

**The World Bank**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION(202) 477-1234  
Cable Address: INTBAFRAD  
Cable Address: INDEVAS

August 9, 2012

Mr. Chen Shixin  
Deputy Director General  
International Department  
Ministry of Finance  
Sanlihe, Beijing, 100820  
People's Republic of China

**Re: GEF PPG Grant No. TF012035**  
**(People's Republic of China: Grant for Preparation of Municipal Solid Waste**  
**Management Project)**  
**Additional Instructions: Disbursement**

Dear Sir:

I refer to the Letter Agreement ("Agreement") between the People's Republic of China (the "Recipient"), and International Bank for Reconstruction and Development (the "Bank"), acting as Implementing Agency of the Global Environment Facility ("GEF") for the above referenced project, dated August 9, 2012. The Agreement provides that the Bank may issue additional instructions regarding the withdrawal of the proceeds of GEF PPG Grant No. TF012035 (the "Grant"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

World Bank Disbursement Guidelines for Projects, dated May 1, 2006, ("Disbursement Guidelines") are an integral part of the Disbursement Letter and are presented as Attachment I. The manner in which the provisions in the Disbursement Guidelines apply to the Financing 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**

(i) **Disbursement Methods (section 2).** The following Disbursement Methods may be used under the Financing:

- Reimbursement
- Advance
- Direct Payment

(ii) **Disbursement Deadline Date (subsection 3.7).** The Disbursement Deadline Date is four months after the Closing Date specified in the Loan Agreement. Any changes to this date will be notified by the Bank.

- (iii) **Disbursement Conditions (subsection 3.8).** Please refer to the Disbursement Conditions in the Loan Agreement.

## II. Withdrawal of Loan Proceeds

- (i) **Authorized Signatures (subsection 3.1).** A letter in the Form attached (Attachment 2) should be furnished to the 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 Tower 2  
No. 1 Jianguomenwai Avenue  
Beijing, China  
Attention: Country Director

- (ii) **Applications (subsections 3.2 - 3.3).** Please provide completed and signed applications for withdrawal, together with supporting documents to the address indicated below:

The World Bank Office  
Level 16, China World Tower 2  
No. 1 Jianguomenwai Avenue  
Beijing, China  
Attention: Disbursement Team

- (iii) **Electronic Delivery (subsection 3.4)** The Bank may permit the Borrower to electronically deliver to the Bank Applications (with supporting documents) through the Bank's Client Connection, web-based portal. The option to deliver Applications to the Bank by electronic means may be effected if: (a) the Borrower 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 Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Borrower have registered as users of Client Connection. If the Bank agrees, the Bank will provide the Borrower 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 Borrower may continue to exercise the option of preparing and delivering Applications in paper form. The Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Borrower.

- (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 Borrower 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 3.4):** The Minimum Value of Applications of Direct Payment, Reimbursement is US\$20,000.

**(vi) Advances (sections 5 and 6).**

- **Type of Designated Accounts (subsection 5.3):** One Segregated Accounts
- **Currency of Designated Accounts (subsection 5.4):** U.S. Dollar (USD)
- **Financial Institution at which the Designated Accounts Will Be Opened (subsection 5.5):** Commercial banks/financial institutions acceptable to the Bank.
- **Ceilings (subsection 6.1):** US\$ 80,000

### III. Reporting on Use of Loan 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 Expenditures in the form attached (Attachment 4) for payments against expenditures/contracts that are not subject to the Bank's prior review.
  - List of payments in the form attached (Attachment 5) together with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) against contracts that are subject to the Bank's prior review.
- **For reporting eligible expenditures paid from the Designated Account:**
  - Statement of Expenditures in the form attached (Attachment 4) for payments against expenditures/contracts that are not subject to the Bank's prior review.
  - List of payments in the form attached (Attachment 5) together with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) against contracts that are subject to the Bank's prior review.
  - A designated account reconciliation (Attachment 6) and related 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):** Monthly

### IV. Other Instructions

The Designated Account (DA) will be maintained as a ledger account that monitors receipts and uses of GEF proceeds, under the single bank account for multiple TF grants managed by MOF.

#### **V. Other Important Information**

For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the Bank's public website at <http://www.worldbank.org> and its secure website "Client Connection" at <https://clientconnection.worldbank.org>. Print copies are available upon request.

If you have not already done so, the 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 Loan, and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, please contact the Bank at <[clientconnection@worldbank.org](mailto:clientconnection@worldbank.org)>.

If you have any queries in relation to the above, please contact Robert O'Leary, Senior Finance Officer at [LOA-EAP@worldbank.org](mailto:LOA-EAP@worldbank.org) using the above reference.

Yours sincerely,



Klaus Rohland  
Country Director, China

## Attachments

1. *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006
2. Form for Authorized Signatures
3. Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation, dated January 2010
4. Form of Statement of Expenditures
5. Form of list of payments for the contracts subject to the Bank prior review
6. Form of Designated Account Reconciliation Statement

cc list:

**Attachment 2**

**Sample Form for Authorized Signatures**

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

[DATE]

The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Attention: Country Director

Dear [Country Director]:

Re: Loan/Financing No. \_\_\_\_ - \_\_\_\_ (\_\_\_\_\_ Project)

I refer to the [Loan/Financing] Agreements (“Agreements”) between [IBRD/IDA] (the “Bank”) and [name of borrower/recipient] (the “Addressee”), dated \_\_\_\_\_, providing the above [Loan/Financing]. For the purposes of Section 2.03 of the General Conditions, as defined in the Agreements, any [<sup>1</sup>one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Addressee to sign an Application for Withdrawal [and an Application for a Special Commitment] under this Loan/Financing:

[name], [position]                      Specimen Signature: \_\_\_\_\_

[name], [position]                      Specimen Signature: \_\_\_\_\_

[name], [position]                      Specimen Signature: \_\_\_\_\_

Yours truly,

/ signed /

\_\_\_\_\_  
[position]

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<sup>1</sup> Instruction to the Borrower: when sending this letter to the Bank: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply.

**Attachment 3****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 Bank will provide secure identification devices (Tokens) to permit the Borrower 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 has identified who will be authorized to deliver Applications. The Bank will provide Tokens to each person identified, 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 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](mailto:clientconnection@worldbank.org).
- 4.5. The Borrower shall immediately notify the Bank at [clientconnection@worldbank.org](mailto: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.

**Attachment 4**

**Statement of Expenditures (SOE)**

Payments made during the period from \_\_\_\_\_ to \_\_\_\_\_

Date: \_\_\_\_\_

Application No.: \_\_\_\_\_

For expenditures against the contracts not subject to the Bank Prior Review

Loan: \_\_\_\_\_

SOE No.: \_\_\_\_\_

1	2	3	4	5	6	7	8	9
Item No.	Category No. (**)	Currency and Total Amount of Contract	Currency and Total Amount of Invoice Covered by Application (Net of Retention)	Eligible % from Schedule 2 of Loan/Credit Agreement	Amount Eligible for Financing (4 x 5)	Currency and Amount Paid from Special Account (if Applicable)	Exchange Rate (Col. 7 divided by Col. 6)	Remarks
<b>TOTALS</b>								

Supporting documents for this SOE retained at \_\_\_\_\_

(insert location)

(\*) A separate SOE form should be used for retroactive financing

(\*\*) Items should be grouped by category; or alternatively, a separate SOE form may be used for each category

**Attachment 5**

**Payments Made during Reporting Period  
Against Contracts Subject to the Bank's Prior Review**

<b>Contract Number</b>	<b>Supplier</b>	<b>Contract Date</b>	<b>Contract Amount</b>	<b>Date of WB's Non Objection to Contract</b>	<b>Amount Paid to Supplier during Period</b>	<b>WB's Share of Amt Paid to Supplier during Period</b>

**Attachment 6**

**DESIGNATED ACCOUNT RECONCILIATION STATEMENT**

LOAN/CREDIT/GRANT?PPF/COFINANCIER 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 SPECIAL ACCOUNT (NUMBER. 1 LESS NUMBER 2) = \$ \_\_\_\_\_

- 4. BALANCE OF SPECIAL 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

<u>APPLICATION NO.</u>	<u>AMOUNT *</u>
_____	_____
_____	_____

- 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

Prepared by Junxue Chu- CTRFC, Senior Finance Officer

Cleared with and cc:

Wen Zhou, LEGES, Lawyer

Tijen Arin, EASER, Task Team Leader

CC with copies:

The disbursement team in Beijing Office