

LOAN NUMBER 9470-CN

# Loan Agreement

(China Plastic Waste Reduction Project (Shaanxi))

between

PEOPLE'S REPUBLIC OF CHINA

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

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## **LOAN AGREEMENT**

AGREEMENT dated as of the Signature Date between PEOPLE'S REPUBLIC OF CHINA ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

### **ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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 General Conditions or in the Appendix to this Agreement.

### **ARTICLE II — LOAN**

- 2.01. The Bank agrees to lend to the Borrower the amount of two hundred fifty million Dollars (\$250,000,000), as such amount may be converted from time to time through a Currency Conversion ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.06. The Payment Dates are March 1 and September 1 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

### **ARTICLE III — PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article V of the General Conditions and the Project Agreement.

### **ARTICLE IV — EFFECTIVENESS; TERMINATION**

- 4.01. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

**ARTICLE V — REPRESENTATIVE; ADDRESSES**

5.01. The Borrower's Representative is its Minister, or a Vice Minister, of Finance.

5.02. For purposes of Section 10.01 of the General Conditions:

(a) the Borrower's address is:

Ministry of Finance  
Sanlihe  
Xicheng District  
Beijing 100820  
People's Republic of China; and

(b) the Borrower's Electronic Address is:

Facsimile:

(86-10) 6855-2077

5.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

Facsimile:

1-202-477-6391

AGREED as of the Signature Date.

PEOPLE'S REPUBLIC OF CHINA

By 

Authorized Representative

Name: Zhang Bo  
Title: Deputy Director General  
Center for Evaluation of the World  
Bank Loan Projects  
Date: Ministry of Finance  
July 20, 2023

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By 

Authorized Representative

Name: Mara Warwick  
Title: Country Director, China  
Date: May 19, 2023

## SCHEDULE 1

### Project Description

The objectives of the Project are to reduce plastic pollution from municipal solid waste in selected under-served rural areas of Shaanxi Province, improve provincial plastic waste management, and draw lessons on plastic waste management relevant at the national level.

The Project consists of the following parts:

#### **Part 1: Institutional Strengthening and Capacity Building**

- 1.1. Providing technical and analytical support for the development of an integrated urban-rural waste service model.
- 1.2. Facilitating knowledge sharing on plastic waste management among Shaanxi Province, relevant national agencies and select provinces through: (a) annual roundtable dialogues; (b) annual thematic seminars; (c) development of case study(-ies) on plastic waste reduction; and (d) additional relevant knowledge management activities and dissemination.
- 1.3. Providing technical and analytical support for the development of policies, institutional and financing arrangements, operations and management tools and public participation activities for extending municipal solid waste management service to under-served rural areas, including, *inter alia*: (a) the integration of urban-rural municipal solid waste management planning; (b) the integration of parallel municipal solid waste management systems; (c) the development of a provincial and local municipal solid waste management monitoring and information system; (d) the establishment of a cross-departmental coordination mechanism for plastic waste reduction; (e) the development of carbon emissions accounting and abatement plan(s); (f) regulatory, incentive and monitoring measures for agricultural plastic film pollution control; (g) public outreach, capacity building and knowledge exchange activities; and (h) capacity assessment, training and capacity building for county/district/subdistrict agencies responsible for municipal waste management service provision.

#### **Part 2: Municipal Solid Waste Management Improvement and Agricultural Plastic Waste Management Pilot**

- 2.1 Upgrading and extending the municipal solid waste management systems to under-served rural areas of the Project Counties/Districts through, *inter alia*: (a) providing waste collection infrastructure, temporary storage facilities, collection and transport equipment for the roll out of comprehensive collection services at village level for mixed or source segregated waste; (b) constructing, expanding or upgrading transfer stations, providing transfer vehicles and supporting equipment, and constructing waste sorting facilities; (c) constructing on-site compost facilities for rural organic waste, constructing or expanding kitchen waste and bulky waste treatment plants, closing and remediating landfills and wild dumps; and (d) constructing educational and public outreach amenities to demonstrate the benefits of improved municipal solid waste management, reduced pollution, waste prevention, minimization, recovery, segregation, recycling and reuse.

- 2.2 Supporting an agricultural plastic film waste collection and treatment pilot in select Project Counties/Districts through: (a) agricultural plastic film collection equipment and facilities, temporary storage and transfer facilities, and long-haul transfer equipment; and (b) providing Performance-based Incentive Financings to Eligible Beneficiaries for encouraging the shift to thicker agricultural plastic film, and the collection and transport of used plastic film to designated outlets for treatment.

**Part 3: Project Management, Monitoring and Evaluation**

Supporting management and implementation of Project activities at the provincial and local level, including project management related training and capacity building, contract management, accounting and financial management, reporting, third party monitoring of the implementation of the environmental and social instruments, and knowledge management systems.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Financing Arrangements

1. For the purposes of carrying out of the Project, the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity, under terms and conditions acceptable to the Bank, including the following principal terms:
  - (a) the principal amount shall be made available in Dollars or any other Currency as the Loan may be converted from time to time through a Currency Conversion of the value of the currency or currencies so withdrawn (such principal amount determined on the date, or respective dates, of withdrawal from the Loan Account).
  - (b) the principal amount so made available shall be recovered over a period of twenty-nine (29) years, inclusive of a grace period of six (6) years.
  - (c) interest shall be charged on such principal amount withdrawn and outstanding from time to time at a rate equal to the rate of interest applicable from time to time to the Loan pursuant to the provisions of Section 2.05 of this Agreement.
  - (d) a Commitment Charge shall be charged equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
2. The Borrower shall cause the Project Implementing Entity to: (a) manage, operate, monitor, transfer, and reconcile the proceeds made available pursuant to paragraph 1 above in accordance with arrangements and procedures acceptable to the Bank; (b) take all required actions, including the provision of timely consents and approvals as may be necessary, to facilitate the utilization of the proceeds and the implementation of the Project and, to enable the Project Implementing Entity to comply with its undertakings under the Project Agreement; and (c) maintain all relevant records and documents related to the Loan and the Project, and provide promptly such documents and records, including all other information related to the Loan and the Project, as may be requested by the Borrower or the Bank from time to time.

##### B. Environmental and Social Standards

The Borrower shall take, and shall cause the Project Implementing Entity to take, all measures necessary to comply with, or all measures necessary to enable the Project Implementing Entity to comply with the provisions of Section I.C of the Schedule to the Project Agreement.

**Section II. Project Monitoring Reporting and Evaluation**

The Borrower shall cause the Project Implementing Entity to furnish to the Bank each Project Report not later than sixty (60) days after the end of each calendar semester, covering the calendar semester.

**Section III. Withdrawal of Loan Proceeds**

**A. General.**

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to finance Eligible Expenditures; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<b>Category</b>	<b>Amount of the Loan Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be financed (inclusive of Taxes)</b>
(1) Goods, works, non-consulting services, consulting services, Incremental Operating Costs and Training for the Project	240,360,000	100%
(2) Performance-based Incentive Financings	9,640,000	100% of amounts disbursed
<b>TOTAL AMOUNT</b>	<b>250,000,000</b>	

**B. Withdrawal Conditions; Withdrawal Period.**

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
  - (a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed USD 50,000,000 may be made for payments made prior to this date but on or after November 1, 2022, for Eligible Expenditures under Category (1); or
  - (b) for Performance-based Incentive Financings under Category (2), until and unless the Bank is satisfied, and has notified the Borrower of its acceptance, that the Project Implementing Entity has adopted and incorporated in the Project Operations Manual, the PBIF Sub-Manual, in form and substance acceptable to the Bank.
2. The Closing Date is December 31, 2029.



### SCHEDULE 3

#### Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share").

#### Level Principal Repayments

Principal Payment Date	Installment Share
On each March 1 and September 1 Beginning September 1, 2029 through September 1, 2051	2.17%
On March 1, 2052	2.35%

## APPENDIX

### Definitions

1. “Annual Work Plan” means each of the rolling plans for the Project to be prepared or updated by the Project Implementing Entity, and agreed with the Bank, on an annual basis during the implementation of the Project, as provided for in Section I.B.1 of the Schedule to the Project Agreement.
2. “Anti-Corruption Guidelines” means, for purposes of paragraph 6 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
3. “Baoji City” means Shaanxi Province’s city of the same name, or any successor thereto.
4. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
5. “Eligible Beneficiary” means a farmer, farmer cooperative/enterprise, village committee (or such other entity specified in the PBIF Sub-Manual) that meets the criteria set out in the PBIF Sub-manual and which shall receive a PBIF under Part 2.2 of the Project; and “Eligible Beneficiaries” means, collectively, all such beneficiaries.
6. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated February 1, 2023, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
7. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.

8. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, December 21, 2020, April 1, 2021, and January 1, 2022).
9. “Implementation Agreement” means an agreement to be entered into between a Project County/District and an Eligible Beneficiary providing for a PBIF under Part 2.2 of the Project, as provided for in Section I.E of the Schedule to the Project Agreement; and “Implementation Agreements” means, collectively, all such agreements.
10. “Incremental Operating Costs” means the reasonable costs incurred by the Project Implementing Entity for purposes of Project management and implementation based on the Annual Work Plans approved in advance by the Bank, on account of office supplies, consumables and rent, utilities, bank charges, communications, mass media and printing services, interpretation and translation services, vehicle rental, operation, maintenance, and insurance, building and equipment maintenance, local transportation, domestic and international travel, lodging, and subsistence allowances, and salaries of contractual and temporary staff, but excluding salaries and any salary supplements of members of the Borrower’s or the Project Implementing Entity’s civil service.
11. “Performance Based Incentive Financing” or “PBIF” means a financing to be provided out of the proceeds of the Loan to Eligible Beneficiaries, on the basis of verified performance, in accordance with the Implementation Agreement and PBIF Sub-Manual, and as provided for in Section I.E of the Schedule to the Project Agreement; and “Performance Based Incentive Financings” or “PBIFs” means, collectively all such financings.
12. “PBIF Sub-Manual” means the manual to be prepared and incorporated in the Project Operations Manual by the Project Implementing Entity, acceptable to the Bank, setting forth, *inter alia*, detailed steps and procedures, implementation, procurement, verification and disclosure arrangement (including procedures for the data collection and processing), financial management and disbursement arrangements for making PBIFs, including the types of Eligible Beneficiaries, types of eligible expenditures and unit costs, performance indicators, and templates for the Implementation Agreements.
13. “Procurement Regulations” means, for purposes of paragraph 84 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
14. “Project Districts/Counties” means Shaanxi Province’s districts/counties of Linwei, Chengcheng, Chencang, Pucheng, Baishui, Jingyang, Jintai, Weibin, Fengxiang, Nanzheng, Hanbin, and such other district or county of Shaanxi Province agreed with the Bank, or any successor thereto; “Project District/County” means, individually, any such of these districts/counties.
15. “Project Implementing Entity” means Shaanxi Province.
16. “Project Operational Manual” means the operations manual prepared and adopted by the Project Implementing Entity for the Project, acceptable to the Bank, describing, among

other things: (a) the Project objective, Project activities and arrangements, acceptable to the Bank, flow of funds of the proceeds of the Loan, and agreed procedures in, *inter alia*, procurement, financial management and disbursement; (b) the institutional arrangements for the implementation of the Project, and the roles and responsibilities of the entities involved in Project implementation; (c) steps and procedures for Project implementation; (d) monitoring and evaluation, reporting and information disclosure arrangements, and the indicators and targets for purposes of monitoring and evaluation of the progress of the Project; (e) guidelines for the preparation and implementation of the Annual Work Plans; (f) arrangements for the preparation and implementation of capacity enhancement plans for environmental sanitation centers; and (g) the PBIF Sub-manual.

17. “Provincial Project Management Office” means the management office established within Shaanxi Province’s Development and Reform Commission on May 23, 2022, and to be maintained in accordance with the provisions of Section I.A.1(b) of the Schedule to the Project Agreement, or any successor thereto.
18. “Provincial Project Steering Committee” means the steering group established by Shaanxi Province on May 23, 2022, and to be maintained in accordance with the provisions of Section I.A.1(a) of the Schedule to the Project Agreement, or any successor thereto.
19. “Shaanxi Province” means the Borrower’s province of the same name represented by its people’s government, or any successor thereto.
20. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
21. “Training” means the costs of training activities under the Project, based on the Annual Work Plans, and attributable to seminars, workshops, and domestic and overseas training and study tours, along with travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.