

CONFORMED COPY

CREDIT NUMBER 3221 CHA  
LOAN NUMBER 4476 CHA

Project Agreement  
(Guanzhong Irrigation Improvement Project)

among

INTERNATIONAL DEVELOPMENT ASSOCIATION  
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

SHAANXI PROVINCE

Dated September 2, 1999

CREDIT NUMBER 3221 CHA  
LOAN NUMBER 4476 CHA

PROJECT AGREEMENT

AGREEMENT, dated September 2, 1999, among INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association), INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and SHAANXI PROVINCE (Shaanxi).

WHEREAS (A) by the Development Credit Agreement of even date herewith between People's Republic of China (the Borrower) and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to fourteen million seven hundred thousand Special Drawing Rights (SDR14,700,000) on the terms and conditions set forth in the Development Credit Agreement, but only on condition that Shaanxi agree to undertake such obligations toward the Association as are set forth in this Agreement;

(B) by the Loan Agreement of even date herewith between the Borrower and the Bank, the Bank has agreed to make available to the Borrower an amount equal to eighty million Dollars (\$80,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that Shaanxi agree to undertake such obligations toward the Bank as are set forth in this Agreement; and

WHEREAS Shaanxi, in consideration of the Association's entering into the Development Credit Agreement with the Borrower and the Bank's entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Development Credit Agreement, the Loan Agreement and in the General Conditions (as so defined in the Development Credit Agreement and the Loan Agreement, respectively) have the respective meanings therein set forth, and, wherever used in this Agreement (except in Section 5.04 hereof and in Part A.2 of Section I of Schedule 1 to this Agreement and in Part A.2 of Section II of said Schedule 1), references to the Association, the Credit and the Credit Account shall also be deemed to be references to the Bank, the Loan and the Loan Account, respectively.

## ARTICLE II

### Execution of the Project

Section 2.01. (a) Shaanxi declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Development Credit Agreement, and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering, environmental and agricultural practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section, and except as the Association and Shaanxi shall otherwise agree, Shaanxi shall carry out the Project in accordance with the Implementation Program set forth in Schedule 2 to this Agreement.

Section 2.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 1 to this Agreement.

Section 2.03. (a) Shaanxi shall carry out the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions referred to in Section 1.01 of the Development Credit Agreement and in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions referred to in Section 1.01 of the Loan Agreement (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the Project.

(b) For the purposes of Section 9.07 of the General Conditions referred to in Section 1.01 of the Development Credit Agreement and Section 9.08 of the General Conditions referred to in Section 1.01 of the Loan Agreement, and without limitation thereto, Shaanxi shall:

(i) prepare, on the basis of guidelines acceptable to the Association and furnish to the Association not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Association and Shaanxi, a plan for the future operation of the Project; and

(ii) afford the Association a reasonable opportunity to exchange views with Shaanxi on said plan.

Section 2.04. (a) Shaanxi shall, at the request of the Association, exchange views with the Association with regard to the progress of the Project, the performance of its obligations under this Agreement, and other matters relating to the purposes of the Credit.

(b) Shaanxi shall promptly inform the Association of any condition which interferes or threatens to interfere with the progress of the Project, the accomplishment of the purposes of the Credit, or the performance by Shaanxi of its obligations under this Agreement.

## ARTICLE III

### Financial Covenants

Section 3.01. (a) Shaanxi shall maintain, or cause to be maintained, records and

accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the carrying out of the Project.

(b) Shaanxi shall:

(i) have the records and accounts referred to in paragraph (a) of this Section, for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(iii) furnish to the Association such other information concerning such records and accounts and the audit thereof as the Association may from time to time reasonably request.

#### ARTICLE IV

##### Effective Date; Termination; Cancellation and Suspension

Section 4.01. This Agreement shall come into force and effect on the date upon which both the Development Credit Agreement and the Loan Agreement become effective.

Section 4.02. (a) This Agreement, and all obligations of the Association and of Shaanxi thereunder, shall terminate on the earlier of the following two dates:

(i) the date on which both the Development Credit Agreement and the Loan Agreement shall have terminated in accordance with their terms; or

(ii) the date twenty (20) years after the date of this Agreement.

(b) If the Development Credit Agreement or the Loan Agreement terminates in accordance with its terms before the date specified in paragraph (a)(ii) of this Section, the Association shall promptly notify Shaanxi of this event.

Section 4.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions referred to in Section 1.01 of the Development Credit Agreement, or under the General Conditions referred to in Section 1.01 of the Loan Agreement.

#### ARTICLE V

##### Miscellaneous Provisions

Section 5.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Association:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:

Telex:

INDEVAS  
Washington, D.C.

248423 (MCI) or  
64145 (MCI)

For the Bank:

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

Cable address:

INTBAFRAD  
Washington, D.C.

Telex:

248423 (MCI) or  
64145 (MCI)

For Shaanxi:

Shaanxi Provincial Finance Bureau  
Bing Jiao Lane No. 13  
Xi'an, Shaanxi Province  
People's Republic of China

Section 5.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of Shaanxi may be taken or executed by its Governor or any Vice Governor of Shaanxi, or such other person or persons as said Governor or Vice Governor shall designate in writing, and Shaanxi shall furnish to the Association sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 5.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

Section 5.04. As long as the Bank has not given notice to the contrary to Shaanxi, and so long as the Development Credit Agreement shall not have terminated prior to the termination of the Loan Agreement:

(a) the obligations of Shaanxi to consult with, and to furnish information, documents, plans, reports, records and statements to, the Bank shall be satisfied to the extent performance in respect of such obligations is rendered to the Association;

(b) the obligations of the Bank to consult with, and to furnish information to, Shaanxi shall be satisfied to the extent such obligations are fulfilled by the Association; and

(c) all actions taken (including the giving of approvals or granting of waivers) by the Association pursuant to the Development Credit Agreement shall be deemed to be taken pursuant to both the Development Credit Agreement and the Loan Agreement, and in the name and on behalf of both the Association and the Bank.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Beijing, People's Republic of China, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION  
INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

By /s/ Yukon Huang

Authorized Representative

SHAANXI PROVINCE

By /s/ Zhu Guangyao

SCHEDULE 1

Procurement

Section I. Procurement of Goods and Works

Part A: General

1. Goods and works shall be procured in accordance with: (a) the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999, subject to the modifications thereto set forth in paragraph 2 of this Part A (the Guidelines); and (b) the provisions of the following Parts of this Section I.

2. For the purposes of the procurement of goods or works to be financed in whole or in part out of the proceeds of the Credit, the references in paragraphs 1.6 and 1.8 of the Guidelines to "Bank member countries" and "member country" shall be deemed to be references, respectively, to "Participating Countries" and "Participating Country".

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods and works shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. The following provisions shall apply to goods and works to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Grouping of Contracts

To the extent practicable, contracts for works shall be grouped in bid packages estimated to cost the equivalent of \$10,000,000 or more each, and contracts for goods shall be grouped into bid packages estimated to cost the equivalent of \$250,000 or more each.

(b) Preference for Domestically Manufactured Goods

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower (except for the Hong Kong Special Administrative Region).

(c) Notification and Advertising

The invitation to prequalify or bid for each contract estimated to cost \$10,000,000 equivalent or more shall be advertised in accordance with the procedures applicable to large contracts under paragraph 2.8 of the Guidelines.

Part C: Other Procurement Procedures

1. Goods

(a) National Competitive Bidding

Goods estimated to cost less than \$250,000 equivalent per contract, but not less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$250,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

(b) International Shopping

Goods estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$200,000 equivalent, may be procured under contracts awarded on the basis of international shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

(c) National Shopping

Goods estimated to cost less than \$50,000 equivalent per contract, up to an aggregate amount not to exceed \$100,000 equivalent, may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

2. Works

(a) National Competitive Bidding

Works estimated to cost less than \$10,000,000 equivalent per contract, but not less than \$200,000 per contract, up to an aggregate amount not to exceed \$92,500,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

(b) Procurement of Small Works

Works estimated to cost less than \$200,000 equivalent per contract, up to an aggregate amount not to exceed \$7,100,000 equivalent, may be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from 3 qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Association, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully.

(c) Force Account and Community Participation

Minor irrigation and on-farm development works under Part C of the Project estimated to cost less than \$100,000 per assignment, which meet the requirements of paragraph 3.8 of the Guidelines, up to an aggregate amount not to exceed \$39,200,000 in the aggregate, may, with the Association's prior agreement, be carried out by force account in accordance with the provisions of said paragraph of the Guidelines or by the use of community members hired in accordance with procedures acceptable to the Association.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

With respect to: (a) each contract for goods estimated to cost the equivalent of \$250,000 or more; (b) each contract for works estimated to cost the equivalent of \$1,500,000 or more; and (c) the first contract for works to be procured in each Irrigation District, in accordance with the provisions of Part C.2(a) of this Section I, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

1. Consultants' services shall be procured in accordance with: (a) the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997 and January 1999, subject to the modifications thereto set forth in paragraph 2 of this Part A (the Consultant Guidelines); and (b) the provisions of the following Parts of Section II.

2. For the purposes of the procurement of consultants' services to be financed in whole or in part out of the proceeds of the Credit, the references in paragraph 1.10 of the Consultant Guidelines to "Bank member countries" and "member country" shall be deemed to be references, respectively, to "Participating Countries" and "Participating Country".

Part B: Quality- and Cost-based Selection

Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

Part C: Other Procedures for the Selection of Consultants

1. Selection Based on Consultants' Qualifications

Services for monitoring and evaluation, estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

2. Single Source Selection

Services for Project management and dam safety under Parts A and C of the Project which are estimated to cost less than \$50,000 equivalent per contract, may, with the Bank's prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

3. Individual Consultants

Services for tasks that meet the requirements set forth in paragraph 5.01 of the Consultant Guidelines shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

Part D: Review by the Bank of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

SCHEDULE 2

Implementation Program

The provisions of this Schedule shall apply for the purposes of Section 2.01(b) of this Agreement.

Part A: Project Management

1. In order to ensure the proper carrying out of the Project, Shaanxi shall maintain, with terms of reference and resources acceptable to the Association, and with competent staff in adequate numbers:

(a) a Project leading group at the provincial level, to be chaired by Shaanxi's Vice Governor for Agriculture and to include the directors of Shaanxi's Water Conservancy Bureau, Planning Commission, Finance Bureau, Land Administration Bureau and Agricultural Development Office, to provide guidance to the PPMO and Irrigation District PMOs on Project coordination and the resolution of Project implementation issues;

(b) a Project management office within Shaanxi's Water Conservancy Bureau, to be responsible for the overall coordination and supervision of Project implementation, including monitoring and evaluation of the progress of the Project; and

(c) a Project management office in each Irrigation District involved in Project implementation, to be responsible for coordination and supervision of the Project activities included within said office's jurisdiction.

2. (a) Shaanxi shall, through the PPMO, prepare in accordance with guidelines acceptable to the Association and, not later than December 1 in each calendar year, furnish to the Association for its review, an annual work program of activities to be carried out under the Project during the following calendar year, to be accompanied by a financing plan demonstrating to the satisfaction of the Association that counterpart funds in adequate amounts are available for the payment of expenditures to be incurred in the carrying out of said activities during said period.

(b) Shaanxi shall thereafter carry out the Project during said following calendar year in accordance with said annual work program, taking into account the views of the Association on the matter.

3. (a) Shaanxi shall ensure that all studies, research, training and study tours under Part E of the Project shall be carried out in accordance with a program acceptable to the Association. To that end, Shaanxi shall prepare, in accordance with guidelines acceptable to the Association, and, not later than December 1 in each calendar year, furnish to the Association for its prior review, an annual implementation plan for studies, research, training and study tours to be carried out under the Project during the following calendar year.

(b) Shaanxi shall thereafter carry out said studies, research, training and study tours during said following calendar year in accordance with said annual implementation plan, taking into account the views of the Association on the matter.

4. Shaanxi shall ensure that the minor irrigation works included in Part C of the Project and the program under Part D of the Project to improve the operation and maintenance of the irrigation facilities in the Project Area, at both the Irrigation District level and at the lateral canal level, shall be carried out in accordance with an action plan acceptable to the Association. To that end, Shaanxi shall prepare at the end of each calendar year, in accordance with guidelines acceptable to the Association, an action plan for said works and program to be carried out during the following calendar year, and furnish the same as part of the work program referred to



in Section 2 of this Part A.

Part B: Water Charges

1. Shaanxi declares its policy to recover the recurrent costs of operation and maintenance, and a portion of the capital costs, of the water supply facilities and drainage systems in its territory from users of the water delivered through said facilities, taking into account the need to provide incentives to encourage the efficient use of water and to relate the charges on the users thereof to their ability to pay and income levels. In furtherance of said policy, Shaanxi shall, promptly upon completion of the facilities which are constructed or upgraded under the Project, establish and ensure the collection, from the users of water delivered through said facilities, of water charges sufficient to cover: (a) the operation and maintenance costs of said facilities as they are incurred; and (b) debt repayment and debt service obligations incurred by Shaanxi as referred to in Section 3.02 of the Loan Agreement and Section 3.01(b) of the Development Credit Agreement in respect of said facilities, as they become due and payable.

2. To that end, Shaanxi shall:

(a) prepare, on the basis of guidelines acceptable to the Association, and furnish to the Association not later than December 1, 2001, the proposed schedule of said water charges in each Irrigation District and the timetable for its establishment, together with any information pertaining thereto that the Association may reasonably request; and

(b) thereafter, promptly take all measures required on its part to introduce such schedule according to said timetable, taking into account the views of the Association on the matter.

3. Shaanxi shall review said water charges in consultation with the Association, at least annually, and adjust said charges as necessary so as to continue to give effect to the provisions of paragraph 1 of this Part B. To that end, Shaanxi shall, not later than March 31 in each year commencing 2002, furnish to the Association a status report on the collection rate of water charges in each Irrigation District, together with recommendations for any adjustments that may be necessary to continue to give effect to the provisions of said paragraph 1.

4. Shaanxi shall maintain a separate accounting for funds collected within its jurisdiction pursuant to the provisions of paragraphs 1, 2 and 3 of this Part B and cause all said funds to be used exclusively for the purposes specified in said paragraph 1.

Part C: Dam Safety

In order to ensure the safety of the Water Storage Facilities, Shaanxi shall take the following actions in accordance with sound engineering practices and on the basis of guidelines acceptable to the Association:

Shaanxi shall:

(a) undertake periodic reviews of the adequacy of the design and construction of the Water Storage Facilities, and of the adequacy of the remedial works to be carried out thereon, throughout the period of said construction or carrying out of said remedial works (as the case may be);

(b) prepare and furnish to the Association, promptly upon the completion of each said review, a report of the results of said review, together with any recommended changes to be introduced into the design, construction or operation of the Water Storage Facilities; and

(c) thereafter, promptly introduce the changes recommended by said report, taking into account the views of the Association on the matter.

Shaanxi shall ensure that the Water Storage Facilities are operated and maintained in accordance with sound engineering practices.

To that end, Shaanxi shall:

- (a) prepare an operation and maintenance plan and an emergency preparedness plan for the Water Storage Facilities;
- (b) furnish the same to the Association not later than June 1, 2002; and
- (c) thereafter, promptly adopt said plans, taking into account the views of the Association on the matter.

Upon completion of the construction of the Water Storage Facilities, or of the carrying out of the remedial works thereon (as the case may be) Shaanxi shall:

- (a) undertake periodic inspections of the Water Storage Facilities at intervals and under arrangements acceptable to the Association, in order to identify any deficiencies in their designs, construction or condition or in the quality and adequacy of the maintenance or methods of their operation, which may endanger their safety or the safety of downstream life, property or activities; and
- (b) promptly rectify any such deficiencies.

To that end, Shaanxi shall prepare, under guidelines acceptable to the Association, and furnish to the Association, proposed arrangements for said inspections not later than December 1, 2002, and thereafter, promptly implement said arrangements, taking into account the views of the Association on the matter. In order to assist it in undertaking the reviews and inspections referred to in paragraphs 1 and 3, respectively, of this Part C, Shaanxi shall continue to employ an independent dam safety review panel, with membership, terms of reference, and resources acceptable to the Association.

#### Part D: Environment and Resettlement

1. Shaanxi shall take and cause to be taken all measures necessary to ensure that the Project shall be carried out in accordance with the Environmental Management and Monitoring Plan, and shall ensure that any proposed revision of the Environmental Management and Monitoring Plan shall be furnished to the Association for its prior approval.

2. Shaanxi shall take and cause to be taken all measures necessary to ensure that the Project shall be carried out in accordance with the Resettlement Action Plan, and shall ensure that any proposed revision of the Resettlement Action Plan shall be furnished to the Association for its prior approval.

3. Shaanxi shall:

- (a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators acceptable to the Association, the carrying out of the plans referred to in paragraphs 1 and 2 above;

- (b) prepare under terms of reference acceptable to the Association, and furnish to the Association: (i) an annual environmental monitoring report not later than March 31 of each year, commencing in 2000, summarizing the status of implementation of the Environmental Management and Monitoring Plan; and (ii) semi-annual resettlement monitoring reports, not later than February 15 (with respect to the period from the preceding July 1 to the preceding December 31) and August 15 (with respect to the period from the preceding January 1 to the preceding June 30) in each year, beginning 2000, summarizing the status of implementation of the Resettlement Action Plan; and

- (c) ensure that periodic resettlement monitoring reports are prepared under terms of reference and by an independent agency, both acceptable to the Association, and are furnished to the Association in accordance with the reporting schedule set forth in the Resettlement Action Plan for the purpose, analyzing the impact of the resettlement activities under the Project during the period under review.

#### Part E: Monitoring and Evaluation

Shaanxi shall:

1. maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the Association, the carrying out of the Project and the achievement of the objectives thereof;
  2. prepare, under terms of reference acceptable to the Association and furnish to the Association, semi-annual reports, not later than February 15 (with respect to the period from the preceding July 1 to the preceding December 31) and August 15 (with respect to the period from the preceding January 1 to the preceding June 30) in each year, beginning 2000, integrating the results of the monitoring and evaluation activities carried out by it pursuant to paragraph (1) of this Part E, on the physical and financial progress achieved in the carrying out of the Project during the period preceding the dates of such reports and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such dates;
  3. prepare, under terms of reference acceptable to the Association, and furnish to the Association a mid-term report, on or about March 1, 2002, integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (1) of this Part E, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date;
  4. prepare, under terms of reference acceptable to the Association, and furnish to the Association a report, on or about March 1, 2002, on the progress achieved in the carrying out of the program to strengthen the institutional and management arrangements for the irrigation systems under Part D of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying of such reforms during the period following such date; and
  5. review with the Association, not later than June 1, 2002, or such later date as the Association shall request, the reports referred to in paragraphs (3) and (4) of this Part E, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said reports and the Association's views on the matter.
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