HB 2036

GRANT AGREEMENT VIET NAM 1998.03

of NLG 3,063,548
dated 27th April, 2000

Reference: 97077/VN016201/18-04-2000

GRANT AGREEMENT VIET NAM 1998.03
of NLG 3,063,548
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The undersigned,

1. De Nederlandse Investeringsbank voor Ontwikkelingslanden N.V., with its registered office in The Hague, hereinafter referred to as the "NIO Bank", acting as agent of the Government of the Kingdom of the Netherlands (hereinafter referred to as the "Netherlands Government");

and

2. The Government of the Socialist Republic of Viet Nam, represented by the People's Committee of Ho Chi Minh City, (hereinafter referred to as the "Grantee");

whereas:

- The Netherlands Government is prepared to make available a grant for the partial financing of the total amount to be paid to Peja Export B.V. at Boxmeer, The Netherlands (hereinafter referred to as "Peja") pursuant to their contract dated 27th April, 2000 with Saigon Automobile Mechanical Corp. (SAMCO) for and on behalf of Ho Chi Minh City Environmental Company (CITENCO) (hereinafter jointly and severally referred to as the "Buyer") for the supply the "Solid Waste Management Project District 10 and Hospital Waste Project HCMC/Vietnam" (hereinafter referred to as "the Project") amounting to NLG 5,105,914 (hereinafter referred to as the "Contract");

- The amount of this Grant will be disbursed through the intermediary of the NIO Bank as agent of the Netherlands Government.

Therefore, it has been agreed as follows:

Article 1 (Financial Assistance)

1.1 The NIO Bank will make available a grant (hereinafter referred to as the "Grant") up to an amount of NLG 3,063,548 (three million sixty-three thousand and five hundred and forty-eight Netherlands guilders) to the Grantee, subject to the terms and conditions set forth in this Agreement.

1.2 The Grant shall be used exclusively for the purpose of the partial payment of the amounts to be disbursed to Peja pursuant to the Contract.

Article 2 (Conditions for Disbursement)

2.1 The financing of the amount of the Contract will be as follows:

- NLG	3,063,548	out of the Grant;
- NLG	2,042,366	out of an irrevocable letter of credit to be opened by the Viet Com Bank (hereinafter referred to as the "L/C")
NLG	5,105,914	

2.2 Payment of the amount of the Contract will be made in the following order:

- NLG	765,887	being 15% of the Contract price as an advance payment of which NLG 510,591 out of the Grant and NLG 255,296 out of the L/C;
- NLG	4,084,731	being 80% of the Contract price of which NLG 2,402,783 out of the Grant and NLG 1,681,948 out of the L/C;
- NLG	255,296	being 5% of the Contract price of which - NLG 174,878 against presentation of Certificate A (of which NLG 102,828 out of the Grant and NLG 72,050 out of the L/C), and; - NLG 80,418 against presentation of Take Over Certificate B (of which NLG 47,346 out of the Grant and NLG 33,072 out of the L/C);
NLG	5,105,914	

2.3 The Grant shall only be disbursed after:

a) the NIO Bank has received from the Grantee the present Agreement, duly signed and dated by the Grantee;

b) confirmation from the Grantee that the L/C has been issued and that drawings thereunder are allowed;

c) the NIO Bank has received confirmation from Peja that the L/C has been secured by credit insurance coverage;

d) the NIO Bank has received from Peja the original advance payment guarantee (hereinafter referred to as the "Bank Guarantee") as referred to in paragraphs 5, 6 and 7 of this Article (2) which shall be in form and substance to the satisfaction of the NIO Bank, but in any case containing provisions setting forth that the NIO Bank is the only party entitled to make a claim under such Bank Guarantee for and on behalf of the Buyer.

2.4 If during the disbursement period:

a) the Viet Com Bank would refuse (further) drawings under the L/C and/or would suspend, terminate or cancel the L/C and/or;

b) The Grantee fails to fulfil the obligations stated in the present Grant Agreement and/or;

c) the Netherlands Government instructs the NIO Bank to cease honouring requests for drawings under the Grant Viet Nam 1998.03;

the NIO Bank is entitled:

1. to refuse (further) drawings under the Grant;
2. to demand that the Grantee shall reimburse to the NIO Bank the aggregate amount drawn so far under the Grant and the Grantee shall do so upon the first written request thereto from the NIO Bank. The amount involved shall not be increased by interest or in any other way.

In the case of Article 2.4.c, the NIO Bank shall inform the Grantee in writing before taking effect.

2.5 The making of the Grant by the NIO Bank is subject to the non-occurrence of any event which constitutes that on behalf of the Buyer a claim can be made under the Bank Guarantee that was issued as security for the repayment of the advance payment made by the NIO Bank to Peja under the Contract. The value of the Bank Guarantee shall equal the amount of the advance payment. The occurrence of an event which constitutes that on behalf of the Buyer a claim can be made under the Bank Guarantee leads to the obligation of the Buyer to repay to the NIO Bank the (pro rata) amount that can be claimed under the Bank Guarantee.

2.6 The Buyer may fulfil its repayment obligation under the provision of article 2.5 by allowing the NIO Bank to make a claim under the Bank Guarantee and to use the amounts thus received to satisfy the repayment obligation. When such application has taken place, the NIO Bank shall be deemed to have given the Buyer discharge for the aforementioned obligation.

2.7 Notwithstanding the discharge of the Buyer for its obligation to repay the amounts as described in article 2.5, the NIO Bank may in its sole discretion decide to again make the amount repaid available to the Grantee by way of donation in order to assist the Buyer in the financing of the Contract.

Article 3 (Drawings/Payment)

3.1 The Grantee herewith irrevocably authorises the NIO Bank to make payments under the Grant up to NLG 3,063,548 to Peja in accordance with Article 2 hereof and the relevant clause of the Contract.

3.2 The drawings made by the Grantee under the Grant shall be charged to the account of the Grantee with the NIO Bank: Account Grant Viet Nam 1998.03.

3.3 No drawings may be made and no disbursements shall be allowed after June 30, 2002, unless the NIO Bank informs the Grantee of a later date in this respect.

Article 4 (Consultation)

4.1 As long as the conditions of this Agreement will be in force, the Grantee and the NIO Bank shall provide each other with such information as may reasonably be required for the implementation and administration of the Grant.

4.2 Any amendment to the provisions of this Agreement has to be agreed upon in writing.

Article 5 (Entries)

The NIO Bank shall send to the Grantee a written statement of all entries in the books of the NIO Bank in connection with the Grant. A statement shall be deemed to have been acknowledged as correct by the Grantee if no objections of the Grantee duly justified in writing have been made to the NIO Bank within sixty days after such a statement may reasonably be expected to have been received by the Grantee. For the purpose of the preceding sentence the NIO Bank shall accept telex and fax messages.

Article 6 (Assignment)

The Grant shall be used exclusively for the purpose of financing the activities of the Contract. The use of this Grant being exclusive to the Contract as well as limited to the agreed purposes as set forth in this Agreement, the Grantee shall not assign or in any other way whatsoever transfer any of its rights under this Agreement to a third party. If any third party would acquire, pledge, garnish or attach by law, by contract or in any other way what so ever any of the rights of the Grantee, the obligation of the NIO Bank to make the Grant or any part thereof available shall terminate forthwith and ipso facto.

Article 7 (Costs and charges)

7.1 It is hereby agreed that all taxes, duties, levies and other charges on the goods and services relating the activities and deliveries to the Contract will be payable by the Grantee and shall not be payable out of the Grant.

7.2 Peja's expatriate personnel is exempted from all taxes and other charges imposed by the Socialist Republic of Viet Nam in respect of remunerations paid to them by Peja.

Article 8 (Special conditions and Considerations)

By signing this Agreement the Grantee undertakes to provide the Project during its life span with sufficient employees and maintenance budget.

Article 9 (Governing Law and Jurisdiction)

9.1 If any dispute arises between the NIO Bank and the Grantee relating to the interpretation, application or implementation of the Agreement, the NIO Bank and the Grantee shall in the first place endeavour to settle it by negotiation.

9.2 If the NIO Bank and the Grantee fail to reach a settlement by negotiation, the dispute may at the request of either the NIO Bank or the Grantee be submitted for decision to a tribunal of three arbitrators, one to be named by each party and the third to be agreed upon by the two arbitrators so chosen, provided that such third arbitrator shall not be a national of either party. The NIO Bank and the Grantee shall designate an arbitrator within a period of sixty (60) days from the date of receipt by either party to this Agreement by notification in writing to the other party, requesting arbitration of the dispute and the third arbitrator shall be agreed upon within a further period of sixty (60) days. If the NIO Bank or the Grantee fail to designate its own arbitrator within the period of sixty (60) days or if the third arbitrator is not agreed upon within the period

indicated, the president of the permanent court of arbitration at The Hague may be requested by either party to this Agreement to appoint an arbitrator or arbitrators. The NIO Bank and the Grantee undertake to comply with any decision given under Article 9.2 of this Agreement.

9.3 For the performance of this Agreement and for the serving of legal process the Grantee elects domicile at the Embassy of the Socialist Republic of Viet Nam in The Hague, The Netherlands and NIO Bank elects domicile at its office in The Hague, the Netherlands.

9.4 This Agreement and the interpretation of any of the provisions thereof, shall be governed by Netherlands law.

Article 10 Currency denomination

The Netherlands Government and the NIO Bank reserve the right to fulfil their obligations where applicable in the currency legally prescribed in the Netherlands at the time of payment.

Article 11 (Notices)

All notices, advices, statements, requests, demands and other communications with regard to this Agreement shall be made in the English language and shall be addressed, unless indicated otherwise in this Agreement, as follows:

in the case of notice to the Grantee:

The People's Committee of Ho Chi Minh City
86 Le Thanh Ton Str. Dist. 1
HO CHI MINH CITY
Viet Nam
(telefax 84 8 8295675)

and copy to:

Ministry of Planning and Investment
2 Hoang Van Thu Str.
HANOI
Viet Nam
(telefax 84 4 7330536)

in the case of notice to the NIO Bank to:

De Nederlandse Investeringsbank voor Ontwikkelingslanden N.V.
P.O. Box 380
2501 BH THE HAGUE
The Netherlands
(telefax +31 70 3657815)

In witness whereof the parties hereto, each acting through its representatives duly authorised thereto, have signed this Agreement in two originals.

THE GOVERNMENT OF THE NETHERLANDS
represented by
DE NEDERLANDSE INVESTERINGSBANK
VOOR ONTWIKKELINGSLANDEN N.V.

THE GOVERNMENT OF VIET NAM
represented by
THE PEOPLE'S COMMITTEE OF
HO CHI MINH CITY

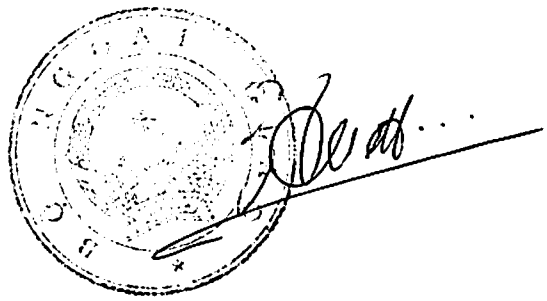
BỘ NGOẠI GIAO

Số: 51 /LPQT

SAO Y BẢN CHÍNH
(Để thực hiện)

Hà Nội, ngày 26 tháng 06 năm 2000

TL. BỘ TRƯỞNG BỘ NGOẠI GIAO
KT. Vụ trưởng Vụ Luật pháp và Điều ước quốc tế
Phó Vụ trưởng



Nguyễn Duy Chiến

Nơi nhận :

- Văn phòng Chính phủ (để báo cáo),
- Bộ Kế hoạch và Đầu tư,
- Bộ Tài chính,
- Ngân hàng Nhà nước Việt Nam,
- Tổng cục Hải quan,
- UBND thành phố Hồ Chí Minh,
- Đại sứ quán Việt Nam tại Hà Lan,
- Vụ Châu Âu II,
- Vụ LPQT,
- Lưu trữ.

Hiệp định tài trợ Dự án thí điểm quản lý rác sinh hoạt quận 10 giữa Chính phủ nước Cộng hoà xã hội chủ nghĩa Việt Nam và Chính phủ Vương quốc Hà Lan bắt đầu có hiệu lực từ ngày 27 tháng 4 năm 2000.