June 27, 2010

H.E. Omar Zakhilwal
Minister of Finance
Ministry of Finance
Kabul
Islamic Republic of Afghanistan

Salutation

Re: Afghanistan Reconstruction Trust Fund Grant Agreement (TF093962)

Second Education Quality Improvement Project (EQUIP II)

Letter of Amendment – Increase of Grant Amount.

Excellency,

1. I refer to the Afghanistan Reconstruction Trust Fund Grant Agreement dated April 14, 2009 (the “Grant Agreement”) between the Islamic Republic of Afghanistan (the “Recipient”) and the International Development Association, in its capacity as the administrator of the Afghanistan Reconstruction Trust Fund (the “ARTF”) for the Second Education Quality Improvement Project (“EQUIP-II” or the “Project”).

2. I further refer to the proposal recently approved on June 8, 2010 by the ARTF’s Management Committee, providing additional funds for the financing of EQUIP-II in the amount of fifty million United States Dollars (US$50,000,000).

3. I am therefore pleased to propose that the Grant Agreement be amended as follows:

4. Section 3.01 of the Grant Agreement be hereby amended to read:
“The Administrator 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 eighty five million United States Dollars ($85,000,000) (the “Grant”) to assist in the financing the Project”

5. The table in paragraph A.1 of Section IV of Schedule 2 to the Grant Agreement be hereby amended to read:

<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, works, consultants’ services, School Grants, training and Incremental Operating Costs* for the Project</td>
<td>85,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>85,000,000</td>
<td></td>
</tr>
</tbody>
</table>

6. The following Annex shall be hereby added to the Grant Agreement after the Appendix to the Grant Agreement:

“Annex

Section 1. (a) A firm or an individual or a Project Implementing Entity or Recipient (other than a Member Country) that has been found by an IFI to have engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of financing provided by such IFI, may be declared ineligible by the Bank on the terms set by the IFI to:

(i) be awarded a Bank-financed contract;
(ii) be a nominated sub-contractor, consultant, manufacturer or supplier, or service provider of an otherwise eligible firm being awarded a Bank-financed contract;
(iii) benefit from a Bank-financed contract, financially or otherwise; and
(iv) otherwise participate in the preparation or implementation of the Project or any other project financed, in whole or in part, by the Bank.

(b) The provisions set out in Section 1(a) to this Annex apply to: (i) all new contracts for which the notification of award is issued and/or the contract signed after the effective date of the Amendment Letter; and (ii) all existing contracts whose scope, price or other terms are subject to material modification after the effective date of the Amendment Letter.

Section 2. An additional event of suspension under the applicable provisions of the Standard Provisions shall be as follows: the Recipient (other
than the Member Country) (if applicable) or the Project Implementing Entity (if applicable) has been declared ineligible by the Bank to receive proceeds of any financing made by the Bank, as a result of a declaration by an IFI that such Recipient or Project Implementing Entity is ineligible to receive proceeds of financings made by such IFI or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such IFI as a result of a determination by such IFI that the Recipient or the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such IFI.

Section 3. The Recipient shall cause the Project Implementing Entity (if applicable) to carry out the Project in accordance with the provisions set out in this Annex.”

7. For purposes of the aforementioned Annex, the following terms shall have the following meanings:

(a) “Amendment Letter” refers to this letter;
(b) “Agreement for the Mutual Enforcement of Debarment Decisions” means the agreement dated April 9, 2010 entered into among African Development Bank Group, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank Group, and the World Bank Group as such agreement may be amended from time to time;
(c) “Bank” means IBRD with respect to an IBRD Loan, IDA with respect to an IDA Credit or IDA Grant, or both IBRD and IDA as the context requires;
(d) “Financing” means an IBRD Loan, IDA Credit or IDA Grant provided by the Bank to a Recipient;
(e) “Standard Provisions” means the Standard Provisions applicable to the Legal Agreement as such term is defined in the Legal Agreement;
(f) “International Financial Institution” or “IFI” means the African Development Bank Group, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank Group and any other institution that joins the Agreement for the Mutual Enforcement of Debarment Decisions in accordance with its terms;
(g) “Recipient” means a Borrower or Recipient of Financing, as such term is used in the Legal Agreement;
(h) “Project” means the project defined as such in the Legal Agreement;
(i) “Project Implementing Entity” means the entity referred to as such in the Legal Agreements or an entity with which the Bank has entered into a Project Agreement for purposes of implementing the Project, or part thereof; and
(j) “World Bank Group” is comprised of the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Multilateral Investment Guarantee Agency and the International Centre for the Settlement of Investment Disputes.”

8. Unless the context otherwise required, and except where otherwise defined in this amendment letter, all capitalized terms contained herein shall have the meaning given to them in the Grant Agreement.

9. All terms and conditions of the Grant Agreement that have not been amended pursuant to this amendment letter shall remain unchanged and in full force and effect.

10. Please confirm your agreement to the amendments set out above by signing, or arranging for an authorized representative of the Recipient to sign, the form of confirmation set out below, returning one fully executed original of this amendment letter to us at your earliest convenience and retaining one original for your records.

   Sincerely,

   INTERNATIONAL DEVELOPMENT ASSOCIATION
   (acting as Administrator of the Afghanistan Reconstruction Trust Fund)

   By/s/ Nicholas J. Krafft
   __________________________
   Country Director, Afghanistan
   South Asia Region

CONFIRMED and AGREED:

ISLAMIC REPUBLIC OF AFGHANISTAN

Signature:  By /s/ Omar Zakhilwal

Title:  Minister of Finance

Date:  June 27, 2010