Project Agreement

(Nanchang Urban Rail Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

JIANGXI PROVINCE

Dated July 26, 2013
PROJECT AGREEMENT

AGREEMENT dated July 26, 2013, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and JIANGXI PROVINCE ("Jiangxi" or "Project Implementing Entity") ("Project Agreement") in connection with the Loan Agreement ("Loan Agreement") of the same date between PEOPLE'S REPUBLIC OF CHINA ("Borrower") and the Bank. The Bank and Jiangxi hereby agree as follows:

ARTICLE I – GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in Appendix 1 to the Loan Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in the Project Agreement have the meanings ascribed to them in the Loan Agreement or the General Conditions.

ARTICLE II – PROJECT

2.01. Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity, through NM, shall:

(a) carry out the Project, and cause URC to carry out the Project, 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 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 shall otherwise agree, the Project Implementing Entity 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 Representative is its Governor or its Vice Governor, or such other person or persons as may be designated in writing by either the Governor or Vice Governor.
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: INTBAFRAD
Telex: 248423(MCI) or 248423(MCI)
Facsimile: 1-202-477-6391

3.03. The Project Implementing Entity’s Address is:

Project Management Office
No. 1 XinTiandi, Ganjiang South Avenue
HongJiaoZhou, Nanchang Municipality
Jiangxi Province
People’s Republic of China

Facsimile: (86) 0791-83892008
AGREED at Beijing, People’s Republic of China, as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name  Klaus Rohland

Title  Country Director, China

JIANGXI PROVINCE

By

Authorized Representative

Name  Yang Yingming

Title  Deputy Director General

International Department

Ministry of Finance
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. On-lending Arrangements and Project Management

1. The Project Implementing Entity shall make available to NM, and through NM to URC, part of the proceeds of the Loan under a Subsidiary Agreement satisfactory to the Bank, which shall include, without limitation, the principal terms and conditions set forth in Annex A to this Schedule.

2. In order to ensure the proper carrying out of the Project, the Project Implementing Entity shall maintain throughout the period of implementation of the Project an organizational structure 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 Project Leading Group chaired by at Vice Mayor level, including relevant NM representatives, and to be responsible for overseeing the overall implementation of the Project, making decision on key Project issues and carrying out interagency coordination at the municipal level; and
   
   (b) the Project Management Office, responsible, inter alia, for Project management and implementation, procurement and financial management, monitoring and evaluation of the Project as well as reporting on progress and implementation issues to the Project Leading Group referred to in paragraph (a) above.

B. Anti-Corruption

The Project Implementing Entity shall carry out the Project in accordance with the provisions of the Anti-Corruption Guidelines.

C. Safeguards

1. The Project Implementing Entity shall cause NM and URC to implement the Safeguards Instruments in a manner and substance satisfactory to the Bank. Without limitation on the foregoing, the Project Implementing Entity shall ensure through URC that each contract for works under the Project shall include the obligations of the work contractors and any sub-contractor to comply with the relevant provisions of the ESMP.
2. The Project Implementing Entity shall not, amend, suspend, or waive the Safeguards Instruments, or any provision thereof, without the prior written concurrence of the Bank.

3. The Project Implementing Entity shall maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the implementation of the Safeguards Instruments.

4. Without limitation to the provisions of paragraphs 1 through 3 of this Part C or the provisions of paragraph 1 of Part A of Section II below, the Project Implementing Entity shall take all measures necessary on its part to regularly collect, compile, and submit to the Bank, as part of the Project Reports, information on the status of compliance with the Safeguards Instruments, giving details of:

   (a) measures taken in furtherance thereof;

   (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation thereof; and

   (c) remedial measures taken or required to be taken to address such conditions.

5. In the event of any inconsistency between the provisions of the Safeguards Instruments and the provisions of this Agreement or the Loan Agreement, the provisions of this Agreement and the Loan Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports for 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 Annex B to this Schedule. Each such Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank by March 31 and September 30 each year, beginning on September 30, 2013.

2. The Project Implementing Entity shall, no later than December 31, 2018, provide to the Borrower, 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 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 the Project.

2. The 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 (1) fiscal year of Jiangxi. 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 A of this Section, the Project Implementing Entity shall prepare and furnish to the Bank as part of the Project Reports not later than forty five (45) days 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.

Section III. Procurement

A. General

1. Goods, Works and Non-Consulting Services. All goods, works and non-consulting 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 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 World 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 Goods, Works and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods, Works and Non-consulting services. The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for procurement of goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used.
Procurement Method

(a) National Competitive Bidding. 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:

(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 to cost less than $2,000,000 equivalent each and for goods and non-consulting services contracts that are estimated to cost less than $300,000 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 prequalification 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, 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 (Jiangxi), 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, works and non-consulting services 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.

(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.

(xiii) The results of bid evaluation and contract award shall be published in the national press or provincial press (as provided under subparagraph (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.

(xiv) The Project Implementing Entity (Jiangxi) shall have in place provisions for bidders to protest.
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.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality-Based Selection</td>
</tr>
<tr>
<td>(b) Selection based on Consultants' Qualifications</td>
</tr>
<tr>
<td>(c) Selection of Individual Consultants</td>
</tr>
<tr>
<td>(d) Single Source Selection (Firm and Individual)</td>
</tr>
</tbody>
</table>

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. **Other Undertakings**

1. The Project Implementing Entity shall implement, through NM, the Integration Plan, as approved, or as adjusted when required, in consultation with the Bank.
ANNEX A

to

SCHEDULE

Principal Terms and Conditions of the
Subsidiary Agreement

For the purposes of Section I, Part A, paragraph 1 of the Schedule to this Agreement, the terms of availability of the Loan proceeds under the Subsidiary Agreement and its conditions shall be those set forth below:

Terms of Availability

1. The principal amount of the subsidiary loan made available by the Project Implementing Entity through NM to URC shall be the amount equivalent in Dollars (on the respective dates of withdrawal from the Loan Account) of the value of the currency or currencies so withdrawn on account of URC of the Project.

2. URC shall repay such principal amount (including an amount equal to the fee paid pursuant to Section 2.03 of the Loan Agreement and any Premium for Interest Rate Caps or Interest Rate Collars paid pursuant to Section 2.07(c) of the Loan Agreement and Section 4.05(c) of the General Conditions) over a period of not more than thirty (30) years, inclusive of a grace period of five (5) years.

3. URC shall pay interest on the principal amount thereof withdrawn and outstanding from time to time at a rate not less than the rate of interest applicable from time to time to the Loan pursuant to Section 2.04 of the Loan Agreement.

Conditions

The Subsidiary Agreement shall include the following principal conditions:

4. URC shall undertake to: (a) carry out the Project with due diligence and efficiency and in accordance with appropriate management, financial, engineering and public utility practices and social and environmental standards acceptable to the Bank (including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower) and provide, promptly as needed, the funds, facilities and other resources required for the purpose; and (b) without limitation on the foregoing, take all measures necessary to ensure that the Project shall be implemented in accordance with the relevant EIA, ESMP, RAP and RPF.

5. URC shall undertake to procure the goods, works and consultants’ services to be financed out of the proceeds of the Loan in accordance with the provisions of
Section III of Schedule 2 to the Loan Agreement, and utilize such goods, works and consultants’ services exclusively in the carrying out of the Project.

6. URC shall undertake to: (a) ensure that all facilities relevant to their respective parts of the Project shall at all times be properly operated and maintained and that all necessary repairs and renewals of such facilities shall be made promptly as needed; and (b) enable the Bank, the Project Implementing Entity, and NM, to inspect such goods and the sites and works included in their respective parts of the Project, the operation thereof, and any relevant records and documents.

7. URC shall undertake to take out and maintain with responsible insurers such insurance, against such risks and in such amounts, as shall be consistent with sound business practice, including, without limitation, such insurance to cover hazards incident to the acquisition, transportation and delivery of goods financed out of the proceeds of the Loan to the place of use or installation, any indemnity thereunder to be made payable in a currency freely usable to replace or repair such goods.

8. URC shall undertake:

(a) to maintain records and accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition;

(b) to have its financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;

(c) to furnish to the Bank, the Project Implementing Entity and NM, as soon as available, but in any case not later than six (6) months after the end of each Fiscal Year: (i) certified copies of said financial statements or records and accounts, as the case may be, for such year as so audited; and (ii) an opinion on such statements by said auditors in such scope and detail as the Bank, Project Implementing Entity or NM shall have reasonably requested;

(d) to prepare and furnish to the Bank, and to the Project Implementing Entity all such other information concerning said records, accounts and financial statements, as well as the audit thereof, as the Bank, Project Implementing Entity or NM shall reasonably request; and

(e) (i) to maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators set forth in Annex B to the Schedule to this
Agreement the carrying out of the Project and the achievement of the objectives thereof; and

(ii) to prepare, under terms of reference satisfactory to the Bank, and furnish to Project Implementing Entity for its review, consolidation in the Project Reports and submission to the Bank, semi-annual reports integrating the results of the monitoring and evaluation activities performed pursuant to clause (i) of this subparagraph (e) on the progress achieved in the carrying out of the Project during the period preceding the date of each such report.

9. The Project Implementing Entity or NM shall have the right to suspend or terminate the right of URC to the use of the proceeds of the loan made available under the Subsidiary Agreement with URC upon failure by URC to perform its obligations under such agreement.
Annex B

Project Monitoring and Results Framework

**Project Development Objective (PDO):** The proposed PDO is to provide an effective urban mass rapid transit system of appropriate quality along the Line 2 corridor from ZhanQianNanDaDao Station to XinJiaAn Station.

<table>
<thead>
<tr>
<th>PDO Level Results Indicators*</th>
<th>Core</th>
<th>Unit of Measure</th>
<th>Baseline</th>
<th>Cumulative Target Values**</th>
<th>Frequency</th>
<th>Data Source/Methodology</th>
<th>Responsibility for Data Collection</th>
<th>Description (indicator definition etc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator One - Effective urban mass rapid transit system</td>
<td>☐</td>
<td>Pax-trips/weekday</td>
<td>0</td>
<td>0</td>
<td>200,000</td>
<td>Year 5</td>
<td>Operational statistics</td>
<td>PMO</td>
</tr>
<tr>
<td>Sub-Indicator One: Line 2 ridership</td>
<td>☐</td>
<td>Minutes</td>
<td>0</td>
<td>0</td>
<td>&gt;25</td>
<td>Year 4&amp;5</td>
<td>Travel time survey</td>
<td>PMO and bus company</td>
</tr>
<tr>
<td>Sub-Indicator Two: Reduced travel time on public transport modes along Line 2 corridor</td>
<td>☐</td>
<td>%</td>
<td>0</td>
<td>0</td>
<td>&gt;15</td>
<td>Year 5</td>
<td>Passenger survey</td>
<td>PMO and bus company</td>
</tr>
<tr>
<td>Sub-Indicator Three: Percentage of urban rail commuters along Line 2 with access to a car</td>
<td>☐</td>
<td>%</td>
<td>0</td>
<td>0</td>
<td>&gt;70</td>
<td>Year 5</td>
<td>User satisfactory survey</td>
<td>PMO</td>
</tr>
<tr>
<td>Indicator Two - Quality: Percentage of users that rate the service “satisfactory” on average (also recorded for each gender for reference)</td>
<td>☐</td>
<td>%</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**INTERMEDIATE RESULTS**

**Intermediate Result (Component One): Construction of Line 2**

<table>
<thead>
<tr>
<th>Intermediate Result Indicator One: Percentage of construction of stations (in value)</th>
<th>%</th>
<th>0</th>
<th>0</th>
<th>50</th>
<th>70</th>
<th>100</th>
<th>Annually</th>
<th>Project Management Statistics</th>
<th>PMO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intermediate Result Indicator Two: Percentage of completion of tunnels (in value)</td>
<td>%</td>
<td>0</td>
<td>0</td>
<td>50</td>
<td>70</td>
<td>100</td>
<td>Annually</td>
<td>Project Management Statistics</td>
<td>PMO</td>
</tr>
<tr>
<td>Intermediate Result Indicator Three: Level of integration in terms of facilities for bus/rail/bike transfer designed and constructed in line with integration plan</td>
<td>%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>90</td>
<td>90</td>
<td>Year 5</td>
<td>Detailed architectural plan</td>
<td>PMO</td>
</tr>
<tr>
<td>Intermediate Result Indicator Four: Level of integration in terms of bus routes reorganized to reflect Line 2 opening</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Plan defined and communicated</td>
<td>Routes Reorganized</td>
<td>Year 4 &amp; 5</td>
<td>Operational plan</td>
<td>Bus company</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-------------------------------</td>
<td>-------------------</td>
<td>-----------</td>
<td>------------------</td>
<td>------------</td>
</tr>
<tr>
<td>Intermediate Result Indicator Five: Level of integration in terms of availability of a single payment card for rail and bus</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Year 5</td>
<td>Site survey</td>
<td>PMO</td>
</tr>
<tr>
<td>Intermediate Result Indicator Six: Accessibility – percentage of stations with barrier-free accessibility to the wheel-chair bound and sight impaired</td>
<td>%</td>
<td>0</td>
<td>N/A</td>
<td>N/A</td>
<td>100</td>
<td>100</td>
<td>Year 5</td>
<td>Detailed architectural plan</td>
<td>PMO</td>
</tr>
<tr>
<td>Intermediate Result (Component Three): Technical Assistance and Capacity Building</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>3</td>
<td>Annually</td>
<td>Project Management Statistics</td>
<td>PMO</td>
</tr>
<tr>
<td>Intermediate Result Indicator One: Number of TAs completed (cumulative)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>