Global Environment Facility
Grant Agreement
(Capacity Strengthening for Implementation of Minamata Convention on Mercury Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as an Implementing Agency of the Global Environment Facility

Dated November 14, 2016
GLOBAL ENVIRONMENT FACILITY
GRANT AGREEMENT

AGREEMENT dated November 14, 2016, entered into between the PEOPLE'S REPUBLIC OF CHINA ("Recipient"); and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting as an implementing agency of the Global Environment Facility ("GEF").

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions


1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient, through MEP, shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to eight million United States Dollars (US$8,000,000) ("Grant") to assist in financing the Project.
3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Effectiveness; Termination

4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that:

(a) The execution and delivery of this Agreement on behalf of the Recipient has been duly authorized or ratified by all necessary governmental action.

(b) Each Implementation Agreement referred to in Section I.B of Schedule 2 to this Agreement has been executed on behalf of the Recipient, through MEP, and the respective Project Province.

4.02. As part of the evidence to be furnished pursuant to Section 4.01 (a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing, on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.

4.03. Except as the Recipient and World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement has been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

4.04. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement unless the World Bank, after consideration of the reasons for the delay, establishes
a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article V
Recipient’s Representative; Addresses

5.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Finance.

5.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance
Sanlihe
Xicheng District
Beijing 100820
People’s Republic of China

Facsimile:
(86-10) 6855-2077

5.03. The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable: INTBAFRAD  Telex: 248423 (MCI) or 64145 (MCI) Facsimile: 1-202-477-6391
AGREED at Beijing, People’s Republic of China, as of the day and year first above written.

PEOPLE’S REPUBLIC OF CHINA

By [Signature]

Authorized Representative

Name: Liu Weihua
Title: Deputy Director General

INTERNATIONAL ECONOMIC AND FINANCIAL COOPERATION DEPARTMENT
MINISTRY OF FINANCE

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as an Implementing Agency of the Global Environment Facility

By [Signature]

Authorized Representative

Name: Bent Hofman
Title: Country Director, China
SCHEDULE 1

Project Description

The objectives of the Project are to: (a) develop a national strategy on mercury and related action plans; and (b) improve the Recipient’s mercury management capacity and readiness to implement this strategy in the Project Provinces.

The Project consists of the following parts:


Providing analytical and technical support for the development and delivery of a national mercury strategy, and sector- and province-specific action plans.

Part 2. Capacity Strengthening for Mercury Management and Risk Assessment

Building the capacity at the national level, for the Project Provinces and other stakeholders on mercury management and risk assessment, through, inter alia: (a) the development of a national mercury management information system; (b) the capacity building of pilot laboratories; (c) environmental risk assessments of selected mercury contaminated sites; (d) assessment of mercury management and recycling and recycling technologies in relevant sectors; and (e) knowledge sharing and dissemination.

Part 3. Project Management

Provision of Project management and implementation support activities, including coordination with relevant stakeholders, at the national level and for the Project Provinces.
SCHEDULE 2
Project Execution

Section I. Institutional and Other Arrangements

A. Implementation Arrangements

1. The Recipient, through MEP, shall:

   (a) establish by no later than December 31, 2017, and thereafter maintain, throughout the period of Project implementation, the National Strategy Preparation Coordination Group responsible for providing overall guidance and coordination for the implementation of the Project, with membership, terms of reference, staffing and other resources acceptable to the World Bank; and

   (b) maintain the Project Management Unit, responsible for overall Project implementation, coordination with the Project Provinces, and the day-to-day implementation support to the activities of the Project with membership, terms of reference, staffing and other resources acceptable to the World Bank.

B. Implementation Agreements

1. For the purpose of carrying out the Project, the Recipient, through MEP, shall enter into an Implementation Agreement with each Project Province on terms and conditions satisfactory to the World Bank.

2. The Recipient, through MEP, shall exercise its rights under each Implementation Agreement in such manner as to protect the interests of the Recipient and the interests of the World Bank and to accomplish the purposes of the Project. Except as the World Bank shall otherwise agree, the Recipient, through MEP, shall not assign, amend, abrogate or waive the Implementation Agreement or any of its provisions.

C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Annual Work Plans

The Recipient, through MEP, shall: (a) carry out activities under the Project during each fiscal year in accordance with Annual Work Plans agreed with the World Bank; (b) prepare and furnish to the Bank by November 1 in each year, beginning
in 2016, a draft Annual Work Plan for review and comment, summarizing the implementation progress of the Project for the said year and the Project activities to be undertaken for the following calendar year, including the proposed annual budget for the Project; (c) taking into account the World Bank’s comments, finalize and furnish to the Bank no later than December 31 in each year, beginning in 2016, the Annual Work Plan, satisfactory to the World Bank; and (d) thereafter, ensure the implementation of the Project during the following calendar year in accordance with the Annual Work Plan, in a manner satisfactory to the World Bank. The Recipient, through MEP, shall not amend, suspend, abrogate, or waive said Annual Work Plans or any provision thereof without the prior approval of the World Bank.

E. Safeguards

1. The Recipient, through MEP, shall ensure that the Project is carried out in accordance with the provisions of the ESMF.

2. Except as the World Bank shall otherwise agree in writing, the Recipient, through MEP, shall not assign, amend, abrogate, waive, or permit to be assigned, amended, abrogated, or waived, the ESMF, or any provision thereof.

3. The Recipient, through MEP, shall maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the World Bank, the implementation of the ESMF.

4. The Recipient, through MEP, shall ensure that all studies and technical assistance to be supported under the Project are carried out under terms of reference satisfactory to the World Bank, and that such terms of reference are consistent with, and pay due attention to, the World Bank’s Safeguards Policies.

5. Without limitation upon its other reporting obligations under Section IIA of this Schedule 2, the Recipient, through MEP, shall take all measures necessary to regularly collect and compile, and submit to the World Bank, as part of the Project Reports, information on the status of compliance with the ESMF, providing details of:
   
   (a) the measures taken in furtherance of the Safeguards Instruments;
   
   (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments; and
   
   (c) remedial measures taken or required to be taken to address such conditions.

6. In the event of a conflict between the provisions of any of the ESMF and those of this Agreement, the provisions of this Agreement shall prevail.
Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports, Mid-term Review, Completion Report

1. The Recipient, through MEP, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators set forth in the Results Framework. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the World Bank not later than sixty (60) days after the end of the period covered by such report.

2. Without limitation to the provisions of paragraph A.1 above, the Recipient, through MEP, shall prepare, under terms of reference satisfactory to the World Bank, and furnish to the World Bank no later than December 31, 2018, a mid-term review report for the Project, summarizing the result of the monitoring and evaluation activities carried out from the inception of the Project, and setting out the measures recommended to ensure the efficient completion of the Project and the achievement of the objectives thereof during the period following such date.

3. The Recipient, through MEP, shall prepare the Completion Report in accordance with the provisions of Section 2.06 (b) (ii) of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than three (3) months after the Closing Date.

B. Financial Management; Financial Reports; Audit

1. The Recipient, through MEP, shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient, through MEP, shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than sixty (60) days after the end of each semester, covering the semester, in form and substance satisfactory to the World Bank.

3. The Recipient, through MEP, shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.
Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods, non-consulting services, and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(a) Section 1 of the Procurement Guidelines in the case of goods and non-consulting services, and Sections I and IV of the Consultant Guidelines in the case of consultants' services; and

(b) the provisions of this Section III, as the same shall be elaborated in the Procurement Plan.

2. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Section II and III of the Procurement Guidelines, or Section II, III, IV and V of the Consultant Guidelines, as the case maybe.

B. Particular Methods of Procurement of Goods and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the additional provisions set forth in the box below; (b) Shopping; and (c) Direct Contracting.

The procedures applicable to the procurement of goods, works, and non-consulting services under contracts awarded on the basis of National Competitive Bidding ("NCB") shall be the open tendering procedures set forth in the Recipient's Law on Tendering and Bidding promulgated by its Order No. 21 dated August 30, 1999; provided, however, that such procedures shall be subject to the provisions of Section I, Paragraphs 3.3 and 3.4 of Section III, and Appendix 1 of the Procurement Guidelines, and the additional provisions in the following. In the event of a conflict between the Recipient's procedures and these NCB Procedure Modifications, the latter shall govern.
(i) Eligibility to participate in a procurement process and to be awarded a World Bank-financed contract shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for such contract for reasons other than those provided in Section I of the Procurement Guidelines. No restriction based on nationality of bidders and/or origin of goods shall apply, and foreign bidders shall be allowed to participate in NCB without application of restrictive conditions.

(ii) All invitations to prequalify or bid shall be advertised in a national newspaper of wide circulation in the Recipient's country, or on a widely used website/electronic portal with free national and international access acceptable to the World Bank except for goods or non-consulting services contracts that are estimated to cost less than $300,000 equivalent each, or works contracts that are estimated to cost less than $2,000,000 each, which may be advertised in a provincial daily newspaper. Such advertisement shall be made in sufficient time for prospective bidders to obtain prequalification or bidding documents and prepare and submit their responses. In any event, a minimum of thirty (30) days shall be given to bidders between the date of such advertisement (or the date of availability of bidding documents, whichever is later) and the deadline for the submission of bids, and the advertisement and bidding documents shall specify the deadline for the submission of bids. In the case of such advertisement on a website/electronic portal, the notice shall remain readily accessible nationally and internationally until at least the deadline for the submission of bids. Potential bidders shall be allowed to inspect and purchase bidding documents at any time prior to the deadline for the submission of bids.

(iii) Standard Bidding Documents acceptable to the World Bank shall be used.

(iv) Qualification requirements of bidders and the method of evaluating the qualification of each bidder shall be specified in detail in the bidding documents.

(v) Prequalification procedures and documents acceptable to the World Bank shall be used for large, complex and/or specialized works. Verification of the information upon which a bidder was prequalified, including current commitments, shall be carried out at the time of contract award, along with the bidder's capability with respect to personnel and equipment. All bidders that meet the qualification criteria set out in the pre-qualification documents shall be allowed to bid, and there shall be no limit on the number of pre-qualified bidders. Where pre-qualification is not used, the qualification of the bidder who is
recommended for award of contract shall be assessed by post-qualification, applying the qualification criteria stated in the bidding documents.

(vi) Registration shall not be used to assess bidders' qualifications. A bidder shall not be required to register as a condition for inspecting or purchasing bidding documents, submitting its bid or receiving contract award. A bidder determined to be the lowest evaluated responsive bidder, shall be given reasonable opportunity of registering (if required) before contract signing without any let or hindrance. Bidding shall not be restricted to any particular class of contractors, and non-classified contractors shall also be eligible to bid.

(vii) No margins of preference of any sort shall be given to bidders, such as on the basis of their location, place of incorporation, or affinity with the geographical area in which the Project activities will take place.

(viii) All bidders who are awarded contracts for works and single-responsibility contracts shall be required to provide performance security in an amount sufficient to protect the Recipient or the Project Implementing Entity / Entities, as the case may be, in case of breach of contract by the contractor, and the bidding documents shall specify the required form and amount of such security and any other potential damages for such breach.

(ix) Bidders shall be allowed to submit bids by mail or in person.

(x) All bids shall be opened in public; all bidders shall be offered an opportunity to be present (either in person or through their representatives) at the time of bid opening, but bidders shall not be required to be present at the bid opening.

(xi) All bid evaluation criteria shall be disclosed in the bidding documents and quantified in monetary terms or expressed in the form of pass/fail requirements.

(xii) No bid may be rejected solely on the basis that the bid price exceeds any cost estimate or falls outside any margin or bracket of prices or average bids established by the Recipient or the Project Implementing Entity / Entities, as the case may be. Rejection of all bids or re-bidding shall not be allowed solely because the number of bids is less than three (3), and rejection of all bids or rebidding shall not take place without the World Bank's prior written agreement.
Each contract shall be awarded to the lowest evaluated responsive bidder, that is, the bidder who meets the appropriate standards of capability and resources and whose bid has been determined: (A) to be substantially responsive to the bidding documents; and (B) to offer the lowest evaluated cost. The winning bidder shall not be required, as a condition of award, to undertake responsibilities for work or to assume other obligations not stipulated in the bidding documents or otherwise to modify the bid as originally submitted. No negotiations shall be permitted except with the World Bank's no-objection.

In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the World Bank's policy to sanction firms or individuals found to have engaged in fraud and corruption as set forth in the Procurement Guidelines.

In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the World Bank's policy with respect to inspection and audit of accounts, records and other documents relating to the submission of bids and contract performance.

Government-owned enterprises in the Recipient's country may be permitted to bid or submit a proposal of goods, works, or non-consulting services if they can establish that they: (A) are legally and financially autonomous; (B) operate under commercial law; and (C) are not a dependent agency of the agency conducting the procurement.

Matters such as subcontracting, joint venture relationships and assignment of contract shall be handled in accordance with the bidding documents.

The results of bid evaluation and contract award shall be published in the national or provincial press (as provided under paragraph (ii) above) or official gazette or a free and open-access website and shall identify: (A) the name of each bidder who submitted a bid; (B) bid prices as read out at bid opening; (C) the name of the bidder, and the evaluated price, of each bid that was evaluated; (D) the names of bidders whose bids were either rejected as non-responsive or not meeting qualification criteria, or not evaluated, with the reasons therefor; and (E) the name of the winning bidder and the final total contract price, as well as the duration and summary scope of the contract. Such publication shall be within two (2) weeks of receiving the World Bank's no-objection to the award recommendation for contracts subject to the World Bank's prior review, and within two (2) weeks of the Recipient's award decision for contracts subject to the World Bank's post review. The bidding
documents shall disclose the newspaper in which and/or the electronic means by which the information on contract award will be published.

(xix) The Recipient or the Project Implementing Entity/Entities, as the case may be, shall have in place an effective and independent protest mechanism for bidders to protest. The bidding documents shall provide the professional title and address of the official to whom such protests should be sent.

C. Particular Methods of Procurement of Consultants’ Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. Other Methods of Procurement of Consultants’ Services. The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

D. Review by the World Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance 100% of Eligible Expenditures consisting of goods, non-consulting services, consultants’ services, Training and Workshops, and Incremental Operating Costs, all inclusive of Taxes.
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed US$1,000,000 may be made for payments made prior to this date but on or after July 22, 2016, for Eligible Expenditures.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is April 30, 2021.
APPENDIX

Definitions

1. "Annual Work Plans" means the consolidated work plan of activities, associated resources, procurement packages, Incremental Operating Costs and budgetary allocations required for a given fiscal year of the Recipient for Project implementation, to be prepared by the Recipient pursuant to Section 1.D of Schedule 2 to this Agreement.


4. "Environmental and Social Management Framework" and “ESMF” mean the Framework dated July 18, 2016, prepared and publicly disclosed by the Recipient, and approved by the World Bank, which sets out, among other things: (i) key principles for social and environmental management of the Project; (ii) procedures to screen and process the Project for significant social and environmental impacts, and to assist in mitigating these impacts; and (iii) guidelines for capacity building and monitoring; as such framework may be modified from time to time with the prior written agreement of the Word Bank, and such term includes any annexes or schedules to such framework.

5. "Foreign Economic Cooperation Office" and “FECO” mean the Foreign Economic Cooperation Office established within MEP, as defined herein, responsible for managing and coordinating the Project, or any successor thereto.

6. "Implementation Agreement" means, in respect of each Project Province, the agreement entered into between the Recipient, through MEP, and said Project Province, in accordance with the provisions of Section 1.B of Schedule 2 to this Agreement, as the same may be amended from time to time with the approval of the World Bank, and the term "Implementation Agreements" means the plural thereof.

7. "Incremental Operating Costs" means the operating costs of the Project incurred by FECO on its own and for the Project Provinces on the basis of the Annual Work Plans for purposes of Project management, implementation, and monitoring and evaluation, on account of office supplies and consumables, utilities, bank charges, communications, mass media and printing services, vehicle rental, operation, maintenance, and insurance, building and equipment maintenance, domestic
travel, lodging, and subsistence allowances, and salaries of contractual and temporary staff, but excluding salaries and any salary supplements of members of the Recipient's, or the Project Provinces' civil service.

8. "Ministry of Environmental Protection" and "MEP" mean the Recipient's Ministry of Environmental Protection or any successor thereto.

9. "National Strategy Preparation Coordination Group" means the group to be established by MEP comprising representatives of MEP, key line ministries, and national agencies departments, or a successor thereto; and referred to in Section I.A.1(a) of Schedule 2 to this Agreement.


11. "Procurement Plan" means the Recipient's procurement plan for the Project dated July 22, 2016, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

12. "Project Management Unit" means the unit established within FECO on July 29, 2016, and referred to in Section I.A.1(b) of Schedule 2 to this Agreement, or any successor thereto.

13. "Project Provinces" means, collectively, the Recipient's Provinces of Guizhou, Hunan and Shaanxi, or such other province of the Recipient as agreed with the World Bank.

14. "Results Framework" means the Recipient's framework, dated July 22, 2016, and agreed with the World Bank, setting forth the indicators and targets for purposes of monitoring and evaluation of the progress of the Project, as the same may be modified from time to time with the prior written agreement of the World Bank, and such term includes any annexes, appendices, or schedules to such framework.

15. "Training and Workshops" means the cost of training financed under the Project, incurred on the basis of the Annual Work Plans, attributable to seminars, study tours, and workshops, along with the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to training preparation and implementation.

16. "World Bank's Safeguards Policies" means the operational policies and procedures for financing of development projects by the World Bank at the date of this Agreement and relating to Environmental Assessment, Natural Habitats, Pest Management, Indigenous Peoples (Ethnic Minorities), Physical Cultural