Ms. Jeehan Nawaf Abdul Malik Abdul Ghaffar  
Advisor to the Executive Director to the World Bank  
Government of the Kingdom of Bahrain  
1818 H Street N.W.  
Washington D.C. 20433  
United States of America

Dear Madam:

Afghanistan Reconstruction Trust Fund  
(World Bank Ref: TF050576)  
Fourth Amendment to Letter Agreement  
Fee increase and Research and Analysis Program

1. We refer to the Letter Agreement dated October 4, 2002 between the Government of the Kingdom of Bahrain, on the one part (the “Donor”), and the International Bank for Reconstruction and Development and the International Development Association (collectively, the “Bank”), on the other part, as amended to date (the “Letter Agreement”), pursuant to which the Donor, has made available to the Bank grant funds for the purpose of contributing to the multi-donor Afghanistan Reconstruction Trust Fund (“ARTF”).

2. Pursuant to the endorsement of the Steering Committee of the ARTF on March 17, 2015 for the gradual increase of the percentage for defrayment of the Bank’s administrative costs from 2% to 4% (other than for ad hoc payments), and the FY1393 update to the ARTF Financing Strategy and Steering Committee’s approval on April 6, 2013 for inclusion of a Research and Analysis Program, through a Bank Executed TF window, the Bank proposes to amend the Amended and Restated Standard Terms and Conditions governing contributions to the ARTF effective as of April 1, 2012, which is an annex to the Letter Agreement, as follows:

   (a) Paragraph 3, a new definition of “Research and Analysis Program” is included at the end of paragraph 3, to read as follows:

   “(r) “Research and Analysis Program” or the acronym “RAP” mean activities, the purpose of which will be to strengthen analysis and research and inform ARTF’s strategic focus and work, through in-depth studies, impact evaluations, and other analytical work that will have been approved by the Management Committee. Such activities will include, without limitation, pre-feasibility and other studies, and analytical work.

   (b) Paragraph 4 is amended to read as follows:

   “4. Categories of Expenditure

   4.1 For Bank-executed activities, the Trust Fund funds may be used to finance:
- Associated overheads
- Staff costs with indirect costs
- Extended term consultants with indirect costs
- Short term consultants with indirect costs
- Consultant fees for firms
- Contractual services
- Temporary support staff costs with indirect costs
- Field assignment benefits
- Travel expenses
- Equipment and office premises lease costs
- Media, workshops, conferences and meetings costs

4.2 For Recipient-executed activities, the Trust Fund funds may be used to finance, together with the percentage of expenditures to be financed:

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Recurrent and Capital Expenditures</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Expert services and training</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Sub-grants for Investment Projects</td>
<td>100%</td>
</tr>
</tbody>
</table>

(c) Paragraph 5(a)(ii) is amended to read as follows:

"(ii) The Management Committee will be responsible, inter alia, for resource allocation decisions with respect to the Trust Fund, including RAP activities. In allocating Grant Funds, the Management Committee will be guided by the Financing Strategy. The Management Committee will be chaired by the Bank as administrator and, on a monthly basis, meet in Kabul, Afghanistan, or in such other location as the Management Committee may decide from time to time, or by teleconference and, will following such meeting, report in writing to each Donor on operations and activities financed by disbursements made by the Trust Fund and decisions taken by the Management Committee. The Management Committee will, on a quarterly basis, prepare and submit to the Steering Committee a report which will describe in detail the operations of the Trust Fund, including the receipt and use of donor contributions to the Trust Fund and the activities financed therefrom, together with minutes of the monthly meetings of the Management Committee. The Management Committee will act collectively and, to the extent practicable, make decisions by consensus."

(d) Paragraph 7(c) is amended to read as follows:

"(c) In order to assist in the defrayment of its administrative costs, the Bank may upon receipt of the Grant Funds, deduct from the T-Account and transfer to itself:
(i) as of January 1, 2016, an amount equivalent to three percent (3.0%) of the amount of the Grant Funds (other than for ad hoc payments);

(ii) as of January 1, 2017, an amount equivalent to four percent (4.0%) of the amount of the Grant Funds (other than for ad hoc payments); and

(iii) an amount equal to two percent (2%) of the amount of the Grant Funds allocated to the Recurrent and Capital Expenditures Category for the purposes of ad hoc payments.

The Bank may also deduct from the T-Account and transfer to itself the actual costs of the Bank’s contract with the Monitoring Agent(s), as well as the cost of the independent review of the Monitoring Agent(s)’s performance referred to under paragraph 6(b) of this Annex.”

3. The aforementioned standard terms and conditions govern all agreements between the Bank and donor countries or agencies (the “Donors”) that provide grants to the Bank as contributions to the ARTF. In view thereof, the amendment proposed in this letter is hereby submitted for your consideration on a twenty-one (21) day absence of objection basis. Consequently, in the absence of an objection to be communicated to the Country Director in writing by close of business on June 30, 2015, the Donor shall be deemed to have provided its agreement to this amendment on the terms and conditions as proposed herein.

4. All terms of the Letter Agreement not hereby amended shall remain in full force and effect.

5. This amendment will become effective as of July 1, 2015, absent any objections from Donors. The Bank shall promptly notify the Donor when the amendment becomes effective.

6. In the event that one or more Donors shall voice an objection to this amendment, the Bank shall exchange views with such Donor(s) and, if appropriate, revise this amendment by incorporating such Donor(s)’ comments and re-circulate it to all Donors for re-approval on an absence of objection basis. This amendment shall not be deemed to have been agreed to by all Donors until no Donor has voiced an objection by the indicated deadline.

7. It is the Bank’s policy to make publicly available the Letter Agreement and any information related thereto, including this Amendment. In the absence of an objection thereto (to be communicated to the Country Director in writing by close of business on the date mentioned in paragraph 4 of this letter), the Donor consents to disclosure of this Amendment after it has become effective.

Sincerely,

Robert J. Saum
Country Director, Afghanistan
South Asia Region