1. We refer to the Memorandum of Understanding ("MOU") dated July 22, 2008 among the Department for International Development (of the United Kingdom ("DFID") and the International Development Association ("IDA"), collectively referred to as "Pooling Partners" and the Government of India ("GOI").

2. We also refer to the letter of amendment from IDA dated June 14, 2010 agreeing to the Government of India’s request to make certain amendments to the Financing Agreement dated July 5, 2007 for the above referenced Project (the “Project”).

3. We further refer to discussions between the Pooling Partners and the National AIDS Control Organization during the Joint Implementation Reviews of November 2009 and May 2010 related to the percentage of expenditures to be financed by the Pooling Partners.

4. With respect to the change in percentage of eligible expenditures to be financed by the Pooling Partners, we are pleased to inform you that the Pooling Partners have agreed to increase collectively the percentage of disbursement from 83% to 100%. This letter hereby amends the second annex to read as shown in attachment hereto. The change in disbursement percentage will be effective retroactively for all eligible expenditures incurred from April 1, 2008. The total amount of contribution by the pooling partners to the program will remain unchanged.

5. With respect to the changes in the procurement and financial management arrangements, paragraph 6 of the MOU is hereby amended and replaced to read in its entirety as follows:

   Paragraph 6

   a. Accordingly, the Pooling Partners have decided to accept financial management procedures as described in the Financial Management Manual dated February 15, 2007 and the NGO/CBO Guidelines dated March 1, 2007 of NACO, as the same may be updated from time to time in consultation with the Pooling Partners

   b. With regard to procurement under the NACP-III Project, the GOI will follow the procedures set forth in the World Bank’s Procurement and Consultant Guidelines dated May 2004 and the Procurement Manual for the NACP-III Project dated March 1, 2007 as provided in the financial agreement between the GOI and the IDA, as the same may be updated from time to time in consultation with the Pooling Partners

   c. IDA will be assigned the fiduciary responsibility on behalf of the Pooling Partners and perform prior reviewing the procurement documents, issuing the no-objections, or issuing the comments on audit reports

6. All the other agreements in the MOU that have not been amended hereby shall remain unchanged.

7. GOI, DFID and IDA will confirm their agreement to the amendments proposed above by counter signing and dating each of the three originals of this letter of amendment. One original should be kept by the GOI for its own records, returning one fully countersigned letter to DFID and IDA. The letter of amendment shall become effective upon receipt by each of the Pooling Partners of one fully executed original of this letter of amendment.
Signed by the Pooling Partners’ authorized representatives.

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT
OF THE UNITED KINGDOM (DFID)

By
/s/ S. J. Sharpe
Authorized Representative

Sam Sharpe
Head DFID India

INTERNATIONAL DEVELOPMENT ASSOCIATION

By
Authorized Representative
/s/ N. Roberto Zagha
Roberto Zagha
Country Director, India

GOVERNMENT OF INDIA

By
Authorized Representative
/s/ Sayan Chatterjee
Mr. Sayan Chatterjee
Secretary Department of AIDS control and Director General,
National AIDS Control Organization, Ministry of Health and Family Welfare
Attachment

Indicative Financing Levels of GOI, and Pooling Partners

(From 2008 to 2012)

<table>
<thead>
<tr>
<th>Financial Year ending March 31</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected Eligible expenditure (Rs. Crores)</td>
<td>460</td>
<td>577</td>
<td>739</td>
<td>910</td>
<td>1353</td>
<td>4039*</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA Share</td>
<td>48%</td>
<td>55%</td>
<td>55%</td>
<td>55%</td>
<td>55%</td>
<td>55%</td>
</tr>
<tr>
<td>DFID Share *</td>
<td>35%</td>
<td>45%</td>
<td>45%</td>
<td>45%</td>
<td>45%</td>
<td>45%</td>
</tr>
<tr>
<td>GOI</td>
<td>17%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Contribution to the Pool:

IDA ** USD 246 million
DFID GBP 95 million

* Based on the projected pooled cost of Rs 4039 crores (USD 908 million) and the current approvals provided by the GOI, there is a projected financing gap of Rs 1736 crores (USD 386 million) in the years 2011 and 2012. Based on the actual performance, NACO may approach various development partners, including IDA for additional financing and/or seek enhanced budgetary allocation from internal resources.

** An additional USD 4 million is being provided by the Association outside the pool, which will be used for payment of consultancy of the procurement agent. Thus the total amount provided by the Association would be USD 250 million

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