Mr. Yang Shaolin  
Director-General  
International Economic and Financial Cooperation Department  
Ministry of Finance  
Beijing, China

Re: China Dioxins Reduction from Pulp and Paper Industry Project (TF011898)  
Amendment to the Grant Agreement

Dear Mr. Yang,

We refer to the grant agreement (“Grant Agreement”) between the People’s Republic of China (“Recipient”) and the International Bank for Reconstruction and Development (“World Bank”), acting as an implementing entity of the Global Environment Facility, dated May 25, 2012 in respect of the above captioned project (“Project”). We also refer to your letter, dated July 29, 2014, requesting the restructuring of the Project. Unless defined in this letter, the capitalized terms used herein have the meaning ascribed to them in the Grant Agreement.

In view of the foregoing, I am pleased to inform you that the World Bank concurs with the Recipient’s request, and hereby agrees on the following:

1. Annex 1 to Schedule 2 to the Grant Agreement is deleted in its entirety and replaced by the Annex to this letter.

2. Items (6), (12), (19), (20), (21) and (22) of the Appendix (Definitions) to the Grant Agreement are deleted and replaced by the following:

   “6. “Environmental Management Plans” and the acronym “EMPs” mean collectively: (a) the plan of Hunan Linyuan Paper Mill adopted by it dated May 16, 2014; (b) the plan of Sichuan Leshan Jinfu Paper Mill adopted by it dated January 12, 2012; (c) the plan of Nanning Sugar Company Paper Mill adopted by it dated January 12, 2012; and (d) the plan of Zhumadian Baiyun Paper Mill adopted by it dated May 16, 2014; each such plan setting forth, inter alia, the assessment of environmental impacts of the Project, recommendations for mitigation of adverse impacts and enhancement of positive impacts based on such assessment, and the guidelines for environmental screening and monitoring of Project implementation, as each such plan may be amended from time to time with the prior written approval of the World Bank; and such term includes all attachments and annexes supplemental to each such Plan; and “EMP” means any such plan individually.
12. “Hunan Linyuan Paper Mill” means the Mill located in Hunan, established and operating pursuant to its Business License No.430981000006709(1-1) dated December 25, 2013, issued by Industrial and Commercial Administration, Yuanjiang City, Hunan Province, and any successor thereto.

19. “Henan” means the Recipient’s Province of Henan or any successor thereto.

20. “Zhumadian Baiyun Paper Mill” means the Mill located in Henan, established and operating pursuant to its Charter dated September 2013 and to Business License No. 41170000003667(1-1) dated November 18, 2013, issued by Industrial and Commercial Administration, Zhumadian City, and any successor thereto.

21. “Participating Mills” means collectively Zhumadian Baiyun Paper Mill, Sichuan Leshan Jinfu Paper Mill, Nanning Sugar Company Pumiao Paper Mill, and Hunan Linyuan Paper Mill, that have demonstrated their willingness to participate in the Project, and selected in accordance with the criteria satisfactory to the World Bank; and “Participating Mill” means individually any such Mill.

22. “Participating Provinces” means collectively Henan Province, Sichuan Province, Guangxi Zhuang Autonomous Region, and Hunan Province; and “Participating Province” means individually any such Province.”

The Recipient shall, through MEP, cause FECO to by no later than December 31, 2014 update the Project Implementation Manual, in manner and substance acceptable to the World Bank, to revise: (i) the indicators, on the basis of which the Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with Part A.1 of Section II of Schedule 2 to the Grant Agreement (as per the Annex to this letter); and (ii) any other change resulting from the participation of Zhumadian Baiyun Paper Mill and Hunan Linyuan Paper Mill under the Project.

Except as specifically amended in accordance with the provisions of the above paragraphs, all terms and conditions of the Grant Agreement otherwise remain in full force and effect.

Please note that it is the World Bank’s policy to make publicly available this letter of amendment and any information related thereto, after this letter of amendment has become effective and the Recipient has given its consent to such disclosure. The Recipient, by countersigning this letter of amendment, confirms its consent to such disclosure.

Please indicate your agreement with the terms of this letter of amendment by countersigning and dating the form of confirmation below and returning one signed original copy of this letter for our files. Upon receipt of a copy of this letter of amendment duly countersigned by an authorized representative of the Recipient, this letter of amendment shall enter into effect as of the date of countersignature.
Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
(acting as an implementing agency of the Global Environment Facility)

By
Bert Hofman  
Country Director, China

AGREED:
PEOPLE’S REPUBLIC OF CHINA

By:  
Authorized Representative

Name: Yang Yingming
Title: Deputy Director General of International Economic and Financial Cooperation Department
Date: 2014. 12. 4
## Project Performance Indicators

### Results Framework

<table>
<thead>
<tr>
<th>Project Development Objective (PDO) Level Results Indicators</th>
<th>Core</th>
<th>Unit of Measure</th>
<th>Baseline*</th>
<th>Cumulative Target Values**</th>
<th>Frequency</th>
<th>Data Source/Methodology</th>
<th>Responsibility for Data Collection</th>
<th>Description (indicator definition etc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indicator One:</strong> Reduced UPOPs releases in the four non-wood fiber mills supported by the Project.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>g TEQ/a UPOPs released</td>
<td>TBD</td>
<td>TBD</td>
<td>Semi-annually</td>
<td>Independent dioxin laboratory monitoring data</td>
<td>Independent verification agent to be recruited</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Indicator Two:</strong> Adoption of a long-term action plan for the sector’s UPOPs reduction.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>National Action Plan</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>Drafted and Finalized</td>
<td>Issued</td>
<td>FECO/MEP</td>
<td>FECO/MEP</td>
</tr>
</tbody>
</table>

## INTERMEDIATE RESULTS

### Intermediate Result (Part A): BAT/BEP Investment in Participating Mills***

<table>
<thead>
<tr>
<th>Intermediate Result indicator One: Completion of BAT/BEP investment.</th>
<th>Number of mills</th>
<th>0</th>
<th>0</th>
<th>2</th>
<th>4</th>
<th>4</th>
<th>Yearly</th>
<th>IVE</th>
<th>FECO/MEP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kg COD discharged/air dry ton of pulp</td>
<td>HuN:5.2</td>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mexico:13.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>HeN:4.7</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SC:10.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intermediate Result indicator Two: COD discharge per unit of non-wood pulp production from the four mills.</td>
<td></td>
<td>HuN:4.6</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td>Semi-annually</td>
<td>IVE and Provincial EPB’s Environmental Monitoring data</td>
<td>Provincia l EPBs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Component</th>
<th>Yearly</th>
<th>FECO/MEP</th>
<th>FECO/MEP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indicator One:</strong> Sector Wide BAT/BEP Guideline developed.</td>
<td>Guideline</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Indicator Two:</strong> UPOPs sampling guideline for the pulp and paper sector</td>
<td>Guideline</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Indicator Three:</strong> National workshops on BAT/BEP knowledge dissemination to mills.</td>
<td>Number of workshops // number of mills</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Indicator Four:</strong> National training on BAT/BEP for design institutes.</td>
<td>Number of training courses// participa</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Intermediate Result indicator Five: Training on Rapid method dioxins monitoring for Provincial EPBs.</td>
<td>ots</td>
<td>Number of training courses // number of EPBs</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Intermediate Result (Part C): Monitoring and Evaluation</td>
<td>Indicator Two: Improved UPOPs monitoring for pulp and paper mills in the four participating provinces.</td>
<td>Number of mills’ dioxin emissions monitored, enforced</td>
<td>0</td>
<td>2</td>
</tr>
</tbody>
</table>

* The baseline will be determined 6-12 months after project approval.
** The target will be determined after the confirmation of baseline and will, at the very least meet the national standard for dioxin emissions.
*** It is expected that the mills will need up to two years to complete their BAT/BEP investments. During the two years, the second, third and fourth intermediate result indicators of Part A will have no target values.
Cc:
Mr. Yao Licheng, Director
Mr. Wu Jianjun, Director
Ms. Wang Guanzhu, Deputy Director
IFI Division I
International Economic and Financial Cooperation Department
Ministry of Finance
Email: yaolicheng@sina.com, wujianjun5168@yahoo.com, gz.wang@mof.gov.cn

Mr. Guo Wensong, Director
Ms. Tian Min, Deputy Director
IFI Division III
International Economic and Financial Cooperation Department
Ministry of Finance
Email: guowensong@gmail.com, tianmin@mof.gov.cn

Mr. Li Junyuan, Director
Mr. Feng Baoshan, Deputy Director
Loan Division I, Foreign Capital Utilization Department
National Development and Reform Commission
Email: lijy@ndrc.gov.cn; fengbs@ndrc.gov.cn

Mr. Yu Lifeng, Deputy Director General
Ms. Ding Qiong, Director of Division V
Mr. Sun Yangzhao, Director
Foreign Economic Cooperation Office
Ministry of Environmental Protection
Beijing, China
Email: Ding.qiong@mepfeco.org.cn, Sun.yangzhao@mepfeco.org.cn
Bcc: Messrs./Mmes. B. Hofman, M. Warwick, G. Draugelis, Y. Fan, H. Zhu, X. Chen, L. Luo, YQ. Tian, X. Bai (EACCF); K. Funk, L. Melgaard, YN. Jia (EACCQ); A. Bassani (EAPVP); I. Shuker, G. Batmanian, J. Ru, B. Ledesma, N. Yang, MX. Zhou (GENDR); L. Granier (GCCIA); R. Cunningham, F. Zhang, K. Awanyo, GP. Yu (GGODR); JX. Chu, Z. Yu, HY. Wang (CTRLN); M. Kane (LEGES); EAP Operations; WBDocs.