

PEOPLE'S REPUBLIC OF CHINA
INNER MONGOLIA AUTONOMOUS REGION

September 24, 2001

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433

Re: Credit No 2563 CHA
(Second Red Soils Area Development Project -
Snowstorm Emergency Recovery Component)
Performance Indicators

Dear Sirs and Madames:

We refer to: (i) Development Credit Agreement dated March 23, 1994 between People's Republic of China (the Borrower) and the International Development Association (the Association) for the above-captioned Project (the Project), as amended by letter agreements dated January 27, 1999 and September 24, 2001, between the Borrower and the Association; and (ii) the Inner Mongolia Project Agreement of even date herewith between the Association and Inner Mongolia Autonomous Region for the Snowstorm Emergency Recovery Component of the Project (the Inner Mongolia Project Agreement).

For purposes of paragraph 4(a) of Schedule 2 to the Inner Mongolia Project Agreement, Inner Mongolia Autonomous Region shall monitor and evaluate the carrying out of Part D of the Project and the achievement of the objectives of said Part D in accordance with the indicators set forth in the Annex to this Letter.

Please confirm your agreement to the foregoing by signing on the form of confirmation below.

Sincerely yours,

INNER MONGOLIA AUTONOMOUS REGION

By /s/ Ju Kuilin
Authorized Representative

AGREED:

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Yukon Huang
Authorized Representative

