

CONFORMED COPY

CREDIT NUMBER 2387-0-CHA

(Tianjin Urban Development and Environment Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

TIANJIN MUNICIPALITY

Dated July 2, 1992

CREDIT NUMBER 2387-0-CHA

PROJECT AGREEMENT

AGREEMENT, dated July 2, 1992, between the INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and TIANJIN MUNICIPALITY (Tianjin).

WHEREAS: (A) by the Development Credit Agreement of even date herewith between People's Republic of China (the Borrower) and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to seventy-three million three hundred thousand Special Drawing Rights (SDR 73,300,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that Tianjin agrees to undertake such obligations toward the Association as are set forth in this Agreement;

WHEREAS Tianjin, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Development Credit Agreement and in the General Conditions (as so defined) have the respective meanings therein set forth.

ARTICLE II

Execution of the Project

Section 2.01. (a) Tianjin declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Development Credit Agreement and, to this end, shall carry out, and cause to be carried out, the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and environmental practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Association and Tianjin shall otherwise agree:

(i) Tianjin shall carry out, or cause to be carried out, Parts A, B, C.2, D and E of the Project in accordance with the Implementation Program set forth in Schedule 2 to this Agreement; and

(ii) Subloans under Part C.1 of the Project shall be made in accordance with the procedures and terms and conditions set forth or referred to in Schedule 3 to this Agreement.

Section 2.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 1 to this Agreement.

Section 2.03. Tianjin shall carry out the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions applicable to the Development Credit Agreement (relating respectively to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition) in respect of the Project Agreement.

Section 2.04. (a) Tianjin shall, at the request of the Association, exchange views with the Association with regard to the progress of the Project, the performance of its obligations under this Agreement and other matters relating to the purposes of the Credit.

(b) Tianjin shall promptly inform the Association of any condition which interferes or threatens to interfere with the progress of the Project, the accomplishment of the purposes of the Credit, or the performance by Tianjin of its obligations under this Agreement.

ARTICLE III

Financial Covenants

Section 3.01. (a) Tianjin shall maintain, or cause to be maintained, records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of Tianjin responsible for carrying out the Project or any part thereof.

(b) Tianjin shall:

(i) have the records and accounts referred to in paragraph (a) of this Section for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(iii) furnish to the Association such other information concerning said records and accounts and the audit thereof as the Association shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure, Tianjin shall:

(i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;

(ii) retain, until at least one year after the Association has received the audit for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(iii) enable the Association's representatives to examine such records; and

(iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 3.02. Beginning in June, 1994, Tianjin shall review and analyze the financial statements and financial projections of PTC, the Drainage Department and the Fund and submit its analysis, the statements and projections to the Association within six months of the end of each fiscal year.

ARTICLE IV

Effective Date; Termination; Cancellation and Suspension

Section 4.01. This Agreement shall come into force and effect on the date upon which the Development Credit Agreement becomes effective.

Section 4.02. (a) This Agreement and all obligations of the Association and of Tianjin thereunder shall terminate on the earlier of the following two dates:

(i) the date on which the Development Credit Agreement shall terminate in accordance with their terms; or

(ii) the date 20 years after the date of this Agreement.

(b) If the Development Credit Agreement terminates in accordance with its terms before the date specified in paragraph (a) (ii) of this Section, the Association shall promptly notify Tianjin of this event.

Section 4.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions applicable to the Development Credit Agreement.

ARTICLE V

Miscellaneous Provisions

Section 5.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this 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 or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's 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 the Association:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

INDEVAS
Washington, D.C.

Telex:

248423 (RCA),
82987 (FTCC),
64145 (WUI) or
197688 (TRT)

For Tianjin:

Tianjin Municipality
Tianjin Finance Bureau
Qufu Road, Heping District
Tianjin, People's Republic of China, 300042

Telex:

234061 TJFB CN

Section 5.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of Tianjin, or by Tianjin on behalf of the Borrower under the Development Credit Agreement, may be taken or executed by the Mayor or Vice Mayor or such other person or persons as the Mayor or Vice Mayor shall designate in writing, and Tianjin shall furnish to the Association sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 5.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Gautam S. Kaji

Regional Vice President
East Asia and Pacific

TIANJIN MUNICIPALITY

By /s/ Zhu Qizhen

Authorized Representative

SCHEDULE 1

Procurement and Consultants' Services

Section I: Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).
2. To the extent practicable, contracts for goods shall be grouped into bid packages of the equivalent of \$200,000 or more.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in China may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Other Procurement Procedures

1. Laboratory equipment and pavement monitoring equipment may be procured under contracts awarded through limited international bidding procedures on the basis of evaluation and comparison of bids invited from a list of at least three qualified suppliers eligible under the Guidelines and in accordance with the procedures set forth in Sections I and II of the Guidelines (excluding paragraphs 2.8, 2.9, 2.55 and 2.56 thereof).
2. (a) Civil works (other than those under Part E of the Project) and (b) items or groups of items of tools equipment and materials under Parts A, B and D of the Project estimated to cost the equivalent of \$200,000 or less per contract up to an aggregate amount equivalent to \$5,000,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.
3. (a) Civil works under Part E of the Project and (b) items or groups of items of equipment and materials estimated to cost the equivalent of \$10,000 or less per contract up to an aggregate amount equivalent to \$500,000, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three contractors or suppliers, as the case may be, eligible under the Guidelines, in accordance with procedures acceptable to the Association.
4. Items or groups of items of equipment and associated services for Subprojects under Part C.1 of the Project, estimated to cost the equivalent of \$3,000,000 or less per contract, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.
5. (a) Civil works for: (i) installation of communications lines for traffic signals up to an aggregate amount equivalent to \$500,000; (ii) installation of traffic signals and intersection improvements up to an aggregate amount equivalent to \$500,000; and (iii) installation of electricity mains up to an aggregate amount equivalent to \$1,500,000; and (b) replacement parts under Parts B and D of the Project up to an aggregate amount equivalent to \$500,000, may be procured by direct contracting in accordance with procedures acceptable to the Association.

Part E: Review by the Association of Procurement Decisions

1. Review of prequalification:

With respect to the prequalification of bidders as provided in Part A.2 hereof, the procedures set forth in paragraph 1 of Appendix 1 to the Guidelines shall apply.

2. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract for: (i) civil works under Parts A, B and D of the Project estimated to cost the equivalent of \$1,000,000 or more; (ii) goods estimated to cost the equivalent of \$200,000 or more; and (iii) equipment under Part C.1 of the Project estimated to cost the equivalent of \$2,000,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. When payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. When payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Association pursuant to said paragraph 3 shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 4 to the Development Credit Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which withdrawals from the Credit Account are to be made on the basis of statements of expenditure.

3. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II: Employment of Consultants

In order to assist Tianjin in carrying out the Project, Tianjin shall employ, or cause to be employed, consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by The World Bank as Executing Agency" published by the Bank in August 1981.

SCHEDULE 2

Implementation Program

Part A: Planning and Management

1. Tianjin shall establish and maintain: (a) a Project Leading Group, for purposes of Project coordination at a policy level; (b) a Project Office, for purposes of day-to-day management of the Project; and (c) a Planning and Management Improvement Leading Group (PAMILG), for purposes of managing implementation of Part A of the Project, each with competent staff in adequate numbers and with composition, functions and responsibilities acceptable to the Association.

2. Tianjin, with the assistance of qualified consultants and under terms of reference satisfactory to the Association, shall implement Part A of the Project in accordance with a plan of action and schedule, both satisfactory to the Association, including without limitation, taking all actions, necessary or appropriate, to improve financial reporting, planning and management of Tianjin's Urban and Rural Construction Commission, Drainage Division, Roads Division, Municipal Engineering Bureau, PTC, and Urban Planning Bureau.

3. Without limitation to its other reporting requirements under the General Conditions and this Agreement, Tianjin shall furnish to the Association quarterly reports of the progress of carrying out the Project within six weeks after the end of each quarter. Such reports shall be of such scope and detail as shall be acceptable to the Association.

4. Tianjin shall carry out training under the Project in accordance with a training program agreed with the Association.

Part B: Environmental Sanitation

1. Tianjin shall:

(a) develop a phased plan, acceptable to the Association for solid waste disposal under Part B.2 (b) of the Project with the assistance of qualified consultants and in accordance with terms of reference satisfactory to the Association by December 31, 1994; and

(b) implement the first phase of the plan in a manner and according to a timetable acceptable to the Association.

2. (a) Tianjin shall cause its Drainage Division (excluding sewerage treatment plants) to produce in each of its fiscal years after December 31, 1992, total revenues equivalent to not less than its total operating expenses.

(b) Before September 30 in each of its fiscal years, Tianjin shall, on the basis of forecasts prepared by Tianjin and satisfactory to the Association, review whether its Drainage Division would meet the requirements set forth in paragraph (a) in respect of such year and the next following fiscal year and shall furnish to the Association a copy of such review upon its completion.

(c) If any such review shows that Tianjin's Drainage Division would not meet the requirements set forth in paragraph (b) for its fiscal years covered by such review, Tianjin shall take promptly all necessary measures (including, without limitation, adjustments of the structure or levels of its rates) in order to meet such requirements.

(d) For the purposes of this Paragraph:

(i) the term "total revenues" means the sum of total operating revenues and net non-operating income;

(ii) the term "total operating revenues" means revenues from all sources related to operations;

(iii) the term "net non-operating income" means the difference between:
(A) revenues from all sources other than those related to operations; and
(B) expenses incurred in the generation of revenues in (A) above;
and

(iv) the term "total operating expenses" means all expenses related to operations, including administration, adequate maintenance, bonus, and welfare payments, interest payments and provision for depreciation determined in accordance with a method and criteria acceptable to the Association.

3. In order to assist the Drainage Division in meeting its financial requirements, Tianjin shall, beginning January 1, 1993, ensure that the Tianjin Finance Bureau pays to the Drainage Division specific compensation equivalent to the sewerage charges that would be due from non-residential users of sewerage services but for exemptions granted by Tianjin;

4. Tianjin shall:

(a) establish, by December 31, 1993, an accounting system which shall distinguish sewerage operations from drainage services;

(b) establish by December 31, 1995, an institutional development plan, acceptable to the Association, to transfer all or part of the sewerage operations to an autonomous entity; and

(c) thereafter, begin implementation of such plan in accordance with its

terms.

Part C: Industrial Pollution Control Fund

1. (a) Tianjin shall: (i) establish; and (ii) maintain the Fund as an autonomous entity with a charter, organization and staffing acceptable to the Association.

(b) Tianjin shall cause the Fund to adopt operations and lending procedures satisfactory to the Association.

2. (a) Tianjin shall relend the proceeds of the Credit allocated to Part C.1 of the Project to the Fund under a subsidiary loan agreement with terms and conditions which shall have been approved by the Association, and which shall include: (i) interest at 5% per annum; (ii) repayment by the Fund within 15 years, including a period of 5 years of grace; and (iii) the foreign exchange risks associated with the Subsidiary Loan to be borne by the Fund.

(b) Tianjin shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Association and to accomplish the purposes of the Credit, and excepts the Association shall otherwise agree, Tianjin shall not assign, amend, abrogate or waive any provision of the Subsidiary Loan Agreement to affect the provisions of subparagraph (a) above.

3. Tianjin shall cause the Fund, under the Subsidiary Loan Agreement to:

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

(b) have its records, accounts and 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 Association;

(c) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year, (i) certified copies of its financial statements for such year as so audited and (ii) the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(d) furnish to the Association such other information concerning said records, accounts and financial statements as well as the audit thereof, as the Association shall from time to time reasonably request.

4. In order to assist in the appraisal and administration of Subprojects and Subloans under Part C of the Project, Tianjin shall cause the Fund to enter into a contract, on terms and conditions satisfactory to the Association, with PCBC, or another Bank acceptable to the Association, providing for the financial and economic appraisal of Subprojects proposals and coordinating the administration of disbursement and repayment of funds under Subloans.

Part D: Urban Transport

1. (a) Tianjin shall make available the proceeds of the Credit allocated to Part D.2 of the Project to PTC under a transfer and operating agreement with terms and conditions which shall have been approved by the Association.

(b) Tianjin shall exercise its rights under the Transfer and Operating Agreement in such manner as to protect the interests of the Association and to accomplish the purposes of the Credit, and except as the Association shall otherwise agree, Tianjin shall not assign, amend, abrogate or waive any provision of the transfer and operating agreement to affect the provisions of subparagraph (a) above.

2. Tianjin shall cause PTC, pursuant to the Transfer and Operating Agreement to:

(a) maintain procedures and records adequate to reflect in accordance with consistently maintained sound accounting practices its operations and financial

condition;

(b) have its records, accounts and 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 Association;

(c) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year, (i) certified copies of its financial statements for such year as so audited and (ii) the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(d) furnish to the Association such other information concerning said records, accounts and financial statements as well as the audit thereof, as the Association shall from time to time reasonably request.

3. Tianjin shall cause PTC, pursuant to the Transfer and Operating Agreement, to meet the following financial requirements:

(a) PTC shall produce in each of its fiscal years after December 31, 1992, total revenues equivalent to not less than the sum of its total operating expenses, pension payments, interest payments and expenses for major repairs.

(b) Before September 30 in each of its fiscal years, PTC shall, on the basis of forecasts prepared by PTC and satisfactory to the Association, review whether it would meet the requirements set forth in paragraph (a) in respect of such year and the next following fiscal year and shall furnish to the Association a copy of such review upon its completion.

(c) If any such review shows that PTC would not meet the requirements set forth in paragraph (a) for its fiscal years covered by such review, PTC shall take promptly all necessary measures (including, without limitation, adjustments of the structure or levels of its rates and changes in operating routes) in order to meet such requirements.

(d) For the purposes of this Paragraph:

(i) the term "total revenues" means the sum of total operating revenues and net non-operating income;

(ii) the term "total operating revenues" means revenues from all sources related to operations;

(iii) the term "net non-operating income" means the difference between:
(A) revenues from all sources other than those related to operations; (B) expenses incurred in the generation of revenues in (A) above; and

(iv) the term "total operating expenses" means all expenses related to operations, including administration, adequate maintenance, bonus and welfare payments and provision of depreciation determined in accordance with a method and criteria acceptable to the Association.

4. Tianjin shall cause PTC, pursuant to the Transfer and Operations Agreement, to maintain its total number of staff at or below 23,575 persons through December 31, 1995.

5. In order to assist PTC in meeting its financial requirements, Tianjin shall:

(a) beginning January 1, 1993, ensure that payments made by Tianjin to PTC shall be determined solely on the basis of bus operating mileage, published inflation index, and declining at a rate of 5% per annum in accordance with a numerical formula, acceptable to the Association; and

(b) revise, in a manner satisfactory to the Association, the formula set forth in subparagraph (a) hereof, based on the results of the study carried out under

Part D.3 of the Project and the plan to improve municipal operations and management being implemented under Part A of the Project.

6. Tianjin shall:

(a) carry out a study of public transport policy and management under Part D.3 of the Project with the assistance of qualified consultants and in accordance with terms of reference satisfactory to the Association by December 31, 1995; and

(b) implement the results, acceptable to the Association, of the study in a manner and in accordance with a timetable acceptable to the Association.

Part E: Resettlement

1. Tianjin shall carry out resettlement of persons affected by the Project:

(a) in accordance with standards, procedures and a schedule satisfactory to the Association; and

(b) without limitation to paragraph (a) hereof, pursuant to the Resettlement Voucher Regulations.

SCHEDULE 3

Terms and Conditions of Subloans

1. (a) The financial terms and conditions of Subloans shall include:

(i) interest on the principal amount withdrawn in Renminbi and outstanding from time to time, at the fixed rate applicable from time to time by PCBC for loans of the same maturity; or interest on the principal amount withdrawn in foreign exchange and outstanding from time to time at the variable interest rate charged by IBRD on loans to its borrowers plus a spread of 1.2% per annum provided that the Industrial Enterprise bear all foreign exchange risks associated with the subloan; and

(ii) repayment periods for Subloans shall not be less than 3 years and shall not exceed 7 years, including a period of grace of not more than 2 years.

(b) Each Subloan shall finance 60% of the total amount disbursed by the Fund for a Subproject, including any other grants or other loans made by the Fund for the same Subproject, and shall not exceed, together with all other Subloans for such Subproject, the equivalent of \$3,000,000.

2. Tianjin shall cause the Fund to prepare and furnish to the Association for its approval:

(i) a Subproject appraisal report prior to making a Subloan for the Subproject for each Subproject estimated to cost the equivalent of \$1,000,000 or more; and

(ii) a Subproject appraisal report as part of the quarterly reporting requirements set forth in Part A, paragraph 3 of Schedule 2 to this Agreement for each Subproject estimated to cost the equivalent of less than \$1,000,000.

3. Subprojects shall be appraised and approved in accordance with the Fund Operating and Lending Procedures or other criteria acceptable to the Association.

4. Subloans shall finance only contracts for equipment and related installation costs for Subprojects. No expenditures for equipment required for a Subproject shall be eligible for financing out of the proceeds of the Credit, unless the Subloan for such Subproject shall have been approved by the Association and such expenditures shall have been made not earlier than ninety days prior to the date on which the

Association shall have received the Subproject appraisal report required under paragraph 2 above.

5. Subloans shall be made on terms whereby Tianjin shall cause the Fund to obtain, by written contract with the Industrial Enterprise or by other appropriate legal means, rights adequate to protect the interests of the Association, Tianjin and the Fund, including the right to:

(a) require the Industrial Enterprise to carry out and operate the Subproject with due diligence and efficiency and in accordance with sound technical, financial and managerial standards and to maintain adequate records;

(b) require that: (i) the goods and services to be financed out of the proceeds of the Credit shall be procured in accordance with the provisions of Schedule 2 to this Agreement; and (ii) such goods and services shall be used exclusively in the carrying out of the Subproject;

(c) inspect, by itself or jointly with representatives of the Association if the Association shall so request, such goods and the sites, works, plants and construction included in the Sub-project, the operation thereof, and any relevant records and documents;

(d) require that: (i) the Industrial Enterprise shall take out and maintain with responsible insurers such insurance, against such risks and in such amounts, as shall be consistent with sound business practice; and (ii) without any limitation upon the foregoing, such insurance shall cover hazards incident to the acquisition, transportation and delivery of goods financed out of the proceeds of the Credit to the place of use or installation, any indemnity thereunder to be made payable in a currency freely usable by the Industrial Enterprise to replace or repair such goods;

(e) obtain all such information as the Association, Tianjin or the Fund shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the Industrial Enterprise and to the benefits to be derived from the Subproject; and

(f) suspend or terminate the right of the Industrial Enterprise to the use of the proceeds of the Credit upon failure by such Industrial Enterprise to perform its obligations under its contract with the Fund.

