

Public Disclosure Authorized

CONFORMED COPY

LOAN NUMBER 7880-CN

Loan Agreement

(Ningxia Highway Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated July 22, 2010

LOAN AGREEMENT

AGREEMENT dated July 22, 2010, 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 two hundred and fifty million Dollars (\$250,000,000), 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead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 cause the Project to be carried out by the Project Implementing Entity (Ningxia) 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 Minister of Finance.

5.02. The Borrower's Address is:

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

Facsimile:

(86-10) 68551125

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' REPUBLIC OF CHINA

By /s/ Zheng Xiaosong
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Klaus Rohland
Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to provide high-capacity and quality transport connections between targeted development zones and urban areas in Ningxia Hui Autonomous Region of the Borrower, as well as develop all-weather road access in selected rural areas of Ningxia Hui Autonomous Region.

The Project consists of the following components:

A. Guyaozi-Qingtongxia Expressway

Construction of the four-lane Guyaozi-Qingtongxia Expressway with a total length of about 75.68km, including carrying out earthworks, acquisition and installation of electrical and mechanical equipment for, *inter alia*, traffic surveillance, communication and toll collection, and design and installation of traffic safety facilities.

B. Road Network Improvements

1. Improvement of Local Roads

Carrying out the Local Roads Improvement Program (LRIP) of Ningxia.

2. Improvement of National Highway G211

Rehabilitation of three sections of National Highway G211, totaling about 65km between Lingwu and Huianpu, including constructing a new pavement along the existing alignment and carrying out engineering measures to improve traffic safety conditions.

C. Institutional strengthening

1. Provision of technical assistance to strength the institutional capacity of Ningxia in the transport sector through, *inter alia*: (a) carrying out of a study on road safety, a study for developing an optional long-term strategy for road maintenance, and a study for developing a comprehensive plan for the transport logistics industry in Ningxia; (b) carrying out of training on issues related to the transport sector in Ningxia; and (c) acquisition and utilization of equipment required for carrying out road maintenance in Ningxia.

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

1. To facilitate the carrying out of the Project by the Project Implementing Entity (Ningxia), the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity (Ningxia) under terms and conditions satisfactory to the Bank, which shall include the following:
 - (i) The principal amount shall be made available in Dollars.
 - (ii) The following shall be recovered over a period of thirty (30) years, inclusive of a grace period of five (5) years: (A) the principal amount so made available; (B) the amount of the fee paid pursuant to Section 2.03 of this Agreement; and (C) the amount of the Premium paid pursuant to Section 2.07(c) 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 2.04 of this Agreement.

B. Anti-Corruption

1. 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 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 the Annex to the Schedule to the Project Agreement. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by such report.
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 to the Bank as part of the Project Report not later than forty-five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the 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 (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 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 Works

1. **International Competitive Bidding.** Except as provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding procedures. 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. **National Competitive Bidding.** Except as otherwise provided in paragraph 4 below, works costing less than US\$20,000,000 equivalent per contract and goods costing less than US\$1,000,000 equivalent per contract may be procured under contracts awarded under National Competitive Bidding procedures, subject to the additional provisions provided in paragraph 3 below.

3. **Procedures for National Competitive Bidding.** The procedures to be followed for procuring goods and works under contracts awarded on the basis of 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 works contracts that are estimated to cost more than US\$100,000 equivalent but less than US\$2,000,000 equivalent each or goods contracts that are estimated to cost less than US\$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 employer in case of breach of contract by the contractor, and the bidding documents shall specify the required form and amount of such security. In place of a bid security, the bidding documents may require that a bidder submit with its bid a signed declaration that, if the bidder withdraws its bid during the bid validity period or, if awarded the contract, the bidder fails to sign the contract or submit any required performance security before the deadline required in the bidding

documents, the bidder will be suspended for a period of two years from being awarded any contract with the Borrower or Ningxia, including any of their departments, agencies or administrative units.

- (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 afforded 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 Ningxia.
- (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 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.
- (xi) Government owned enterprises in the Borrower's country may be permitted to bid or submit a proposal for goods if they can establish that they: (A) are legally and financially autonomous; (B) operate under commercial law; and (C) 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), and rejection of all bids or rebidding shall not take place without the Bank's prior written concurrence.

- (xiii) The results of bid evaluation and contract award shall be published in the national press or provincial press (as provided in 3(i) above) or official gazette or free and open access website and shall identify: (a) the name of each bidder who submitted a bid; (b) bid prices as read out at bid opening; (c) the name and evaluated price of each evaluated bid; (d) the name of bidders who bids were rejected and the reasons for their rejection; and (e) the name and offered prices of the winning bidder as well as the duration and summary scope of the awarded contract.
- (xiv) Ningxia shall have in place provisions for bidders to protest.

4. **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

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) Individual Consultants
(d) Single Source Selection

D. Review by the Bank of Procurement Decisions

1. 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 works estimated to cost the equivalent of US\$5,000,000 or more per contract; (b) each contract for goods estimated to cost the equivalent of US\$500,000 or more per contract; and (c) each contract for consultants' services estimated to cost the equivalent of US\$100,000 or more for firms and US\$50,000 or more for individual consultants. In addition, all Single Source Selection and the terms of reference for each consultant's contract shall be subject to Prior Review by the Bank. 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.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Works and goods for Eligible Activities under Part A of the Project	224,175,000	85%
(2) Works and goods for Eligible Activities under Part B of the Project	25,200,000	100%
(3) Front-end Fee	625,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions
(4) Premium on Interest Rate Cap or Interest rate Collar	0	Amount payable pursuant to Section 2.07(c) of this Agreement in accordance with Section 4.05(c) of the General Conditions
TOTAL AMOUNT	250,000,000	

3. For the purpose of this Schedule: (a) the term “Eligible Activities under Part A of the Project” means the activities related to: (i) the carrying out of subgrade and pavement works over a selected portion of the Expressway to be constructed under Part A of the Project; (ii) the erection and installation of certain electrical and mechanical systems over the length of the Expressway, including tolling, and monitoring and communication systems; and (iii) the construction of traffic facilities, all under contracts to be financed out of the proceeds of the Loan as set out in the Legal Agreements and the Procurement Plan; and (b) the term “Eligible Activities under Part B of the Project” means the activities related to: (i) the carrying out of rehabilitation and upgrading of selected local roads included in the LRIP in accordance with criteria satisfactory to the Bank; and (ii) the rehabilitation of three (3) sections of National Highway G211 selected in accordance with criteria satisfactory to the Bank, all under contracts to be financed out of the proceeds of the Loan as set out in the Legal Agreements and the Procurement Plan.

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 amount not to exceed \$50,000,000 equivalent may be made for payments made prior to this date but on or after January 10, 2010.
2. The Closing Date is June 30, 2015.

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:

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each March 15 and September 15 beginning September 15, 2015 through March 15, 2040	2.00%

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 (2) 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.

APPENDIX**Section I. Definitions**

1. “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.
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 and revised in October 2006.
4. “Displaced Person” means a person who, on account of the execution of Part A and B 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.
5. “EMP” means the Environmental Management Plan dated November 2009 duly adopted by the PIE and to be implemented by it, which Plan sets out the environmental protection measures in respect of Parts A and B.2 of the Project and related facilities, including access roads, construction camps, borrow pits, spoil disposal sites, resettlement sites, quarries and areas of temporary impact during construction, as well as administrative and monitoring arrangements to ensure the implementation of said plan, as the same may be revised from time to time with the prior agreement of the Bank.
6. “ESF” means the Environmental Safeguards Framework dated November 2009 duly adopted by the PIE and to be implemented by it for purposes of carrying out Part B.1 of the Project, including any other local roads that may be later included in the LRIP during Project implementation, and which sets out, *inter alia*: (a) a framework with criteria, procedures and screening mechanism for developing and implementing actions and measures, satisfactory to the Bank, for mitigating the adverse environmental impacts resulting from the implementation of activities under said part of the Project, including adopting appropriate design criteria and standardized environmental specifications to be applied by contractors; (b) the guidelines for the preparation of environmental plans for mitigating adverse environmental impacts from the rehabilitation and upgrading

of any other local roads that may be later included in the LRIP; and (c) reporting, monitoring and training arrangements to ensure compliance with the ESF, as the same may be revised from time to time with the prior agreement of the Bank.

7. “EP” means any environmental plan to be prepared by the PIE in accordance with the provisions of the ESF for any local roads other than those that are currently included in the LRIP.
8. “Expressway” means the Guyaozi-Qingtongxia Expressway to be constructed under Part A of the Project described in Schedule 1 to this Agreement.
9. “FDMLGO” means the Foreign Debt Management Leading Group Office established by Ningxia within its Finance Department and vested with authority to make all decisions relating to raising of financing for public sector projects in Ningxia and managing and supervising their implementation, including in respect of the Project.
10. “Financial Management Manual” means the manual dated June 2009, adopted by the Project Implementing Entity for the purpose of implementing and monitoring the financial management aspects of the Project.
11. “General Conditions” means the International Bank for Reconstruction and Development General Conditions for Loans, dated July 1, 2005 (as amended through February 12, 2008) with the modifications set forth in Section II of this Appendix.
12. “LRIP” means the Local Roads Improvement Program of Ningxia set out in the Feasibility Study Report of the Project approved by Ningxia Development and Reform Commission dated July 21, 2007, comprising 38 local roads to be improved with the objective of connecting all villages in the poorest counties of Ningxia to all-weather roads by 2015, and includes any other roads to be included in said Program by Ningxia during Project implementation.
13. “NHAB” means the Ningxia Highway Administration Bureau operating under NTD and responsible for the operation and maintenance of all toll roads in Ningxia and for participating in implementing the relevant activities under Part C of the Project.
14. “NHCAB” means the Ningxia Highway Construction and Administration Bureau established within NTD and responsible for the construction of all highway projects in Ningxia, including this Project.
15. “Ningxia” means the Borrower’s Ningxia Hui Autonomous Region.

16. “NTAB” means the Ningxia Transportation Administration Bureau operating under NTD and responsible for participating and implementing the relevant activities under Part C of the Project.
17. “NTD” means the Ningxia Transportation Department, the functional department of Ningxia responsible for the overall development and implementation of the laws, policies and regulations related to the development and management of the transport industry in Ningxia.
18. “PMO” means the Project Management Office established by NTD for the purpose of managing, coordinating and supervising the implementation of the Project.
19. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
20. “Procurement Plan” means the Project Implementing Entity’s procurement plan for the Project, dated June 2009 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.
21. “Project Implementing Entity” and the acronym “PIE” mean Ningxia.
22. “RAP” means the Resettlement Action Plan dated November 2009 duly adopted by the PIE and to be implemented by it for purposes of carrying out Parts A and B.2 of the Project, which plan sets out, *inter alia*: (a) the principles and procedures governing the acquisition of land required for said parts of the Project and related facilities, including access roads, construction camps, borrow pits, spoil disposal sites, resettlement sites and quarries; (b) actions and measures for the payment of compensation to Displaced Persons and for their resettlement and rehabilitation; and (c) reporting and monitoring arrangements to ensure compliance with said plan, as the same may be revised from time to time with the agreement of the Bank; and such term includes all attachments and annexes supplemental to said plan.
23. “RP” means any resettlement plan to be prepared by the PIE in accordance with the provisions of the RPF.
24. “RPF” means the Resettlement Policy Framework dated November 2009 duly adopted by the PIE and to be implemented by it in connection with the rehabilitation and upgrading of any other local roads that may be later included in the LRIP under Part B.1 of the Project and which sets out, *inter alia*: (a) a

framework with criteria and procedures for developing and implementing actions and measures, satisfactory to the Bank, for mitigating the adverse social impacts resulting from the implementation of said activities, including identifying land or other productive assets that may be required for said activities, and payment of compensation to, and the resettlement and rehabilitation of, Displaced Persons affected by said activities; (b) the guidelines for the preparation of resettlement plans for mitigating such impacts from said activities; and (c) reporting and monitoring arrangements to ensure compliance with the RPF, as the same may be revised from time to time with the prior agreement of the Bank.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Paragraph (l) of Section 7.02 is modified to read as follows:

“Section 7.02. *Suspension by the Bank*

.....

(l) *Ineligibility.* The Bank or the Association has declared the Borrower (other than the Member Country) or the Project Implementing Entity ineligible to receive proceeds of any financing made by the Bank or the Association or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Bank or the Association, as a result of a determination by the Bank or the Association that the Borrower or the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Bank or the Association.”

2. The definition of the term “Conversion Date” in the Appendix is modified to read as follows:

“‘Conversion Date’ means, in respect of a Conversion, the Execution Date (as herein defined) or such other date as requested by the Borrower and accepted by the Bank, on which the Conversion enters into effect, and as further specified in the Conversion Guidelines.”