Mr. Lam Dorji  
Secretary  
Ministry of Finance  
Royal Government of Bhutan  
Thimphu,  
Kingdom of Bhutan  

Re: Bhutan: IDF Grant for Improving Public Financial Management Project  
(IDF Grant No: TF090116) Amendments to the Grant Agreement  

Dear Lam Dorji:  

We refer to the Letter Agreement dated May 18, 2007, between the Kingdom of Bhutan (“Recipient”) and the International Bank of Reconstruction and Development (“Bank”) for an IDF Grant for Improving Public Financial Management Project, as amended on January 12, 2009, and to the Recipient’s letter dated January 26, 2010 requesting the extension of the closing date of said Grant. 

We are pleased to inform you that after due consideration, the Bank agrees with the Recipient’s request and proposes to amend the Letter Agreement, as follows: 

1. Section 2.01(b) of the Annex to the Letter of Agreement is replaced by the following: 

“(b) Capacity Building at Royal Audit Authority. RGoB through, inter-alia: (i) adoption of risk based approaches to conduct of audit; (ii) establishing an environmental audit section within RAA; and (iii) developing new audit manuals.” 

2. Section 3.03 of the Annex to the letter of Agreement is amended to read as follows: 

“3.03: Withdrawal Period. The Closing Date referred to in Section 3.06(c) of the Standard conditions is December 31, 2010.”
All of the terms and conditions of the Letter Agreement that have not been amended pursuant to this Letter of Amendment shall remain unchanged and in full force and effect.

Please confirm your agreement to the amendments set out above by having an authorized representative sign the form of confirmation set forth herein below and returning one fully executed original of this Letter of Amendment to us at your earliest convenience, and retaining one original for your records. The amendments to the Letter of Agreement set out above shall become effective from the date of countersignature by the Recipient.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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

AGREED:
Kingdom of Bhutan

By/s/ Lam Dorji
Name: ______________________
Title: Finance Secretary
Date: July 6, 2010