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LOAN NUMBER 7559-CN

# Loan Agreement

(Rural Migrant Skills Development and Employment Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated August 13, 2008

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## **LOAN AGREEMENT**

AGREEMENT dated August 13, 2008, 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 this 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 fifty million Dollars (\$50,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02(d) of the General Conditions.
- 2.05. The Payment Dates are March 15 and September 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

- 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05(c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

### **ARTICLE III – PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall through MOHRSS carry out its Respective Parts of the Project and cause the Project Implementing Entities to carry out their Respective Parts of the Project in accordance with the provisions of Article V of the General Conditions and the Project Agreement.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

### **ARTICLE IV – EFFECTIVENESS; TERMINATION**

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

**ARTICLE V – REPRESENTATIVE; ADDRESSES**

5.01. The Borrower's Representative is the Borrower's Minister of Finance.

5.02. The Borrower's Address is:

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

Facsimile:

(86-10) 6855-1125

5.03. The Bank's Address is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

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

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

PEOPLE'S REPUBLIC OF CHINA

By /s/ Zheng Xiaosong  
Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ David Dollar  
Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to assist the Borrower's Ministry of Human Resources and Social Security, Anhui Province, Ningxia Hui Autonomous Region and Shandong Province in providing support to rural workers in transitioning to urban areas to enable such workers to access better employment opportunities and improve their financial and working conditions.

The Project consists of the following parts:

#### **Part 1. Skills Development**

- (a) Enhance the capacity of the Project Implementing Entities to deliver skills training to rural migrants according to market demand, including providing equipment to model training centers and public training platforms, and providing mobile training bases to serve remote rural areas.
- (b) Improve the quality, relevance, and flexibility of training provided to rural migrants, including assessing the learning needs of migrant labor and market demand, developing modular competency-based curricula and learning materials, training instructors and school managers, and developing mechanisms to strengthen industry-school linkage.
- (c) Improve the functioning of training markets including, strengthening provincial-level policies governing accreditation of training institutes and policies governing public training subsidies for migrants, and providing information packages for migrants on training opportunities to help them make better training decisions.

#### **Part 2. Employment Services**

- (a) Improve labor market information and employment services for rural migrants including, enhancing labor market information system and extending such system and employment service institutions to county and township levels, piloting new information delivery mechanisms for migrants, such as group-based delivery, job fairs, and group counseling, and providing training to employment services staff and management.
- (b) Improve policies governing and institutions for employment services, including developing regulations governing public employment services and improving regulations governing licensing and accreditation of employment service providers.

**Part 3. Worker Protection**

- (a) Improve employment conditions for rural migrants, including assessing and testing approaches to increase labor contract coverage, evaluating mechanisms to ensure timely payment of wages, improving minimum wage policies, and developing tools and capacity to facilitate collective bargaining.
- (b) Improve access to legal services and increase awareness of worker rights, including piloting programs for provision of legal aid services to migrants, evaluating ways to expedite the arbitration process for migrant workers and developing tools to raise awareness of workers' rights and employers' responsibilities.

**Part 4. Policy Analysis, Monitoring and Evaluation, and Project Management**

- (a) Carry out studies to improve the understanding of trends of migration, challenges faced by migrants, and policy options to address such issues; and providing access by the relevant government agencies to relevant knowledge, data, local policies, best practices, research findings, and other information concerning immigration.
- (b) Develop indicators and systems for monitoring and evaluating migrant training and employment services, and the impacts of the Project interventions.
- (c) Provide technical assistance, and carry out study tours and training to support Project management, and build capacity in management and planning skills for policymakers and program managers.

**SCHEDULE 2****Project Execution****Section I. Implementation Arrangements****A. Project Management**

1. The Borrower, through MOHRSS, 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”), led by the Vice Minister of MOHRSS, responsible for providing guidance on overall project implementation and facilitating inter-agency coordination, coordinating cross-sectoral policy issues related to rural migrants training and employment, supervising Project implementation and assisting in the dissemination of learning and experience sharing.
  - (b) The World Bank Operations Office (“WBOO”), established as a division of the Finance and Planning Department of MOHRSS, responsible for overall Project management, coordinating the Project Implementing Entities and providing Project management support.
  - (c) The Project Technical Team (“PTT”), comprising key technical staff from the MOHRSS and its local counterparts, responsible for identifying specific needs for technical assistance in implementing the Project, assessing investment decisions, developing terms of reference for consultants services, reviewing and evaluating proposals for consultants’ services, monitoring Project progress, assessing Project outputs, and assisting with the dissemination of the lessons and experiences.
2. The Borrower, through MOHRSS, shall establish and maintain throughout the period of implementation of the Project, for purposes of carrying out the Project, the following organization, with terms of reference, staffing and other resources acceptable to the Bank, namely the Expert Panel (“EP”), comprising leading experts in key focus areas of the Project (including, labor economics, skills development, active labor market policies, labor regulations, monitoring and evaluation), to be responsible for providing advisory support in the decision-making process and for Project management.

**B. Financing Arrangements**

1. The Borrower shall make available a portion of the proceeds of the Loan to each Project Implementing Entity, under terms and conditions satisfactory to the Bank, including the following principal terms:
  - (a) 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.
  - (b) The principal amount so made available, including an amount equal to the fee paid pursuant to Section 2.03 of this Agreement, shall be recovered over a period of seventeen (17) years, inclusive of a grace period of four (4) years.
  - (c) Interest shall be charged on such principal amount withdrawn and outstanding from time to time at a rate equal to the rate of interest applicable from time to time to the Loan pursuant to the provisions of Section 2.04 of this Agreement.

**C. Anti-Corruption**

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

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

1. The Borrower, through MOHRSS, shall monitor and evaluate, and cause each Project Implementing Entity to: (a) monitor and evaluate the progress of its Respective Part of the Project; and (b) 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 the Annex to the Schedule of the Project Agreement. Each Project Report shall cover the period of one (1) calendar semester, and MOHRSS shall consolidate the Project Reports received from the Project Implementing Entities pursuant to paragraph 1 of Section II.A of the Schedule to the Project Agreement and furnish a consolidated Project Report to the Bank by February 15 and August 15 each year, starting February 15, 2009.
2. For purposes of Section 5.08(c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Bank not later than six (6) months after the Closing Date.



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

1. The Borrower shall maintain, or cause to be maintained, a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish, and cause each Project Implementing Entity to prepare and furnish, to the Bank as part of the Project Report by not later than February 15 and August 15 in each year, starting February 15, 2009, interim un-audited financial reports for the Project covering the calendar semester, in form and substance satisfactory to the Bank.
3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one 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.** All goods 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 Section.
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 Section.
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**

1. **International Competitive Bidding (ICB).** Except as otherwise provided in paragraph 2 below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding. The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower (other than goods

manufactured in the Hong Kong Special Administrative Region or the Macau Special Administrative Region of the Borrower).

2. **Other Methods of Procurement of Goods.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>	
(a)	<p><b>National Competitive Bidding (NCB).</b> In addition, the procedures to be followed for National Competitive Bidding shall be those set forth in the Law on Tendering and Bidding of the People's Republic of China promulgated by Order No.21 of the President of the People's Republic of China on August 30, 1999, with the following clarifications required for compliance with the Procurement Guidelines:</p> <ul style="list-style-type: none"> <li>(i) All invitations to prequalify or to bid shall be advertised in a newspaper of national circulation in the Borrower's country, except for goods contracts that are estimated to cost less than \$300,000 equivalent each, which may be advertised in a provincial daily newspaper. Such advertisement shall be made in sufficient time for prospective bidders to obtain prequalification or bidding documents and prepare and submit their responses. In any event, a minimum of thirty (30) days shall be given to bidders between the date of advertisement in such newspaper and the deadline for submission of bids, and the advertisement and bidding documents shall specify the deadline for such submission.</li> <li>(ii) Qualification requirements of bidders and the method of evaluating the qualification of each bidder shall be specified in detail in the bidding documents.</li> <li>(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.</li> <li>(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.</li> <li>(v) Bidders will be allowed to submit bids by mail or by hand. The</li> </ul>

	<p>time for opening of all bids shall be the same as the deadline for receipt of such bids.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(x) Each contract financed with the proceeds of the Loan shall provide that the suppliers and contractors shall permit the Bank, at its request, to inspect their accounts and records relating to the performance of the contract and to have said accounts and records audited by auditors appointed by the Bank.</p> <p>(xi) Government owned enterprises in the Borrower's country may be permitted to bid or submit a proposal of goods and works if they can establish that they: (i) are legally and financially autonomous; (ii) operate under commercial law; and (iii) are not a dependent agency of the agency conducting the procurement.</p> <p>(xii) Re-bidding should not be allowed solely because the number of bids is less than three (3).</p>
(b)	Shopping

**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.

<b>Procurement Method</b>
(a) Quality-based Selection
(b) Single-source Selection
(c) Selection based on Consultants’ Qualifications
(d) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants
(e) Sole Source Procedures for the Selection of 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 to be procured based on ICB procedures, regardless of contract value thereof; (b) the first contract for goods to be procured based on NCB or shopping procedures by each Project Implementing Entity, regardless of contract value thereof; (c) each contract for consultants’ services provided by a firm estimated to cost the equivalent of \$100,000 or more; (d) each contract for consultants’ services provided by an individual estimated to cost the equivalent of \$50,000 or more; and (e) each contract for consultants’ services to be procured using Sole-source Selection or Single-source Selection procedure, regardless of contract value thereof. All other contracts shall be subject to Post Review by the Bank.

**Section IV. Withdrawal of Loan Proceeds**

**A. General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower

(including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category (inclusive of Taxes).

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed
1. Goods, consultants’ services, training and Operating Costs for implementation of the following Parts of the Project by <b>MOHRSS</b> : (a) Part 1 (b) Part 2 (c) Part 3 (d) Part 4	2,800,000 500,000 450,000 1,237,500	100% 100% 100% 100%
2. Goods, consultants’ services, training and Operating Costs for implementation of the following Parts of the Project by <b>Anhui</b> : (a) Part 1 (b) Part 2 (c) Part 3 (d) Part 4	13,309,500 1,065,500 140,000 447,500	100% 100% 100% 100%
3. Goods, consultants’ services, training and Operating Costs for implementation of the following Parts of the Project by <b>Ningxia</b> : (a) Part 1 (b) Part 2 (c) Part 3 (d) Part 4	7,920,300 802,100 287,700 964,900	100% 100% 100% 100%
4. Goods, consultants’ services, training and Operating Costs for implementation of the following Parts of the Project by <b>Shandong</b> : (a) Part 1 (b) Part 2 (c) Part 3 (d) Part 4	18,707,500 875,000 0.0 367,500	100% 100% 100% 100%

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed
5. Front-end Fee	125,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions
<b>Total</b>	<b><u>50,000,000</u></b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$3,000,000 equivalent may be made for payments made prior to this date but on or after June 1, 2008 for Eligible Expenditures.
2. The Closing Date is August 31, 2012.

**Section V. Other Undertaking**

1. The Borrower, through MOHRSS, shall: (a) carry out its Respective Parts of the Project in accordance with the Project Implementation Plan and in a manner satisfactory to the Bank; and (b) by August 15 in each year, commencing on August 15, 2009, prepare an update of said Project Implementation Plan (including, an annual work program, procurement plan and budget for Project activities in the following calendar year) for its Respective Parts of the Project and consolidate its update with the updates received from the Project Implementing Entities pursuant to paragraph 3 of Section IV of the Schedule to the Project Agreement and furnish the consolidated update to the Bank for its concurrence.

**SCHEDULE 3****Amortization Schedule**

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<b>Principal Payment Date</b>	<b>Installment Share (Expressed as a Percentage)</b>
September 15, 2012	2.78%
March 15, 2013	2.85%
September 15, 2013	2.92%
March 15, 2014	2.99%
September 15, 2014	3.07%
March 15, 2015	3.15%
September 15, 2015	3.22%
March 15, 2016	3.30%
September 15, 2016	3.39%
March 15, 2017	3.47%
September 15, 2017	3.56%
March 15, 2018	3.65%
September 15, 2018	3.74%
March 15, 2019	3.83%
September 15, 2019	3.93%
March 15, 2020	4.03%
September 15, 2020	4.13%
March 15, 2021	4.23%
September 15, 2021	4.34%
March 15, 2022	4.44%
September 15, 2022	4.56%
March 15, 2023	4.67%
September 15, 2023	4.79%
March 15, 2024	4.91%
September 15, 2024	5.03%
March 15, 2025	5.02%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
  - (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
  - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3.
  - (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
  - (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.



5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

**APPENDIX****Definitions**

- (a) “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
- (b) “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
- (c) “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
- (d) “Expert Panel” means the panel referred to in paragraph 2 in Section I of Schedule 2 to this Agreement.
- (e) “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through February 12, 2008).
- (f) “MOHRSS” means the Borrower’s Ministry of Human Resources and Social Society, and any successor thereto.
- (g) “Operating Costs” means the reasonable expenditures directly related to the Project implementation incurred by MOHRSS and the Project Implementing Entities (which expenditures would not have been incurred absent the Project), including costs of travel, vehicle and equipment maintenance and repair, office supplies, communications, logistics, translation, production and reproduction of documents and training materials, but excluding salaries and salary supplements of civil servants.
- (h) “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
- (i) “Procurement Plan” means the Borrower’s procurement plan for the Project, dated May 2008 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.
- (j) “Project Agreement” means the agreement between the Bank and the Project Implementing Entities 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.

- (k) “Project Counties” means the Counties of Taihu, Yuexi, Shouxian, Lingbi, Dangshan, Jinzhai, Xiji, Longde, Jingyuan, Pengyang, Tongxin, and Yanchi; and other Counties selected by agreement among the Borrower, the Project Implementing Entities and the Bank, and any successors thereto; and “Project County” means, individually, any of such Project Counties.
- (l) “Project Implementing Entity” means, individually, Anhui Province, Ningxia Hui Autonomous Region or Shandong Province, and any successor thereto; and “Project Implementing Entities” means, collectively, all such provinces and autonomous region.
- (m) “Project Implementation Plan” means the plan, dated May 2008, prepared for guiding the implementation of the Project activities within the first eighteen (18) months, including Project implementation arrangements, disbursement, financial management and procurement procedures consistent with the relevant provisions in this Agreement; as the same may be updated from time to time with the prior agreement of the Bank.
- (n) “Project Municipalities” means the Municipalities of Anqing, Suzhou, Maanshan, Liuan, Guyuan, Wuzhong, Zaozhuang, Yantai, Linyi, and Bingzhou; and any other municipalities selected by agreement among the Borrower, the Project Implementing Entities and the Bank, and the successors thereto; and “Project Municipality” means, individually, any of such Project Municipalities.
- (o) “Respective Project Counties” means in respect of:
  - (i) Anhui Province: Counties of Taihu, Yuexi, Shouxian, Lingbi, Dangshan, and Jinzhai; and
  - (ii) Ningxia Hui Autonomous Region: Counties of Xiji, Longde, Jingyuan, Pengyang, Tongxin, and Yanchi;
 and any successors thereto.
- (p) “Respective Project Municipalities” means in respect of:
  - (i) Anhui Province: Municipalities of Anqing, Suzhou, Maanshan, and Liuan;
  - (ii) Ningxia Hui Autonomous Region: Municipalities of Guyuan and Wuzhong; and

(iii) Shandong Province: Municipalities of Zaozhuang, Yantai, Linyi, and  
Bingzhou

and any successors thereto.

(q) “Respective Parts of the Project” means, with respect to MOHRSS, each Project  
Implementing Entity, each Project Municipality and each Project County, the  
implementation of the Project in the areas within its jurisdiction.