

Public Disclosure Authorized

OFFICIAL DOCUMENTS

LOAN NUMBER 8671-CN

Project Agreement

(Yunnan Early Childhood Education Innovation Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

YUNNAN PROVINCE

Dated *March 6*, 2017

PROJECT AGREEMENT

AGREEMENT dated March 6, 2017, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and YUNNAN PROVINCE ("Project Implementing Entity" or "Yunnan") ("Project Agreement") in connection with the Loan Agreement ("Loan Agreement") of 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 this Agreement have the meanings ascribed to them in the Loan Agreement or the General Conditions.

ARTICLE II — PROJECT

- 2.01. The Project Implementing Entity declares its commitment to the objective of the Project. To this end, the Project Implementing Entity shall carry out, and cause the Project Counties and Participating Universities to carry out, the Project in accordance with the provisions of Article V of the General Conditions, and shall provide 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 the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

- 3.01. The Project Implementing Entity's Representative is its Governor or Vice Governor or such other person or persons as said Governor or Vice Governor shall designate in writing, and the Project Implementing Entity 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, NW
Washington, DC 20433
United States of America

Cable:

Telex:

Facsimile:

INTBAFRAD
Washington, D.C.

248423(MCI) or
64145(MCI)

1-202-477-6391

3.03. The Project Implementing Entity's Address is:

Yunnan Provincial Finance Department
Wuhua Shan
Kunming, Yunnan Province
People's Republic of China

Facsimile:

86-871-6395-6033

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

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name:

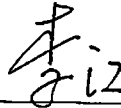
Bent Hofman

Title:

Country Director, China

YUNNAN PROVINCE

By



Authorized Representative

Name:

Li Jiang

Title:

Executive Vice Governor

SCHEDULE

Execution of the Project

Section I. Financial and Implementation Arrangements

A. Subsidiary Agreements

1. The Project Implementing Entity shall make available to each of the Project Counties and Participating Universities a portion of the Loan under Subsidiary Agreements satisfactory to the Bank, which shall include, without limitation, the following principal terms:
 - (a) The Project Implementing Entity shall make available the principal amount, which has been allocated to each of the Project Counties and Participating Universities, 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 respective Project County and Participating University.
 - (b) The Project Implementing Entity 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 thirty three (33) years, inclusive of a grace period of five (5) years.
 - (c) The Project Implementing Entity shall charge: (i) 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 2.05 of the Loan Agreement; and (ii) a Commitment Charge equal to one quarter of one percent (0.25%) per annum on the unwithdrawn principal amount allocated to each Project County and Participating University.

B. Institutional and Implementation Arrangements

1. The Project Implementing Entity, through the Project Counties and Participating Universities, shall carry out or cause to be carried out the Project in accordance with the PIP, and except as the Bank shall otherwise agree, shall not amend or waive any provision thereof if, in the opinion of the Bank, such amendment or waiver may materially and adversely affect the implementation of the Project. In the event of any inconsistencies between the provisions of the PIP and those of this Agreement, the provisions of this Agreement shall prevail.
2. The Project Implementing Entity shall, throughout the period of implementation of the Project, maintain, or shall 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:

- (a) A Project Steering Committee, to provide leadership, policy guidance and coordination in the preparation and implementation of the Project.
 - (b) A Provincial Project Management Office (PPMO), established within the Project Implementing Entity's Department of Education, to be responsible for: (i) the overall Project management; (ii) facilitating communication and coordinating Project implementation among the Project Counties and Participating Universities, with provincial authorities, and with the Bank; (iii) providing support to each Project County and Participating University, including identifying specific needs for technical assistance, assessing investment decisions, developing terms of reference, reviewing and evaluating consultant proposals, and monitoring Project progress; and (iv) assisting in the dissemination of lessons learnt and assessing Project outputs.
 - (c) A Provincial Expert Team responsible for providing technical support to the PPMO to enhance quality in the design of Project interventions, and for assisting the PPMO with overall Project implementation.
 - (d) A Project Implementation Unit (PIU) in each of the Project Counties and Participating Universities to manage all county- and university-level activities and support selected provincial level activities.
3. The Project Implementing Entity shall:
- (a) prepare, in accordance with terms of reference satisfactory to the Bank, a draft consolidated annual work plan for the following Fiscal Year, after consolidating all the Project County- and Participating University-level specific plans prepared by the relevant entities, and furnish the annual work plan to the Bank by January 30 in each calendar year, beginning on January 2017, including: (i) a description and costs of proposed activities; (ii) specific outputs of said activities as well as reporting and verification requirements; (iii) expenditures proposed to be financed from the Loan proceeds; and (iv) payment schedule and releasing conditions, if any; said consolidated annual work plan to include, *inter alia*, the scope and schedule of activities under the Project, the financing plans and detailed budget arrangements, including required counterpart funds;
 - (b) thereafter carry out, or caused to be carried out through the Project Counties and Participating Universities, the Project in accordance with such annual work plan as shall have been approved by the Bank; and

- (c) not amend, suspend, abrogate or waive any annual work plan, or any part thereof, without the Bank's prior agreement.

C. Anti-Corruption

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

D. Safeguards

1. In carrying out the Project, the Project Implementing Entity shall, and shall cause the Project Counties and Participating Universities, as applicable to:
 - (a) take all necessary actions to minimize to the extent possible any involuntary loss by persons of shelter, productive assets or access to productive assets or income or means of livelihood, temporarily or permanently, and the displacement of said people in the carrying out of the Project or any part thereof;
 - (b) where the acquisition of land or assets or the displacement of people is unavoidable, before initiating the implementation of any works which would result in such acquisition or displacement, make available to such people compensation and, as applicable, relocate and rehabilitate the Displaced Persons in accordance with a resettlement action plan to be developed pursuant to the RPF, and in a manner satisfactory to the Bank; and
 - (c) whenever required in terms of the RPF, proceed to have an additional resettlement action plan or plans: (i) prepared in form and substance satisfactory to the Bank; (ii) except as otherwise agreed with the Bank, submitted to the Bank for review and approval; (iii) thereafter, adopted and publicly disclosed; and (iv) thereafter, implemented, or cause to be implemented, in accordance with their terms and in a manner acceptable to the Bank.
2. The Project Implementing Entity shall, and shall cause the Project Counties and Participating Universities, as applicable, to implement the Safeguards Instruments in a manner and substance satisfactory to the Bank. Without limitation on the foregoing, the Project Implementing Entity shall ensure that each contract for works under the Project shall include the obligations of the work contractors and any sub-contractor to comply with the relevant provisions of the EMP.

3. The Project Implementing Entity shall not, and shall cause the Project Counties and Participating Universities not to amend, suspend, fail to implement or waive the Safeguards Instruments, or any provision thereof, without the prior written concurrence of the Bank.
4. The Project Implementing Entity shall, and shall cause the Project Counties and Participating Universities to, maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the implementation of the Safeguards Instruments.
5. Without limitation to the provisions of paragraphs D.1 through D.4 of this Section I, or to the provisions of paragraph A.1 of Section II below, the Project Implementing Entity shall, and shall cause the Project Counties and Participating Universities to, take all measures necessary on their part to regularly collect, compile, and submit to the Bank, as part of the Project Reports, information on the status of compliance with the Safeguards Instruments, giving details of:
 - (a) measures taken in furtherance thereof;
 - (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation thereof; and
 - (c) remedial measures taken or required to be taken to address such conditions.
6. In the event of any inconsistency between the provisions of the Safeguards Instruments and the provisions of this Agreement or the Loan Agreement, the provisions of this Agreement and the Loan Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation.

A. Project Reports

1. The Project Implementing Entity shall, and shall cause the Project Counties and Participating Universities to, monitor and evaluate the progress of the Project and prepare Project Reports 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 Project Implementation Plan. Each such Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank and the Borrower not later than sixty (60) days after the end of the period covered by such report.
2. Without limitation to the provisions of paragraph A.1 above, the Project Implementing Entity shall prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank no later than June 30, 2019, a consolidated mid-term review report for the Project, summarizing the results of the monitoring and

evaluation activities carried out from the inception of the Project, and setting out the measures recommended to ensure the efficient completion of the Project and to further the objectives thereof.

3. The Project Implementing Entity shall provide to the Borrower, not later than three months after the Closing Date, for incorporation in the report referred to in Section 5.08 (c) of the General Conditions, all such information as the Borrower or the Bank shall reasonably request for the purposes of that Section.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall, and shall cause the Project Counties and Participating Universities to, 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. Without limitation to the provisions of Section II.A hereof, the Project Implementing Entity shall prepare and furnish to the Bank, not later than sixty (60) 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 Project Implementing Entity shall have its financial statements referred to above audited by independent auditors, in accordance with consistently applied auditing standards acceptable to the Bank. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Borrower and the Bank not later than six months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Bank.

Section III. Procurement

All goods, works and services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Section III of Schedule 2 to the Loan Agreement.