Ms. Farah Hamid Khan  
Secretary  
Industries and Technical Education  
Civil Secretariat  
Peshawar 25000  
Khyber-Pakhtunkhwa  
Pakistan  

Re: Islamic Republic of Pakistan: KP/FATA/Balochistan Multi-Donor Trust Fund  
Original Grant No. TF099175; TF0A4251  
(Economic Revitalization of Khyber Pakhtunkhwa and FATA Project)  
Amendment to the Project Agreement - KP  

Dear Ms. Khan:  

We refer to the Grant Agreement, dated October 11, 2011, between the Islamic Republic of Pakistan ("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 (MDTF), and the Project Agreements dated the same date as the Grant Agreement, between the World Bank and Khyber Pakhtunkhwa Province, for the above-referenced Project (the “Project”), both as amended to the date of this amendment letter ("Amendment Letter"). 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.  

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 Grant Agreement will be amended in a separate amendment letter to be agreed between the Recipient and the World Bank.  

Capitalized terms used but not defined in this amendment letter have the meanings given to them in the Grant Agreement and the Standard Conditions, as applicable.  

1. On the title page of the Project Agreement, in the preamble, and in the signature block at Section 4.03 of the Project Agreement, “International Development Association acting as administrator of the KP/FATA/Balochistan Multi Donor Trust Fund” is amended to read “International Bank for Reconstruction and Development/International Development Association acting as administrator of the KP/FATA/Balochistan Multi Donor Trust Fund.”
2. Paragraph 3 of Section I.A of the Schedule is deleted in its entirety.

3. New paragraph 4 and 5 are added to Section I.A of the Schedule as follows:

"4. The Project Implementing Entity shall, not later two (2) months after the effectiveness of this Amendment Letter update and adopt and thereafter apply throughout the implementation of the Project, an operations manual (the "Operations Manual") acceptable to the World Bank.

5. Pursuant to Paragraph 1 of Section I.A of Schedule 2 of the Grant Agreement, the Project Implementing Entity shall ensure that the proceeds of the Grant for the Eligible Expenditures of the SMEDA-PU are made fully available to the SMEDA-PU not later than fifteen (15) business days following submission of the cash forecast by SMEDA acceptable to the World Bank."

4. Section I.C of the Schedule to the Project Agreement is amended to read as follows:

"1. The Project Implementing Entity shall designate one of the KP-PMU officers to serve as the environmental and social focal person in relation to the Project activities carried out in KP. The focal environmental and social officer shall: (a) have terms of reference satisfactory to the World Bank; and (b) be assigned with sufficient powers, functions and resources, as agreed with the World Bank, in order to ensure the Project Implementing Entity's compliance with, and implementation of the ESMP.

2. The Project Implementing Entity shall ensure that any technical assistance, engineering designs and environmental plans to be supported or developed under the Project are carried out under terms of reference satisfactory to the World Bank following its review thereof and, to that end, said assistance, designs and plans shall duly incorporate the requirements of World Bank's safeguard policies and be publicly disclosed and consulted upon in accordance with the World Bank's safeguard policies."

All obligations of the Project Implementing Entity for expenditures incurred and actions taken prior to the date of this Amendment Letter remain in full force and effect. Except as specifically amended by this amendment letter, 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 Amendment Letter to us and retaining one original for your records. This Amendment Letter shall become effective upon receipt by the World Bank of: (a) duly countersigned original of this Amendment Letter; (b) the amendment letter to the Grant Agreement between the World Bank and the Islamic Republic of Pakistan; and (c) the amendment letter to the Project Agreement between the World Bank and the Federally Administered Tribal Areas.

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 Paktunkhwa Province

[Signature]

By: [Name]

Name: KHADID ALYAS
Title: CHIEF FOREIGN AID
Date: MARCH 30, 2017