H.E. Hazrat Omar Zakhilwal  
Minister of Finance  
Ministry of Finance  
Islamic Republic of Afghanistan  
Kabul - Afghanistan

Re: Islamic Republic of Afghanistan: Horticulture and Livestock Project  
Amendment to Afghanistan Reconstruction Trust Fund Grant Agreement  
(TF091885-AF) - Fourth Amendment to the Grant Agreement

Excellency,

We refer to the Afghanistan Reconstruction Trust Fund Grant Agreement dated May 26, 2008, between the Islamic Republic of Afghanistan (the “Recipient”) and the International Development Association (the “Administrator”), in its capacity as the administrator of the Afghanistan Reconstruction Trust Fund (the “ARTF”) for the Horticulture and Livestock Project (the “Project”), as amended lastly by letter agreement dated May 13, 2010 (the “Grant Agreement”).

We also refer to the recent approval by the Management Committee of the ARTF of proposed additional financing for the Project in the amount of fifteen million United States dollars (US$ 15,000,000). Accordingly, and to reflect a new Closing Date and various other changes, we propose amending the Grant Agreement as set forth in the Annex hereto, which constitutes an integral part hereof.

The performance monitoring indicators for the Project referred to in Schedule 2 Section II, paragraph A.1 of the Grant Agreement shall be amended as communicated to the Association in a separate letter from the Recipient.

Unless the context otherwise requires and except where otherwise defined in this Amendment Letter, all capitalized terms contained herein shall have the meanings given to them in the Grant Agreement.

All of the terms and conditions of the Grant Agreement that have not been amended pursuant to this Amendment Letter shall remain unchanged and in full force and effect.

Please confirm your agreement to the amendments set out above by signing, or arranging for an authorized representative of the Recipient to sign, the form of confirmation set out below, returning one fully executed original of this Amendment Letter to us at your earliest convenience and retaining one original for your records. This Amendment Letter shall take effect as of the date of counter-signature by the authorized representative of the Recipient.

December 28, 2011
Sincerely,

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

By/s/ Asif Ali

Asif Ali
Authorized Representative

Confirmed and Agreed:
ISLAMIC REPUBLIC OF AFGANISTAN

By/s Hazrat Omar Zakhilwal

Name: Hazrat Omar Zakhilwal
Title: Minister of Finance
Date: December 28, 2011
1. Section 1.01 of the Grant Agreement is replaced in its entirety by the following text:

   “1.01. The Standard Conditions for Grants Made by the World Bank out of Various Funds, dated July 31, 2010 ("Standard Conditions"), constitute an integral part of this Agreement.”

2. The aggregate value of Grant funds set out in Section 3.01 of the Grant Agreement is amended to read forty nine million three hundred thousand United States dollars (US$ 49,300,000), and the table in Schedule 2, Section IV, paragraph A.2 of the Grant Agreement is amended to reflect the change as follows:

<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, non-consulting services, consultants’ services, training and Operating Costs* for the Project</td>
<td>49,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>49,300,000</td>
<td></td>
</tr>
</tbody>
</table>

*For purposes of this Agreement “Operating Costs” means the Project-related incremental expenses incurred on account of Project implementation support and management including the rental of office space; the operation, maintenance, rental and insurance of vehicles; fuel; communications supplies and charges; advertisements; books and periodicals; office administration and maintenance costs; bank transaction charges; utility charges; domestic travel and per diem but excluding salaries of officials and staff of the Recipient’s civil service.

3. The description of the Project as set out in Schedule 1 to the Grant Agreement (Description of the Project) is amended to read in its entirety as set out in Attachment 1 hereto.

4. A new paragraph C is included in Section 1 of Schedule 2 to the Grant Agreement that reads:

   “C. Anti-Corruption

   The Recipient shall ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 ("Anti-Corruption Guidelines”). “
5. Schedule 2 Section III (Procurement) of the Grant Agreement is amended by replacing throughout A and B thereof, the word “works”, by the phrase “works and non-consulting services”.

6. The Closing Date mentioned in Schedule 2, Section IV, paragraph B.2 of the Grant Agreement is hereby amended to read “December 31, 2012”.

7. In the Appendix to the Grant Agreement (Definitions), definition no. 3 (Consultant Guidelines) is amended to read as follows:

   “3. “Consultant Guidelines” means: (b) below: the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011”; and (b) in the case of contracts for which the requests for expression of interest was issued prior to the date of the Letter of Amendment to the Financing Agreement: “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004.”

8. In the Appendix to the Grant Agreement (Definitions), definition no. 8 (“GDLPD” is amended to read as follows:

   “8. “GDLAH” means the General Directorate for Livestock and Animal Health operating within MAIL.”

9. In the Appendix to the Grant Agreement (Definitions), definition (Procurement Guidelines) is amended to read as follows:

   “16. “Procurement Guidelines” means: (a) except as provided in subparagraph (b) below, 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”; and (b) in the case of contracts for which the invitation to bid was issued prior to the date of the Letter of Amendment to the Financing Agreement: “Guidelines: Procurement under IBRD Loans and IDA Grants” published by the World Bank in May 2004.”
“SCHEDULE 1
Project Description

The objective of the Project is to assist producer households in adopting improved practices so as to increase horticulture and livestock productivity and production in Focus Areas.

The Project consists of the following parts:

Part 1: Horticulture Development

(a) Rehabilitation and expansion of perennial and annual horticulture crop cultivation through: (i) the provision of training and extension support to farmers for the rehabilitation of existing orchards; (ii) the provision of seedlings and other inputs to farmers; (iii) provision of technical advisory services and training to farmers in integrated pest management, on-farm water management, farm planning and orchard management; (iv) the provision of In-kind Grants to Beneficiaries to support the establishment of new orchards; (v) provision of technical advisory services for establishment and training of farmer groups and developing linkages with horticulture input and output markets; (vi) feasibility study to incorporate the value chain approach in the extension service model; and (vii) needs assessment of government extension workers.

(b) Strengthening marketing support to farmers through mobilization of farmers groups and establishing linkages with markets.

Part 2: Livestock Development

(a) Strengthening the capacity of GDLAH to supervise and regulate animal husbandry services, through the provision of technical advisory services and training to staff at district offices, development of livestock extension service packages, acquisition of equipment and software, carrying out of infrastructure rehabilitation and upgrading of offices.

(b) Development of livestock production and marketing initiatives for improving domestic food supplies and reducing imports, including: (i) establishment of village-based intensive layer and broiler poultry units for poor rural women through the provision of In-kind Grants to Beneficiaries, the provision of training and technical advisory services, supply of initial stock, the acquisition of equipment and the carrying out of small works; (ii) carrying out of a comprehensive study of the dairy sector in the country; (iii) carrying out of evaluation and economic analyses of small-holder backyard poultry and veterinary field units; and (iv) identification of development opportunities of the small-holder poultry production sector.

(c) Promoting public-private partnerships for the delivery of veterinary services, including: (i) provision of training and enhancing the capacity of veterinarians; (ii) harmonizing the privatized veterinary field units clinical services system; (iii) establishing sanitary mandates through private-public partnership; and (iv) provision of vaccines, disease surveillance equipment and supplies for conducting sanitary mandates.

Part 3: Project Management and Implementation

(a) Strengthening MAIL’s administrative capacity including development of its human resource functions and rehabilitation of its offices, through the provision of training,
technical assistance, acquisition of equipment, carrying out of small works and provision of operating costs.

(b) Provision of training, technical assistance, goods, equipment and operating costs for the establishment of IMST and for the implementation, monitoring and supervision of the Project.

(c) Mobilization and building of capacity of Producer Groups and supporting their involvement in input supply, output marketing, animal health services, saving boxes, and delivery of extension services; piloting of commodity associations at cluster level.

(d) Building institutional capacity in the Focus Areas to improve delivery of horticulture and livestock related services through training of district and provincial level MAIL staff, and establishing linkages with input suppliers, service providers and micro-credit institutions.”