sector development and protection strategy.
2. Implementation of applied research programs to improve: (i) commercial forestry development; (ii) ecological forest protection; and (iii) biodiversity conservation.
3. Training and extension program to: (i) GFB staff and Participating Forest Farms and Participating Sub-borrowers; and (ii) natural reserve management staff at the Provincial level.
4. Establishing a project monitoring and evaluation system in GFB.

SCHEDULE 2**Project Execution****Section I. Project Implementing Entity On-Lending Arrangements****A. On-lending Agreement**

1. The Borrower shall make available to the Project Implementing Entity the proceeds of the Loan, allocated from time to time on the following principal terms:

- (i) The principal amount shall be made available in Dollars (determined on the date, or respective dates, of withdrawal from the Loan Account) of the value of the currency or currencies so withdrawn.
- (ii) The following shall be recovered over a period of twenty (20) years, inclusive of a grace period of five (5) years: (A) the principal amount so made available; and (B) an amount equal to the fee paid pursuant to Section 2.04 of this Agreement.
- (iii) 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 the provisions of Section 2.05 of this Agreement.
- (iv) The Borrower shall charge the Project Implementing Entity: (A) a commitment fee on the principal amount of the Loan so made available and not withdrawn from time to time at a rate equal to three fourths of one percent ($\frac{3}{4}$ of 1%) per annum; and (B) an additional fee in an amount equal to the amount payable by the Borrower pursuant to Section 2.04 of the Agreement.

Section II. Project Monitoring, Reporting, 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 to this Schedule. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank not later than two (2) months 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 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. 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 and National Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding and National Competitive Bidding procedures subject to the following additional procedures:

(a) 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 Guidelines:

- (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 to 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.
- (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 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 the Project Implementing Entity, 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 the Project Implementing Entity, 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 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.
- (xi) Government owned enterprises in the Borrower’s country may be permitted to bid or submit a proposal of goods 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
- (xii) Re-bidding should not be allowed solely because the number of bids is less than three (3).

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International and National 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) Shopping
(b) Community Participation

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 Consultant’s Qualifications
(c) Single-source Selection
(d) Individual Consultants

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 \$500,000 or more; (b) each contract for consultants’ services estimated to cost the equivalent of US\$100,000 or more for firms, and \$50,000 or more for individuals; and (c) each contract proposed to be awarded under single-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 this Section and such additional instructions as the Bank shall specify by notice to the Borrower 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, inclusive of taxes.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed
(1) Works under Part A.2(b) of the Project	1,370,000	50%
(2) Establishment of Timber Plantations under Part A.1 of the Project	94,870,000	60%
(3) Goods under Parts A and Part D of the Project	2,330,000	100%
(4) Consultants' services, training and study tours under Part D of the Project (except for biodiversity conservation related surveys and training at provincial level natural reserve management)	1,430,000	70%
TOTAL AMOUNT	<u>100,000,000</u>	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:

(a) 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 July 1, 2006, for Eligible Expenditures under Categories (1) and (2); or

(b) (i) the Borrower, through Guangxi Finance Bureau, on the basis of reports issued by the PPMO, has certified in a form and substance satisfactory to the Bank of the following:

(A) number of hectares and quality of plantations completed for each unit cost disbursement model (hereinafter called "Output" and collectively "Outputs");

- (B) compliance with the provisions of quality standards set forth in the Project Implementation Plan, including the Environment and Social Safeguards;
- (C) the amount so calculated does not exceed the actual costs of the plantation works of each such Output; and
- (D) the said Output or Outputs have not already been claimed by the Borrower to support previous withdrawal applications from the Loan Account;

(ii) the amount to be so withdrawn is equal to the amount resulting from multiplying the Output or Outputs times the relevant Consolidated Disbursement Unit Cost set forth in the Unit Costs Disbursement Models at Annex 2 of this Schedule.

2. The Closing Date is December 31, 2012.

ANNEX 1 to SCHEDULE 2

Performance Indicators

PDO/Global Environment Objective	Outcome Indicator	Use of Outcome Information
<p>To improve effectiveness of forest management and institutional arrangements in timber production, watershed protection and nature reserves management in selected areas of GZAR.</p> <p>The GE objective is to better conserve globally significant biodiversity of GZAR.</p>	<p>1.1. Project-supported timber plantations achieve higher timber volume growth per hectare than non-project plantations areas.</p> <p>1.2. Project forest farm employees are able to engage in self employment.</p> <p>2.1. Increase in vegetation cover in targeted watersheds at project completion.</p> <p>3.1. Populations of key indicator species (e.g., primates & turtles) or areas of limestone forest in at least 4 out of 5 nature reserves remain stable or increase.</p>	<p>1.1. PY2-3 – FBs and FFs would evaluate plantation quality (success rates) and improve technology as relevant.</p> <p>1.2. PY6 – FFs and FFs workers to evaluate achievement and find other avenue of self employment, if needed.</p> <p>2.1. PY4-5. GFB and FBs to monitor impact of forest closures and ecological forest plantations to document results and guide ecological forest management and policy.</p> <p>3.1. PY3-6. Changes in biodiversity, resource use and threats used to guide local decision-making and to adjust nature reserve management plans.</p>
Intermediate Results One per Component	Results Indicators for Each Component	Use of Results monitoring
<p>Part A: <u>Expanding timber plantation:</u> Timber production by FFs and HHs increases in the project area.</p>	<p>Part A: 1.a. Afforested area increase by 200,000 ha with a tree survival rate above 90%. 1.b. 100 percent of all contractual arrangement per type (operations models) recorded in project M&E database.</p>	<p>Part A: PY2-5. GFB and PMOs monitor plantation establishment goals and improve implementation and techniques to achieve targets.</p>

	1.c. Number of participating farm household reached.	PY2 farmer preference for different contractual arrangements used to adjust participatory design manual.
Part B: <u>Increasing Ecological Forest Cover:</u> Watershed protection land and water conservation improved and carbon sequestration increased.	Part B: 2.a. Number of ha of multiple protection forest established. 2.b. Tons of carbon sequestered.	Part B: 2.a. PY2-3. Forest/vegetative cover is monitored systematically to define best combination of soil and water conservation practices.
Part C: <u>Strengthening Nature Reserves Management:</u> Management effectiveness of five target nature reserves improved. New sites with high biodiversity value identified and protection initiated.	Part C: 3.1.a. Average Nature Reserve Management Effectiveness Tracking Tool score for five target reserves improves from 43 to 60 at mid-term and 70 at completion. 3.1.b. Project-supported nature reserves maintain a higher METT score than a sample of comparable non-project nature reserves. 3.2. Two new high biodiversity value sites identified, threats analyzed, conservation plans prepared and implementation begun.	Part C: PY2-3. Nature reserve management plan implementation performance and outcomes evaluated and plans strengthened as needed. PY5. With and without project intervention evaluated and results used to guide future decisions by the autonomous region. PY4-5. Biodiversity values of new sites confirmed. Status/threat analysis guides management plan design.
Part D: <u>Enhancing Institutional Capacity:</u> Provincial Forest Bureau, County Forest Bureau, FF, HHs and nature reserve management entities have the skills needed to formulate strategy, develop and sustainably manage forest plantations and nature reserves.	Part D: (a) Provincial forest strategy formulated and adopted by Guangxi authorities. (b) Number of staff and households trained. (c) Number of guidelines, technical advisory bulletins developed and disseminated. (d) Monitoring and evaluation system performance evaluated periodically and improved.	Part D: PY3-4. Project monitoring system and indicators evaluated and results used to improve project implementation, focus and impact.

Arrangements for Results Monitoring

Outcome Indicator	Baseline	Target Values (in Cumulative numbers)						Data Collection and Reporting		
		YR1	YR2	YR3	YR4	YR5	YR6	Frequency and Reports	Data Collection Instrument	Responsibility for Data collection
1.1. Relative productivity of timber plantations under the project compared to non-project areas increases as measured by annual timber volume growth per hectare.	N/A		15%	15%	20%	20%	25%	Annual M&E reports	Field surveys and Project reporting	PPMO
1.2. Number of employees of participating forest farms no longer on payroll.	0						1600	Project ICR	Survey	PPMO
2.1. Percent of increase in vegetation cover in targeted watersheds.	N/A			5%			10%	Mid-term and project ICR	Field surveys	PPMO
3.1. Number of nature reserves within which key indicator species or limestone forest areas remain stable or increase.	Baseline survey results			2	3	4	4	Mid-term and end of project	Expert survey assessment, participatory monitoring and dialogue with NR staff	BO
Results Indicator										
Part A: (Expanding timber plantation)										
1.a. Afforested area in ha with a tree survival rate above 90% ('000ha).	0	50	110	170	200	200	200	Semi-annual progress reports	MIS	PMOs
1.b. Number of participating farm households reached ('000HH).	0	35	70	95	112	112	112	Semi-annual	MIS	PPMO, supported by

Outcome Indicator	Baseline	Target Values (in Cumulative numbers)						Data Collection and Reporting		
		YR1	YR2	YR3	YR4	YR5	YR6	Frequency and Reports	Data Collection Instrument	Responsibility for Data collection
								M&E report		PMOs
1.c. Monitor and report on sub-loan appraisal and performance per Para. 15 of Annex 17.	0	-	-	-	-	-	-	Semi-annual M&E report	MIS	PPMO, supported by PMOs
Part B: (Increasing Ecological Forest Cover)										
2.a. Number of ha of multiple protection forest established ('000ha).	0	5	12	16	18	18	18	Semi-annual progress reports	MIS	PPMO, supported by PMOs
2.b. Carbon sequestered (1000. tons).	0		5.4	11.2	17.0	23.0	30.0	Mid-term and project ICR	Field surveys	PPMO
Part C: (Strengthening Nature Reserves Management)										
3.1.a. Management effectiveness of five targeted nature reserves measured by average incremental scores on scorecard	Base score of 43			Score of 60			Score of 70	Mid-term and end of project	METT and RPM&E	Nature Reserves supported by BO
3.1.b. Project-supported nature reserves maintain a higher METT score than a sample of comparable non-project nature reserves.	0% difference			10% higher			15% higher	Mid-term and project ICR	METT	
3.2. Number of new sites with high biodiversity value identified and	0				1		1	Mid-term and project	Surveys and RPM&E	BO

Outcome Indicator	Baseline	Target Values (in Cumulative numbers)						Data Collection and Reporting		
		YR1	YR2	YR3	YR4	YR5	YR6	Frequency and Reports	Data Collection Instrument	Responsibility for Data collection
<i>Capacity)</i>										
4.a. Provincial forest strategy formulated and adopted by Guangxi authorities.	N/A			Formulated		adopted		Semi-annual progress reports	MIS	PPMO
4.b. Number of forest staff and households trained ('000).	0	40	100	150	170	180	190	Semi-annual progress reports	MIS	PMOs
4.c. Number of guidelines, technical advisory bulletins developed and disseminated	0			10			20	Semi-annual progress reports	MIS	PPMO
4.d. Monitoring and evaluation system performance evaluated periodically and improved.	Qualitative assessment						Mid-term and project ICR	Expert assessment	PPMO	

ANNEX 2 to SCHEDULE 2

Unit Costs Disbursement Models

Unit cost disbursement models	Corresponding plantation model	Tree species	Consolidated disbursement unit cost				60% disbursement rate from WB loan			
			Total	year 1	year 2	year 3	Total	year 1	year 2	year 3
I	Y-1,Y-5	<i>Pinus massoniana</i> <i>Liquidambar formosana Hance</i>	4788	3002	1451	334	2873	1801	871	201
II	Y-2, Y-3, Y-4	<i>Cunninghamia Lanceolata (Chinese fir)</i> <i>Quercus griffinith, Q.acutissima</i> <i>Betula alnoides Hamilt</i>	5559	4385	1055	120	3336	2631	633	72
III	Y-6, Y-8, Y-10, Y-11	<i>Eucalyptus +Acacia(1) (alternating rows)</i> <i>Eucalyptus(1) (1250 stems short rotation)</i> <i>Eucalyptus(3) (1250 stems medium rotation)</i> <i>Acacia</i>	6358	4250	1054	1054	3815	2550	632	633
IV	Y-9	<i>Eucalyptus(2) (1666 stems)</i>	7256	4912	1223	1120	4353	2947	734	672
V	Y-12, Y-13, Y-14	<i>Phyllostachys pubescens</i> <i>Bambusa pervariabilis×Dendrocalamopsis grandis</i> <i>Sinocalamus latiflorus Munro or Dendrocalamopsis beecheyanus</i>	5911	3749	1104	1058	3546	2250	662	635
VI	Y-15	<i>Improvement of low yield Phyllostachys Pubescens</i>	5533	3129	2404		3320	1877	1442	

Plantation Unit Costs and Disbursement Rates								
Code	Species	Establishment costs (base costs) RMB/ha				Loan disbursement RMB/ha (60%)		
		Total	year 1	year 2	year 3	Year 1	year 2	year 3
Y-1	<i>Pinus massoniana</i>	4,791	2,986	1,465	340	1,792	879	204
Y-2	<i>Cunninghamia Lanceolata (Chinese fir)</i>	5,259	4,644	495	120	2,786	297	72
Y-3	<i>Quercus griffini</i> , <i>Q. acutissima</i>	5,456	4,051	1,285	120	2,431	771	72
Y-4	<i>Betula alnoides</i> Hamilt	5,763	4,419	1,224	120	2,651	734	72
Y-5	<i>Liquidambar formosana</i> Hance	4,647	3,648	887	112	2,189	532	67
Y-6	(一) <i>Eucalyptus</i> + <i>Acacia</i> (1) (alternating rows)	6,366	4,226	1,032	1,108	2,536	619	665
Y-7	Model was dropped	-	-	-	-	-	-	-
Y-8	(一) <i>Eucalyptus</i> (1) (1250 stems short rotation)	6,378	4,238	1,032	1,108	2,543	619	665
Y-9	(二) <i>Eucalyptus</i> (2) (1666 stems)	7,256	4,912	1,223	1,120	2,947	734	672

Y-10	(三) <i>Eucalyptus</i> (3) (1250 stems medium rotation)	6,378	4,238	1,032	1,108	2,543	619	665
Y-11	<i>Acacia</i>	6,026	4,472	1,434	120	2,683	860	72
Y-12	<i>Phyllostachys pubescens</i>	5,712	3,336	1,188	1,188	2,002	713	713
Y-13	<i>Bambusa pervariabilis</i> × <i>Dendrocalamopsis grandis</i>	6,127	4,181	1,048	898	2,509	629	539
Y-14	<i>Sinocalamus latiflorus</i> Munro or <i>Dendrocalamopsis beecheyanus</i>	6,148	4,276	936	936	2,566	562	562
Y-15	Improvement of low yield <i>Phyllostachys Pubescens</i>	5,533	3,129	2,404	0	1,877	1,442	0

ANNEX 3 to SCHEDULE 2

Participating Counties

No.	County	TPC	TPC (forest farms only)	EFC (watershed, Karst & multipurpose plantations)	NRMC
1	Lingyun	Yes		Yes	
2	Longlin	Yes		Yes	
3	Napo	Yes		Yes	
4	Pingguo	Yes		Yes	
5	Tiandong	Yes		Yes	
6	Tianlin	Yes		Yes	
7	Xilin	Yes			
8	Tiandeng	Yes		Yes	
9	Zhongshan	Yes			
10	Wuming	Yes			Yes
11	Guiping	Yes		Yes	
12	Longsheng	Yes		Yes	Yes
13	Yongfu	Yes		Yes	
14	Ziyuan	Yes		Yes	Yes
15	Bama	Yes			
16	Huanjiang	Yes		Yes	Yes
17	Luocheng	Yes		Yes	
18	Nandan	Yes		Yes	
19	Yizhou	Yes		Yes	
20	Babu	Yes			
21	Hezhou	Yes			
22	Zhaoping	Yes		Yes	
23	Wuxuan	Yes			
24	Xingbin	Yes		Yes	
25	Rong'an	Yes		Yes	

26	Sanjiang	Yes		Yes	
27	Nanning	Yes			
28	Shanglin	Yes		Yes	Yes
29	Pubei	Yes			
30	Cangwu	Yes		Yes	
31	Cenxi	Yes		Yes	
32	Chongzuo	Yes			
33	Rongxian	Yes		Yes	
34	Debao		Yes		
35	Mashan		Yes		Yes
36	Hengxian		Yes		
37	Yongning		Yes		
38	Fusui			Yes	
39	Jiangzhou			Yes	
40	Longzhou				Yes
41	Ningming				Yes
42	Xingan				Yes

“TPC” means Expanding Timber Plantations under Part A of the Project.

“EFC” means Increasing Ecological Forest Cover under Part B of the Project.

“NRMC” means Improving Management of Nature Reserves under Part C of the Project.

SCHEDULE 3**Amortization Schedule**

Principal Payment Due	Principal Amount of Loan Payable (Expressed in Dollars) ¹
July 15, 2012	2,140,000
January 15, 2013	2,205,000
July 15, 2013	2,265,000
January 15, 2014	2,330,000
July 15, 2014	2,400,000
January 15, 2015	2,470,000
July 15, 2015	2,540,000
January 15, 2016	2,615,000
July 15, 2016	2,690,000
January 15, 2017	2,765,000
July 15, 2017	2,845,000
January 15, 2018	2,930,000
July 15, 2018	3,010,000
January 15, 2019	3,100,000
July 15, 2019	3,190,000
January 15, 2020	3,280,000
July 15, 2020	3,375,000
January 15, 2021	3,475,000
July 15, 2021	3,575,000
January 15, 2022	3,675,000
July 15, 2022	3,780,000
January 15, 2023	3,890,000
July 15, 2023	4,005,000
January 15, 2024	4,120,000
July 15, 2024	4,240,000
January 15, 2025	4,360,000
July 15, 2025	4,485,000
January 15, 2026	4,615,000
July 15, 2026	4,750,000
January 15, 2027	4,880,000

¹ The figures in this column represent the amount dollars to be repaid, except as provided in Section 3.10 of the General Conditions.

APPENDIX

Section I. Definitions

1. “Consolidated Disbursement Unit Costs” means the list of agreed unit costs for Part A of the Project set forth in Annex 2 to Schedule 2 to the Loan Agreement, as such costs may be revised with the prior approval of the Bank.
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.
4. “C-PLG” means each Project Leading Group established in each Participating County on June 30, 2005, and maintained pursuant to Section I.A paragraph 1(d) of the Schedule to the Project Agreement.
5. “C-PMO” means each Project Management Office established in each Participating County on June 30, 2005, and maintained pursuant to Section I.A paragraph 1(d) of the Schedule to the Project Agreement.
6. “County Forestry Bureau” means the forestry bureau of each Participating County and any successor thereto.
7. “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.
8. “Environment and Social Safeguards” means the document compiling the Environment Protection Guidelines, the Minorities Nationalities Development Plan, the Resettlement Policy Framework, Process Framework for Mitigating Potential Adverse Livelihood Impact, and the Pest Management Plan.
9. “Environment Protection Guidelines” means the guidelines acceptable to the Bank prepared by the GFB and adopted by the Project Implementing Entity, dated April 2006, setting out the principles for mitigating the expected environmental impacts of the Project (including institutional strengthening, reporting, and environmental training requirements).
10. “Extension Forest Farm Nurseries” means collectively Huangmian Forest Farm Nursery, Gaofeng Forest Farm Nursery, Dongmen Forest Farm Nursery and Bobai Forest Farm Nursery participating in Part A.2 of the Project, and “Participating Forest Farm Nursery” means any one of the foregoing.

11. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005.
12. “GEF Trust Fund Grant Agreement” means the Global Environment Facility Trust Fund Grant Agreement, dated the date hereof, between the Borrower and the Bank, acting as an implementing agency of the Global Environment Facility, with respect to the Project. “GEF Trust Fund Grant Agreement” includes all appendices, schedules and agreements supplemental to the GEF Trust Fund Grant Agreement.
13. “GFB” means the Guangxi Forestry Bureau, and any successor thereto.
14. “Minorities Nationalities Development Plan” means the plan acceptable to the Bank prepared by GFB and adopted by the Project Implementing Entity, dated April 2006, setting out the practical steps that will be taken to ensure the informed consultation with, broad support to the Project by, and equitable opportunities to take part in and benefit from the Project to, minority nationalities living, residing, cultivating or grazing in Project sites, and that the risks of potential negative impact identified are avoided or minimized.
15. “Nature Reserve Management Plans” means each nature reserve management plan under Part C.2 of the Project.
16. “NR-PMG” means each Project Management Group established in each Participating Nature Reserve on April 30, 2005 and maintained pursuant to Section I.A paragraph 1(e) of the Schedule to the Project Agreement.
17. “Part 1 Selected Species” means the list of species for timber plantation under Part A.1 of the Project which shall be *Eucalyptus*, *Quercus griffithi*, *Betula alnoides*, *Acacia*, *Liquidambar Formosa*, *Pinus massoniana*, *Cunninghamia lanceolata*, *Phyllostachys pubescens*, *Bambusa pervariabilis*, *Sinocalamus latiflorus* and *Dendrocalamopsis grandis*, as such list may be amended with the prior agreement of the Bank.
18. “Part 2 Selected Species” means the list of species for establishing protection forests under Part B.1 of the Project which shall be *Pinus massoniana*, *Quercus griffithi*, *Schima superba*, *Liquidambar formosana*, *Cunninghamia lanceolata*, *Zenia insignis*, *Cryptomeria fortunei*, *Magnolia officianlis*, *Cinnamomum cassia*, *Illicium verum*, *Toona sinensis*, *Dendrocalamus minor*, *Bambusa pervariabilis*, *Dendrocalamopsis grandis* and *Eucalyptus*, as such list may be amended with the prior agreement of the Bank.
19. “Participatory Contractual Arrangement” means each arrangement to be entered into by a Participating Forest Farm in accordance with Section I.B.II paragraph 1(a)(i) of the Schedule to the Project Agreement.
20. “Participating Counties” means the counties selected to participate in one or more Parts of the Project and set forth in Annex 3 to Schedule 2 to the Loan Agreement, as such list may be amended from time to time with the prior agreement by the Bank.

21. “Participating County Forest Farms” means collectively the privately-owned forest farms under the supervision of the relevant County Forestry Bureau and selected to participate under Part A.1 of the Project pursuant to the provisions of the Project Implementation Plan, and the term “Participating County Forest Farm” means any one of the foregoing.
22. “Participating Forest Farm” means collectively the Participating County Forest Farms and Participating State-owned Forest Farms participating under the Project.
23. “Participating State-owned Forest Farms” means collectively the provincial state-owned forest farm under the supervision of the GFB and selected to participate under Part A.1 of the Project pursuant to the provisions of the Project Implementation Plan, and the term “Participating State-owned Forest Farm” means any one of the foregoing.
24. “Participating Nature Reserves” means collectively Nonggang, Damingshan and Longshan Nature Reserves; Mulun Nature Reserve; and Maershan Nature Reserve; and “Participating Nature Reserve” means any one of the foregoing.
25. “Participating Nurseries” means collectively the nurseries in the Participating Forest Farms and counties selected to participate under Part A.2 of the Project pursuant to the provisions of the Project Implementation Plan, and “Participating Nursery” means any one of the foregoing.
26. “Participating Sub-borrower” means each household, community or entity eligible to borrow a Timber Plantation Sub-Loan under Part A of the Project pursuant to the criteria set out in Project Implementation Plan.
27. “PCG” means the Project Coordinating Group established on April 30, 2005 and maintained pursuant to Section I.A paragraph 1(b) of the Schedule to the Project Agreement.
28. “Pest Management Plan” means the plan acceptable to the Bank prepared by the GFB and adopted by the Project Implementing Entity, dated April 2006, as the same may be amended with the prior approval by the Bank.
29. “PLG” means the Project Leading Group established on April 30, 2005 and maintained pursuant to Section I.A paragraph 1(a) of the Schedule to the Project Agreement.
30. “PPMO” means the Provincial Project Management Office established on April 24, 1989 and maintained pursuant to Section I.A paragraph 1(c) of the Schedule to the Project Agreement.
31. “Process Framework for Mitigating Potential Adverse Livelihood Impact” means the plan acceptable to the Bank prepared by GFB and adopted by the Project Implementing Entity, dated April 2006, setting out the practical steps that will be taken to ensure the informed consultation with, broad support to the Project by, and equitable opportunities to take part in and benefit from the Project to, the people living, residing, cultivating or grazing in Project sites, and that the risks of potential negative impact identified are avoided or minimized.

32. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.
33. “Protection Forests” means collectively the sites for protection forests under Part B of the Project to be selected and established pursuant to the provisions of the Project Implementation Plan, “Protection Forest” means any one of the foregoing.
34. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated June 13, 2006 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.
35. “Project Agreement” means the agreement between the Bank and the Project Implementing Entity 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.
36. “Project Implementing Entity” means the Guangxi Zhuang Autonomous Region and any successor thereto.
37. “Resettlement Policy Framework” means the resettlement policy framework prepared by GFB and adopted by the Project Implementing Entity, dated April 26, 2006 that sets forth the resettlement principles, organizational arrangements, and design criteria in accordance with which resettlement action plans are prepared and submitted to the Bank for approval in accordance with the provisions of Section I.B.I paragraph 3(c) of the Schedule to the Project Agreement.
38. “RMB” means Ren Min Bi, the lawful currency of the Borrower.
39. “Sub-loan” means a loan made to a Participating Sub-borrower under an On-lending Agreement for the purposes of Part A.1 of the Project pursuant to the provisions of Section I.B.II paragraph 1(a)(ii) and (iii) of the Schedule to the Project Agreement.
40. “Timber Plantation On-lending Agreement” means each agreement to be entered into between a Participating Timber Plantation Sub-borrower and the relevant County Forestry Bureau under Part A.1 of the Project pursuant to the provisions of Section I.B.II. paragraph 1(a)(iii) of the Schedule to the Project Agreement.
41. “Timber Plantation Project Sites” means the project sites in the Participating Counties under Part A.1 of Schedule 1 to the Loan Agreement to be selected pursuant to the provisions of the Project Implementation Plan.
42. “TSP” means the Technical Support Panel established on April 30, 2005 and maintained pursuant to the provisions of Section I.A paragraph 1(f) of the Schedule to the Project Agreement.

43. “Wildlife Management Division” means the division established within GFB responsible for the overall natural reserve management and biodiversity conservation in Guangxi Zhuang Autonomous Region.
44. “WNRMS” means Wildlife and Nature Reserve Management Station of GFB responsible for implementing the Natural Reserve Management Policy and Biodiversity Conservation Program adopted by Guangxi Zhuang Autonomous Region.