Honourable Secretary Mr. Lam Dorji  
Secretary of Finance  
Ministry of Finance  
Tashichhodzong  
Thimphu  
Kingdom of Bhutan  

Re: Bhutan - TFSCB Grant No. TF098505  
Statistical Capacity Building Project  

Excellency:  

We refer to the Letter Agreement dated May 9, 2011, between the Kingdom of Bhutan ("Recipient") and the International Development Association ("World Bank"), acting as administrator of grant funds provided through the Trust Fund for Statistical Capacity Building, for a Statistical Capacity Building Project ("Letter Agreement"). It has come to our attention that operating costs were not mentioned as eligible expenditures and that training was eligible only if in Bhutan.

We propose to amend the Letter Agreement to include operating costs and training abroad as eligible expenditures, as follows:

1. Section 3.01 of the Annex to the Letter of Agreement is replaced by the following:

   "3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance 100% of Eligible Expenditures consisting of Goods, Consultants' Services, Training and Workshops and Operating Costs under the Project inclusive of Taxes. "Training and Workshop" means training and workshops conducted in the territory of the Recipient and abroad under the Project, including purchase and publication of materials, rental of facilities, course fees, and travel, accommodation and subsistence of trainees. "Operating Costs" means reasonable expenditures directly related to the Project, incurred by the Recipient (which expenditures would not have been incurred absent the Project), based on an annual budget for such costs approved ex-ante in writing by the Association, including expenditures for consumable materials and supplies, communication, mass media and printing services, vehicle rental, operation and maintenance, travel, lodging, and per diems, but excluding salaries, bonuses, fees and honoraria of members of the Recipient’s civil service."

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

Please confirm your agreement to the amendments set out above by having an authorized representative sign the form of confirmation set forth herein below and returning one fully executed original of this Letter of Amendment to us at your earliest convenience, and retaining one original for your records. The amendments to the Letter of Agreement set out above shall become effective from the date of countersignature by the Recipient.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

/s/ Amit Dar

By /s/ Nicholas J. Krafft
Country Director, Bhutan
South Asia Region

AGREEED

KINGDOM OF BHUTAN

By: /s/ Lam Dorji
Finance Secretary

Date: November 3, 2011