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

Re: People’s Republic of China: Grant for Capacity Building for Mainstreaming
Social Risk Management in Development Policy and Public Investment in China
IDF Grant No.TF014490

Dear Ms. Zou:

In response to the request for financial assistance made on behalf of People’s Republic of China ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank") proposes to extend to the Recipient, a grant from the World Bank’s Institutional Development Fund ("IDF") in an amount not to exceed two hundred and fifty thousand United States Dollars (US$250,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature, provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within ninety (90) days after the date of signature of this Agreement.
Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

[Signature]
Klaus Rohland
Country Director, China
East Asia and Pacific Region

AGREED:
PEOPLE'S REPUBLIC OF CHINA

By: [Signature]
Authorized Representative
Name: Zou Jiayi
Title: Director General
Date: 06/28/2013

Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006

(3) Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants’, dated October 15, 2006 and revised in January 2011
Article I
Standard Conditions; Definitions


1.02. Definitions. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

Article II
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to strengthen technical and policy-guiding capacity of the Social Development Department of NDRC in mainstreaming social risk management in the Recipient’s development policy and public investment.

The Project consists of the following parts:

(a) Study on gradual settlement of floating population

(i) Conduct policy and case studies on gradual settlement of floating population including the collection of data, information and practical experiences from the Pilot Cities.

(ii) Conduct consultative workshops, develop training materials, and prepare a report for policy reference on settlement of floating population to be disseminated within NDRC, and relevant government agencies.

(b) Development of training program based on thematic studies

(i) Conduct a study on social risk management in four (4) public projects fully funded by the Recipient and two (2) World Bank-supported projects in the Recipient’s territory, and thereafter formulate social risk management guidelines for future use in large public policy and investment projects including and the preparation of training materials based on the key findings and results of this study.

(ii) Conduct a study to assess existing practices of delivery of public services by civil society organizations, issues and requirements for reform, and potential areas for outsourcing.

(iii) Develop a training curriculum and materials on social development tailored to the training needs of NDRC for guiding social risk management in public policy, investment planning and implementation.
(c) **Pilot training program and capacity building**

(i) Design and conduct a training workshop to pilot the training programs developed to build the capacity of NDRC, local development and reform commission officials on social risk management and mainstreaming of social dimensions in public policies and investments.

(ii) Collect feedback on the pilot training program referred in subparagraph(c)(i) above and, based on such feedback, design and conduct an improved training workshop.

(iii) Disseminate study reports and training programs for NDRC, local development and reform commission officials, and publish selected study reports, including on NDRC’s website.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through SDD, in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. **Institutional and Other Arrangements.** The SDD shall vest the overall responsibility for the implementation of the Project in the Project Management Office. The PMO shall be responsible for the day-to-day administration of Project activities, including procurement, financial management, coordination, and supervision of all consultants or agencies, and for all activities to be carried out under the Project, under the overall guidance of NDRC. A project advisory committee shall be established and be responsible for the nomination of a technical team, composed of international and domestic experts, with the objective of assisting SDD in the carrying out of Project activities.

2.04. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and, upon the World Bank’s request, prepare Project Reports, in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth in paragraph (b) of this Section. Each Project Report shall cover such period as shall be indicated in the World Bank’s request and shall be furnished to the World Bank not later than one (1) month after the date of such request.

(b) The performance indicators referred to in paragraph (a) above consist of the following:

(i) a tailored training program on social accountability, inclusion and cohesion has been developed and adopted by NDRC as a regular institutional capacity development toolkit;

(ii) pilots of the training program referred to in paragraph (i) above have been carried out for at least 200 of NDRC’s provincial and municipal officials; and
a policy reference document on settlement of floating population has been disseminated internally by NDRC, and the studies referred to in Section 2.01 of this Schedule, as well as guidelines on social risk management in public policy and investment have been developed and/or published as appropriate.

(c) The Recipient shall, upon the World Bank’s request, prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be submitted to the World Bank not later than five (5) months after the Closing Date.

2.05. Financial Management. (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.06. Procurement

(a) General. All goods and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:


(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.
(c) **Particular Methods of Procurement of Goods.** Goods shall be procured under contracts awarded on the basis of Shopping.

(d) **Particular Methods of Procurement of Consultants’ Services**

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Selection based on Consultants’ Qualifications; (B) Single-source Selection of consulting firms; (C) Selection of Individual Consultants; and (D) Single-source procedures for the Selection of Individual Consultants.

(e) **Review by the World Bank of Procurement Decisions.** The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

### Article III

**Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods</td>
<td>15,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultants’ services</td>
<td>143,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Training and Workshops</td>
<td>92,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>250,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06(c) of the Standard Conditions is three years after the date of countersignature of this Agreement by the Recipient.

**Article IV**  
**Recipient's Representative; Addresses**

4.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Finance.

4.02. **Recipient's Address.** The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance  
Sanlihe  
Beijing 100820  
People's Republic of China

Facsimile:  
(86-10) 6855-1125

4.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable: INTBAFRAD  
Telex: 24843 (MCI) or 64143 (MCI)  
Facsimile: 1-202-477-6391
APPENDIX

Definitions

1. “National Development and Reform Commission” and the acronym “NDRC” mean the Recipient’s National Development and Reform Commission, or any successor thereto.

2. “Pilot Cities” means the Recipient’s cities of Chengdu (Sichuan Province), Guangzhou (Guangdong Province), Shanghai and Zhengzhou (Henan Province), or any other city that the Recipient and the World Bank may agree upon in writing.

3. “Project Management Office” and the acronym “PMO” mean the Project Management Office, established and maintained within SDD, responsible for supporting and monitoring operational, technical, social, procurement and financial activities under the Grant.

4. “Social Development Department” and the acronym “SDD” mean the Social Development Department of NDRC, or any successor thereto.

5. “Training and Workshops” means the costs associated with the training and workshop participation of personnel involved in Project supported activities, including travel and subsistence costs for training participants, translation services associated with training and workshops, rental of training facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training courses and workshops.