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**IDA GRANT NUMBER H206-AF
(Amendment)**

Agreement Amending Development Grant Agreement

(Health Sector Emergency Reconstruction and Development Project)

between

ISLAMIC REPUBLIC OF AFGHANISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 2, 2006

**IDA GRANT NUMBER H206 -AF
(Amendment)**

**AGREEMENT AMENDING
DEVELOPMENT GRANT AGREEMENT**

This AMENDING AGREEMENT is dated April 2, 2006, and is made between ISLAMIC REPUBLIC OF AFGHANISTAN (formerly known as the Transitional Islamic State of Afghanistan) (the "Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION (the "Association").

(A) WHEREAS pursuant to a development grant agreement dated June 29, 2003, between the Recipient and the Association (as amended to date, the "Development Grant Agreement"), the Association agreed to provide the Recipient with a grant in an amount in various currencies equivalent to forty-three million seven hundred thousand Special Drawing Rights (SDR 43,700,000), to assist in financing the Health Sector Emergency Reconstruction and Development Project described in Schedule 2 to the Development Grant Agreement, as amended (the "Project");

(B) WHEREAS the Recipient has requested the Association to provide additional financial assistance in support of the Project by increasing the amount made available under the Development Grant Agreement by an amount in various currencies equivalent to twenty one million Special Drawing Rights (SDR 21,000,000); and

(C) WHEREAS the Association has agreed, on the basis, among other things, of the foregoing to extend such additional financial assistance to the Recipient upon the terms and conditions set forth in this Amending Agreement;

NOW THEREFORE the parties agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985 (as amended through October 6, 1999) (the "General Conditions"), with the modifications therein set forth in Schedule 6 to the Development Grant Agreement constitute an integral part of this Amending Agreement.

Section 1.02. Unless the context otherwise requires and except where otherwise defined in this Amending Agreement, all capitalized terms contained herein shall have the meanings given to them in the Development Grant Agreement or in the General Conditions as the case requires.

ARTICLE II

Amending Provisions

Section 2.01. Section 1.02 of the Development Grant Agreement is amended as follows:

(a) Sub-section 1.02(i) is amended to read as follows:

“(i) “Project Area” means the Provinces (as this term is hereinafter defined) of Kapisa, Samangan, Farah, Badghis, Nimroz, Hilmand, Balkh, Parwan, Panjshir, Wardak, Saripul and Khost and parts of the Provinces of Kabul, Ghazni, Badakshan, Baghlan, Paktiya and Paktika, all in the Recipient’s country;”

(b) The word “and” at the end of Sub-section 1.02(l) is deleted, the full stop at the end of Sub-section 1.02(m) is replaced with a semi-colon and the word “and” is inserted after the semi-colon.

(c) A new Sub-section 1.02(n) is added at the end of Section 1.02 which shall read as follows:

“(n) “Amending Agreement” means this Agreement Amending the Development Grant Agreement (Health Sector Emergency Reconstruction and Development Project) between the Recipient and the Association dated April 2, 2006;”

Section 2.02. Section 2.01 of the Development Grant Agreement is amended to read as follows:

“Section 2.01. The Association agrees to make available to the Recipient, on the terms and subject to the conditions set out, or referred to, in the Development Grant Agreement, an amount in various currencies equivalent to sixty four million seven hundred thousand Special Drawing Rights (SDR 64,700,000) (the “Grant”) which consists of: (a) an initial amount in various currencies equivalent to forty-three million seven hundred thousand Special Drawing Rights (SDR 43,700,000) (the “Initial Grant”); and (b) an additional amount in various currencies equivalent to twenty one million Special Drawing Rights (SDR 21,000,000) (the “Additional Grant”).”

Section 2.03. A proviso is added at the end of Section 2.03(b)(i) of the Development Grant Agreement reading as follows:

“, provided, however, that with respect to the proceeds of the Additional Grant, the commitment charge shall accrue from the date sixty (60) days after the date of signing of the Amending Agreement.”

Section 2.04. Section 2.05 of the Development Grant Agreement is amended to read as follows:

“Section 2.05. The Closing Date shall be March 31, 2008, or such later date as the Association shall establish. The Association shall promptly notify the Recipient of such later date.”

Section 2.05. The table in paragraph 1 of Schedule 1 to the Development Grant Agreement is deleted and replaced with the table in the Annex to this Amending Agreement, reflecting the allocation of the Additional Grant as well as reallocation of part of the proceeds of the Initial Grant.

Section 2.06. The Description of the Project as set out in Schedule 2 to the Development Grant Agreement is amended as follows:

(a) Part D of the Project as set out in Schedule 2 to the Development Grant Agreement is amended to read as follows:

“Part D: Capacity Building and Training

Provision of goods and consultants’ services to MOH to: (i) improve communication within and among provincial, regional and central offices of MOH; (ii) strengthen the institutional capacity of MOH at the central and provincial level, and of the GCMU; (iii) collect information pertaining to, and evaluate the impact of, the pilot tests to be carried out under Part C of the Project; (iv) strengthen the capacity of MOH to assess the performance of district and provincial level hospitals; and (v) strengthen the capacity of central and provincial MOH staff by providing training to new and existing staff.”

(b) A new Part E is added to Schedule 2 to the Development Grant Agreement reading as follows:

“Part E: Polio Eradication, Measles and Neo-Natal Tetanus Control

1. Carrying out a program of immunization of children against polio, through the provision of oral polio vaccine and vitamin supplements, and the provision of medical supplies and equipment required for the immunization.

2. Carrying out measles and neo-natal tetanus campaigns, through the provision of vaccines, medical supplies and equipment required for the campaigns.”

Section 2.07. The first paragraph of Schedule 3 (Procurement) Section I Part A is numbered as Paragraph “1” and a new paragraph “2” is added thereafter reading as follows:

“2. All goods under the Additional Grant shall be procured in accordance with the provisions of Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” dated May 2004 (the Procurement Guidelines), and with the provisions of this Schedule.”

Section 2.08. A new paragraph 3 is added to Schedule 3 Section I Part C reading as follows:

“3. Direct Contracting. Goods under Part E of the Project, which the Association agrees meet the requirements for Direct Contracting, may be procured in accordance with the provisions of said procurement method.”

Section 2.09. The first paragraph of Schedule 3 Section II (Employment of Consultants) Part A is numbered as Paragraph “1” and a new paragraph “2” is added thereafter reading as follows:

“2. All consultants’ services under the Additional Grant shall be procured in accordance with Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” dated May 2004 (the Consultant Guidelines), and with the provisions of this Schedule.”

Section 2.10. A new paragraph 4 is added to Schedule 3 Section II Part C reading as follows:

“4. Selection Under a Fixed Budget. Services for assignments which the Association agrees meet the requirements of paragraph 3.5 of the Consultant Guidelines may be procured under contracts awarded on the basis of a Fixed Budget in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.”

Section 2.11. Except as expressly provided in this Amending Agreement, all provisions of the Development Grant Agreement shall remain in full force and effect.

ARTICLE III

Effective Date; Termination

Section 3.01. This Amending Agreement shall not become effective until a legal opinion satisfactory to the Association, showing that this Amending Agreement has been duly authorized or ratified by, and executed and delivered on behalf of the Recipient and is legally binding upon the Recipient in accordance with its terms, has been received by the Association.

Section 3.02. This Amending Agreement shall come into force and effect on the date upon which the Association shall dispatch to the Recipient notice of its acceptance of the evidence required pursuant to Section 3.01 of this Amending Agreement.

Section 3.03. The date ninety (90) days after the date of this Amending Agreement is hereby specified for the purposes of Section 12.04 of the General

Conditions. If this Amending Agreement shall terminate under the provisions of this Section, the Development Grant Agreement shall continue in full force and effect, as if this Amending Agreement had not been executed.

ARTICLE IV

Representatives of the Recipient; Addresses

Section 4.01. The Recipient's Minister of Finance, or an official authorized for this purpose by the Minister of Finance, is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 4.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

Ministry of Finance
Islamic Republic of Afghanistan
Kabul
Afghanistan

For the Association:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	(202) 477-6391

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Amending Agreement to be signed in their respective names in Kabul, Islamic Republic of Afghanistan, as of the day and year first above written.

ISLAMIC REPUBLIC OF AFGHANISTAN

By */s/ Anwar-ul Haq Ahady*
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By */s/ Jean Mazurelle*
Authorized Representative

Annex

SCHEDULE 1

Withdrawal of the Proceeds of the Grant and the Additional Financing

The table below sets forth the Category of items to be financed out of the proceeds of the Grant, the allocation of the amounts of the Grant to each Category and the percentage of expenditures for items so to be financed in such Category:

<u>Category</u>	<u>Amount of the Initial Grant Allocated (Expressed in SDR Equivalent)</u>	<u>Amount of the Additional Grant Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditures to be financed</u>
(1) Goods			
(a) under Part A.2 of the Project	2,540,000	2,030,000	100%
(b) under other Parts of the Project	1,340,000	6,580,000	100%
(2) Consultants' services, audits and training			
(a) under Part A.2 of the Project	2,780,000	770,000	100%
(b) under other Parts of the Project	5,440,000	770,000	100%
(3) Incremental Operating Costs			
(a) under Part A.2 of the Project	1,160,000	350,000	100%

<u>Category</u>	Amount of the Initial Grant Allocated (Expressed in <u>SDR Equivalent</u>)	Amount of the Additional Grant Allocated (Expressed in <u>SDR Equivalent</u>)	% of Expenditures to be financed
(b) under other Parts of the Project	440,000	630,000	100%
(4) Sub-grants	29,700,000	8,610,000	100% of amounts disbursed by MOH
(5) Unallocated	300,000	1,260,000	
TOTAL	<u>43,700,000</u>	<u>21,000,000</u>	

