



Asian Development Bank

Central and West Asia Department

2 February 2011

Dr. Omar Zakhilwal  
Minister of Finance  
Ministry of Finance  
Kabul, Islamic Republic of Afghanistan

Dear Dr. Zakhilwal:

**Subject: Loan 2227 and Grant 0033-AFG (SF): Western Basins Water Resources Management Project – Amendment to the Financing Agreement**

1. We refer to the Financing Agreement (Special Operations) 2227-AFG (SF)/0033-AFG (SF) for the Western Basins Water Resources Management Project (the "Financing Agreement"), dated 9 March 2006 (as amended by a letter dated 23 November 2006 from ADB and confirmed by Afghanistan), between the Islamic Republic of Afghanistan (the "Beneficiary") and the Asian Development Bank ("ADB"). In order to reflect the approval of our Board of Directors on the capitalization of interest during the grace period, we would like to propose that the Financing Agreement be amended as follows:

In Schedule 3A, paragraph 5, the word "implementation" shall be replaced by the word "grace", with the definition of "grace period" inserted, and therefore the paragraph shall now read as below:

"The amount allocated to Category 6 (*Interest Charge*) is for financing the interest charge on the Loan during the grace period of the Project. ADB shall be entitled to withdraw from the Loan Account and pay to itself, on behalf of the Beneficiary, the amounts required to meet payments, when due, of such interest charge. The term "grace period" as used in the foregoing means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 2 to this Financing Agreement."


2. Except as amended, all other terms and conditions of the Financing Agreement shall remain in full force and effect and binding upon the Beneficiary.

3. Please indicate the agreement of the Beneficiary to the proposed amendment by countersigning the two (2) original counterparts of this letter. Please retain one signed counterpart of this letter for your record and return the other signed counterpart to ADB. The amendment shall take effect from the date of receipt by ADB of the signed counterpart of this letter.

4. Please be advised that according to ADB's Public Communications Policy ("PCP") on disclosure and exchange of information, the amendment to the Financing Agreement will automatically be publicly disclosed within two (2) weeks after its effectiveness, unless ADB is

advised by return mail that the amendment contains information or data of a sensitive or confidential nature falling under the PCP exceptions.

Very truly yours,



Juan Miranda  
Director General  
Central and West Asia Department

CONFIRMED

The Beneficiary concurs with the amendments proposed in this letter. The proposed amendments do not contain information or data of a sensitive or confidential nature falling within the PCP exceptions.



Name: \_\_\_\_\_

Designation: Minister of Finance

Date: March 8, 2011

cc: Alhaj Ismail Khan, Acting Minister, Ministry of Energy and Water  
Dr. Mustafa Mastoor, Deputy Minister of Finance, Ministry of Finance  
Eng. Shojauddin Ziaie, Deputy Minister (Water), Ministry of Energy and Water