Syed Jamal ud din Shah
Secretary
Local Government, Elections and Rural Development Department
Government of Khyber Pakhtunkhwa
Peshawar, Pakistan

Re: Islamic Republic of Pakistan: KP/FATA/Balochistan Multi-Donor Trust Fund
(TF013560-PK)
(Khyber Pakhtunkwa Southern Area Development Project)
Amendment to the Project Agreement

Dear Mr. Shah:

We refer to the Grant Agreement, dated February 6, 2013, between the Islamic Republic of Pakistan (the "Recipient") and the International Bank for Reconstruction and Development and the International Development Association (collectively, the "World Bank"), acting as administrator of the KP / FATA / Balochistan Multi-Donor Trust Fund, ("Original Grant Agreement") and the Project Agreement dated the same date as the Grant Agreement, ("Project Agreement") between the World Bank and Khyber Pakhtunkhwa Province, for the above-referenced Project (the "Project"). We also refer to the Economic Affairs Division's letter dated April 4, 2016, requesting the World Bank to provide an additional grant to scale-up and restructure the Project. We also refer to the decision of the MDTF Steering Committee on June 8, 2016, to request the World Bank to provide additional grant to scale-up and restructure the Project.

Pursuant to the MDTF Steering Committee’s request referred to above, we are pleased to inform you that, after due consideration, the World Bank agrees with the request, and hereby proposes to amend the Project Agreement as set forth below. The Original Grant Agreement will be amended in a separate letter to be agreed between the Recipient and the World Bank.

Capitalized terms used but not defined in this letter of amendment ("Letter of Amendment") have the meanings given to them in the Original Grant Agreement as amended, and the Standard Conditions, as applicable.

1. A new paragraph is added to the end of paragraph 3 of Section IA of the Schedule to the Project Agreement as follows:

   "3. Not later than May 30, 2017, the Project Management Unit shall appoint a full-time environmental and social safeguards specialist and an environmental and social safeguards officer to the PMU, with qualifications and experience, and on terms and conditions, satisfactory to the World Bank."

2. The reference to “District Review Committees” wherever appearing in the Project Agreement shall be amended to read as “Subproject/Activity Review and Approval Committee” which has been established as of December 11, 2014.

3. Section IF 2(b) of the Schedule to the Project Agreement is amended as follows:

   "(b) the proposed Beneficiary, in the case of both an Infrastructure Subproject Grant and an Asset-Building Subproject Grant, is a Community Based Organization or Economic Interest Group, both located in the Project area and meeting the relevant criteria specified in the Project Operations Manual;"
4. Section II.A.1 (a) of the Schedule to the Project Agreement is amended as follows:

"A. Project Reports

1. (a) The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 (b) of the Standard Conditions and on the basis of the performance indicators acceptable to the World Bank and set out in the Project Operations Manual. Each such Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Recipient not later than twenty-five (25) days after the end of the period covered by such report for incorporation in and forwarding by the Recipient to the World Bank of the overall Project Report, except for every fourth (4th) such report, which shall cover the period of one (1) calendar year and be furnished to the World Bank not later than eleven (11) weeks after the end of the period covered by such report.

5. Section II.A.1 (b) of the Schedule to the Project Agreement shall be deleted in its entirety.

Except as specifically amended by this Letter of Amendment, all other provisions of the Project Agreement remain in full force and effect.
Please confirm your agreement to the foregoing by signing the form of confirmation set forth below and returning one fully executed original of this Letter of Amendment letter to us and retaining one original for your records. Upon receipt by the World Bank of the countersigned copy, this Letter of Amendment shall become effective as of the date of the countersignature.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the KP / FATA / Balochistan Multi-Donor Trust Fund

[Signature]
Patchamuthu Illangovan
Country Director, Pakistan
South Asia Region

AGREED
KHYBER PAKHTUNKHWA PROVINCE

By: [Signature]

Name: Khalid Ilyas
Title: Chief (Foreign Aid)
Date: March 30, 2017