Ms. Zou Jiayi  
Director General  
International Department  
Ministry of Finance  
Sanlihe, Beijing, 100820  
People’s Republic of China

Re: China: IDF Grant for Capacity Building of Evaluation of  
China’s Health System Reform Pilot  
Grant No. TF013943  
Additional Instructions: Disbursement Letter

Dear Ms. Zou:

I refer to the Letter Agreement ("Agreement") between the International Bank for Reconstruction and Development ("World Bank"), acting as administrator of the World Bank’s Institutional Development Fund ("IDF"), and the People’s Republic of China ("Recipient") for the above-referenced project, dated April 30, 2013. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant TF013943 ("Grant"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

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

(ii) 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 4 months after the Closing Date specified in the Grant Agreement. Any changes to this date will be notified by the World Bank.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Withdrawal Condition(s) in Section 3.02 of 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 Office 2
No. 1 Jianguomenwai Avenue
Beijing, China
Attention: Country Director, China

(ii) Applications (subsections 3.2).

Please provide completed and signed applications for withdrawal, together with supporting documents, through the World Bank’s Client Connection, web-based portal, following the instructions for electronic delivery. In the case the recipient does not have internet access, the World Bank may permit the delivery of applications for withdrawal, together with supporting documents, in accordance with subsection 3.3, to the following address:

The World Bank
16th Floor, China World Office 2
No. 1 Jian Guo Men Wai Avenue
Beijing, 100004
People’s Republic of China
Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4)

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 Reimbursements and Direct Payments is USD 40,000

(vi) Advances (sections 5 and 6)

- Type of Designated Account[s] (subsection 5.3): Segregated
- Currency of Designated Account[s] (subsection 5.4): USD
- Financial Institution at which the Designated Account[s] Will Be Opened (subsection 5.5): A commercial bank or Financial Institution acceptable to the Bank.
- Ceiling (subsection 6.1) USD 75,000

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:
  - Statement of Expenditure in the form attached (Attachment 4)
  - List of payments against contracts that are subject to the World Bank’s prior review, in the form attached (Attachment 5) together with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices); and,

- For reporting eligible expenditures paid from the Designated Account:
  - Statement of Expenditure in the form attached (Attachment 4)
  - List of payments against contracts that are subject to the World Bank’s prior review, in the form attached (Attachment 5) together with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices); and,
  - A reconciliation of the Designated Account, in the form attached (Attachment 6), with a copy of the bank statement.

- 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): Quarterly or more often if required.

IV. Other Important Information

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. All Recipient officials authorized to sign and deliver Applications by electronic means are required to register with Client Connection before electronic delivery can be affected. For more information about the website and registration arrangements, please contact the World Bank by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact LOA-TF by sending an email to loa-tf@worldbank.org and using the trust fund number as a reference.

Yours sincerely,

Klaus Rohland
Country Director, China
East Asia and Pacific Region

Attachments

1. World Bank Disbursement Guidelines for Projects, dated May 1, 2006
2. Form for Authorized Signatures
4. Form of Statement of Expenditures
5. Form of Payments Against Contracts Subject to the World Bank’s Prior Review
6. Designated Account Reconciliation Statement
Ms. Zou Jiayi

-5-

April 30, 2013

Attachment 2

[Letterhead]
Ministry of Finance
[Street address]
[City] [Country]

[DATE]

The World Bank Office
Level 16, China World Office 2
No. 1 Jianguomenwai Avenue
Beijing, China

Re: China: IDF Grant for Capacity Building of Evaluation of
China’s Health System Reform Pilot
Grant No. TF013943

Dear [Country Director]:

I refer to the Grant Agreement ("Agreement") between the International Bank for Reconstruction and Development/International Development Association ("World Bank"), acting as administrator of the World Bank’s Institutional Development Fund ("IDF") , and the People’s Republic of China (the “Recipient”), dated , providing the above Grant. For the purposes of Section 3.04 (b) of the Standard Conditions, as defined in the Agreement, any of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Recipient to sign applications for withdrawal under this Grant.

For the purpose of delivering Applications to the World Bank, each of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Recipient, acting individually,jointly, to deliver Applications, and evidence in support thereof on the terms and conditions specified by the World Bank.

This confirms that the Recipient is authorizing such persons to accept Tokens and to deliver the Applications and supporting documents to the World Bank by electronic means. In

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1 Instruction to the Recipient when sending this letter to the World Bank: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply. Please delete this footnote in final letter that is sent to the World Bank.

2 Instruction to the Recipient: Stipulate if more than one person needs to jointly sign Applications, if so, please indicate the actual number. Please delete this footnote in final letter that is sent to the World Bank.

3 Instruction to the Recipient: Use this bracket if any one of the authorized persons may sign; if this is not applicable, please delete. Please delete this footnote in final letter that is sent to the World Bank.

4 Instruction to the Recipient: Use this bracket only if several individuals must jointly sign each Application; if this is not applicable, please delete. Please delete this footnote in final letter that is sent to the World Bank.
full recognition that the World Bank shall rely upon such representations and warranties, including without limitation, the representations and warranties contained in 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"), the Recipient represents and warrants to the World Bank that it will deliver to each such person a copy of the Terms and Conditions of Use of Tokens and will cause such persons to abide by those terms and conditions.

This Authorization replaces and supersedes any Authorization currently in the World Bank records with respect to this Agreement.

[Name], [position]  Specimen Signature: ________________

[Name], [position]  Specimen Signature: ________________

[Name], [position]  Specimen Signature: ________________

Yours truly,

/ signed /

[Position]

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5 Instruction to the Recipient: Add this paragraph if the Recipient wishes to authorize the listed persons to accept Tokens and to deliver Applications by electronic means; if this is not applicable, please delete the paragraph. *Please delete this footnote in final letter that is sent to the World Bank.*
Terms and Conditions of Use of Secure Identification Devices  
in connection with Use of Electronic Means  
to Process Applications  
and Supporting Documentation  

January 20, 2010

The World Bank (Bank)\(^6\) will provide secure identification devices (Tokens) to permit the Borrower\(^7\) to deliver applications for withdrawal and applications for special commitments under the Agreement(s) and supporting documentation (such applications and supporting documentation together referred to in these Terms and Conditions of Use as Applications) to the Bank electronically, on the terms and conditions of use specified herein.

A. Identification of Users.

1. The Borrower will be required to identify in a completed Authorized Signatory Letter (ASL) duly delivered to and received by the Bank each person who will be authorized to deliver Applications. The Bank will provide Tokens to each person identified in the ASL (Signatory), as provided below. The Borrower shall also immediately notify the Bank if a Signatory is no longer authorized by the Borrower to act as a Signatory.

2. Each Signatory must register as a user on the Bank’s Client Connection (CC) website (https://clientconnection.worldbank.org ) prior to delivery of Tokens. Registration on CC will require that the Signatory establish a CC password (CC Password). The Signatory shall not reveal his/her CC Password to anyone or store or record the CC Password in written or other form. Upon registration as a CC user, the Signatory will be assigned a unique identifying account name.

B. Distribution, Initialization and Return of Tokens.

1. The Bank will physically deliver a Token to each Signatory in a manner to be determined by and satisfactory to the Bank.
2. At the time of delivery of a Token to a Signatory, the Signatory will receive a copy of these Terms and Conditions of Use for purposes of initializing the Token.
3. The Bank will verify that the Token, Temporary Password and Terms and Conditions of Use have been duly delivered to and received by the CC User.
4. Promptly upon receipt of the Token and Terms and Conditions of Use, the Signatory will access CC using his/her account name and CC Password and register his/her Token and set a personal identification number (PIN) to be used in connection with the use of his/her Token, after which

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\(^6\) "Bank" includes IBRD and IDA.

\(^7\) "Borrower" includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and the recipient of a grant.
the Token will be initialized for use by the Signatory exclusively for purposes of delivering
Applications. Upon initialization of the Token, the Signatory will be a “Token User”. The Bank
will maintain in its database a user account (Account) for each Token User for purposes of
managing the Token of the Token User. Neither the Borrower nor the Token User will have any
access to the Account.
5. Prior to first use of the Token by the Token User for delivering Applications, the Borrower shall
ensure that the Token User has received training materials provided by the Bank in use of the
Token.
6. Tokens shall be promptly returned to the Bank upon request of the Bank.

C. Management of Tokens.

1. Tokens will remain the property of the Bank.
2. Use of the Token is strictly limited to use in the delivery of Applications by the Token User in the
manner prescribed by the Bank in the Agreement(s) and these Terms and Conditions. Any other
use of the Token is prohibited.
3. The Bank assumes no responsibility or liability whatsoever for any misuse of the Token by the
Token User, other representatives of the Borrower, or third parties.
4. The Borrower undertakes to ensure, and represents and warrants to the Bank (such representation
and warranty being expressly relied upon by the Bank in delivery of a Token to each Token User)
that each Token User is provided, understands and will abide by, these Terms and Conditions of
Use, including without limitation the following:

Security

4.1. The Token User shall not reveal his/her PIN to anyone or store or record the PIN in
written or other form.
4.2. The Token User shall not allow anyone else to utilize a Token to deliver an Application
to the Bank.
4.3. The Token User shall always logout from CC when not using the system. Failure to
logout properly can create a route into the system that is unprotected.
4.4. If the Token User believes a third party has learned his/her PIN or has lost his/her Token
he/she shall immediately notify clientconnection@worldbank.org.
4.5. The Borrower shall immediately notify the Bank at clientconnection@worldbank.org of
any lost, stolen or compromised Tokens, and take other reasonable steps to ensure such Tokens
are disabled immediately.

Care of Tokens

4.6. Tokens contain delicate and sophisticated instrumentation and therefore should be
handled with due care, and should not be immersed in liquids, exposed to extreme temperatures,
crushed or bent. Also, Tokens should be kept more than five (5) cm from devices that generate
electromagnetic radiation (EMR), such as mobile phones, phone-enabled PDAs, smart phones
and other similar devices. Tokens should be carried and stored separate from any EMR device.
At close range (less than 5 cm), these devices can output high levels of EMR that can interfere
with the proper operation of electronic equipment, including the Token.
4.7 Without derogating from these Terms and Conditions of Use, other technical instructions on the proper use and care Tokens are available at http://www.rsa.com.

5. **Replacement**
   5.1. Lost, damaged, compromised (in terms of 4.5, above) or destroyed Tokens will be replaced at the expense of the Borrower.
   5.2. The Bank reserves the right, in its sole discretion, not to replace any Token in the case of misuse, or not to reactivate a Token User’s Account

6. **Reservation of Right to disable Token**
   6.1. The Borrower shall reserve the right to revoke the authorization of a Token User to use a Token for any reason.
   6.2. The Bank reserves the right, in its sole discretion, to temporarily or permanently disable a Token, de-activate a Token User’s Account or both.
## Statement of Expenditures (SOE)

Payments made during the period from ___________ to ___________

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Name and Address of Contractors or Suppliers</th>
<th>Contract or Purchase order No. &amp; Date (or other ref.)</th>
<th>Brief Description of Goods, Works or Services</th>
<th>Currency and Total Amount of Contract</th>
<th>Total amount invoices covered by application (net of retention)</th>
<th>Elig. %</th>
<th>Invoice Amount Eligible for Financing</th>
<th>Amount Paid From Designated Account (if any)</th>
<th>Date of Payment</th>
<th>Remarks</th>
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**TOTALS**

Supporting documents for this SOE retained at: (insert location)
## Payments Made during Reporting Period

Against Contracts Subject to the World Bank's Prior Review

<table>
<thead>
<tr>
<th>Contract Number</th>
<th>Supplier</th>
<th>Contract Date</th>
<th>Contract Amount</th>
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<tr>
<th>Date of WB's Non-Objection to Contract</th>
<th>Amount Paid to Supplier during Period</th>
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Attachment 5
DESIGNATED ACCOUNT RECONCILIATION STATEMENT

TRUST FUND NUMBER
ACCOUNT NUMBER WITH (BANK)

1. TOTAL ADVANCED BY WORLD BANK (OR COFINANCIER) $ 
2. LESS: TOTAL AMOUNT RECOVERED BY WORLD BANK - $ 
3. EQUALS PRESENT OUTSTANDING AMOUNT ADVANCED TO THE DESIGNATED ACCOUNT (NUMBER 1 LESS NUMBER 2) = $ 

4. BALANCE OF DESIGNATED ACCOUNT PER ATTACHED BANK STATEMENT AS OF DATE $ 
5. PLUS: TOTAL AMOUNT CLAIMED IN THIS APPLICATION NO. + $ 
6. PLUS: TOTAL AMOUNT WITHDRAWN AND NOT YET CLAIMED REASON: + $ 
7. PLUS: AMOUNTS CLAIMED IN PREVIOUS APPLICATIONS NOT YET CREDITED AT DATE OF BANK STATEMENTS SUBTOTAL OF PREVIOUS APPLICATIONS NOT YET CREDITED + $ 
8. MINUS: INTEREST EARNED - $ 
9. TOTAL ADVANCE ACCOUNTED FOR (NO. 4 THROUGH NO. 9) = $ 

10. EXPLANATION OF ANY DIFFERENCE BETWEEN THE TOTALS APPEARING ON LINES 3 AND 9: 

11. DATE: SIGNATURE: TITLE: 

* ALL ITEMS SHOULD BE INDICATED ON THE BANK STATEMENT