

Signing a Loan Agreement in the Republic of China

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Signing a Loan Agreement of KD. 10,000,000/- for financing Chuzhou City Comprehensive Environment Rehabilitation Project in the People's Republic of China

A Loan Agreement was signed today in Beijing between the People's Republic of China and Kuwait Fund for Arab Economic Development, whereby the Fund will provide a loan of ten million Kuwaiti Dinars (KD.10,000,000/-) equivalent to US\$ 36.4 Million to assist in the financing of the above-mentioned project.

The Loan Agreement was signed on behalf of the People's Republic of China by H. E. Mr. Li Yong, Vice Minister of Finance and on behalf of the Fund by Mr. Hesham Al-Waqayan, Deputy Director General of the Kuwait Fund for Arab Economic Development.

The Project aims to protect the public health and to improve the quality of life of the inhabitants of Chuzhou (a city in Anhui Province of the eastern part of China). The project aims also to protect the life and property of the inhabitants against recurrent floods in the city. This will be accomplished through a comprehensive urban environmental rehabilitation project in Chuzhou city and its surroundings.

The project is composed of the following three sub-projects:

1. Sub-project for Flood Prevention of Chuzhou City:

This includes the construction of flood prevention embankments along both sides of Qingliu river. The embankment shall have six anti-flood gates together with six pumping stations to drain flood water from estuaries and some areas into Qingliu river. This sub-project shall also include the construction of flood earthen diversion channels at the western outskirts of the city to divert flood water outside of the city.

2. Sub-project for Rehabilitation of Two Lakes and a Small River in Chuzhou City:

This includes dredging works of contaminated sediments from the two lakes and river Neicheng, as well as revetment works along the banks of the two lakes and the river made of mortar bonded stone.

3. Sub-project for Wastewater Treatment in Chuzhou City:

This includes procurement and laying of about 54 km of sewers, procurement, construction and equipping of main pumping station of capacity 65,000 m³/day as well as procurement, construction and equipping of a biological wastewater treatment plant of capacity 50,000 m³/day.

The total cost of the project is estimated at about 500 million RBM Yuan equivalent to about 19.2 million Kuwaiti Dinars. The foreign component of total cost is about 74 million RBM equivalent to about 2.8 million KD representing about 15% of the total cost. The remaining part, namely 426 million RBM equivalent to about 16.4 million KD is the local component representing about 85% of the total cost. The Fund's loan will cover about 52% of the project's total cost.

The loan covers a period of 20 years including a grace period of 4 years. The loan will be amortized in 32 semi-annual installments, the first of which shall be due on the first date on which any interest or other charge on the loan shall fall due after the elapse of the said grace period. The loan bears interest of 3% per annum, in addition to 0.5% per annum to cover administrative and other expenses to be incurred in the implementation of the Loan Agreement.

By concluding this agreement the Fund would have provided the People's Republic of China thirty two Loans of a total amount of KD. 237.8 Million equivalent to about RMB 6.2 Billion to participate in financing projects in various sectors.