June 14, 2017

H.E. Eklil Ahmad Hakimi
Minister of Finance
Ministry of Finance
Islamic Republic of Afghanistan
Kabul, Afghanistan

Afghanistan Reconstruction Trust Fund Grant No. TF015003
Afghanistan Agricultural Inputs Project
Amendment to the Afghanistan Reconstruction Trust Fund Grant Agreement
and Supplemental Letter (Performance Monitoring Indicators)

Excellency:

We refer to the Afghanistan Reconstruction Trust Fund Grant Agreement dated June 30, 2013 between the Islamic Republic of Afghanistan (the “Recipient”) and the International Development Association (the “World Bank”), acting as administrator of the Afghanistan Reconstruction Trust Fund (the “ARTF”) (the “Grant Agreement”), for the above referenced project and the supplemental letter of the same date regarding performance monitoring indicators agreed further to the Grant Agreement (the “Supplemental Letter”).

We also refer to your letter dated February 27, 2017, requesting a restructuring of the Project, which requires certain amendments to the Grant Agreement. We are pleased to inform you that the World Bank concurs with the request, and accordingly agrees to amend the Grant Agreement as set forth below. Consequently, the attachment to the Supplemental Letter concluded further to Section II.A.1 of Schedule 2 to the Grant Agreement is also amended to read as set forth in the Annex to this amendment letter.

I. Part 1(b) of Schedule 1 is amended to read as follows:

1(b) Production of Foundation Seed

Carrying out of a program of activities designed to improve the efficiency of multiplication of breeder seed into foundation seed at the Improved Seed Enterprise (“ISE”), such program to include: (i) carrying out of land developments, irrigation works, and construction and/or rehabilitation of farm buildings at the ISE farms outside the Jalalabad area; (ii) carrying out land developments, irrigation works, and construction and/or rehabilitation of farm buildings at ISE farms in the Jalalabad area; (iii) provision of farm and office equipment required for the purpose; and (iv) provision of training and technical assistance to build the capacity of ISE staff for foundation seed development.”
Part 1(c) of Schedule 1 is amended to read as follows (emphasis added):

"(c) Coordination of Seed Sector

Carrying out a program of activities designed to:

(i) Enhance the capacity of the (A) National Seed Board for coordination of the seed industry; and (B) the Afghanistan National Seed Companies Union ("ANSCU") for its facilitation and coordination role of Private Seed Enterprises.

(ii) Support the PSEs in setting up seed demonstration plots in key wheat growing areas to demonstrate the value of new seed varieties and importance of high quality seeds.

(iii) Support the Seed Certification Directorate in developing and implementing a seed database and training of relevant staff on said database."

Part 2(b) of Schedule 1 is amended to read as follows (emphasis added):

"(b) Plant Quarantine Network

Carrying out a program of activities designed to enhance the capacity of MAIL for implementation of the plant quarantine network, such program to include: (i) construction of about 13 plant quarantine stations and an insect pests and disease diagnostic facility; (ii) carrying out of a nationwide insect pests and diseases survey and pests risk analysis; and (iii) design and construction of fumigation facility at each of the three selected plant quarantine stations."

Part 3 of Schedule 1 is amended to read as follows:

"Part 3. Input Delivery Systems

(a) Carrying out an analysis of the Recipient’s current agricultural input delivery systems, including analyzing data from surveys on: (i) farm level production activities for wheat, including farm budgets, input use, working capital requirements and sources, yields and post-harvest losses; and (ii) inputs distribution networks for major inputs.

(b) Piloting a voucher system for wheat seed delivery to improve farmers' access to these inputs."

Section 1B of Schedule 2 is amended to read as follows:

"B. Safeguards

1. The Recipient shall carry out the Project in accordance with the provisions of the Pest Management Plan, the Environmental and Social Management Framework and each Environmental and Social Management Plan required thereunder, the Resettlement Policy Framework and each Resettlement Action Plan as required thereunder.
2. The Recipient shall, prior to commencing each activity under the Project, including but not limited to construction or rehabilitation activity: (a) carry out a screening of such activities for any potential environmental and/or social impacts; (b) have all Environmental and Social Management Plans required under the Environmental and Social Management Framework: (i) prepared in accordance with the provisions of the Environmental and Social Management Framework; (ii) submitted to the World Bank for its prior review and approval; and (iii) thereafter adopted and locally disclosed; and (c) have all Resettlement Action Plans required under the Resettlement Policy Framework: (i) prepared in accordance with the provisions of the Resettlement Policy Framework; (ii) submitted to the World Bank for its prior review and approval; and (iii) thereafter adopted and locally disclosed.

3. The Recipient shall:
   (a) take all necessary actions to avoid or otherwise minimize to the extent possible, and to mitigate, any involuntary loss by persons of shelter, productive assets or access to productive assets or income or means of livelihood, temporarily or permanently, and the displacement of said people in the carrying out of the Project or any part thereof;
   (b) where the acquisition of land or assets or the displacement of people is unavoidable, before initiating the implementation of any Project activity which would result in such acquisition or displacement, develop and implement a RAP in accordance with the RPF, and make available to such people full compensation and, as applicable, relocate and rehabilitate the Displaced Persons in accordance with the applicable RAP and in a manner satisfactory to the World Bank; and
   (c) ensure that prior to commencing any civil works under the Project, all resettlement measures set forth in the applicable RAP (if any), shall have been fully executed, including the full payment of compensation prior to displacement and/or the provision of relocation assistance to all Displaced Persons, as per the entitlements provided in the applicable RAP; and

4. Whenever a new or revised ESMP (including the Pest Management Plan if necessary) or RAP is required for any proposed activity under the Project in accordance with the provisions of the ESMF and the RPF, the Recipient shall:
   (a) prior to the commencement of such activity, proceed to have such ESMP (including the Pest Management Plan if necessary) or RAP (as the case may be): (i) prepared in accordance with the provisions of the ESMF and the RPF; (ii) furnished to the World Bank for review and approval; and (iii) thereafter adopted and disclosed as approved by the World Bank, in a manner acceptable to the World Bank; and
   (b) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such ESMP (including the Pest Management Plan if necessary) or RAP (as the case may be), including the payment of full compensation as applicable to Displaced Persons prior to the commencement of the relevant activity.
5. Except as the World Bank shall otherwise agree in writing, the Recipient shall not amend, abrogate or waive any provision of the Pest Management Plan, the Environmental and Social Management Framework, the Environmental and Social Management Plan, the Resettlement Policy Framework, or any Resettlement Action Plan.

6. In the event of a conflict between any of the provisions of the Pest Management Plan, the Environmental and Social Management Framework, the Environmental and Social Management Plan(s), the Resettlement Policy Framework, the Resettlement Action Plan(s) and those of this Agreement, the latter shall prevail.

VI. Section III of Schedule 2 is amended to read as follows:

"Section III. **Procurement**

All goods, works, non-consulting services and consulting services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in the Procurement Regulations and the provisions of the Procurement Plan.

VII. The table in Section IV.A.2 of Schedule 2 is amended to read as follows:

<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, non-consulting services, consultants' services, Training and Incremental Operating Costs for the Project Cancellation as of February 27, 2017</td>
<td>67,250,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>74,750,000</td>
<td></td>
</tr>
</tbody>
</table>

VIII Sub-paragraphs (b) and (c) of Section IV.B.1 of Schedule 2 are deleted in their entirety.

IX. Section IV.B.2 of Schedule 2 is amended to read as follows:

"2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is June 30, 2019."

X. The following new definitions are introduced in Section 1 of the Appendix to read as follows:

"ANSCU" means the Afghanistan National Seed Companies Union, an association operating pursuant to its by-laws issued on August 21, 2016 established with an objective to strengthen private seed production system in Afghanistan.

"Displaced Persons" means persons who, on account of the implementation of the Project, have experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; (iii) loss of income source or means of livelihood, whether or not such..."
persons must move to another location; or (b) the involuntary restriction of access to legally
designated parks and protected areas, resulting in adverse impacts on the livelihood of such persons.

“Procurement Regulations” means the “World Bank Procurement Regulations for
Borrowers under Investment Project Financing”, dated July 1, 2016.

“Resettlement Action Plan” and the acronym “RAP” mean any resettlement action plan as
may be required to be prepared in accordance with the Resettlement Policy Framework,
pursuant to Section 1.B of Schedule 2 to this Agreement, acceptable to the World Bank,
which sets out the: (i) principles and procedures governing the acquisition of land required
for the Project; (ii) Displaced Persons as a result of Project activities; (iii) actions and
measures for the payment of compensation to Displaced Persons and for their resettlement
and rehabilitation; (iv) criteria and procedures for developing and implementing actions
and measures for mitigating the adverse social impacts resulting from the implementation
of Project activities; and (v) principles and procedures for consultation, grievance redress,
reporting and monitoring requirements, as said plan may be revised from time to time by
agreement between the Recipient and the World Bank, and “Resettlement Action Plans”
and “RAPs” means, collectively, all such plans.

“Resettlement Policy Framework” and the acronym “RPF” mean the Recipient’s
Resettlement Policy Framework dated April 26, 2017 for the Project, which sets out the
principles, standards, processes and tools applicable to the acquisition of rights to land,
resettlement and compensation, and for the preparation of Resettlement Action Plans as
may be required for Project activities, as well as reporting and monitoring arrangements to
ensure compliance with the said framework, as said framework may be revised from time
to time with the prior written agreement of the World Bank, and such term includes any
schedules or annexes to such framework.

“Seed Certification Directorate” means a department established within the Recipient’s
Ministry of Agriculture, Irrigation and Livestock, or any successor thereto.

XI. The definitions of “ANSOR”, “Consultant Guidelines”, “Incentive Payments”,
“Involuntary Resettlement”, “Procurement Guidelines” in the Appendix are deleted in their
entirety.

XII. The following definitions are revised to read as follows:

“Environmental and Social Management Framework” and the acronym “ESMF” mean the
Recipient’s Environmental and Social Safeguards Management Framework dated August
20, 2012 and updated on April 27, 2017, setting forth, inter alia: (i) key policy principles
for social and environmental management; (ii) measures to guide the screening of activities
for significant social and environmental impacts, and to assist in the mitigation of such
impacts; (iii) procedures to ensure that these principles and measures are appropriately
applied; and (iv) guidelines for capacity building and monitoring, as the same may be
updated from time to time with the written agreement with of the World Bank.

“Procurement Plan” means the Recipient’s procurement plan for the Project, dated
May 29, 2013 updated on October 16, 2016, and 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.
Except as specifically amended in this letter, all other terms and conditions of the Grant Agreement shall remain in full force and effect.

Please confirm your agreement to the foregoing on behalf of the Recipient by countersigning 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.

Upon receipt by the World Bank of the countersigned original of this amendment letter, this amendment letter shall become effective as of the date of the countersignature.

Sincerely,

Stephen N. Ndegwa
Acting Country Director, Afghanistan
& South Asia Region

AGREED

ISLAMIC REPUBLIC OF AFGHANISTAN

By: 
Authorized Representative

Name: Khal Ahmad Hakimi

Title: Minister of Finance

Date: July 09, 2017
### Revised Results Framework and Monitoring

**AFGHANISTAN: Afghanistan Agricultural Inputs Project**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit of Measure</th>
<th>Baseline</th>
<th>Progress to date</th>
<th>End Target (June 2019)</th>
<th>Frequency</th>
<th>Methodology</th>
<th>Responsible for data collection</th>
<th>Definition/Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>PDO Level Results Indicators</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wheat seed multiplication factor</td>
<td>Ratio</td>
<td>14.8</td>
<td>19.5</td>
<td>26</td>
<td>Annual</td>
<td>Annual farm budget survey for ISF</td>
<td>IMST &amp; ISF</td>
<td>Ratio of Foundation seed (FS) to Breeder seed (BS)</td>
</tr>
<tr>
<td>Production of Certified Wheat Seed as % of Annual National Seed Board Plan</td>
<td>%</td>
<td>0</td>
<td>70</td>
<td>95</td>
<td>Seed Certification Directorate data</td>
<td>Seed Certification Directorate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Listing of plant quarantine pests and diseases</td>
<td>Binary</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>End of the Project</td>
<td>Project MIS</td>
<td>IMST &amp; PPQD</td>
<td></td>
</tr>
<tr>
<td>Food product samples tested for pesticides residues</td>
<td>Number</td>
<td>0</td>
<td>0</td>
<td>100</td>
<td>Periodic survey</td>
<td>Periodic survey &amp; MIS</td>
<td>IMS1</td>
<td></td>
</tr>
<tr>
<td>Pesticide samples tested for compliance</td>
<td>Number</td>
<td>0</td>
<td>0</td>
<td>75</td>
<td>Monthly</td>
<td>Progress monitoring &amp; Project MIS</td>
<td>IMS1</td>
<td></td>
</tr>
<tr>
<td>Intermediate Results Indicators</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New wheat varieties submitted for release</td>
<td>Number</td>
<td>3</td>
<td>0</td>
<td>5</td>
<td>Annual</td>
<td>Progress monitoring &amp; project MIS</td>
<td>IMST &amp; ARIA</td>
<td>Varieties submitted to Varietal Release Committee of MAI</td>
</tr>
<tr>
<td>Developed farm land area in ARIA</td>
<td>Hectares, Cumul.</td>
<td>60</td>
<td>6.5</td>
<td>350</td>
<td>Six-monthly</td>
<td>Progress monitoring &amp; Project MIS</td>
<td>IMST &amp; ARIA</td>
<td>Land fully developed with laser leveling, irrigation and equipment support for wheat seed production</td>
</tr>
<tr>
<td>Staff trained in ARIA - Total</td>
<td>Number, Cumul</td>
<td>0</td>
<td>410</td>
<td>500</td>
<td>Quarterly</td>
<td>Progress monitoring &amp; Project MIS - staff members may be recorded more than once for different courses</td>
<td>IMST &amp; ARIA</td>
<td></td>
</tr>
<tr>
<td>------------------------------</td>
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<td>--------------------------------------------------</td>
<td>------------</td>
<td></td>
</tr>
<tr>
<td>Staff trained in ARIA - Male</td>
<td>Number, Cumul</td>
<td>0</td>
<td>383</td>
<td>470</td>
<td>Quarterly</td>
<td>Progress monitoring &amp; Project MIS - staff members may be recorded more than once for different courses</td>
<td>IMST &amp; ARIA</td>
<td></td>
</tr>
<tr>
<td>Staff trained in ARIA - Female</td>
<td>Number, Cumul</td>
<td>0</td>
<td>27</td>
<td>30</td>
<td>Quarterly</td>
<td>Progress monitoring &amp; Project MIS - staff members may be recorded more than once for different courses</td>
<td>IMST &amp; ARIA</td>
<td></td>
</tr>
<tr>
<td>Developed farm land area in IS</td>
<td>Hectares, Cumul</td>
<td>80</td>
<td>0</td>
<td>566</td>
<td>Monthly</td>
<td>Progress monitoring &amp; Project MIS</td>
<td>IMST &amp; ISF</td>
<td></td>
</tr>
<tr>
<td>Staff trained in IS - Total</td>
<td>Number, Cumul</td>
<td>0</td>
<td>47</td>
<td>150</td>
<td>Quarterly</td>
<td>Progress monitoring &amp; Project MIS - staff members may be recorded more than once for different courses</td>
<td>IMST &amp; ISF</td>
<td></td>
</tr>
<tr>
<td>Staff trained in IS - Male</td>
<td>Number, Cumul</td>
<td>0</td>
<td>46</td>
<td>140</td>
<td>Quarterly</td>
<td>Progress monitoring &amp; Project MIS - staff members may be recorded more than once for different courses</td>
<td>IMST &amp; ISF</td>
<td></td>
</tr>
<tr>
<td>Staff trained in IS - Female</td>
<td>Number, Cumul</td>
<td>0</td>
<td>1</td>
<td>10</td>
<td>Quarterly</td>
<td>Progress monitoring &amp; Project MIS - staff members may be recorded more than once for different courses</td>
<td>IMST &amp; ISF</td>
<td></td>
</tr>
</tbody>
</table>

Staff training includes MSc and PhD degrees, short-term programs (both in-country and abroad).

Land fully developed with leveling, irrigation and equipment support for wheat seed production.

Staff training includes MSc degree, short-term programs (both in-country and abroad).

Staff training includes MSc degree, short-term programs (both in-country and abroad).
<table>
<thead>
<tr>
<th>Parameter</th>
<th>Number</th>
<th>Cumul.</th>
<th>Percent</th>
<th>Reporting Frequency</th>
<th>Program Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of certified seed production purchased by farmers (instead of donors and or governments)</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>Annual</td>
<td>Baseline, midterm and end of project farmer survey.</td>
</tr>
<tr>
<td>Pesticide samples chemically analyzed for registration</td>
<td>0</td>
<td>0</td>
<td>25</td>
<td>Six-monthly</td>
<td>Progress monitoring &amp; project MIS</td>
</tr>
<tr>
<td>Pesticide samples subjected to bio-efficacy trials</td>
<td>0</td>
<td>0</td>
<td>20</td>
<td>Six-monthly</td>
<td>Progress monitoring &amp; project MIS</td>
</tr>
<tr>
<td>Phytosanitary certificates issued</td>
<td>0</td>
<td>0</td>
<td>1100</td>
<td>Monthly</td>
<td>Progress monitoring &amp; project MIS</td>
</tr>
<tr>
<td>Quarantine inspections carried out</td>
<td>0</td>
<td>0</td>
<td>1000</td>
<td>Monthly</td>
<td>Progress monitoring &amp; project MIS</td>
</tr>
<tr>
<td>Fertilizer samples tested for chemical purity</td>
<td>0</td>
<td>0</td>
<td>150</td>
<td>Monthly</td>
<td>Progress monitoring &amp; project MIS</td>
</tr>
<tr>
<td>Fertilizer lots inspected</td>
<td>0</td>
<td>0</td>
<td>1500</td>
<td>Monthly</td>
<td>Progress monitoring &amp; project MIS</td>
</tr>
<tr>
<td>Number of laboratory and quarantine stations refurbished established and functioning</td>
<td>0</td>
<td>2</td>
<td>14</td>
<td>Annual</td>
<td>Progress monitoring &amp; project MIS</td>
</tr>
<tr>
<td>Staff trained in PPQD-Total</td>
<td>0</td>
<td>22</td>
<td>119</td>
<td>Annual</td>
<td>Progress monitoring &amp; project MIS</td>
</tr>
<tr>
<td>Staff trained in PPQD-Male</td>
<td>0</td>
<td>21</td>
<td>100</td>
<td>Annual</td>
<td>Progress monitoring &amp; project MIS</td>
</tr>
<tr>
<td>Staff trained in PPQD-Female</td>
<td>Number, Cumul.</td>
<td>0</td>
<td>5</td>
<td>19</td>
<td>Annual</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>--------------</td>
<td>---</td>
<td>---</td>
<td>----</td>
<td>--------</td>
</tr>
<tr>
<td>Field surveys completed</td>
<td>Binary</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>Annual</td>
</tr>
<tr>
<td>Pilot voucher scheme for wheat seed developed and implemented</td>
<td>Binary</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>End of the Project</td>
</tr>
</tbody>
</table>