

Public Disclosure Authorized

CONFORMED COPY

LOAN NUMBER 7559-CN

Project Agreement

(Rural Migrant Skills Development and Employment Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

ANHUI PROVINCE
NINGXIA HUI AUTONOMOUS REGION
AND
SHANDONG PROVINCE

Dated August 13, 2008

PROJECT AGREEMENT

AGREEMENT dated August 13, 2008, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and ANHUI PROVINCE, NINGXIA HUI AUTONOMOUS REGION AND SHANDONG PROVINCE (individually, “Project Implementing Entity” and, collectively, “Project Implementing Entities”) (“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 each 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. Each Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall: (a) carry out its Respective Parts of the Project, and cause its Respective Project Municipalities and Respective Project Counties to carry out their Respective Parts of the Project, all in accordance with the provisions of Article V of the General Conditions; and (b) provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for its Respective Parts of the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and a Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out its Respective Parts of the Project, and cause its Respective Project Municipalities and Respective Project Counties to carry out their Respective Parts of the Project, all in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III – REPRESENTATIVE; ADDRESSES

- 3.01. The Representative of each Project Implementing Entity is its Governor or a Vice-Governor or such other person or persons as said Governor or a 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, 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 Entities' Addresses are:

For Anhui Province:

Anhui Provincial Bureau of Labor and Social Security
No. 333, Changjiang Zhong Lu
Hefei, Anhui, 230061
People's Republic of China

Facsimile: 0551-2676989

For Ningxia Hui Autonomous Region:

Labor and Social Security Bureau of Ningxia Hui Autonomous Region
No. 361, Jiefang Xi Jie
Yinchuan, Ningxia Hui Autonomous Region, 750001
Yinchuan, Ningxia Hui Autonomous Region
People's Republic of China

Facsimile: 0951-6038229

For Shandong Province:

Shandong Provincial Bureau of Labor and Social Security
No. 9, Gong He Jie
Jinan, Shandong, 250001
People's Republic of China

Facsimile: 0531-86912568

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/ David Dollar
Authorized Representative

ANHUI PROVINCE

By /s/ Zheng Xiaosong
Authorized Representative

NINGXIA HUI AUTONOMOUS REGION

By /s/ Zheng Xiaosong
Authorized Representative

SHANDONG PROVINCE

By /s/ Zheng Xiaosong
Authorized Representative

SCHEDULE

Execution Of The Project

Section I. Implementation Arrangements

A. Project Management

1. Each Project Implementing Entity shall maintain, and cause each of its Respective Project Municipalities and each of its Respective Project Counties to maintain, as the case may be, for purposes of carrying out its Respective Parts of the Project, the following organizations, with terms of reference, staffing and other resources acceptable to the Bank, throughout the period of implementation of the Project:
 - (a) The Project Steering Committee (“PSC”) at the provincial level, responsible for providing guidance on implementing its Respective Parts of the Project and facilitating inter-agency coordination, coordinating cross-sectoral policy issues related to rural migrants training and employment, supervising Project implementation and assisting in the dissemination of learning and experience sharing.
 - (b) The Project Management Office (“PMO”) at the provincial, municipal and county levels, responsible for providing support for the implementation of its Respective Parts of the Project.
 - (c) The Project Technical Team (“PTT”) at the provincial level, responsible for identifying specific needs for technical assistance in implementing its Respective Parts of the Project, assessing investment decisions, developing terms of reference for consultants’ services, reviewing and evaluating consultant proposals, monitoring Project progress, assisting with the dissemination of the lessons and experiences, and assessing outputs under its Respective Parts of the Project.

B. Financial Arrangements

1. Each Project Implementing Entity shall allocate to its Respective Project Municipalities and Respective Project Counties an amount of the Loan under arrangements satisfactory to the Bank, which shall include, without limitation, the following principal terms:
 - (a) The Project Implementing Entity shall make available the principal amount to its Respective Project Municipalities and Respective Project Counties, 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 their Respective Parts of the Project.

- (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 seventeen (17) years, inclusive of a grace period of four (4) years.
- (c) The Project Implementing Entity 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.

C. Anti-Corruption

Each Project Implementing Entity shall carry out its Respective Parts of the Project, and cause its Respective Project Municipalities and Respective Project Counties to carry out their Respective Parts of Project, all in accordance with the provisions of the Anti-Corruption Guidelines.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

- 1. Each Project Implementing Entity shall monitor and evaluate the progress of its Respective Parts of the Project and prepare Project Reports for its Respective Parts of the Project 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 Annex to this Schedule. Each such Project Report shall cover the period of one (1) calendar semester, and shall be furnished by each Project Implementing Entity to MOHRSS for consolidation and submission by MOHRSS to the Bank by February 15 and August 15 each year, starting February 15, 2009.

B. Financial Management, Financial Reports and Audits

- 1. Each Project Implementing Entity shall 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 its Respective Part of the Project.
- 2. Each Project Implementing Entity 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 fiscal year of the

Project Implementing Entity. 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.

3. Without limitation on the provisions of Part B of this Section, the Project Implementing Entities shall prepare and furnish to the Borrower for onward transmission to the Bank by not later than February 15 and August 15 in each year, starting February 15, 2009, interim un-audited financial reports for the Project covering the calendar semester, in form and substance satisfactory to the Bank.

Section III. Procurement

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

Section IV. Other Undertakings

1. With respect to works to be carried out under the Project and regardless of the source of financing, each Project Implementing Entity shall ensure, and shall cause its Respective Project Municipalities and Respective Project Counties to ensure, that such works will not entail: (a) land acquisition; or (b) any involuntary loss by persons of shelter, productive assets or access to productive assets or income or means of livelihood, temporarily or permanently.
2. Each Project Implementing Entity shall carry out its Respective Parts of the Project, and shall cause its Respective Project Municipalities and Respective Project Counties to carry out their Respective Parts of the Project, in accordance with sound environmental practices and standards.
3. Each Project Implementing Entity shall:
 - (a) carry out its Respective Parts of the Project, and shall cause its Respective Project Municipalities and Respective Project Counties to carry out their Respective Parts of the Project, all in accordance with the Project Implementation Plan and in a manner satisfactory to the Bank; and
 - (b) by August 15 in each year, commencing on August 15, 2009, prepare and furnish to MOHRSS for consolidation and submission by MOHRSS to the Bank for concurrence, an update of said Project Implementation Plan (including, an annual work program, procurement plan and budget for Project activities in the following calendar year).

**Annex
to
SCHEDULE**

Indicators

PDO	Project Outcome Indicators	Use of Project Outcome Information
Support the transition of rural workers to urban areas to access better employment opportunities that improve their incomes and working conditions	<ol style="list-style-type: none"> 1. % of graduates of the project training institutions that find employment within 6 months of training completion, by student origin (rural versus urban) 2. % of graduates of the project training institutions that find employment within 6 months in the occupational field for which they are trained, by student origin (rural versus urban) 3. Wage of graduates of long term training program of the project training institutions, by student origin (rural versus urban) and majors 	<ol style="list-style-type: none"> 1. Beginning of Year 1. Baseline survey of trainees from project training institutions and from a sample of non-project institutions. Baseline data will be used to look at differences between project and non-project institutions before project interventions take place. 2. End of year 2 (midterm). Follow-up survey to evaluate impact on project outcomes, particularly intermediate outcomes, in order to refine project design during implementation. 3. End of year 4 (by the end of project implementation). Follow-up survey to evaluate impact on project outcomes
Intermediate Outcomes	Intermediate Outcome Indicators	Use of Intermediate Outcome Monitoring
<u>Component 1:</u> Expanded and improved skills development opportunities for migrants	<u>Component 1:</u> 4. # of students trained in project training institutions, by type of training (long, medium and short terms), by student origin (rural versus urban)	<u>Component 1:</u> 4. Track the number of students entering project training institutions (coverage)

	<p>5. % of students graduating from project training institutions and obtaining a diploma or certificate, by type of training and student origin (rural versus urban)</p> <p>6. % of graduates from project training institutions that obtained National Occupational Qualification Certification, by student origin (rural versus urban)</p> <p>7. Ratio of actual average weekly hours of lab use in project training platforms to designed capacity (use a common denominator for all training platforms) (Shandong only)</p> <p>8. Ratio of actual annual hours of lab used by non-platform training providers to total actual annual hours of lab use in project training platforms (Shandong only)</p> <p>9. Ratio of students taking “ordered training” to total students in project training institutions, by student origin (rural versus urban)</p> <p>10. % of students graduating from project training institutions that find jobs in firms with which the school has a partnership, by student origin (rural versus urban)</p>	<p>5. Track completion of training (training progress)</p> <p>6. Track performance of trainees (performance)</p> <p>7. Track capacity utilization of training platforms (efficiency)</p> <p>8. Same as (7) but also track the capacity of public training platforms to attract and reach out to the private sector</p> <p>9. Track partnership with industry</p> <p>10. Assess value of partnership with industry in smoothing the transition to work</p>
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<p><u>Component 2:</u> Improved provision of labor market information and services to migrant workers</p>	<p><u>Component 2:</u> 11. # of people-times of use of employment services (counseling, job referral, and guidance, etc.) provided by project invested employment institutions in project-invested localities, monthly average, by origin of the user (rural versus urban) 12. # of people-times of use of LM information system in project-invested localities (monthly average);</p>	<p><u>Component 2:</u> 11. Track use of employment center services by migrants 12. Track use of LM information system</p>
<p><u>Component 3:</u> Improved working conditions of migrants</p>	<p><u>Component 3:</u> 13. # of migrants-times receiving legal assistance in project-invested pilot localities annually</p>	<p><u>Component 3:</u> 13. Track use of legal assistance services provided by the project</p>

Note: In this project, “*migrant students*” refer to those students holding rural *Hukou*, including those who are currently rural migrant working in urban areas, those who will potentially become rural to urban migrants, and graduates who will join the labor force in rural areas. Unless otherwise noted, “*training*” includes short term (below 3 months), medium terms (3-12 months), and long term training (above 12 months).