

PEOPLE'S REPUBLIC OF CHINA

July 31, 1998

International Development Association
1818 H Street, N. W.
Washington, D.C. 20433
United States of America

Re: Interim Fund Development Credit Agreement No. N039-CHA
Loan No. 4325-CHA
(Forestry Development in Poor Areas Project)
Performance Indicators

Ladies and Gentlemen:

We refer to the Interim Fund Development Credit Agreement (ITF Development Credit Agreement) of even date herewith between the People's Republic of China (the Borrower) and International Development Association (the Association), as Administrator of the interim trust fund established with funds contributed by certain members of IDA pursuant to Resolution No. IDA 184 of the Board of Governors of IDA (the Administrator) for a Forestry Development in Poor Areas Project (the Project) and to the Loan Agreement of same date between the Borrower and the International Bank for Reconstruction and Development (the Bank) for the Project.

For purposes of Part F.1 (a) of Schedule 4 to the ITF Development Credit Agreement, the Borrower will monitor and evaluate, and will cause each Project Province to monitor and evaluate, the carrying out of the Project in accordance with the indicators set forth or referred to in the annex to this letter.

Forestry Development In Poor Areas Project

Loan No. 4325-CHA
ITF Credit No. N039-CHA

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/
Authorized Representative

CONFIRMED BY

INTERNATIONAL DEVELOPMENT ASSOCIATION
as Administrator of the Interim trust fund
established with funds contributed by
certain members of
International Development Association
pursuant to Resolution No. IDA 184 of
the Board of Governors International
Development Association

By /s/
Acting Regional Vice President
East Asia and Pacific

