

20 December 2021

Ms. Wang Lixia,
Chairwoman
Government of Inner Mongolia Autonomous Region
No. 19 Chulechuan Street
Hohhot 010098
Inner Mongolia Autonomous Region
People's Republic of China

Dear Ms. Wang:

Subject: Loan No. 3218-PRC: Low Carbon District Heating Project in Hohhot in Inner Mongolia Autonomous Region - Amendment to Project Agreement

1. We refer to the Project Agreement dated 19 March 2015 between the Government of Inner Mongolia Autonomous Region ("GIMAR") and Asian Development Bank ("ADB") for the captioned project ("Project Agreement"). All capitalized terms used but not defined herein shall have the meaning given thereto in the Loan Agreement, unless the context requires otherwise.

2. Following a request from the GIMAR dated 15 September 2021, ADB approved, on 15 October 2021, changes in the Project concerning change in the name of the Hohhot City Development, Investment, and Operation Company ("HCDIO") and safeguard category to involuntary resettlement. To give effect to the changes, ADB proposes that the Project Agreement be amended as follows:

(a) Section 1.01 shall be deleted and replaced by:

Section 1.01. (a) Wherever used in this Project Agreement, unless the context otherwise requires, the several terms defined in the Loan Agreement and in the Loan Regulations (as so defined) have the respective meanings therein set forth, except that for purposes of this Project Agreement: the term "HCDIO" means the Hohhot City Development, Investment, and Operation Company, or any successor thereto acceptable to ADB.

(b) In addition to the terms referred to in subsection (a) hereinabove, the following terms, wherever used in this Project Agreement, unless the context otherwise requires, have the following meaning: "RP" means the resettlement plan for the Project, including any update thereto, prepared and submitted by GIMAR and cleared by ADB.

(b) In Schedule, paragraph 4 shall be deleted and replaced with the following new paragraphs, and the current paragraphs 5 to 22 shall be renumbered as paragraphs 7 to 24.

4. GIMAR shall ensure that all land and all rights-of-way required for the Project are made available to the Works contractor in a manner and within timeframes compliant with the RPs and all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of the Borrower relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; and (c) all measures and requirements set forth in the RP, and any corrective or preventative actions (i) set forth in the Safeguards Monitoring Report, or (ii) subsequently agreed between ADB and the Borrower.
 5. Without limiting the application of the Involuntary Resettlement Safeguards or the RP, the Borrower shall ensure [or cause the Project Executing Agency to ensure] that no physical or economic displacement takes place in connection with the Project until:
 - (a) compensation and other entitlements have been provided to the displaced persons under the Involuntary Resettlement Safeguards as described in and in accordance with the RP; and
 - (b) a comprehensive income and livelihood restoration program has been established in accordance with the RP.
 6. GIMAR shall ensure that the Project does not have any indigenous peoples impacts, all within the meaning of the Safeguard Policy Statement. In the event that the Project does have any such impact, GIMAR shall, and shall, through HMG, cause HCDIO and HCHC to, take all steps required to ensure that the Project complies with the applicable laws and regulations of the Borrower and with the Safeguard Policy Statement.
- (c) In Schedule, new paragraph 9 shall be deleted and replaced with the following.
9. GIMAR shall, through HMG, cause HCDIO and HCHC to do the following:
 - (a) submit Safeguard Monitoring Reports to ADB semi-annually during construction and the implementation of the Project and the EMP and RP, and thereafter annually during operation, until the issuance of ADB's project completion report unless a longer period is agreed in the EMP, and disclose relevant information from such reports to the respective affected people under the Environmental Safeguards promptly upon submission;
 - (b) if any unanticipated environmental or social risks and impacts arise during construction, implementation or operation of the project that were not considered in the EIA, EMP and RP promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan;
 - (c) no later than 6 months of the Effective Date, engage qualified and experienced external experts or qualified institutions under a selection process and terms of reference acceptable to ADB, to verify information

produced through the Project monitoring process, and facilitate the carrying out of any verification activities by such external experts; and

- (d) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP and RP promptly after becoming aware of the breach.

- (d) In Schedule, new paragraph 21 shall be deleted and replaced with the following.

21. GIMAR shall, and shall, through HMG, cause HCDIO and HCHC to, ensure that a safeguards grievance redress mechanism acceptable to ADB is established in accordance with the provisions of the EIA, EMP and RP, within the timeframes specified in the relevant EIA, EMP and RP, to consider safeguards complaints.

- 3. Save and except to the extent set out above, the Project Agreement remains unchanged.

- 4. Pursuant to ADB's Access to Information Policy (2018) ("AIP"), the amendments to the Loan Agreement will be posted on ADB's website within 2 weeks from the date that the amendments become effective, after removing any information that falls within the AIP exceptions as specified by GIMAR.

- 5. Please indicate GIMAR's concurrence to the amendments set out in paragraph 2 of this letter agreement and to the terms of this letter agreement by countersigning each of the two original of this letter agreement in the space indicated below. Please retain one signed original of this letter agreement for your records and return the other to ADB. The proposed amendments shall take effect on the date of receipt by ADB of a signed original of this letter agreement.

Yours sincerely,



Yolanda Fernandez Lommen
Country Director
ADB Resident Mission in the PRC

A. Accepted and agreed.

B. Confirmed that the amendments to the Project Agreement do not contain information falling within the AIP exceptions.



For and on behalf of GIMAR

Name: Lei Zhang

Designation: Director General of Finance Department of the
~~People's Government of Inner Mongolia Autonomous Region~~

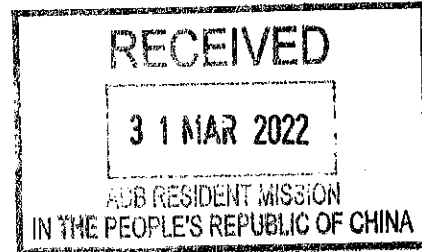
Date: March 23, 2022

cc: Mr. Guo Biao, Department of International Economic and Financial Cooperation, Ministry of Finance, E-mail: biaoguo@mof.gov.cn

Ms. Wu Bing, Director, Foreign Investment and Economic Cooperation Division, Department of Finance, Inner Mongolia Autonomous Region, Email: nmgwubing@163.com

Mr. Shi Lei, Principal Staff Member, Foreign Investment and Economic Cooperation Division; Inner Mongolia Autonomous Region Department of Finance, Email: 869110019@qq.com

Mr. Lv Deyu, General Manager, Hohhot City Gas & Heat Group Co., Ltd. and Chengfa Heating Co., Ltd., Email: chengfawaizi@126.com



Authorization for Signing the Amendment
Letter
to the Project Agreement of Low Carbon
District Heating Project in Hohhot in Inner
Mongolia Autonomous Region

March 23, 2022

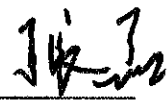
I hereby authorize Mr. Zhang Lei, Director General of Finance Department of the People's Government of Inner Mongolia Autonomous Region, to sign the Amendment Letter to the Project Agreement of Low Carbon District Heating Project in Hohhot in Inner Mongolia Autonomous Region with Asian Development Bank, on behalf of the People's Government of Inner Mongolia Autonomous Region.

Signature: 

Wang Lixia

Chairman

People's Government of Inner Mongolia Autonomous Region

Authorized signatory: 

Signature: _____

Zhang Lei

Director General

Department of Finance

People's Government of Inner Mongolia Autonomous Region