H.E. Hon. Dr Leketekete Victor Ketso  
Minister of Finance  
Ministry of Finance  
P.O Box 1387  
Maseru 100  
Lesotho  

Ref.: Lesotho – South Africa Customs Collaboration Project  
Trade Facilitation Facility  
(Grant No. TF099906)  
Amendment to the Grant Agreement  

Excellency:  

1. We refer to the Grant Agreement between the Kingdom of Lesotho ("Recipient") and the International Bank for Reconstruction and Development and the International Development Association ("World Bank") acting as administrator of grant funds provided by various donors under the Multi-donor Trust Fund for the Trade Facilitation Facility (TF 071220) effective as of July 28, 2011 (the "Agreement").  

2. We also refer to the Aide Memoires from the second and third Implementation Support Missions, June 12-19, 2012 and October 23-26, 2012, during which cancellation of sub-components A(ii), A(iii) and A(iv), and additional funds for the Components B, C, and D of the Grant and the extension of the Closing Date for the Project were requested by the Lesotho Revenue Authority. I am pleased to inform you that the World Bank concurs with the request.  

3. Therefore:  

(a) The first paragraph of the Agreement is amended as follows:  

"In response to the request for financial assistance made on behalf of the Kingdom of Lesotho ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development/International Development Association ("World Bank"), acting as administrator of grant funds provided by various donors under the Multi-donor Trust Fund for the Trade Facilitation Facility ("TF071220"), proposes to extend to the Recipient, a grant in an amount not to exceed one million five hundred thousand United States Dollars (U.S.$1,500,000) ("Grant") on the terms and conditions
set forth or referred to in this letter of agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project"). This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds."

(b) Part A of Section 2.01 of the Annex to the Agreement is amended as follows:

Support to streamline cross-border trade management procedures by introducing coordinated and joint controls at the customs administrations of Lesotho and South Africa to harmonize the formalities and procedures in consultation with the South African counterpart.

(c) Part D of Section 2.01 of the Annex to the Agreement is amended as follows:

"(i) Support in carrying capacity building activities for the Lesotho Revenue Authority ("LRA") staff on Project management, coordination, monitoring and evaluation, procurement and financial management, through the provision of services, equipment (including IT), Training and Workshops, and Operating Costs;

(ii) development of a framework for risk profiling of traders;

(iii) setting up an education program for customs officers and supervisors; and

(iv) hiring of a senior customs advisor and of a project assistant."

(d) The table in Section 3.01 of the Annex to the Agreement is amended to read 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>Goods, consultants’ services, Training and Workshops, and Operating Costs</td>
<td>1,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>1,500,000</td>
<td></td>
</tr>
</tbody>
</table>

(e) Section 3.03 of the Annex to the Agreement is amended to read as follows:

"3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is October 30, 2013."
4. Please note that as a consequence of the extension of the Closing Date to October 30, 2013 all withdrawal applications under this Grant must be submitted by August 30, 2013, which is two months before the revised Closing Date.

5. All other terms of the Agreement shall remain the same.

6. Please confirm your understanding to the foregoing, on behalf of the Recipient, by signing, dating, and returning to us one of the enclosed originals of this Amendment. Upon receipt by the Bank of the original of this Amendment countersigned by you, this Amendment will become effective as of the countersignature.

Sincerely,

International Bank for Reconstruction and Development
International Development Association

Asad Alam
Country Director
Botswana, Lesotho, Namibia, South Africa, Swaziland
Africa Region

CONFIRMED AND AGREED:

KINGDOM OF LESOTHO

By: ____________________________

Name: ____________________________

Title: ____________________________

Date: ____________________________