Mr. Muhammad Saleem Sethi
Secretary
Economic Affairs Division
Government of Pakistan
Islamabad

Re: Pakistan: KP/FATA/Balochistan Multi-Donor Trust Fund (TF012150-PK)
(FATA Urban Centers Project)
Amendment to the Grant Agreement

Dear Mr. Sethi:

We refer to the Grant Agreement, dated April 12, 2012, between the Islamic Republic of Pakistan (the 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, and the Project Agreement dated the same date as the Grant Agreement, between the World Bank and the Federally Administered Tribal Areas for the above-referenced Project, (the Project). We also refer to the Economic Affairs Division’s letter dated August 12, 2013, requesting the World Bank to provide additional financing (the Additional Financing) to scale-up the scope of activities under 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 Grant Agreement as set forth below. The Project Agreement will be amended in a separate letter to be agreed between the World Bank and the Federally Administered Tribal Areas.

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. Article III, Section 3.01 of the Grant Agreement is amended to increase the total Grant amount to date as follows:

   “3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to eight million Dollars ($8,000,000) (“Grant”) to assist in financing the Project.”

2. Schedule 1: Part 1(a) of the Project is amended to read as follows:

   “(a) Carrying out of priority infrastructure investments, including rehabilitation, reconstruction, expansion, and upgrading of urban municipal infrastructure and services, such as water supply, sanitation, solid waste management, streetlights, drains, roads, rescue and firefighting, a general bus terminal, public toilets, and parks development, in Khar, Bajaur Agency, through the acquisition of goods and the carrying out of works.”

3. The table in Section IV.A.2 of Schedule 2 to the Grant Agreement is amended to read as set forth in the Annex to this amendment letter.

Except as specifically amended by this amendment letter, all other provisions of the Grant 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. Upon receipt by the World Bank of the countersigned copy, this amendment letter shall become effective as of the date of the countersignature.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the KP / FATA / Balochistan Multi-Donor Trust Fund

[Signature]
Raehid Benmessaoud
Country Director, Pakistan
South Asia Region

AGREED
ISLAMIC REPUBLIC OF PAKISTAN

By: [Signature]

Name: MUHAMMAD SALEEM SETHI
Title: Secretary
Economic Affairs Division
Government of Pakistan
Islamabad
<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 and works under Part 1 (a) of the Project</td>
<td>6,400,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, consultants’ services (including for audits), Training, and Operating Costs under Part 2 of the Project</td>
<td>1,600,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>8,000,000</strong></td>
<td></td>
</tr>
</tbody>
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