July 24, 2011

His Excellency Hazrat Omar Zakhilwal
Minister of Finance
Ministry of Finance
Pashtoonishtan Maidan
Kabul
Islamic Republic of Afghanistan

Excellency:

Re: Afghanistan Reconstruction Trust Fund Grant Agreement (TF093962)
Second Education Quality Improvement Project (EQUIP II)
Letter of Amendment – Second Increase of Grant Amount

1. I refer to the Afghanistan Reconstruction Trust Fund Grant Agreement dated April 14, 2009 (the “Grant Agreement”) between the Islamic Republic of Afghanistan (the “Recipient”) and the International Development Association (the “Association”), in its capacity as the administrator of the Afghanistan Reconstruction Trust Fund (the “ARTF”) for the Second Education Quality Improvement Project (“EQUIP-II” or the “Project”), as amendment thereof.

2. I further refer to the proposal approved on June 21, 2011 by the ARTF’s Management Committee, providing additional funds for the financing of the EQUIP-II in the amount of fifty million United States Dollars (US$50,000,000).

3. I am therefore pleased to propose that the Grant Agreement be amended as follows:

4. Section 1.01 of the Grant Agreement be hereby amended to read:


5. Section 3.01 of the Grant Agreement be hereby amended to read:

“The Administrator agrees to extend to the Recipient, on terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to one hundred and thirty five million United States Dollars ($135,000,000) (the “Grant”) to assist in financing the Project.”

6. Paragraphs A.1 and A.2 of Section III of Schedule 2 to the Grant Agreement be hereby amended to read:

“1. Procurement and Consultant Guidelines. All goods, works, non-consulting services and consultants’ 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:

(a) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”), in the case of goods, works and non-consulting services;

(b) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(c) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

2. **Definitions.** The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.”

7. The second explanatory note in paragraph B.2 of Section III of Schedule 2 to the Grant Agreement be hereby amended to read:

***Community Participation shall be carried out in accordance with paragraph 3.19 of the Procurement Guidelines and the procedures set out in the Project Implementation Manual.***

8. Paragraph D of Section III of Schedule 2 to the Grant Agreement be hereby amended to read:

“The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.”

9. The table in paragraph A.1 of Section IV of Schedule 2 to the Grant Agreement be hereby amended to read:

<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, consultants’ services, School Grants, training and Incremental Operating Costs* for the Project</td>
<td>135,000,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

2
10. Unless the context otherwise required, and except where otherwise defined in this letter of amendment, all capitalized terms contained herein shall have the meaning given to them in the Grant Agreement.

11. Except as specifically amended in accordance with the provisions of the above paragraphs, all terms and conditions of the Grant Agreement otherwise remain in full force and effect.

12. Please note that it is the Association’s policy to make publicly available this letter of amendment and any information related thereto, after this letter of amendment has become effective and the Recipient has given its consent to such disclosure. The Recipient, by countersigning this letter of amendment, confirms its consent to such disclosure.

13. Please indicate your agreement with the terms of this letter of amendment by countersigning and dating the form of confirmation below and returning one signed original copy of this letter for our files. Upon receipt of a copy of this letter of amendment duly countersigned by an authorized representative of the Recipient, this letter of amendment shall enter into effect as of the date of countersignature.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION
(Acting as administrator of the Afghanistan Reconstruction Trust Fund)

By /s/: Josephine M. Bassinette
Josephine M. Bassinette
Acting Country Director for Afghanistan
South Asia Region

AGREED AND CONFIRMED:
ISLAMIC REPUBLIC OF AFGHANISTAN

By: /s/: Omar Zakhilwal

Authorized Representative

Name: Dr. Omar Zakhilwal

Title: MINISTER OF FINANCE

Date: 24 JULY 2011