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世界银行驻华代表处
World Bank Office, Beijing

November 7, 2017

Mr. Chen Shixin
Director General
International Economic
and Financial Cooperation Department
Ministry of Finance
Beijing, China

**Re: GEF Grant TF No. TF017222-CN
China: Partnership for Market Readiness Project
Additional Instructions: Amended and Restated Disbursement Letter**

Dear Mr. Chen,

I refer to the Global Environment Facility (GEF) Grant Agreement (the “Agreement”) between the International Bank for Reconstruction and Development (the “World Bank”), acting as an implementing agency of the GEF, and the People’s Republic of China (the “Recipient”), for the above-referenced project, dated December 23, 2014. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of GEF Grant TF017222-CN (the “Grant”). This letter (the “Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

This letter is the First Restatement of the Disbursement Letter dated December 23, 2014, issued for the purpose of transferring the designated account from the Ministry of Finance to the National Center for Climate Change Strategy and International Cooperation (NCSC).

The attached World Bank Disbursement Guidelines for Projects, dated May 1, 2006, (“Disbursement Guidelines”) (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Grant is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used under the Grant:

- Reimbursement
- Advance

- Direct Payment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is four (4) months after the Closing Date specified in the Agreement. Any changes to this date will be notified by the World Bank.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Conditions in the Grant Agreement.

II. Withdrawal of Grant Proceeds

(i) Authorized Signatures (subsection 3.1). A letter in the Form attached (Attachment 2) should be furnished to the World Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank Office
Level 16, China World Tower 2
No. 1 Jianguomenwai Avenue
Beijing, China
Attention: Country Director, China

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed (a) applications for withdrawal, together with supporting documents, and (b) applications for special commitments, together with a copy of the commercial bank letter of credit, to the address indicated below:

The World Bank Office
Level 16, China World Tower 2
No. 1 Jianguomenwai Avenue
Beijing, China
Attention: Disbursement Team

(iii) Electronic Delivery (subsection 3.4). The World Bank may permit the Recipient to electronically deliver to the World Bank Applications (with supporting documents) through the World Bank's Client Connection, web-based portal. The option to deliver Applications to the World Bank by electronic means may be effected if: (a) the Recipient has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification devices ("Tokens") from the World Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Recipient have registered as users of Client Connection. If the World Bank agrees, the World Bank will provide the Recipient with Tokens for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (<https://clientconnection.worldbank.org>). The Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The World Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient.

(iv) Terms and Conditions of Use of Tokens to Process Applications. By designating officials to accept Tokens and by choosing to deliver the Applications electronically, the Recipient confirms through the authorized signatory letter its agreement to: (a) abide by the *Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation* (“Terms and Conditions of Use of Tokens”) provided in Attachment 3; and (b) to deliver the Terms and Conditions of Use of Tokens to each such official and to cause such official to abide by those terms and conditions.

(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications for direct payment, reimbursement, and special commitments is USD 200,000.

(vi) Advance (sections 5 and 6).

- ***Type of Designated Account (subsection 5.3):*** One Segregated Account
- ***Currency of Designated Accounts (subsection 5.4):*** United States Dollar (USD)
- ***Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):*** Commercial bank or financial institution acceptable to the World Bank
- ***Ceiling (subsection 6.1):*** USD1,000,000

III. Reporting on Use of Grant Proceeds

(i) Supporting Documentation (section 4). Supporting documentation should be provided with each application for withdrawal as set out below:

- ***For requests for Reimbursement and reporting eligible expenditures paid from the Designated Accounts:***
 - List of payments against contracts in the form attached (Attachment 5) together with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for the contracts subject to the Bank’s prior review as required in the Agreement.
 - Statement of Expenditures in the form attached (Attachment 4) for all other expenditures / contracts not subject to the Bank’s prior review.
 - A designated account reconciliation Statement (Attachment 6) with applicable bank statement for reporting eligible expenditures paid from the Designated Account.
- ***For requests for Direct Payment:*** Records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices.

(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3): Monthly

IV. Other Instructions

The Designated Account for this project will be established and managed by the National Center for Climate Change Strategy and International Cooperation (NCSC).

V. Other Important Information

For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the World Bank's public website at <http://www.worldbank.org> and its secure website "Client Connection" at <https://clientconnection.worldbank.org>. Print copies are available upon request.

If you have not already done so, the World Bank recommends that you register as a user of the Client Connection website (<https://clientconnection.worldbank.org>). From this website you will be able to download Applications, monitor the near real-time status of the Grant, and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, please contact the World Bank at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact Zhuo Yu, Finance Officer, at WFALN BEIJING@worldbank.org using the above reference.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Bert Hofman', written over a horizontal line.

Bert Hofman
Country Director, China

Attachments

1. World Bank Disbursement Guidelines for Projects, dated May 1, 2006
2. Form for Authorized Signatures
3. Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation, dated January 20, 2010
4. Form of Statements of Expenditures
5. Form of List of Payments Against Contracts Subject to the World Bank's Prior Review
6. Form of Designated Account Reconciliation Statement