People’s Republic of China: China Partnership for Market Readiness Project  
(PMR Grant Number TF017222)  
Additional Financing and Amendment to Grant Agreement

Dear Mr. Zhang,

I refer to the Partnership for Market Readiness Multi-donor Trust Fund Grant Agreement between the People’s Republic of China (the “Recipient”) and the International Bank for Reconstruction and Development (the “World Bank”), acting as administrator of the Market Readiness Multi-donor Trust Fund, dated December 23, 2014, as amended thereafter (the “Grant Agreement”), for the above-mentioned project (the “Project”).

Pursuant to the PMR Partnership Assembly Resolution No. PA16/2017-3 ("PA Resolution") adopted during the 16th Partnership Assembly Meeting held in March 2017, an additional financing for the implementation phase of the Project in the sum of two million United States Dollars (US$2,000,000) was allocated to carry out PMR activities identified in a proposal prepared by the World Bank in close collaboration with the Recipient, to be implemented in accordance with the said proposal prior to the end of the PMR operational phase. I also refer to letter dated February 21, 2019, from the Department of International Economic and Financial Cooperation, Ministry of Finance, requesting a restructuring of the Project, which requires certain amendments to the Grant Agreement.

I am pleased to inform you that the World Bank concurs with the request and in light of the above-mentioned PA Resolution proposes to amend the Grant Agreement as follows:

1. Section 3.01 of Article III is deleted in its entirety and replaced by the following:

   "3.01 The World Bank agrees to extend to the Recipient, on the terms and conditions set forth. or referred to in this Agreement, a grant in an amount equal to eight million United States Dollars ($8,000,000) ("Original Grant") and an additional grant in an amount equal to two million United States Dollars ($2,000,000) ("Additional Grant") (Original Grant and Additional Grant, collectively the "Grant") to assist in financing the Project."

2. A new Part 3 is added in Schedule 1 to read as follows:

   "Part 3: Enabling Market Mechanism and Creating Investment Climate"
3.1 Providing technical and analytical support for enhancing allocation mechanisms.

3.2 Providing technical and analytical support for developing a regulatory framework for an emission trading scheme.

3.3 Providing technical and analytical support for developing a liquid market for an emission trading scheme.

3. All reference to “Grant” in Parts A through D of Section III of Schedule 2 are deleted and replaced with “Original Grant” (as defined in paragraph 1 above).

4. A new Part E is added in Section III of Schedule 2 to read as follows:

“E. Procurement under the Additional Grant

All goods non-consulting services and consulting services required for the Project and to be financed out of the proceeds of the Additional Grant shall be procured in accordance with the requirements set forth or referred to in the Procurement Regulations, and the provisions of the Recipient’s procurement plan for the Project dated October 30, 2018 provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

5. The withdrawal table set forth in paragraph 2 of Section IV.A of Schedule 2 is deleted in its entirety and replaced by the table set forth in Annex 1 to this letter.

6. Paragraph 2 of Section IV.B. of Schedule 2 is deleted in its entirety and replaced by the following:

“2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is February 28, 2020.”

7. Paragraph 2 of the Appendix deleted in its entirety and replaced by the following:

“2. “Anti-Corruption Guidelines” means, collectively, 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, with respect to the Original Grant; and 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 and as of July 1, 2016, with respect to the Additional Grant.

8. All references to “National Development and Reform Commission” and “NDRC” are deleted and replaced by “MEE”, which is defined in renumbered paragraph 9 (original paragraph 8) of the Appendix as follows:

9. “MEE” means the Recipient’s Ministry of Ecology and Environment, or any successor thereto.”
9. A new paragraph 13 is added in the Appendix with the following definition of “Procurement Regulations”, and the subsequent paragraphs are renumbered accordingly:


Except as specifically amended by this amendment letter, all other provisions of the Grant Agreement shall remain in full force and effect.

Please confirm your agreement to the foregoing on behalf of the Recipient by signing and dating the form of confirmation set forth below, and returning one fully countersigned original of this amendment letter to us and retaining one original for your records. This amendment letter shall become effective as of the later date of the Bank’s receipt of: (a) a duly countersigned original of this letter by the authorized representative of the Recipient; and (b) evidence that that the Implementation Agreement has been duly executed on behalf of MEE and NCSC.

Sincerely,

[Signature]

John Litwack
Acting Country Director, China

CONFIRMED:
PEOPLE’S REPUBLIC OF CHINA

By: [Signature]
Authorized Representative

Name: Wang Zhongjing
Title: Deputy Director General
Date: 2019.04.22
## ANNEX

Revised Withdrawal Table

<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, non-consulting services, consultants' services, Training and Workshops under the Project</td>
<td>8,840,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Incremental Operating Costs under Part 2 of the Project</td>
<td>1,160,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>10,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>