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**LOAN NUMBER 7881-CN**

# **Project Agreement**

**(Anhui Medium Cities Urban Transport Project)**

**between**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**and**

**ANHUI PROVINCE**

**Dated August 31, 2010**

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## **PROJECT AGREEMENT**

AGREEMENT dated August 31, 2010, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the “Bank”) and ANHUI PROVINCE (“Anhui” or “Project Implementing Entity”) (“Project Agreement”) in connection with the Loan Agreement of same date between PEOPLE’S REPUBLIC OF CHINA (“Borrower”) and the Bank. The Bank and Anhui hereby agree as follows:

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

- 1.01. The General Conditions as defined in the Appendix to the Loan Agreement constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in the Project Agreement have the meanings ascribed to them in the Loan Agreement or the General Conditions.

### **ARTICLE II – PROJECT**

- 2.01. Anhui declares its commitment to the objectives of the Project. To this end Anhui shall:
  - (a) carry out the Project in accordance with the provisions of Article V of the General Conditions; and
  - (b) 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 shall otherwise agree, Anhui shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

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

- 3.01. Anhui’s Representative is its Governor or Vice Governor or such other person or persons as the Governor or Vice Governor shall designate in writing;
- 3.02. The Bank’s Address is:

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

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

3.03. Anhui's address is:

Anhui Provincial Financial Department  
No. 238, Funan West Road  
Hefei, Anhui Province  
People's Republic of China

Facsimile:

(86) 551-5100-162

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

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Klaus Rohland  
Authorized Representative

ANHUI PROVINCE

By /s/ Ni Fake  
Authorized Representative

## SCHEDULE

### Execution of the Project

#### Section I. Institutional and Other Arrangements

1. In order to ensure the proper carrying out of the Project, Anhui shall maintain, and cause to be maintained throughout the period of implementation of the Project an organizational structure for such purpose, and satisfactory to the Bank, which shall include, *inter alia*, the following entities with composition, powers, functions, funds, staffing, facilities and other resources satisfactory to the Bank:
  - (a) the Anhui Provincial Project Leading Group (APLG) to provide overall policy guidance for implementing the Project, ensure availability of counterpart funds, coordinate and enlist the support of all relevant agencies, and disseminate the experiences and lessons gained under the Project;
  - (b) the Anhui Provincial Project Management Office (APMO) to organize, manage, supervise and coordinate the implementation of Project activities;
  - (c) the Project City Leading Groups (PCLGs) to provide policy guidance for the Project at the relevant Project City levels; and
  - (d) the Project City Project Management Offices (PCPMOs) to organize, manage and execute the Project activities at the relevant Project City levels.
  
2. In carrying out the Project, Anhui shall cause each Project City to implement its respective Resettlement Action Plan and its respective Environmental Management Plan in a manner and substance satisfactory to the Bank. Without limitation to the foregoing, Anhui shall cause the Project Cities 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 people in accordance with the respective Resettlement Action Plan and in a manner satisfactory to the Bank;

3. Anhui shall cause each Project City to not amend, suspend, abrogate or waive its respective Environmental Management Plan and its respective Resettlement Action Plan, or any provision of any such plan, without the prior approval of the Bank.
4. Anhui shall cause each Project City to:
  - (a) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the implementation of its respective Environmental Management Plan and its respective Resettlement Action Plan, and the achievement of the objectives of said Plans;
  - (b) engage experienced and qualified independent agencies acceptable to the Bank for the purpose of monitoring and evaluating the implementation of the Environmental Management Plans and the Resettlement Action Plans;
  - (c) prepare under terms of reference satisfactory to the Bank, and furnish to the Bank by February 15 and August 15 of each year, commencing on February 15, 2011, semi-annual reports of the results of such monitoring and evaluation activities; and
  - (d) implement the measures recommended in said reports in a manner and substance satisfactory to the Bank.
5. Anhui shall cause each Project City to:
  - (a) prepare, in accordance with terms of reference satisfactory to the Bank, and furnish to the Bank by December 15 in each calendar year, beginning on December 15, 2010, for review and approval, a proposed work plan for the carrying out of its Respective Part of the Project during the following calendar year, said work plan to include, *inter alia*, the scope and schedule of activities under its Respective Part of the Project, the financing plan and detailed budget arrangements including required counterpart funds;
  - (b) carry out its Respective Part of 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 its annual work plan or any provision thereof without the prior approval of the Bank.

6. Anhui shall cause each Project City to engage consultants, from time to time, in adequate numbers, with expertise, terms of reference, qualification and experience, acceptable to the Bank, for the purpose of carrying out supervision of civil works implemented under its Respective Part of the Project.
7. Anhui shall make available to each Project City an amount of the Loan under arrangements satisfactory to the Bank, which shall include, without limitation, the following principal terms:
  - (a) Anhui shall make available the principal amount, which has been allocated to each Project City, in Dollars withdrawn on account of its Respective Part of the Project;
  - (b) Anhui shall recover: (i) such principal amount so made available; (ii) an amount equal to the fee paid pursuant to Section 2.03 of the Loan Agreement; and (iii) an amount equal to the Premium paid pursuant to Section 2.07(c) of the Loan Agreement, over a period of twenty-five (25) years, inclusive of a grace period of five (5) years; and
  - (c) Anhui shall charge interest on such principal amount, withdrawn and outstanding from time to time at a rate equal to the rate of interest applicable from time to time to the Loan pursuant to Section 2.04 of the Loan Agreement.
8. Anhui shall and shall cause the Project Cities to 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. Anhui shall and shall cause the Project Cities 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 Annex 1 to this Schedule. Each such 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. Without limitation to the provisions of paragraph 1 above, Anhui shall and shall cause the Project Cities to prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank no later than August 15, 2013 a consolidated mid-term 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 be taken to ensure the efficient completion of the project and to further the objectives thereof.
3. Anhui shall provide to the Borrower not later than three (3) 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 such Section.

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

1. Anhui shall and shall cause the Project Cities 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. Anhui shall and shall cause the Project Cities to apply in the implementation of the Project the Financial Management Manual for implementing the financial management system referred to in Section II.B.1 of this Schedule in a manner satisfactory to the Bank. Anhui shall not amend, waive, suspend or abrogate the Financial Management Manual or any provision therein without the prior approval by the Bank.
3. Without limitation on the provision of Part A of this Section, Anhui shall and shall cause the Project Cities to prepare and furnish to the Bank as part of the Progress 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.
4. Anhui shall have its financial statements and the financial statements of the Project Cities referred to above audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank. Each audit of these financial statements shall cover the period of one (1) fiscal year of Anhui and the Project Cities. The audited financial statements for each period shall be furnished to the Borrower and the Bank not later than six (6) months after the end of the period.

**Section III. Procurement**

1. 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.
2. Anhui shall cause the Project Cities to carry out procurement of goods, works and services required for implementing their Respective Part of the Project in accordance with the provisions referred to in paragraph 1 of this Section and as further elaborated in the Procurement Manual. Anhui shall not amend, suspend, abrogate or waive the Procurement Manual without the prior approval of the Bank.

**Annex 1**  
**Results Framework**

<b>Project Development Objective</b>	<b>Outcome Indicators</b>	<b>Use of Outcome Information</b>
The project development objective is to improve mobility on selected main corridors of the Municipalities of Anqing, Huaibei, Lu'an and Wuhu (Project Cities) in Anhui Province of the Borrower in a safe and efficient manner.	<ol style="list-style-type: none"> <li>1. Lower fatality rate on key corridor</li> <li>2. Increased bus ridership on key corridor and urban area</li> <li>3. Lower travel times by bus between selected points on key corridor</li> </ol>	Evaluating the success of the project in diverting longer-distance trips and heavy vehicles to more appropriate roads, and reducing the risk to vulnerable road users and other traffic in the central city; and increasing attractiveness and performance of public transport in a demonstration corridor
<b>Intermediate Results One per Component</b> (These results are for each Project City under the respective part of the Project)	<b>Results Indicators for Each Component</b>	<b>Use of Results Monitoring</b>
Component One: Integrated Corridor Improvement	<ol style="list-style-type: none"> <li>a. Distance between safe crossings (m)</li> <li>b. Number of safe pedestrian crossings implemented</li> <li>c. Lower travel times by auto as appropriate between selected points on key corridor</li> </ol>	Monitor progress
Component Two: Local Access and Freight	<ol style="list-style-type: none"> <li>a. Number of km of new road completed</li> <li>b. Number of km of old road reconstructed</li> </ol>	Monitor progress
Component Three: Public Transport	<ol style="list-style-type: none"> <li>a. Coverage % population with access to bus stop within 300/500 meters (city proper)</li> <li>b. Number of buses in service in urban area</li> </ol>	Monitor progress
Component Four: Capacity Building	<ol style="list-style-type: none"> <li>a. Number of people completing study tours/training/seminars</li> <li>b. Numbers of plans/strategies adopted utilizing outputs of Capacity Building Component</li> </ol>	Monitor progress

**Key Performance Indicators - Outcomes**

Outcome Indicators	Baseline 2008	End of Project Target Values	Data Collection and Reporting		
			Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
<b>1. Safety on the corridor</b>					
Anqing North-South transport corridor (Fatality+Injury)	8	5	Annually	Police Record	Project City PMO and Traffic Police
Huaihai-Suixi Road transport corridor (Fatality+Injury)	36	18	Annually	Police Record	Project City PMO and Traffic Police
Lu'an North-South transport corridor (Fatality+Injury)	14	10	Annually	Police Record	Project City PMO and Traffic Police
Wuhu North-South transport corridor (Fatality)	17	12	Annually	Police Record	Project City PMO and Traffic Police
<b>2. Increased bus ridership on key corridor and urban area</b>					
<b>2a. Daily bus ridership on corridor</b>					
Anqing North-South transport corridor	5,680	increasing 20%	Annually	IC card data and Statistics	Project City PMO and Bus Company
Huaihai-Suixi Road transport corridor	120,000	increasing 10%	Annually	IC card data and Statistics	Project City PMO and Bus Company
Lu'an North-South transport corridor	50,000	increasing 15%	Annually	Observations	Project City PMO and Bus Company
Wuhu North-South transport corridor	210,000	increasing 15%	Annually	Observations	Project City PMO and Bus Company
<b>2b. Annual bus ridership (urban area) (thousand)</b>					
Anqing	38,300	increasing 30%	Annually	IC card data and Statistics	Project City PMO and Bus Company
Huaibei	107,800	increasing 20%	Annually	IC card data and Statistics	Project City PMO and Bus Company
Lu'an	44,100	increasing 30%	Annually	IC card data and Statistics	Project City PMO and Bus Company
Wuhu	135,400	increasing 20%	Annually	IC card data and Statistics	Project City PMO and Bus Company

(continued)

<b>3. Lower travel times by bus between selected points (min)</b>					Project City PMO and Bus Company
Anqing North-South transport corridor ( from Railway Station to Yanjiangsi station )	20	19	3 months before and after construction Mid-term and complement	Surveys	Project City PMO and Bus Company
Huaihai-Suixi Road transport corridor ( from Dongganglou Interchange to Liuqiao Line )	30	27	3 months before and after construction Mid-term and complement	Surveys	Project City PMO and Bus Company
Lu'an North-South Transport corridor ( from Dabieshan Road to North Meishan Road )	12	9	3 months before and after construction Mid-term and complement	Surveys	Project City PMO and Bus Company
Wuhu North-South transport corridor ( from Tianmen Road to Eshan Road )	43	31	3 months before and after construction Mid-term and complement	Surveys	Project City PMO and Bus Company

**Key Performance Indicators – Results**

Results Indicators for Each Component	Baseline 2008	Completion Year	Data Collection and Reporting		
			Frequency & Reports	Data Collection Instruments	Responsibility for Data Collection
<b>Component 1</b>					
<b>1a. Distance between safe crossings (m)</b>					
Anqing North-South Transport Corridor	500	300	Annually	Progress report	Project City PMO
Huaihai-Suixi Road Transport Corridor	900	300	Annually	Progress report	Project City PMO
Lu'an North-South Transport Corridor	810	300	Annually	Progress report	Project City PMO
Wuhu North-South Transport Corridor	800	350	Annually	Progress report	Project City PMO
<b>1b. Number of safe pedestrian crossings implemented</b>					
Anqing	0	10	Annually	Progress report	Project City PMO
Huaibei	0	30	Annually	Progress report	Project City PMO
Lu'an	0	15	Annually	Progress report	Project City PMO
Wuhu	0	50	Annually	Progress report	Project City PMO
<b>1c. Number of bus off-street parking spaces</b>					
Anqing	0	229	Annually	Progress report	Project City PMO
Huaibei	0	248	Annually	Progress report	Project City PMO
Lu'an	0	120	Annually	Progress report	Project City PMO

<b>Component 2</b>					
<b>2a. Number of km of new road completed</b>					
Anqing (East Yanjiang Rd)	0	1.5	Annually	Progress report	Project City PMO
Huaibei (Tuohe Rd Cuifeng South Rd,)	0	7	Annually	Progress report	Project City PMO
Lu'an (Bagongshan Rd, Xicheng Rd, Pihenan Rd, Longhezhong Rd)	0	13	Annually	Progress report	Project City PMO
Wuhu (Third Ring Rd)	0	7	Annually	Progress report	Project City PMO
<b>2b. Number of km of old road reconstruction</b>					
Anqing (Huxin Rd, Shuguang Rd)	0	5	Annually	Progress report	Project City PMO
Huaibei (Huaihai Rd, Suixi Rd)	0	7	Annually	Progress report	Project City PMO
<b>Component 3</b>					
<b>3a. Coverage % population with access to bus stop within 300/500 meters (city proper)</b>					
Anqing	41%/63%	50%/90%	Annually	Progress report	Project City PMO and Bus Company
Huaibei	49%/72%	50%/90%	Annually	Progress report	Project City PMO and Bus Company
Lu'an	29%/85%	50%/90%	Annually	Progress report	Project City PMO and Bus Company
Wuhu	49%/77%	50%/90%	Annually	Progress report	Project City PMO and Bus Company
<b>3b. Number of buses in service in urban area</b>					
Anqing	292	500	Annually	Progress report	Project City PMO and Bus Company
Huaibei	287	500	Annually	Progress report	Project City PMO and Bus Company
Lu'an	260	400	Annually	Progress report	Project City PMO and Bus Company
Wuhu	803	1,000	Annually	Progress report	Project City PMO and Bus Company

<b>Component 4</b>			Annually	Progress report	APMO & Traffic Police Dept
<b>1. Number of people completing study tours/ training/ seminars</b>	<b>0</b>	40	Annually	Progress report	Provincial PMO
<b>2. Number of plans/strategies adopted using outputs of Capacity Building component</b>	<b>0</b>	3	Annually	Progress report	Provincial PMO