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LOAN NUMBER 8036-CN

Project Agreement

(Anhui Shaying River Channel Improvement Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

ANHUI PROVINCE

Dated June 3, 2011

PROJECT AGREEMENT

AGREEMENT dated June 3, 2011, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and ANHUI PROVINCE (“Anhui” or “Project Implementing Entity”) (“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 (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 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 (Anhui) declares its commitment to the objective of the Project. To this end, the Project Implementing Entity (Anhui) shall 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 (Anhui) shall otherwise agree, the Project Implementing Entity (Anhui) 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 (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. The Project Implementing Entity's (Anhui's) Address is:

Anhui Provincial Transport Department
8th Floor, Huayi Mansion
No. 95 Shouchun Road
Hefei, Anhui Province
P.R. China

Facsimile:

(86) 551-263-0290

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/ Huang Haisong
Authorized Representative

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional and Other Arrangements

1. In order to ensure the proper carrying out of the Project, the Project Implementing Entity (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 APTD to take overall responsibility for the management and coordination of the Project implementation;
 - (b) the APMO to monitor the Project implementation, handle procurement, process disbursement, and implement all Training programs under the Project;
 - (c) the APPSMB to manage the technical study on Shaying River waterway transport management and emergency service system under Part C1(a) and Part D1(a) of the Project, and to implement the administration and maintenance of navigational river channel along the Shaying River upon completion of the Project; and
 - (d) the APPSCIG, under the supervision of, and in coordination with the APTD, to carry out the physical infrastructure and facilities component under Parts A and B of the Project, and to manage the technical study on comprehensive ship lock management system, under Part C1(b) and Part D1(b) of the Project.
2. In carrying out Parts A and B of the Project, the Project Implementing Entity (Anhui) shall cause APPSCIG to implement the Resettlement Action Plans and the Environmental Management Plans in a manner and substance satisfactory to the Bank. Without limitation to the foregoing, the Project Implementing Entity (Anhui) shall cause the APPSCIG 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 Plans and in a manner satisfactory to the Bank; and
 - (c) duly coordinate all its work with the Fuyang Government, as and when needed.
- 3. The Project Implementing Entity (Anhui) shall cause APPSCIG to not amend, suspend, abrogate or waive the Environmental Management Plans and the Resettlement Action Plans, or any provision of any such plan, without the prior written approval of the Bank.
- 4. The Project Implementing Entity (Anhui) shall cause APPSCIG 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 Plans and its respective Resettlement Action Plans, and the achievement of the objectives of said Plans;
 - (b) engage experienced and qualified independent agencies acceptable to the Bank, and in accordance with the provisions of Section III of Schedule 2 to the Loan Agreement, 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 August 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. The Project Implementing Entity (Anhui) shall cause the APPSCIG to engage consultants, from time to time, in adequate numbers, with expertise, terms of reference, qualification and experience, acceptable to the Bank, and in accordance with the provisions of Section III of Schedule 2 to the Loan Agreement for the purpose of carrying out the supervision of civil works implemented under the Project and to certify the timely completion of all construction works.

B. Anti-Corruption

The Project Implementing Entity (Anhui) 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 Project Implementing Entity (Anhui) shall 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 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. The Project Implementing Entity (Anhui) shall provide to the Bank not later than six (6) 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 (Anhui) shall and shall cause the APPSCIG 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. The Project Implementing Entity (Anhui) shall and shall cause the APPSCIG to apply 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. The Project Implementing Entity (Anhui) shall not amend, waive, suspend, abrogate or waive 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, the Project Implementing Entity (Anhui) shall and shall cause the APPSCIG 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. The Project Implementing Entity (Anhui) shall have its financial statements 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 the Project Implementing Entity (Anhui). The Project Implementing Entity (Anhui) shall ensure that 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. The Project Implementing Entity (Anhui) shall cause the APMO to employ and maintain a qualified tendering agency under terms of reference satisfactory to the Bank, to assist the APMO in carrying out procurement under the Project in accordance with the provisions referred to in paragraph 1 of this Section.

ANNEX

Performance Monitoring Indicators and Results Framework

Arrangements for results monitoring

PDO	Project Outcome Indicators	Use of Project Outcome Information
<p>To contribute to the increased cargo throughput of the Shaying River in Anhui Province through infrastructure improvements and capacity building.</p>	<ul style="list-style-type: none"> • Utilization of the capacity created measured by aggregate traffic volumes. • Greater efficiency of vessels measured by increase in vessels of 500 dwt and above. 	<p>Assess the efficacy and benefits of Project interventions.</p>
Intermediate Outcomes	Intermediate Outcome Indicators	Use of Intermediate Outcome Monitoring
<p>Physical Components</p> <ul style="list-style-type: none"> • Construction of navigation infrastructure and facilities on Shaying River. • Reconstruction and Relocation of Existing Infrastructure and Facilities. 	<ul style="list-style-type: none"> • Attainment of capacity in the improved river sections to handle 500 dwt vessels all year. • Length of river channel equipped with navigation aids. • Attainment of required bridge clearances. 	<p>Monitor implementation progress of physical components.</p>
<p>TA Component</p> <p>TA studies and capacity building activities, including training and study tours.</p>	<ul style="list-style-type: none"> • Adoption of the recommendations of technical studies. • Number of trainees who attend the training and study tours. 	<p>Monitor the application of outputs of the TA studies. Monitor implementation status and effects of the training program.</p>

Arrangements for results monitoring

Project Outcome Indicators	Baseline 2009	Target Values					Data Collection and Reporting		
		2011	2012	2013	2014	2015	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
Aggregate volume of cargo passing through three verifiable measurement points on the Shaying River (million tonnes/year): <ul style="list-style-type: none"> • Genglou Lock • Fuyang Lock • Yingshang Lock 	1.00	1.84	2.10	2.40	2.70	3.00	Annually reported in Project Progress Reports.	Lock throughput records and statistics	APMO/APPSCIG
Percentage of 500 (dwt) and above vessels among total vessels passing: <ul style="list-style-type: none"> • Genglou Lock • Fuyang Lock • Yingshang Lock 	0.00	0.00	0.20	0.38	0.72	1.37			
Percentage of 500 (dwt) and above vessels among total vessels passing: <ul style="list-style-type: none"> • Genglou Lock • Fuyang Lock • Yingshang Lock 	0.172	0.88	1.20	1.65	2.25	3.07	Lock throughput records and statistics		
Intermediate Outcome Indicators									
I. Physical Component									
<u>Navigation infrastructure</u> <ul style="list-style-type: none"> • Length of Class IV channel upgraded (km) 	0	0	0	45	150	205.6	Annually reported in Project Progress Reports	Measuring and inspection of construction progress.	APMO/APPSCIG
<u>Navigation aids</u> <ul style="list-style-type: none"> • Installation of modern comprehensive navigation aids system (km) 	0	0	0	0	0	205.6			
<u>Bridge reconstruction</u> <ul style="list-style-type: none"> • Attainment of required clearances (no. of bridges) 	0	0	0	1	2	4			

II. Institutional Development										
<u>TA Studies</u>										
• Development of time-bound implementation plan based on outputs of the TA study on Water Transport Management and Emergency Service System	-			Done				Annually reported in Project Progress Reports	Submission of the final TA reports and the time-bound implementation plan.	APMO/APPSMB/ APPSCIG
• Application of the integrated lock management system	-		Done							
<u>Training Programs</u>										
• Number of trainees who attend the training and study tours (Person-Month)	-	130	140	140	140	-			Monitoring the implementation progress of training programs.	