Global Environment Facility
Grant Agreement

(Guangdong Agricultural Pollution Control 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 February 25, 2014
GLOBAL ENVIRONMENT FACILITY GRANT AGREEMENT

AGREEMENT dated February 20, 2014, entered into between PEOPLE'S REPUBLIC OF CHINA ("Recipient") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting as an implementing agency of the Global Environment Facility ("GEF").

WHEREAS:

(A) the Recipient has requested the World Bank to provide assistance towards the financing of the project described in Schedule I to this Agreement ("Project"); and

(B) by an agreement of even date herewith between the Recipient and the World Bank ("Loan Agreement"), the World Bank has agreed to provide such assistance in the amount of one hundred million Dollars ($100,000,000) ("Loan") to assist in financing the Project; and

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012 ("Standard Conditions"), with the modifications set forth in Section I of the Appendix to this Agreement, constitute an integral 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 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 I to this Agreement ("Project"). To this end, the Recipient shall cause the Project to be carried out by the Project Implementing Entity, in accordance with the provisions of Article II of the Standard Conditions and the agreement dated the same date as this Agreement between the World Bank and the Project Implementing Entity, as such agreement may be amended from time to time ("Project Agreement").

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 Sections I, II and III of Schedule 2 to the Loan 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 five million one hundred thousand United States Dollars ($5,100,000) ("Grant") to assist in financing Parts 1, 3 and 4 of the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section II 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
Additional Remedies

4.01. The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consist of the following:

(a) the Recipient has taken or permitted to be taken any action which would prevent or interfere with the performance by the Project Implementing Entity of its obligations under the Project Agreement;

(b) the Project Implementing Entity has failed to perform any obligation under the Project Agreement;

(c) as a result of events which have occurred after the date of this Agreement, an extraordinary situation has arisen which makes it improbable that the Project Implementing Entity will be able to perform their obligations under the Project Agreement; and

(d) the World Bank has determined after the Effective Date referred to in Section 5.03 of this Agreement that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient’s right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.
Article V
Effectiveness; Termination

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied.

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

(b) The Loan Agreement has been executed and delivered and all conditions precedent to its effectiveness (other than the effectiveness of this Agreement) have been fulfilled.

5.02. As part of the evidence to be furnished pursuant to Section 5.01 (a) of this Agreement, 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 the following matters:

(a) on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Recipient, and is legally binding upon it in accordance with its terms; and

(b) on behalf of the Project Implementing Entity, that the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Project Implementing Entity, and is legally binding upon it in accordance with its terms.

5.03. Except as the Recipient and the 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 5.01 of this Agreement ("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 had 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.

5.04. 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 VI
Recipient's Representative; Addresses

6.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Finance.

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

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

Facsimile:

86-10-6855-1125

6.03. 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, China, as of the day and year first above written.

PEOPLE'S REPUBLIC OF CHINA

By

[Signature]

Authorized Representative

Name: Liang Zigian

Title: Deputy Director-General
International 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: Klaus Rohland

Title: Country Director China

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SCHEDULE 1 - Project Description

The objective of this Project is to reduce water pollutant releases from crop and livestock production in selected areas of Guangdong Province.

The Project consists of project described in Schedule 1 to the Loan Agreement.
SCHEDULE 2

Section I.  Financing Arrangements

For the purposes of the Project, the Recipient shall make available the proceeds of the Grant to the Project Implementing Entity on a grant basis and under terms and conditions satisfactory to the World Bank.

Section II.  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 Eligible Expenditures as set forth in the table in paragraph 2 below.

2.  The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Sub-financings under Part 1 (c) of the Project.</td>
<td>700,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>(2) Goods, non-consulting services, consultants’ services, Incremental Operating Costs, Training and Workshop under Parts 1, 3 and 4 of the Project</td>
<td>4,400,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>5,100,000</td>
<td></td>
</tr>
</tbody>
</table>

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 $1,000,000 equivalent may be made for payments made prior to this date but on or after October 29, 2013 for Eligible Expenditures.
2. For the purposes of this Section II of Schedule 2, the terms "Sub-financings", "Incremental Operating Costs", "Training and Workshops" and "IC Card System" have the meanings specified in the Appendix to the Loan Agreement.

3. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2019.
APPENDIX

A. Definitions

1. "Category" means a category set forth in the table in Section II of Schedule 2 to this Agreement.

2. "Project Agreement" means the agreement between the World Bank and the Project Implementing Entity (as hereinafter defined) of even date herewith, as the same may be amended from time to time; and such term includes all schedules and agreements supplemental thereto.

3. "Loan Agreement" means the agreement between the Recipient and the World Bank of even date herewith, as the same may be amended from time to time; and such term includes all schedules and agreements supplemental thereto.