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H.E. Eklil Ahmad Hakimi
Minister of Finance
Ministry of Finance
Islamic Republic of Afghanistan
Kabul, Afghanistan

December 29, 2016

Excellency:

Afghanistan Reconstruction Trust Fund Grant No.TF014845
Preparation of the Afghanistan: First Public-Private Partnerships Project
(Formerly “Afghanistan Resource Corridors Project”)
Amendment to Grant Agreement

We refer to the Grant Agreement dated May 21, 2013 between the Islamic Republic of Afghanistan (the “Recipient”) and the International Development Association, acting as administrator of the Afghanistan Reconstruction Trust Fund (the “World Bank”) (the “Grant Agreement”), for the above referenced Preparation of the Afghanistan: First Public-Private Partnerships Project (formerly “Afghanistan Resource Corridors Project”) (the “Project”).

We also refer to your letter dated December 14, 2016 requesting an extension of the closing date; new activities to be included as Part C; reallocation of remaining PPG funds to Part C; allocation of additional funds of USD 500,000 to Part C; and change as of January 1, 2017 of the current implementing agency (RC Secretariat) to the Central Partnership Authority (“CPA”) established within the Ministry of Finance.

We are pleased to inform you that the World Bank concurs with the request, and:

- (A) has established **December 31, 2017**, as the later date for purposes of Section 3.03 of the Annex to the Grant Agreement; and
- (B) proposes to amend the Grant Agreement as follows:
 - 1. A new sub-paragraph (c) is added to Section 2.01 of the Annex as follows:

“(c) Part C. Carrying out a program of activities designed to strengthen CPA for implementation and management of the Activities and the Project, such activities to include preparation of public-private partnerships (PPP) national program strategy, guidelines and operations manual for CPA; provision of technical assistance to support drafting and approval of relevant PPP policy/regulation/law; public-private dialogue on PPP; provision of technical assistance to support the establishment of inter-ministerial coordination for PPP; recruitment of key positions in CPA; certified public-private partnerships professional certification for CPA staff; financing of incremental operating costs of CPA; capacity building, training and workshops on PPP; provision of technical assistance to identify specialized PPP firms and develop framework contracts between CPA and these firms; and provision of technical

assistance to develop pre-feasibility studies and/or full feasibility studies for pilot PPP sub-projects.”

2. Section 2.02 of the Annex is amended to read as follows:

“2.02. *Activities Execution Generally.* The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities through its Ministry of Public Works; Ministry of Mines and Petroleum; **and Ministry of Finance**, in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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”); and (c) this Article II.”

3. Section 2.03(a) of the Annex is amended to read as follows:

“(a) The Recipient shall vest the overall responsibility for the implementation of the Respective Parts of the Activities in: (i) its Ministry of Public Works, until such time that the ID Cluster Secretariat is established pursuant to Section 2.03(b) of this Agreement, and thereafter the ID Cluster Secretariat; (ii) the RC Secretariat, including procurement and financial management of their Respective Parts of the Activities; **and (iii) the CPA, including procurement and financial management of their Respective Parts of the Activities.**”

4. A new sub-paragraph (iii) is added in Section 2.04(b) of the Annex as follows:

“(iii) PPP guidelines and PPP operations manual are prepared, recruitment of key positions completed, certified public-private partnerships professional certification for CPA staff achieved and capacity building activities concluded.”

5. The table in Section 3.01 of the Annex is amended to read as follows:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, Non-consultant Services, Consultants’ Services, Training and Workshops, and Incremental Operating Costs under Part A of the Activities	996,838	100% of amounts for Eligible Expenditures on or before December 31, 2015*
(2) Goods, Non-consultant services, Consultants’ Services, Training and Workshops, and Incremental Operating Costs under Part B of the Activities	1,183,162	100% of amounts for Eligible Expenditures on or before December 31, 2016*
(3) Goods, Non-consultant services, Consultants’ Services, Training and Workshops, and Incremental Operating Costs under Part C of the Activities	10,20,000	100% of amounts for Eligible Expenditures on or after January 01, 2017
TOTAL AMOUNT	3,200,000	

*The disbursement deadline date for eligible expenditures under Categories (1) and (2) is April 30, 2017 or any other date as notified by the World Bank, after which date, any amount remaining undisbursed under Categories (1) and (2) will be cancelled.

6. Section I (Definitions) of the Appendix is revised as follows:

(a) A new definition of "CPA" is introduced as follows:

"CPA" means the Central Partnership Authority established and maintained within the Recipient's Ministry of Finance, responsible for supporting and monitoring operational, technical, social and financial activities under its Respective Parts of the Activities.'

(b) The definition of "Respective Parts of the Activities" is amended to read as follows:

"Respective Parts of the Activities" means: (a) in respect of the Ministry of Public Works, until such time that the ID Cluster Secretariat is established, and thereafter the ID Cluster Secretariat, Part A of the Activities; (b) in respect of the RC Secretariat, Part B of the Activities; and (c) in respect of the CPA, Part C of the Activities.'

(c) The definition of "Incremental Operating Costs" is amended to read as follows:

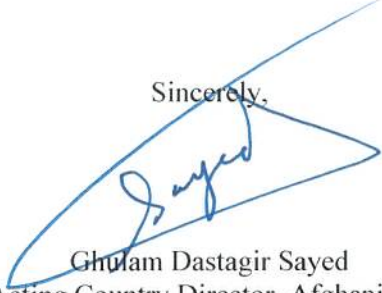
"Incremental Operating Costs" means the incremental operating expenses incurred on account of implementation and management of the Activities, including operations and maintenance of vehicles, hiring of vehicles, office rent, costs of consumable, fuel, office utilities and supplies, bank charges, and advertising expenses, but excluding salaries and allowances of officials of the Recipient's civil service.'

Except as specifically amended in this letter, all other terms and conditions of the Grant Agreement shall remain in full force and effect.

Please confirm your agreement to the foregoing on behalf of the Recipient by countersigning and dating the form of confirmation set forth below, and returning one fully countersigned 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 the countersigned original of this amendment letter and on the date upon which the World Bank dispatches to the Recipient notice of the ARTF's Management Committee approval of the additional funds provided under this amendment letter (except for the provision related to the extension of the Closing Date under paragraph (A) above, which becomes effective upon dispatch of this amendment letter).

Sincerely,



Ghulam Dastagir Sayed
Acting Country Director, Afghanistan
South Asia Region

AGREED
ISLAMIC REPUBLIC OF AFGHANISTAN

By: _____
Authorized Representative

Name: _____

Title: _____

Date: _____

cc: Dr. Mohammad Mustafa Mastoor, Deputy Minister of Finance, Ministry of Finance
Mr. Khalid Payenda, Director General Fiscal Policy, MoF
Mr. Mustafa Aria, Director of Aid Management Directorate, Ministry of Finance
Mr. Mohebullah Jabarkhail, Coordinator for the World Bank and ARTF Portfolio, MoF
Mr. Abdul Momin Mansoor, Director General, CPA, , Ministry of Finance

Mr. Omar Bougara, Executive Director for Afghanistan, World Bank
Mr. Mohamad Hamayon Hamidzada Advisor to the Executive Director, World Bank