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**LOAN NUMBER 7720-CN**

# **Project Agreement**

**(Guangdong Technical and Vocational Education and Training Project)**

**between**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**and**

**GUANGDONG PROVINCE**

**Dated July 23, 2009**

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## **PROJECT AGREEMENT**

AGREEMENT dated July 23, 2009, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and GUANGDONG PROVINCE (“Guangdong” or “Project Implementing Entity”) (“Project Agreement”) in connection with the Loan Agreement (“Loan Agreement”) of the same date between PEOPLE’S REPUBLIC OF CHINA (“Borrower”) and the Bank. The Bank and the Project Implementing Entity hereby agree as follows:

### **ARTICLE I – GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) constitute an integral part of this Agreement.
- 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.

### **ARTICLE II – PROJECT**

- 2.01. Guangdong declares its commitment to the objectives of the Project. To this end, Guangdong shall: (a) carry out, and cause the Selected Schools to carry out, Parts 1, 2(b) and 2(c) of the Project in accordance with the provisions of Article V of the General Conditions, as well as the Project Implementation Plan; 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 Guangdong shall otherwise agree, Guangdong shall carry out, and shall cause to be carried out, Parts 1, 2(b) and 2(c) of the Project in accordance with the provisions of the Schedule to this Agreement.

### **ARTICLE III – REPRESENTATIVE; ADDRESSES**

- 3.01. Guangdong’s Representative is its Governor or a Vice Governor or such other person or persons as said Governor or a Vice Governor shall designate in writing, and Guangdong 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. Guangdong's Address is:

Department of Labor and Social Security of Guangdong Province  
88, Jiaoyu Road  
Guangzhou, Guangdong, 510030  
People's Republic of China

Facsimile:  
  
86-20-83353299

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/ Hsiao-Yun Elaine Sun  
Authorized Representative

GUANGDONG PROVINCE

By /s/ Ou Bin  
Authorized Representative

## SCHEDULE

### Execution Of The Project

#### Section I. Implementation Arrangements

##### A. Project Management

1. Guangdong 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) The Project Steering Committee (“PSC”), chaired by the Director General of the Labor and Social Security Bureau of Guangdong Province, which committee is responsible for: providing guidance in overall Project implementation; facilitating inter-agency coordination; assisting in the dissemination and sharing of lessons learnt from Project implementation; coordinating cross-sectoral policy issues related to technical and vocational education and training; and supervising Project implementation.
  - (b) The World Bank Project Management Office established within Finance Bureau of Guangdong Province, responsible for: providing advice to PSC, PPMO and the Selected School management offices regarding Project implementation; and enhancing the quality of various aspects of Project implementation including procurement, financial management, disbursement, auditing, monitoring and reporting.
  - (c) The Provincial Project Management Office (“PPMO”), established within the Department of Labor and Social Security of Guangdong Province, which office is responsible for: facilitating communication and coordinating Project implementation among the Selected Schools and providing support to each Selected School, including identifying specific needs for technical assistance, assessing investment decisions, developing terms of reference, reviewing and evaluating consultant proposals, monitoring Project progress, assisting in the dissemination of lessons learnt and assessing Project outputs.

##### B. Anti-Corruption

Guangdong shall carry out, and cause the Selected Schools to carry out the Project in accordance with the provisions of the Anti-Corruption Guidelines.

**C. Environment Protection**

1. Guangdong, in carrying out the Project:
  - (a) shall implement, and shall cause each Selected School to implement, the Project, in accordance with the Environmental Management Framework 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) shall provide, to the Bank for its prior concurrence any proposed modification or waiver of the Environmental Management Framework, and put into effect only such modification or waiver as shall have been agreed by the Bank.

**D. Financial Arrangements**

1. Guangdong shall allocate to each Selected School a portion of the Loan under arrangements satisfactory to the Bank, which shall include, without limitation, the following principal terms:
  - (a) Guangdong shall make available the principal amount, which has been allocated to each Selected School, 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 the implementation of Project by the Selected School.
  - (b) Guangdong shall recover such principal amount so made available (including the fee paid pursuant to Section 2.03 of the Loan Agreement) over a period of twenty-six (26) years, inclusive of a grace period of five (5) years.
  - (c) Guangdong 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 2.04 of the Loan Agreement.

**Section II. Project Monitoring, Reporting, and Evaluation**

**A. Project Reports**

1. Guangdong 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 by March 15 and September 15 each year, starting March 15, 2010.

**B. Financial Management, Financial Reports and Audits**

1. Guangdong shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Project.
2. Guangdong shall have its 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 financial statements shall cover the period of one (1) fiscal year of Guangdong. 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.
3. Without limitation on the provisions of Part B of this Section, Guangdong shall prepare and furnish, or cause to be prepared and furnished, to the Bank as part of the Project Report by not later than March 15 and September 15 each year, interim un-audited financial reports for the Project covering the preceding calendar semester, in form and substance satisfactory to the Bank.

**Section III. Procurement**

All goods, works and services required for the Project 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.

**Section IV. Innovation Sub-projects under Part 1(a) of the Project**

1. Guangdong shall, and shall cause each Selected School:
  - (a) By December 1 of each year, commencing on December 1, 2009, to prepare and furnish to the Bank a work plan for the implementation of Part 1(a) of the Project. Said work plan shall include the following:
    - (i) a description of proposed activities, which activities shall not entail land acquisition or civil works;
    - (ii) specific outputs of said activities and the reporting and verification requirements;
    - (iii) total cost of said activities; and

- (iv) expenditures proposed to be financed from the Loan proceeds.
- (b) Thereafter, to carry out the activities under Part 1(a) of the Project in accordance with such work plan that has been approved by the Bank (“Innovation Sub-project”).

**ANNEX to SCHEDULE**

**Indicators  
Arrangements for Results Monitoring**

<b>PDO</b>	<b>Project Outcome Indicators</b>	<b>Use of Project Outcome Information</b>
<b>To improve the quality and relevance of technical education in three schools and produce lessons from this experience as a guide to future school reforms and policy development</b>	<ul style="list-style-type: none"> <li>a) Percent of graduates who pass skill certification exams</li> <li>b) Percent of graduates finding initial employment within 3 months in the specialties in which they were trained</li> <li>c) The starting salary of graduates</li> </ul>	Indicates the extent to which training delivered meets market demand and standards for quality
<b>Component 1: School-Based Reforms and Innovation</b>		
<b>Intermediate Outcomes</b>	<b>Intermediate Outcome Indicators</b>	<b>Use of Intermediate Outcome Monitoring</b>
<b>Outcome 1: Strengthened linkage with industry</b>	<ul style="list-style-type: none"> <li>a) Percent of instructors trained in industry attachments (Number of instructors trained/total instructors in the same specialties)</li> <li>b) Percent of industrial experts from the enterprises participated in teaching in schools</li> <li>c) Percent of students participated in internship programs (Number of students participated/total students enrolled in the same specialties)</li> </ul>	Indicates extent to which industry is engaged in school planning and operations
<b>Outcome 2: Improved management capacity</b>	Percent of school annual performance goals met (Number of performance goals met/total school annual performance goals)	<p>Establishes and monitors school performance goals</p> <p>Demonstrates the improved efficiency of school management</p>



<b>Outcome 3: Developed and introduced modular, competency-based curriculum and instructional materials</b>	Percent of students enrolled in modular, CBT curricula (Number of students enrolled in modular, CBT curricula/total students enrolled in the same specialties)	Indicates scale of curriculum reform to improve quality and relevance
<b>Outcome 4: Improved student assessment and quality assurance</b>	Percent of students assessed with outcomes-based student assessment systems (Number of students assessed with outcomes-based student assessment systems/total students studied in the same specialties)	Indicates extent to which instructors have adapted measurement of quality against competency standards
<b>Outcome 5: Improved quality of instruction</b>	Percent of instructors using new CBT curricula (Number of instructors using new CBT curricula/total instructors in the same specialty departments)	Indicates the degree to which instructors have adapted flexible, outcomes-focused methods of instruction (CBT)
<b>Outcome 6: Upgraded instructional equipment, facilities, and technology</b>	Percent of students utilizing upgraded instructional technology aligned with new CBT curricula (students utilizing upgraded instructional technology/total students studied in the same specialties)	Monitors workshops that are upgraded to use new technologies demanded by employers
<b>Component 2: Policy Development and Capacity Building</b>		
<b>Outcome 1: Carrying out policy studies on key issues in technical and vocational education and training</b>	Number of key policy studies disseminated	Monitoring improved capacity in production of key policy studies and dissemination
<b>Outcome 2: Improvement in monitoring and evaluation</b>	Disclosure to the public of student learning outcomes, e.g. number and percentage of students passing certificate exams, employment	Measures school performance and improved M&E capacity
<b>Outcome 3: Enhanced provincial capacity for planning and management</b>	Number of activities completed.	Measures improved capacity of provincial capacity for planning and management