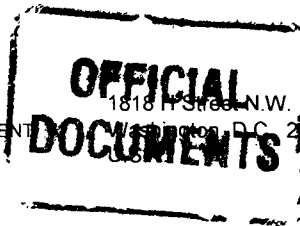


The World BankINTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION(202) 473-1000
Cable Address: INTBAFRAD
Cable Address: INDEVAS

January 28, 2013

H.E. Rafe H. Al-Eissawi
Minister of Finance
Ministry of Finance
Bab Al-Muadham, Hay Al-Ulurr
Baghdad, Iraq

**Re: Iraq: Public Finance Management Reforms Project
(Grant. No. TF094552)
Amendment to Grant Agreement**

Excellency:

We refer to the Grant Agreement, dated July 20, 2009, between the Ministry of Finance of Iraq (Recipient) and the International Development Association (World Bank), for the above-mentioned Project (the Project). We also refer to a letter from the Deputy Finance Minister dated October 7, 2012 requesting certain amendments to the Grant Agreement.

We are pleased to inform you that, after due consideration, the World Bank concurs with the request, and consequently the Grant Agreement is hereby amended as set forth below.

1. A new paragraph as "Part E" is introduced in Schedule 1 to the Grant Agreement, which reads as follows:

"Part E: Integrated Financial Management Information System (IFMIS)

Implementation of IFMIS by the Ministry Finance to: (i) provide the capacity to automate the budget preparation process and ensure complete and accurate budget formulation and presentation; (ii) increase its ability to undertake central control and monitoring of expenditure and receipts in government ministries, departments and spending units; and (iii) provide access to comprehensive and meaningful information on budgetary, financial and operation performance during the financial year."

2. The Table under paragraph A 2 of Section IV of Schedule 2 to the Grant Agreement is amended to read as follows:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed
(1) Goods	2,050,000	100%
(2) Consultants' services, including audit, and Training	13,600,000	100%
(3) Incremental Operating Costs	350,000	100%
(1) Unallocated	0	
TOTAL AMOUNT	16,000,000	

3. Paragraph B.2 under Section IV of Schedule 2 to the Grant Agreement is amended to read as follows:

“2. The Closing Date referred to in Section 3.06 of the Standard Condition is August 31, 2013.”

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. This amendment letter shall become effective as of the date of countersignature.

Sincerely,
INTERNATIONAL DEVELOPMENT ASSOCIATION



Eric Le Borgne, Acting Country Director
Authorized Representative

AGREED
MINISTRY OF FINANCE OF IRAQ

By: _____

Name: Dr. FADHIL N. OTHMAN

Title: Acting Minister of Finance

Date: 7- Feb. 2013