

Public Disclosure Authorized

CONFORMED COPY

LOAN NUMBER 8042-CN

Loan Agreement

(Sichuan Small Towns Development Project)

Public Disclosure Authorized

between

PEOPLE'S REPUBLIC OF CHINA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated June 30, 2011

LOAN AGREEMENT

AGREEMENT dated June 30, 2011 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 Appendix 1 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 Appendix 1 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 one hundred million Dollars (\$100,000,000) 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 the Reference Rate 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 Withdrawal 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(e) 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 or from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; 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 objective of the Project. To this end, the Borrower shall cause the Project to be carried out by the Project Implementing Entity (Sichuan) 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 – 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 Borrower's Minister of Finance.

5.02. The Borrower's Address is:

Ministry of Finance
Sanlihe
Xicheng District
Beijing 100820
People's Republic of China

Facsimile:

(86-10) 6855-1125

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'S 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 improve priority infrastructure in the Project Counties/ Districts in Sichuan Province.

The Project consists of the following parts subject to modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objective:

Part I: Small Town Infrastructure Development

Construction of selected urban roads, water supply networks, storm and sewerage drainage networks, canal and river embankments and a wastewater treatment facility in the Xinjin, Hongya, Pengshan, Miyi, Daying and Zizhong Counties, and the Jialing and Shunqing Districts of Nanchong Municipality, in order to promote local economic development and improve environmental services.

Part II: Institutional Strengthening and Capacity Building

Provision of technical assistance for the implementation of Project activities by developing the institutional capacity of Project Participants implementing the Project, including provision of technical assistance for Project construction management and supervision (including design review, advisory services, traffic safety audit and engineering supervision), and for traffic management capacity development, as well as on-the-job training for staff of the Project Counties/Districts for operation, maintenance and management of their infrastructure investments, and independent monitoring of EMPs and RAPs.

Provide support for the implementation of Project activities, by developing the institutional capacity of agencies and entities implementing the Project, including provision of technical assistance for design review, procurement, and monitoring the implementation of the Environmental Management Plans and Resettlement Action Plans and training and study tours during Project implementation.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Financing Arrangements

1. The Borrower shall make the proceeds of the Loan allocated from time to time to Categories (1) through (4) set forth in Section IV.A.2 of this Schedule available to the Project Implementing Entity (Sichuan), under terms and conditions satisfactory to the Bank, and the following principal terms:
 - (a) The principal amount shall be made available in Dollars or any other Currency as the Loan may be converted from time to time through a Currency Conversion (such principal amount determined on the date, or respective dates, of withdrawal from the Loan Account) of the value of the currency or currencies so withdrawn.
 - (b) The principal amount so made available (including an amount equal to the fee paid pursuant to Section 2.03 of this Agreement and any Premium for Interest Rate Caps or Interest Rate Collars paid pursuant to Section 2.07(c) of this Agreement and Section 4.05(c) of the General Conditions) shall be recovered over a period of twenty-five (25) years, inclusive of a grace period of six (6) years.
 - (c) 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

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, and shall cause the Project Implementing Entity (Sichuan) to monitor and evaluate, the progress of the Project and prepare Project Progress 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 B of the Schedule to the Project Agreement. Each Project Progress Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank not later than March 31 and September 30 in each year, starting on March 31, 2012.

2. The Borrower shall cause the Project Implementing Entity (Sichuan), not later than December 31, 2013, to review with the Borrower and the Bank (mid-term review) the progress made in the implementation of the Project, together with any recommendation the Borrower or the Bank may have on the needs for Project restructuring.

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 cause the Project Implementing Entity (Sichuan) to prepare and furnish to the Bank as part of the Project Reports by not later than March 31 and September 30 in each year after the end of each calendar semester, interim un-audited financial reports for the Project covering the calendar semester, in form and substance satisfactory to the Bank.
3. The Borrower shall cause the Project Implementing Entity (Sichuan) to have the 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. **Works.** All 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 otherwise provided in paragraph 2 below, works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for works. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Methods	
(a)	<p>National Competitive Bidding. In addition, the procedures to be followed for 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 Procurement Guidelines:</p> <ul style="list-style-type: none">(i) All invitations to prequalify or to bid shall be advertised in a newspaper of national circulation in the Borrower's country, except for civil works contracts that are estimated cost less than \$2,000,000 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 Borrower or the Project Implementing Entity (Sichuan), as the case may be, in case of breach of contract by the contractor, and the bidding documents shall specify the required form and amount of such security.
- (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 offered 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 the Project Implementing Entity (Sichuan), as the case may be.
- (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 of goods and works 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.

<p>(xii) All bids should not be rejected 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.</p> <p>(xiii) The results of bid evaluation and contract award shall be published in the national press or provincial press (as provided under sub-paragraph (i) above) or official gazette or a free and open access website and shall identify the name and offered price of the winning bidder, as well as the duration and summary scope of the awarded contract.</p> <p>(xiv) The Project Implementing Entity (Sichuan) shall have in place provisions for bidders to protest.</p>
(b) 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 Methods	
(a)	Selection based on Consultants' Qualifications
(b)	Single-source Selection
(c)	Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. 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 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: (a) the Front-end Fee in accordance with Section 2.07(b) of the General Conditions; (b) if applicable, the Premium for Interest Rate Caps or Interest Rate Collars in accordance with Section 2.07(c) of the General Conditions; and (c) other 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 Dollars)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Works	95,950,000	92%
(2) Consultants’ services and Training and Study Tours	3,800,000	100%
(3) Front-end Fee	250,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions
(4) Premium for Interest Rate Caps or Interest Rate Collars	0	Amount payable pursuant to Section 2.07(c) of this Agreement and Section 4.05(c) of the General Conditions
TOTAL AMOUNT	100,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement; and
 - (b) under Category (1) for payments made by or for the benefit of each of the Project Counties/Districts until the Bank shall have notified the Borrower and the Project Implementing Entity (Sichuan) of its receipt of a copy of the respective Subsidiary Agreements entered into between the relevant parties, satisfactory to the Bank and in accordance with the provisions of Section I, Part D, paragraph 2 of the Schedule to the Project Agreement.
2. The Closing Date is December 31, 2016.

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)
September 15, 2017	1.61%
March 15, 2018	1.65%
September 15, 2018	1.69%
March 15, 2019	1.73%
September 15, 2019	1.78%
March 15, 2020	1.82%
September 15, 2020	1.87%
March 15, 2021	1.91%
September 15, 2021	1.96%
March 15, 2022	2.01%
September 15, 2022	2.06%
March 15, 2023	2.11%
September 15, 2023	2.17%
March 15, 2024	2.22%

September 15, 2024	2.27%
March 15, 2025	2.33%
September 15, 2025	2.39%
March 15, 2026	2.45%
September 15, 2026	2.51%
March 15, 2027	2.57%
September 15, 2027	2.64%
March 15, 2028	2.70%
September 15, 2028	2.77%
March 15, 2029	2.84%
September 15, 2029	2.91%
March 15, 2030	2.98%
September 15, 2030	3.06%
March 15, 2031	3.14%
September 15, 2031	3.21%
March 15, 2032	3.29%
September 15, 2032	3.38%
March 15, 2033	3.46%
September 15, 2033	3.55%
March 15, 2034	3.64%
September 15, 2034	3.73%
March 15, 2035	3.82%
September 15, 2035	3.92%
March 15, 2036	3.85%

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.

5. If the Withdrawn Loan Balance is denominated in more than one (1) Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

APPENDIX 1

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 with the modifications set forth in Section II of this Appendix.
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 and May 2010.
4. “Displaced Persons” means persons who, on account of the execution of the Project, have experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such persons; and a “Displaced Person” means any of such Displaced Persons.
5. The acronym “EMPs” means, collectively, the Environmental Impact Assessments and Environmental Management Plans, all prepared for Part I of the Project, dated:
 - (a) for Pengshan County, May 13, 2010;
 - (b) for Daying and Miyi Counties, May 14, 2010; and
 - (c) for Xinjin, Hongya and Zizhong Counties, and Jialing and Shunqing Districts, May 15, 2010; and

which set out, with respect to Part 1 of the Project, measures for the protection of the environment; and avoidance of, or mitigation against, adverse impact on physical cultural resources, as well as administrative and monitoring arrangements to ensure the implementation of said assessments and plans, as said assessments or plans may be revised from time to time with the prior written agreement of the Bank, and such acronym includes any schedules or annexes supplemental to such assessments or plans. The acronym “EMP” means, individually, any such plan.

6. The acronym “PIU” means any of the Project Agencies implementation units referred to in Section I.A.1(e) of the Schedule to the Project Agreement.
7. The acronym “PLG” means the Provincial Leading Group referred to in Section I.A.1(a) of the Schedule to the Project Agreement.
8. The acronym “PMO” means any of the Project Management Offices referred to in Section I.A.1(d) of the Schedule to the Project Agreement.
9. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 31, 2010.
10. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004, and revised in October 2006 and May 2010.
11. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated September 6, 2010, 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.
12. “Project Agencies” means, individually, the company and each of the Project agencies set forth in the second column of the table in Appendix 2 to this Agreement, which company is established and operating pursuant to its:
 - (a) Charter issued on the date specified in the said table; specifically, in the third column of the same row as the Project Company concerned; and
 - (b) Business license issued by the relevant Municipal Industrial and Commercial Administration Bureau on the date and with the license number specified in the said table; specifically, in the fourth and fifth columns of the same row as the Project Company concerned,or any successor thereto; and “Project Agencies” means, collectively, said company and all such agencies.
13. “Project Counties/Districts” means, individually, each of the counties, and the two districts of Nanchong Municipality set forth in the first column of the table in Appendix 2 to this Agreement, or any successor thereto; and “Project Counties/Districts” means, collectively, all such counties and districts.
14. “Project Implementing Entity” or “Sichuan” means the Borrower’s Sichuan Province, or any successor thereto.

15. “Project Participants” means, collectively, the Project Counties/Districts and the Project Agencies; and “Project Participant” means, individually, any of such Project Counties/Districts and Project Agencies.
16. The acronym “RAPs” means, collectively, the plans, all dated June 30, 2010, which set out the principles and procedures governing the acquisition of land and other assets, and the resettlement, compensation and rehabilitation of Displaced Persons on account of the execution of the Project, as well as monitoring and reporting arrangements to ensure compliance with said plans, as the same may be revised from time to time with the prior written agreement of the Bank, and such acronym includes any schedules or annexes supplemental to any such plan. The acronym “RAP” means, individually, any such plan.
17. “Respective Parts of the Project” means in respect of: (a) each of the Project Counties/Districts, activities under the Project to be carried out within its jurisdiction; and (b) each Project Agency, activities under the Project to be carried out within the jurisdiction of the Project Agency concerned.
18. “Subsidiary Agency Agreements” means, collectively, the Subsidiary Agency Agreement to be entered into between the Project Counties/Districts and their respective Project Agencies, pursuant to Section I, paragraph D.2 of the Schedule to the Project Agreement, as the same may be amended from time to time in writing, and such term includes all schedules and supplements to said agreements; and a “Subsidiary Agency Agreement” means, individually, any of such Subsidiary Agency Agreements.
19. “Subsidiary Loan Agreements” means, collectively, the Subsidiary Loan Agreements to be entered into between: (a) Sichuan, as lender, on the one hand, and each of Daying County, Pengshan County, Zizhong County, Chengdu Municipality, Nanchong Municipality, Meishan Municipality, and Panzhihua Municipality, respectively, as borrower, on the other hand; (b) Chengdu Municipality and Xinjin County, (c) Nanchong Municipality and Shunqing County; (d) Nanchong Municipality and Jialing County; (e) Meishan Municipality and Hongya County; and (f) Panzhihua Municipality and Miyi County, in each case pursuant to Section I, paragraph D.1 of the Schedule to the Project Agreement, as any of these agreements may be amended from time to time in writing, and such term includes all schedules and supplements to said agreements; and a “Subsidiary Loan Agreement” means, individually, any of such Subsidiary Loan Agreements.
20. “Subsidiary Agreements” means, collectively, the Subsidiary Loan Agreements and the Subsidiary Agency Agreements.
21. “Training and Study Tours” mean for purposes of Section IV of Schedule 2 to the Loan Agreement, the reasonable cost of travel, lodging and per diem for trainees

attending training, study tours, workshops and seminars and the cost of delivering training (excluding consultant fees) such as rental of training space and training equipment and other logistical costs, all as yearly budgeted and approved by the Borrower and the Bank.

Section II. Modifications to the Anti-Corruption Guidelines

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“... (b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”
2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”

APPENDIX 2

Name of Project County/District	Name of Project Agency or Company	Project Company is established and operating pursuant to its Charter and Business License as follows:		
		<u>Date Of Charter</u>	<u>Business License Number</u>	<u>Date of Business License</u>
Xinjin County	Chengdu Small Towns Investment Corp, Ltd (CSTIC)	July 3, 2008	510100000071859	June 18, 2007
Daying County	Daying County Planning & Construction Bureau	N/A	N/A	N/A
Shunqing District	Shunqing District Construction Bureau	N/A	N/A	N/A
Jialing District	Jialing District Planning & Construction Bureau	N/A	N/A	N/A
Hongya County	Hongya County Planning & Construction Bureau	N/A	N/A	N/A
Pengshan County	County Planning, Construction & Env Protection Bureau	N/A	N/A	N/A
Zizhong County	Zizhong County Planning & Construction Bureau	N/A	N/A	N/A
Miyi County	Miyi County Planning & Construction Bureau	N/A	N/A	N/A