Project Agreement

(Xinjiang Yining Urban Transport Improvement Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

YINING MUNICIPALITY

Dated July 13, 2012
PROJECT AGREEMENT

AGREEMENT dated 2012, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and YINING MUNICIPALITY ("Project Implementing Entity") ("Project Agreement") in connection with the Loan Agreement ("Loan Agreement") of same date between People's Republic of China ("Borrower") and the Bank. The Bank and the Project Implementing Entity (Yining) hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

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

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

ARTICLE II — PROJECT

2.01. The Project Implementing Entity (Yining) declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity (Yining) shall carry out the Project in accordance with the provisions of Article V of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and the Project Implementing Entity (Yining) shall otherwise agree, the Project Implementing Entity (Yining) 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 (Yining’s) Representative is its Mayor or Vice Mayor.
3.02. The Bank's Address is:

International Bank for Reconstruction and Development
1818 H Street, NW
Washington, DC 20433
United States of America

Cable: INTBAFRAD  Telex: 248423(MCI) or 248423(MCI)
Facsimile: 1-202-477-6391
picture: 64145(MCI)

3.03. The Project Implementing Entity's (Yining's) Address is:

Yining Municipal Government
No. 665 West Xinhua Road
Yining Municipality, 835000
Xinjiang Uygur Autonomous Region
People's Republic of China

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

YINING MUNICIPALITY

By
Authorized Representative
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project Implementing Entity (Yining) shall maintain throughout the implementation of the Project:

   (a) a Project Steering Group, chaired by the Mayor, or a designated Vice-Mayor and comprising senior officials from relevant agencies, including Municipal Development Reform Commission, Finance Bureau, Construction Bureau, Planning Bureau, Real Estate Bureau, Land Resources Bureau, Ethnic and Religion Bureau, Civil Affairs Bureau, Women's Federation, Statistics Bureau, District Offices and the Yining Municipal Government-owned Bus Company, all to be collectively responsible for providing general oversight and policy guidance to the Project; and

   (b) a Project Management Office, to be responsible for the overall management of the Project, including procurement under the Project.

B. Anti-Corruption

The Project Implementing Entity (Yining) shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Safeguards

1. The Project Implementing Entity (Yining) shall, in carrying out the Project, implement the RAP, the EMP and the EMDP, respectively, all in a manner and substance satisfactory to the Bank. Without limitation on the foregoing, the Project Implementing Entity (Yining) shall:

   (a) take all necessary actions to minimize to the extent possible the acquisition of land or assets of people, any involuntary loss by persons of shelter, productive assets or access to productive assets or income or means of livelihood, temporarily or permanently, and the displacement of said people in the carrying out the Project or any Part thereof;

   (b) where the acquisition of land or assets or the displacement of people is unavoidable, make available to such people compensation in accordance with the RAP, before the carrying out of the works which would result in
such acquisition or displacement, all in a manner satisfactory to the Bank;

(c) in carrying out the Project or any part thereof, apply the EMP and the EMDP in a manner satisfactory to the Bank;

(d) ensure that each contract for works financed with the proceeds of the Loan shall include the obligations of the work contractors and any subcontractors to comply with the relevant provision of the EMP and the EMDP.

2. The Project Implementing Entity (Yining) shall not, amend, suspend, or waive the RAP, the EMP, or the EMDP, or any provision thereof, without the prior written concurrence of the Bank.

3. The Project Implementing Entity (Yining) 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 RAP, the EMP and the EMDP.

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 (Yining) 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 RAP, the EMP and the EMDP, 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 RAP, the EMP, or the EMDP 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. (a) The Project Implementing Entity (Yining) shall monitor and evaluate the progress of the Project and prepare Project Reports 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 below in subparagraph (b) of this paragraph. Each such Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank, not later than one (1) month after the end of the period covered by such report.

(b) The performance indicators referred to above in sub-paragraph (a) consist of the following: (i) average morning peak-hour travel times along two (2) integrated corridors (Jiefang Road and Ahemaitijiang Road); (ii) annual public transport ridership in the urban area; (iii) population with access to quality urban transport services in the selected new development areas; and (iv) average annual number of fatalities per 10,000 motorized vehicles within the urban area over a three-year period.

(c) The Project Implementing Entity (Yining) shall: (i) by June 30, 2015, furnish to the Bank a Project mid-term review report, and review with the Bank the progress made in the implementation of the Project; and (ii) based on the Bank's review and comments thereon, take actions satisfactory to the Bank, to address any emerging implementation issues in order to ensure efficient, timely and effective implementation of the Project and to further the objective thereof, including carrying out of Project restructuring if needed.

2. Without limitation to the foregoing, the Project Implementing Entity (Yining) shall: (a) by February 15 and August 15 of each year, starting with February 15, 2013, furnish to the Bank semi-annual progress reports on implementation of the EMP, the RAP and the EMDP; (b) by February 15 and August 15 of each year, starting with February 15, 2013, furnish to the Bank semi-annual progress report on Project implementation, and based on the recommendations of said reports and the Bank's review and comments thereon, take actions, satisfactory to the Bank, to address any emerging implementation issues in order to ensure efficient, timely and effective implementation of the Project and to further the objective thereof.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity (Yining) shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, in a manner adequate to reflect the operations, resources and expenditures related to the Project.

2. Without limitation on the provisions of Part A.1 of this Section, the Project Implementing Entity (Yining) shall prepare and furnish to the Bank as part of the Project Report, interim un-audited financial reports for the Project covering the
calendar semester period of each Project Report, in form and substance satisfactory to the Bank.

3. The Project Implementing Entity (Yining) shall have its financial statements referred to above audited by independent auditors acceptable to the Bank, in accordance with consistent y applied auditing standards acceptable to the Bank. Each audit of these financial statements shall cover the period of one (1) fiscal year of the Project Implementing Entity (Yining). The Project Implementing Entity (Yining) shall ensure that the audited financial statements for each period shall be: (a) furnished to the Borrower and the Bank not later than six (6) months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable 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 Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the 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 goods, works and
non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used.

**Procurement Methods**

(a) 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:

(i) All invitations to prequalify or to bid shall be advertised in a newspaper of national circulation in the Borrower's territory, except for civil works contracts that are estimated cost less than $2,000,000 equivalent each and for goods 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 (Yining), 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 (Yining), 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.

(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
(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.

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

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<th>(b)</th>
<th>Shopping</th>
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<td>(c)</td>
<td>Direct Contracting</td>
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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:

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<tr>
<th>Procurement Methods</th>
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<tbody>
<tr>
<td>(a) Quality-Based Selection</td>
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<td>(b) Selection Based on Consultants’ Qualifications</td>
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<td>(c) Selection of Individual Consultants</td>
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<td>(d) Single Source Selection (Firm and Individual)</td>
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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.