

CONFORMED COPY

GET GRANT NUMBER TF28613 CHA

GLOBAL ENVIRONMENT TRUST FUND GRANT AGREEMENT

(Ship Waste Disposal Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

acting as Trustee of the Global Environment
Trust Fund

Dated July 2, 1992

GLOBAL ENVIRONMENT TRUST FUND GRANT AGREEMENT

AGREEMENT, dated July 2, 1992, between PEOPLE'S REPUBLIC OF CHINA (the Recipient) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT acting as Trustee of grant funds provided by Participants of the Global Environment Facility into the Global Environment Trust Fund (GET) (the Trustee).

WHEREAS (A) the International Bank for Reconstruction and Development (the Bank) pursuant to Resolution No. 91-5 of March 14, 1991, of the Executive Directors of the Bank (the Resolution), established the Global Environment Facility consisting of the GET, Cofinancing Arrangements with the GET and the Ozone Projects Trust Fund, to assist in the protection of the global environment and promote thereby environmentally sound and sustainable economic development;

WHEREAS (B) certain members of the Bank and Switzerland (the Participants) have provided resources by way of grant into the GET and the Participants have requested and the Bank has agreed, to administer such grant funds as Trustee, for the purposes of, and in accordance with, provisions of the Resolution;

WHEREAS (C) the Recipient, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to the Development Credit Agreement, has requested assistance from the resources of the GET in the financing of the Project, and the Trustee has determined that such assistance would be in accordance with the provisions of the Resolution;

WHEREAS (D) the Recipient has also requested the International Development Association (the Association) to provide additional financing towards the financing of the Project and by an agreement of even date herewith between the Recipient and the Association, the Association has agreed to provide such assistance in an aggregate principal amount equivalent to eleven million Special Drawing Rights (SDR 11,000,000) (the Credit);

WHEREAS (E) Part A of the Project will be carried out by the Recipient and Part B of the Project will be carried out by the Port Authorities with the Recipient's assistance and, as part of such assistance, the Recipient will make available to the Port Authorities the proceeds of the GET Grant as provided in this Agreement; and

WHEREAS the Trustee has agreed, on the basis, inter alia, of the foregoing, to extend the GET Grant to the Recipient upon the terms and conditions set forth in this Agreement.

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. (a) The following provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 1, 1985, with the modifications set forth in paragraph (b) of this Section (the General Conditions) constitute an integral part of this Agreement:

- (i) Article I;
- (ii) Sections 2.01 (1), (2), (3), (4), (6), (8), (9), (10), (11), (15), (18) and (20), 2.02 and 2.03;
- (iii) Section 3.01;
- (iv) Section 4.01 and the first sentence of Section 4.09;
- (v) Article V;
- (vi) Sections 6.01, 6.02 (a), (c), (d), (e), (f), (i) and (k), 6.03, 6.04 and 6.06;
- (vii) Section 8.01 (b);
- (viii) Sections 9.01 (a) and (c), 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09;
- (ix) Sections 10.01, 10.03 and 10.04;
- (x) Article XI; and
- (xi) Sections 12.01 (c); 12.03, and 12.04.

(b) The General Conditions shall be modified as follows:

- (i) a new paragraph shall be added to the end of Section 2.01 to read as follows: "the term "Special Drawing Rights" and the symbol "SDR" mean special drawing rights as valued by the International Monetary Fund in accordance with its Articles of Agreement";
- (ii) the term "Bank", wherever used in the General Conditions, other than in Sections 2.01 (8) and 6.02 (f) thereof and the last use of such term in Section 5.01 thereof, means the Trustee except that in Section 6.02, the term "Bank" shall also include the International Bank for Reconstruction and Development acting in its own capacity;
- (iii) the term "Borrower", wherever used in the General Conditions, means the Recipient;
- (iv) the term "Loan Agreement", wherever used in the General Conditions, means this Agreement;

- (v) the term "Loan" and "loan" wherever used in the General Conditions, means the GET Grant; and
- (vi) the term "Loan Account" wherever used in the General Conditions, means the GET Grant Account.

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions, the Recitals to this Agreement, and the Development Credit Agreement have the respective meanings therein set forth; and the following terms have the following meanings:

(a) "Development Credit Agreement" means the agreement of even date herewith between the Recipient and the Association for the Project, as such agreement may be amended from time to time; and such term includes the "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, as applied to such agreement, and all schedules and agreements supplemental to the Development Credit Agreement; and

(b) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement.

ARTICLE II

The GET Grant

Section 2.01. The Trustee agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, the GET Grant in an amount in various currencies equivalent to twenty two million Special Drawing Rights (SDR 22,000,000).

Section 2.02. (a) The amount of the GET Grant may be withdrawn from the GET Grant Account in accordance with the provisions of Schedule 1 to the Development Credit Agreement for expenditures made (or, if the Trustee shall so agree, to be made) in respect of the reasonable cost of goods and services required for carrying out the Project and to be financed out of the proceeds of the GET Grant.

(b) The Recipient shall, for the purposes of the Project, open and maintain in dollars a special deposit account in a bank acceptable to the Trustee on terms and conditions satisfactory to the Trustee, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to the Development Credit Agreement.

Section 2.03. The Closing Date shall be June 30, 1996 or such later date as the Trustee shall establish. The Trustee shall promptly notify the Recipient of such later date.

ARTICLE III

Execution of the Project

Section 3.01. (a) Subject to paragraph (b) of this Section, Article III (except Sections 3.02 and 3.04) and Article IV of the Development Credit Agreement and Schedules 1, 2, 3, 4 and 5 thereto are incorporated in this Agreement with the following modifications in said Articles and Schedules 2, 3, 4 and 5 unless the context otherwise requires:

- (i) the term "Association" shall be read as "Trustee";
- (ii) the term "Borrower" shall be read as "Recipient";
- (iii) the term "Credit" and "Credit Account" shall be read as "GET Grant" and "GET Grant Account"; and
- (iv) the term "this Agreement" shall be read as "the Development Credit Agreement".

(b) So long as any part of the Credit provided for under the Development Credit Account shall remain outstanding and unless the Recipient has been notified otherwise by the Trustee:

- (i) all actions taken, including approval given, by the Association

pursuant to the provisions of any of the Articles of, and Schedules to, the Development Credit Agreement enumerated in paragraph (a) of this Section, as well as pursuant to Section 2.02 (a) of the Development Credit Agreement, shall be deemed to be taken or given in the name and on behalf of both the Association and the Trustee; and

(ii) all information or documentation furnished by the Borrower to the Association pursuant to the provisions of any of such Articles of the Development Credit Agreement or Schedules thereto shall be deemed to be furnished to both the Association and the Trustee.

Section 3.02. (a) The Recipient shall make a part of the proceeds of the GET Grant available to the Port Authorities on a grant basis under grant agreements to be entered into between the Recipient and each of the Port Authorities in accordance with the provisions hereof. Each of the said grant agreements shall be for an amount agreed by the Recipient and the Trustee and shall be based upon terms and conditions satisfactory to the Trustee.

(b) The Recipient shall exercise its rights under each of the Grant Agreements in such manner as to protect the interests of the Recipient and the Trustee and to accomplish the purposes of the GET Grant, and except as the Trustee shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any of the Grant Agreements or any provision thereof.

Section 3.03. The Recipient and the Trustee hereby agree that the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) for Part B of the Project, shall be carried out by the Port Authorities pursuant to Section 2.03 of the Project Agreement.

ARTICLE IV

Remedies of the Trustee

Section 4.01. Pursuant to Sections 6.02 (k) of the General Conditions, the following additional events are specified, namely, the events set out in Section 5.01 (a) to (d) of the Development Credit Agreement.

Section 4.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional events are specified namely, the events set out in Section 5.02 of the Development Credit Agreement.

ARTICLE V

Effective Date; Termination

Section 5.01. The following events are specified as additional conditions to the effectiveness of the GET Grant Agreement within the meaning of Section 12.01 (c) of the General Conditions:

- (a) the Recipient's State Council has approved the GET Grant Agreement;
- (b) each of the Grant Agreements has been executed on behalf of the Recipient and the respective Port Authority; and
- (c) all conditions precedent to the effectiveness of the Development Credit Agreement have been fulfilled, other than those related to the effectiveness of this Agreement.

Section 5.02 The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 5.03. If the Development Credit Agreement terminates prior to the termination of this Agreement, the provisions of the Development Credit Agreement referred to in this Agreement shall continue in full force and effect between the Borrower and the Association.

ARTICLE VI

Representative of the Recipient; Addresses

Section 6.01. The Minister of Finance of the Recipient is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

Ministry of Finance
Sanlihe
Beijing 100820
People's Republic of China

Cable address:

FINANMIN

Telex:

22486 MFPRC CN

For the Trustee:

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

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

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

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.

PEOPLE'S REPUBLIC OF CHINA

By /s/ Zhu Qizhen

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
Acting as Trustee of the
Global Environment Trust Fund

By /s/ Gautam S. Kaji

Regional Vice President
East Asia and Pacific

