

PEOPLE'S REPUBLIC OF CHINA

ANHUI PROVINCE HEBEI PROVINCE HENAN PROVINCE JIANGSU PROVINCE SHANDONG PROVINCE

July 31, 1998

International Bank for
Reconstruction and Development
1818 H. Street N.W.
Washington, D.C 20433
U.S.A.

Re: Loan No. 4354 CHA
(Irrigated Agriculture Intensification II
Project)
Performance Indicators

Gentlemen:

We refer to the Loan Agreement (Loan Agreement) of even date herewith between the People's Republic of China (the Borrower) and International Bank for Reconstruction and Development (the Bank) for an Irrigated Agriculture Intensification II Project (the Project), and to the Project Agreement (Project Agreement) of same date between the Bank and the Borrower's Provinces of Anhui, Hebei, Henan, Jiangsu and Shandong (the Project Provinces) for the Project.

For purposes of Part E.2 of Schedule 5 to the Loan Agreement and Part E.2 of the Schedule to the Project Agreement, the Borrower and the Project Provinces shall monitor and evaluate the carrying out of the Project and the achievement of its objectives, and the Project Provinces shall monitor and evaluate the carrying out of their Respective Parts of the Project and the achievement of their respective objectives, all in accordance with the indicators set forth in the Annex to this letter.

Please confirm your agreement to the foregoing by signing the form of confirmation in the space provided below.

Sincerely yours,

PEOPLE'S REPUBLIC OF CHINA

By /s/ Liu Xiaoming
Authorized Representative

ANHUI PROVINCE HEBEI PROVINCE HENAN PROVINCE JIANGSU PROVINCE SHANDONG PROVINCE

By /s/ Liu Xiaoming
Authorized Representative

CONFIRMED:

International Bank for
Reconstruction and Development

By /s/ Jane Loos
Authorized Representative

