
LOAN NUMBER 3740-PRC

PROJECT AGREEMENT

(Yangtze River Green Ecological Corridor Comprehensive Agriculture Development Project)

between

ASIAN DEVELOPMENT BANK

and

GUIZHOU PROVINCE

HUBEI PROVINCE

HUNAN PROVINCE

SICHUAN PROVINCE

YUNNAN PROVINCE

CHONGQING MUNICIPALITY

DATED 30 APRIL 2019

PRC 51116

PROJECT AGREEMENT

PROJECT AGREEMENT dated 30 APRIL 2019 between ASIAN DEVELOPMENT BANK ("ADB") and GUIZHOU PROVINCE, HUBEI PROVINCE, HUNAN PROVINCE, SICHUAN PROVINCE, YUNNAN PROVINCE and CHONGQING MUNICIPALITY (collectively, the "Participating Provinces").

WHEREAS

(A) by a Loan Agreement of even date herewith between People's Republic of China ("Borrower") and ADB, ADB has agreed to make to the Borrower a loan of three hundred million Dollars (\$300,000,000) on the terms and conditions set forth in the Loan Agreement, but only on the condition that the proceeds of the loan be made available to the Participating Provinces on a grant basis and the Participating Provinces agree to undertake certain obligations towards ADB set forth herein; and

(B) the Participating Provinces, in consideration of ADB entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations set forth herein;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Definitions

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.

(b) In addition to the terms referred to in subsection (a) hereinabove, the following term, wherever used in this Project Agreement, unless the context otherwise requires, have the following meaning: the expression "Participating Provinces shall" means that the government of the Participating Provinces shall cause the Project County Governments to, or ensure that the Project County Governments undertake required responsibilities or perform specified obligations in this Project Agreement.

ARTICLE II

Particular Covenants

Section 2.01. (a) The Participating Provinces shall carry out the Project with due diligence and efficiency, and in conformity with sound applicable technical, financial, business, and development practices.

(b) In the carrying out of the Project and operation of the Project facilities, the Participating Provinces shall perform all obligations set forth in the Loan Agreement to the extent that they are applicable to the Participating Provinces and the Project Counties, and all obligations set forth in the Schedule to this Project Agreement.

Section 2.02. The Participating Provinces shall make available, promptly as needed, the funds, facilities, services, land and other resources as required, in addition to the proceeds of the Loan, for the carrying out of the Project.

Section 2.03. (a) In the carrying out of the Project, the Participating Provinces shall employ competent and qualified consultants and contractors, acceptable to ADB, to an extent and upon terms and conditions satisfactory to ADB.

(b) Except as ADB may otherwise agree, the Participating Provinces shall procure all items of expenditures to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to the Loan Agreement. ADB may refuse to finance a contract where any such item has not been procured under procedures substantially in accordance with those agreed between the Borrower and ADB or where the terms and conditions of the contract are not satisfactory to ADB.

Section 2.04. The Participating Provinces shall carry out the Project in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to ADB. The Participating Provinces shall furnish, or cause to be furnished, to ADB, promptly after their preparation, such plans, design standards, specifications and work schedules, and any material modifications subsequently made therein, in such detail as ADB shall reasonably request.

Section 2.05. (a) The Participating Provinces shall take out and maintain with responsible insurers, or make other arrangements acceptable to ADB for, insurance of Project facilities to such extent and against such risks and in such amounts as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, the Participating Provinces undertake to insure, or cause to be insured, the Goods to be imported for the Project against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable to replace or repair such Goods.

Section 2.06. The Participating Provinces shall maintain, or cause to be maintained, records and accounts adequate to identify the items of expenditure financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, its operations and financial condition.

Section 2.07. (a) ADB and the Participating Provinces shall cooperate fully to ensure that the purposes of the Loan will be accomplished.

(b) The Participating Provinces shall promptly inform ADB of any condition which interferes with, or threatens to interfere with, the progress of the Project, the performance of its obligations under this Project Agreement, or the accomplishment of the purposes of the Loan.

(c) ADB and the Participating Provinces shall from time to time, at the request of any party, exchange views through their representatives with regard to any matters relating to the Project, the Participating Provinces, the Project Counties and the Loan.

Section 2.08. (a) The Participating Provinces shall furnish to ADB all such reports and information as ADB shall reasonably request concerning (i) the Loan and the expenditure of the proceeds thereof; (ii) the items of expenditure financed out of such proceeds; (iii) the Project; (iv) the administration, operations and financial condition of the Participating Provinces and the Project Counties; and (v) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, the Participating Provinces shall furnish to ADB periodic reports on the execution of the Project and on the operation and management of the Project facilities. Such reports shall be submitted in such form and in such detail and within such a period as ADB shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the period under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following period.

(c) Promptly after physical completion of the Project, but in any event not later than 3 months thereafter or such later date as ADB may agree for this purpose, the Participating Provinces, shall prepare and furnish to ADB a report, in such form and in such detail as ADB shall reasonably request, on the execution and initial operation of the Project, including its cost, the performance by the Participating Provinces and the Project Counties of their respective obligations under this Project Agreement and the accomplishment of the purposes of the Loan.

Section 2.09. The Participating Provinces shall enable ADB's representatives to inspect the Project, the Goods and Works and any relevant records and documents.

Section 2.10. (a) The Participating Provinces shall, promptly as required, take all action within their powers to maintain their corporate existence, to carry on their operations, and to acquire, maintain and renew all rights, properties, powers, privileges and franchises which are necessary in the carrying out of the Project or in the conduct of their operations.

(b) The Participating Provinces shall at all times conduct their operations in accordance with sound applicable technical, financial, business, development and operational practices, and under the supervision of competent and experienced management and personnel.

(c) The Participating Provinces shall at all times operate and maintain their plants, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound applicable technical, financial, business, development, operational and maintenance practices.

Section 2.11. Except as ADB may otherwise agree, the Participating Provinces shall not sell, lease or otherwise dispose of any of their assets which shall be required for the efficient carrying on of their operations or the disposal of which may prejudice their ability to perform satisfactorily any of their obligations under this Project Agreement.

Section 2.12. Except as ADB may otherwise agree, the Participating Provinces shall apply the proceeds of the Loan to the financing of expenditures on the Project in accordance with the provisions of the Loan Agreement and this Project Agreement, and shall ensure that all items of expenditures financed out of such proceeds are used exclusively in the carrying out of the Project.

Section 2.13. The Participating Provinces shall promptly notify ADB of any proposal to amend, suspend or repeal any provision of their charter, which, if implemented, could adversely affect the carrying out of the Project or the operation of the Project facilities. The Participating Provinces shall afford ADB an adequate opportunity to comment on such proposal prior to taking any affirmative action thereon.

ARTICLE III

Effective Date; Termination

Section 3.01. This Project Agreement shall come into force and effect on the date on which the Loan Agreement comes into force and effect. ADB shall promptly notify the Participating Provinces of such date.

Section 3.02. All the provisions of this Project Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the Loan Agreement.

ARTICLE IV

Miscellaneous

Section 4.01. Any notice or request required or permitted to be given or made under this Project Agreement and any agreement among the parties contemplated by this Project 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, mail or facsimile to the party to which it is required or permitted to be given or made at its 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 ADB

Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Facsimile Numbers:

(632) 636-2444
(632) 636-2534

For Guizhou Province

Department of Finance
No. 242 of Zhonghua North Road
Yunyan District, Guiyang
Guizhou Province, People's Republic of China

Facsimile Number:

+86-851-86866865

For Hubei Province

Department of Finance
No.8 of Zhongbei Road
Wuchang District, Wuhan
Hubei Province, People's Republic of China

Facsimile Number:

+86-27-67818675

For Hunan Province

Department of Finance
No.1 of West Road of Tianxin District, Changsha
Hunan Province, People's Republic of China

Facsimile Number:

+86-731-85165194

For Sichuan Province

Department of Finance
No.37 of Nanxinjie, Jinjiang District, Chengdu
Sichuan Province, People's Republic of China

Facsimile Number:

+86-28-86676176

For Yunnan Province

Department of Finance
No. 130, Huashan South Road
Wuhua District, Kunming
Yunnan Province, People's Republic of China

Facsimile Number:

+86-871-63957258

For Chongqing Municipality

Bureau of Finance
No.3-1 of Jianxin East Road
Guanyinqiao, Jiangbei District
Chongqing Municipality, People's Republic of China

Facsimile Number:

+86-23-89075081.

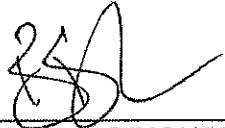
Section 4.02. (a) Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement by or on behalf of Participating Provinces may be taken or executed by each governor or mayor, as the case may be or by such other person or persons as he or she shall so designate in writing notified to ADB.

(b) The Participating Provinces shall furnish to ADB sufficient evidence of the authority of each person who will act under subsection (a) hereinabove, together with the authenticated specimen signature of each such person.

Section 4.03. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Project Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Project Agreement to be signed in their respective names as of the day and year first above written, and to be delivered at the principal office of ADB.

ASIAN DEVELOPMENT BANK

By 
BENEDICT BINGHAM
Authorized Representative

GUIZHOU PROVINCE

By 
LI ZAIYONG
Authorized Representative


HUBEI PROVINCE

By 
HUANG CHUPING
Authorized Representative

HUNAN PROVINCE

By 
SUI ZHONGCHENG
Authorized Representative

SICHUAN PROVINCE

By  _____
WANG NING
Authorized Representative

YUNNAN PROVINCE

By  _____
ZONG GUOYING
Authorized Representative

CHONGQING MUNICIPALITY

By  _____
LI MINGQING
Authorized Representative

SCHEDULE

Execution of Project; Financial and Other Matters

Implementation Arrangements

1. The Participating Provinces shall, and shall cause the PPMOs and the Project County Governments to, ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Borrower and ADB. In the event of any discrepancy between the PAM and this Project Agreement, the provisions of this Project Agreement shall prevail.
2. The Participating Provinces shall ensure that the PPMOs and the Project County Governments implement the financial management action plan as set forth in the PAM and adequate and experienced staff are provided to conduct all procurements for the Project.
3. The Participating Provinces shall ensure adequate coordination and cooperation among the NPMO, PPMOs and CPMOs and related local governments, counties and provinces and any private entities throughout Project implementation.

Counterpart Support

4. The Participating Provinces shall ensure that (a) all counterpart funds are made available for their respective Subprojects in a timely manner; and (b) operation and maintenance of all Project facilities is fully funded. The Participating Provinces shall ensure that all funding shortfalls for the Project are provided in a timely manner. In addition to the foregoing, the Participating Provinces shall have sufficient funds to satisfy their liabilities from any Works, Goods and/or Consulting Services contract.

Subproject Selection Criteria and Guiding Principles

5. The Participating Provinces shall ensure that the PPMOs and the Project County Governments ensure that all Subprojects are selected and implemented in accordance with the selection criteria and guiding principles as agreed with ADB and set forth in Appendix 2 to the PAM.

Environment

6. The Participating Provinces shall cause the PPMOs and the Project County Governments to ensure that the preparation, design, construction, implementation, operation and decommissioning of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to environment, health and safety; (b) the Environmental Safeguards; and (c) all measures and requirements set forth in the IEE, the EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Land Acquisition and Involuntary Resettlement

7. The Participating Provinces shall cause the PPMOs and the Project County Governments to ensure that the Project does not involve any involuntary land acquisition and resettlement impacts, all within the meaning of the SPS. In the event that the Project does have any such impact, the Participating Provinces shall take all steps required to ensure that the Project complies with the applicable laws and regulations of the Borrower and with the SPS.

8. The Participating Provinces shall cause the PPMOs and the Project County Governments to ensure that all land and all rights-of-way required for the Project are made available for the Project implementation in accordance with the agreed schedule and all LURT are implemented in compliance with (a) all applicable laws and regulations of the Borrower relating to LURT and land use; (b) LURT Framework; (c) all measures and requirements set forth in the respective LURT Framework; and (d) any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Implementation and Monitoring of Voluntary LURT

9. The Participating Provinces shall ensure that the PPMOs and the Project County Governments (a) implement and monitor the LURT Framework; (b) supervise land use agreements, resolve any issues promptly and submit semiannual social monitoring reports during the Project implementation; and (c) engage an external social expert to monitor implementation of the land use agreements and include the findings in semiannual social monitoring reports to ADB.

Ethnic Minority Development

10. The Participating Provinces shall ensure or cause the PPMOs and the Project County Governments to ensure that the preparation, design, construction, implementation and operation of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to ethnic minority peoples; (b) the Indigenous Peoples Safeguards; (c) all measures and requirements set forth in the EMDP; and (d) any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Human and Financial Resources to Implement Social and Safeguards Requirements

11. The Participating Provinces shall cause the PPMOs and the Project County Governments to ensure the adequate capacity and necessary budgetary and human resources to implement and monitor social measures, including: (a) the EMP, EMDP, LURT Framework, GAP and SDAP for the Project; (b) the staff are provided training for implementation on social and safeguard measures; and (c) an external social expert is recruited to monitor social measures during the Project implementation.

Safeguards-related Provisions in Bidding Documents and Works Contracts

12. The Participating Provinces shall cause the PPMOs and the Project County Governments to ensure that all bidding documents and contracts for Works contain provisions that require contractors to:

Schedule

- (a) comply with the measures relevant to the contractor set forth in the IEE, the EMP, LURT Framework and the EMDP (to the extent they concern impacts on the respective affected people under the Environmental Safeguards, the Involuntary Resettlement Safeguards and the Indigenous Peoples Safeguards during construction), and any corrective or preventative actions set forth in a Safeguards Monitoring Report;
- (b) make available a budget for all such environmental and social measures; and
- (c) provide the Participating Provinces with a written notice of any unanticipated environmental or social risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP, LURT Framework and the EMDP.

Safeguards Monitoring and Reporting

13. The Participating Provinces shall cause the PPMOs and the Project County Governments to do the following:

- (a) submit Safeguards Monitoring Reports to ADB (i) in respect of implementation of and compliance with Environmental Safeguards and the EMP, annually during construction and implementation of the Project and EMP, and thereafter annually during operation, until the issuance of ADB's Project completion report unless a longer period is agreed in the EMP; and (ii) in respect of implementation of and compliance with Indigenous Peoples Safeguards and the EMDP, semiannually during the implementation of the Project and the EMDP until the issuance of ADB's Project completion report unless a longer period is agreed in the EMDP, and disclose relevant information from such reports to the respective affected people under the Environmental Safeguards, the Involuntary Resettlement Safeguards and the Indigenous Peoples Safeguards promptly upon submission;
- (b) if any unanticipated environmental and social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP, the LURT Framework and the EMDP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and
- (c) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP, LURT Framework or the EMDP promptly after becoming aware of the breach.

Prohibited List of Investments

14. The Participating Provinces shall ensure that no proceeds of the Loan are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

Grievance Redress Mechanism

15. The Participating Provinces shall cause each PPMO to comply with the grievance redress mechanism established in compliance with the requirements of the SPS and in accordance with the EMP, LURT Framework and EMDP and to maintain an integrated system to document, follow-up and report on all cases to the NPMO and ADB.

Social, Poverty and Gender

16. The Participating Provinces shall cause the PPMOs and the Project County Governments ensure that (a) the SDAP and the GAP are implemented with their terms; (b) the bidding documents and contracts include relevant provisions for contractors to comply with the measures set forth in the SDAP and the GAP; (c) adequate resources are allocated for implementation of the SDAP and GAP; and (d) progress on implementation of the SDAP and GAP, including progress towards achieving key outcomes and output targets, are regularly monitored and reported to ADB.

17. The Participating Provinces shall cause the PPMOs and the Project County Governments to ensure that (a) the Project provide targeted benefits to the poor in an equitable manner; (b) the poor receive an equitable share of agricultural training provided under the Project; and (c) the Project contractors maximize the employment of local poor people.

18. The Participating Provinces shall cause the PPMOs and the Project County Governments to ensure that early facilitation is provided for the support to farmers cooperatives in accordance with the Project planning during the Project implementation.

Labor Standards, Health and Safety

19. The Participating Provinces shall cause the PPMOs and the Project County Governments to ensure that the core labor standards and the Borrower's applicable laws and regulations are complied with during Project implementation. The Participating Provinces shall cause the PPMOs and the Project County Governments to include specific provisions in the bidding documents and contracts financed by ADB under the Project requiring that the contractors, among other things: (a) comply with the Borrower's applicable labor law and regulations and incorporate applicable workplace occupational safety norms; (b) do not use child labor; (c) do not discriminate workers in respect of employment and occupation; (d) do not use forced labor; (e) do not restrict workers from developing a legally permissible means of expressing their grievances and protecting their rights regarding working conditions and terms of employment; and (f) disseminate, or engage appropriate service providers to disseminate, information on the risks of sexually transmitted diseases, including HIV/AIDS, to the employees of contractors engaged under the Project and to members of the local communities surrounding the Project area, particularly women. The Participating Provinces shall cause the PPMOs and the Project County Governments to cause the contractors

involved in the Project implementation to maximize the employment of local people including the poor who meet the job and efficiency requirements for construction and maintenance of the Project facilities.

20. The Participating Provinces shall strictly monitor compliance with the requirements set forth in paragraph 19 above and provide ADB with regular reports.

Public Awareness and Stakeholder Communication Strategy

21. The Participating Provinces shall cause the PPMOs and the Project County Governments to undertake public awareness campaigns through information disclosure, education and consultation on the Project and its benefits, including but not limited to information related to the EMP, LURT Framework, SDAP and GAP.

22. The Participating Provinces shall cause the PPMOs and the Project County Governments to ensure the stakeholder communication strategy as provided in the PAM is implemented to ensure regular information disclosure and implementation progress and to establish an information sharing mechanism for the relevant Project stakeholders.

Governance and Anticorruption

23. The Participating Provinces shall, and shall cause the PPMOs and the Project County Governments to (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

24. The Participating Provinces shall, and shall cause the PPMOs and the Project County Governments to, ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.