



LOAN NUMBER 3929 CHA

Shanghai Project Agreement

(Shanghai-Zhejiang Highway Project)

between

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

and

SHANGHAI MUNICIPALITY

Dated *November 2* **, 1995**

LOAN NUMBER 3929 CHA

SHANGHAI PROJECT AGREEMENT

AGREEMENT, dated *November 2*, 1995, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and SHANGHAI MUNICIPALITY (Shanghai).

WHEREAS: by the Loan Agreement of even date herewith between People's Republic of China (the Borrower) and the Bank, the Bank has agreed to make available to the Borrower an amount in various currencies equivalent to two hundred and sixty million dollars (\$260,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that Shanghai and Zhejiang agree to undertake such obligations toward the Bank as are set forth in this Agreement and the Zhejiang Project Agreement, respectively;

WHEREAS: Shanghai, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Loan Agreement and the General Conditions (as so defined) have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Shanghai Environmental Action Plan" means the environmental action plan for the Shanghai section of the Expressway of January 1994, and includes environmental protection measures as well as the administrative and monitoring arrangements to ensure the implementation of said measures; and

(b) "Shanghai Resettlement Action Plan" means the resettlement action plan for the Shanghai section of the Expressway dated June 19, 1995, and includes the procedures governing land acquisition, resettlement and compensation, as well as the reporting and monitoring arrangements to ensure compliance with said plan.

ARTICLE II

Execution of the Project

Section 2.01. (a) Shanghai declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Loan Agreement, and, to this end, shall carry out Parts A (2), C (2), and D (2) of the Project (the Shanghai Parts of the Project) with due diligence and efficiency and in conformity with appropriate administrative, financial, and engineering practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Shanghai Parts of the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Bank and Shanghai shall otherwise agree, Shanghai shall carry out the Shanghai Parts of the Project in accordance with the Implementation Program set forth in Schedule 2 to this Agreement.

Section 2.02. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for the Shanghai Parts of the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 1 to this Agreement.

Section 2.03. Shanghai shall carry out the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the Shanghai Project Agreement and the Shanghai Parts of the Project.

Section 2.04. (a) Shanghai shall, at the request of the Bank, exchange views with the Bank with regard to the progress of the Shanghai Parts of the Project, the performance of its obligations under this Agreement and other matters relating to the purposes of the Loan.

(b) Shanghai shall promptly inform the Bank of any condition which interferes or threatens to interfere with the progress of the Shanghai Parts of the Project, the accomplishment of the purposes of the Loan, or the performance by Shanghai of its obligations under this Agreement.

ARTICLE III

Financial Covenants

Section 3.01. (a) Shanghai shall maintain, or cause to be maintained, records and accounts adequate to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in respect of the Project of the departments or agencies of Shanghai responsible for carrying out the Shanghai Parts of the Project or any part thereof.

(b) Shanghai shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request.

ARTICLE IV

Effective Date; Termination; Cancellation and Suspension

Section 4.01. This Agreement shall come into force and effect on the date upon which the Loan Agreement becomes effective.

Section 4.02. This Agreement and all obligations of the Bank and of Shanghai thereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms, and the Bank shall promptly notify Shanghai thereof.

Section 4.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

ARTICLE V

Miscellaneous Provisions

Section 5.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Bank:

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

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

248423 (RCA)
82987 (FTCC)
64145 (WUI) or
197688 (TRT)

For Shanghai:

Shanghai Municipal Finance Bureau
60 Jin Jiang Road
Shanghai
People's Republic of China

Telex:

33685 SMFB CN

Section 5.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of Shanghai, or by Shanghai on behalf of the Borrower under the Loan Agreement, may be taken or executed by Mayor of Shanghai or such other person or persons as Mayor of Shanghai shall designate in writing, and Shanghai shall furnish to the Bank sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 5.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By

/s/ Nicholas C. Hoyle

Acting

Regional Vice President
East Asia and Pacific

SHANGHAI MUNICIPALITY

By

/s/ Li Baoyu

Authorized Representative

SCHEDULE 1

Procurement and Consultants' Services

Section I Procurement of Goods and Works

Part A: General

Goods and works shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 (the Guidelines) and the following provisions of this Section, as applicable.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods and works shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. The following provision shall apply to goods and works to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B:

(a) Prequalification

Bidders for all contracts for works shall be prequalified in accordance with the provisions of paragraphs 2.9 and 2.10 of the Guidelines.

(b) Preference for domestically manufactured goods and domestic contractors

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower and works to be carried out by domestic contractors.

(c) Dispute Review Board

Each contract for works estimated to cost \$50,000,000 equivalent or more shall include the provisions for a dispute review board set forth in the standard bidding documents for works referred to in paragraph 2.12 of the Guidelines.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Goods estimated to cost between \$50,000 and \$200,000 equivalent per contract and \$400,000 equivalent or less in the aggregate, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. International or National Shopping

Goods estimated to cost \$50,000 equivalent or less per contract and \$300,000 equivalent or less in the aggregate, may be procured under contracts awarded on the basis of international or national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions of said paragraph.

2. Prior Review

With respect to each contract:

(a) for works under Part A of the Project estimated to cost \$4,000,000 equivalent or more;

(b) for goods estimated to cost \$200,000 equivalent or more; and

(c) for the supply and installation of electrical, electronic and mechanical equipment under Part A of the Project, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II Employment of Consultants

Part A: Consultants' services shall be procured under contracts awarded in accordance with the provisions of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981 (the Consultant Guidelines). For complex, time-based assignments, such contracts shall be based on the standard form of contract for consultants' services issued by the Bank, with such modifications thereto as shall have been agreed by the Bank. Where no relevant standard contract documents have been issued by the Bank, other standard forms acceptable to the Bank shall be used.

Part B: Notwithstanding the provisions of Part A of this Section, the provisions of the Consultant Guidelines requiring prior Bank review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts, shall not apply to:

(a) contracts for the employment of consulting firms estimated to cost less than \$100,000 equivalent each; or

(b) contracts for the employment of individual consultants estimated to cost less than \$50,000 equivalent each. However, said exceptions to prior Bank review shall not apply to:

- (i) the terms of reference for such contracts;
- (ii) single-source selection of consulting firms;
- (iii) assignments of a critical nature, as reasonably determined by the Bank;
- (iv) amendments to contracts for the employment of consulting firms raising the contract value to \$100,000 equivalent or above; or
- (v) amendments to contracts for the employment of individual consultants raising the contract value to \$50,000 equivalent or above.

SCHEDULE 2

Implementation Program

1. Shanghai shall:
 - (a) carry out the Shanghai Parts of the Project through HHEC;
 - (b) ensure that HHEC is at all times staffed with qualified staff in adequate numbers; and
 - (c) maintain a supervision team with qualified staff in adequate numbers to ensure that works are carried out in accordance with technical specifications and that strict quality controls are exercised on site.
2. Shanghai shall, in coordination with Zhejiang, prepare and furnish to the Bank by December 31, 1995, a plan for the coordinated management of the Expressway, including a description of toll operations, toll setting arrangements and measures to facilitate the movement of traffic across the Shanghai-Zhejiang border.
3. Shanghai shall, in coordination with Zhejiang, prepare and furnish to the Bank by December 31, 1998, recommendations for the toll levels and the organizational arrangements for the toll operations for the Expressway.
4. Shanghai declares its commitment to the preservation of the environment and, to this end, shall:
 - (a) carry out the Shanghai Environmental Action Plan in a manner satisfactory to the Bank; and
 - (b) furnish any proposed revision of the Shanghai Environmental Action Plan to the Bank for its prior approval.
5. Shanghai shall:
 - (a) carry out the Shanghai Resettlement Action Plan in a manner satisfactory to the Bank;

(b) furnish monitoring reports regarding the implementation and impact of resettlement activities under the Shanghai Parts of the Project in a format acceptable to the Bank as follows:

- (i) reports prepared by HHEC shall be furnished to the Bank at three month intervals on or about January 1, April 1, July 1 and October 1; and
- (ii) reports prepared by an independent agency acceptable to the Bank shall be furnished to the Bank on or about March 1 and September 1 of each year; and

(c) furnish any proposed revision of the Shanghai Resettlement Action Plan to the Bank for its prior approval.

6. Shanghai shall cause HHEC to:

(a) furnish quarterly progress reports on the implementation of the Shanghai Parts of the Project (not including resettlement) to the Bank within two weeks from the end of each quarter of the calendar year and in a format acceptable to the Bank;

(b) by September 30 of each year, beginning in 1996, furnish to the Bank for its review a detailed implementation plan (including construction, training, environmental and resettlement activities) for the implementation of the Shanghai Parts of the Project during the following calendar year and in the case of training for the following two calendar years; and

(c) thereafter, implement each such plan while taking into account any comments made by the Bank.

**INTERNATIONAL BANK
FOR RECONSTRUCTION AND DEVELOPMENT**

CERTIFICATE

I hereby certify that the foregoing is a true copy of
the original in the archives of the International Bank
for Reconstruction and Development.

S. H. Ubi

FOR SECRETARY