

COPY

CONFORMED

**CREDIT NUMBER 3834-2-PAK
(Amendment)**

Second Agreement Amending the Project Agreement

(Second Poverty Alleviation Fund Project – Second Additional Financing)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

PAKISTAN POVERTY ALLEVIATION FUND

Dated May 2 , 2007



**CONFORMED COPY
CREDIT NUMBER 3834-2-PAK
(Amendment)**

SECOND AGREEMENT AMENDING THE PROJECT AGREEMENT

This SECOND AGREEMENT AMENDING THE PROJECT AGREEMENT is dated May 2, 2007, and is made between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and PAKISTAN POVERTY ALLEVIATION FUND (PPAF).

(A) WHEREAS pursuant to a development credit agreement dated January 20, 2004, between the Borrower and the Association, as amended to date (the "Development Credit Agreement"), the Association agreed to provide the Borrower with a credit in an amount in various currencies equivalent to one hundred sixty-eight million one hundred thousand Special Drawing Rights (SDR 168,100,000) to assist in financing the Second Poverty Alleviation Fund Project described in Schedule 2 to the Development Credit Agreement (the "Project");

(B) WHEREAS pursuant to a project agreement dated January 20, 2004, between Pakistan Poverty Alleviation Fund (PPAF) and the Association, as amended to date (the "Project Agreement"), PPAF agreed to carry out the Project in accordance with the Implementation Program set forth in Schedule 2 to the Project Agreement;

(C) WHEREAS pursuant to an Agreement Amending the Development Credit Agreement dated December 6, 2005 (the "Amending Agreement"), the Association agreed to provide additional financial assistance in support of the Project to support the relief, reconstruction and rehabilitation of communities affected by the earthquake which occurred in the Borrower's territory on October 8, 2005 (the "Emergency"), by: (i) increasing the amount made available under the Development Credit Agreement by an amount in various currencies equivalent to sixty eight million nine hundred thousand Special Drawing Rights (SDR 68,900,000); and (ii) reallocating an amount in various currencies equivalent to three million five hundred thirty thousand Special Drawing Rights (SDR 3,530,000) to activities responding to the Emergency;

(D) WHEREAS the Borrower has requested the Association to provide additional financial assistance in support of the relief, reconstruction and rehabilitation of communities affected by the Emergency, by increasing the amount made available under the Development Credit Agreement and the Amending Agreement by an amount in various currencies equivalent to ninety one million eight hundred thousand Special Drawing Rights (SDR 91,800,000); and

(E) WHEREAS the Association has agreed, on the basis, among other things, of the foregoing to extend such additional financial assistance to the Borrower upon the terms and conditions set forth in the Development Credit Agreement as

amended by the Amending Agreement and further amended by the Second Agreement Amending the Development Credit Agreement of even date herewith (the Second 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”) constitute an integral part of this Second Agreement Amending the Project Agreement .

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

ARTICLE II

Amending Provisions

Section 2.01. Except as expressly provided in this Second Agreement Amending the Project Agreement, all provisions of the Project Agreement and the Agreement Amending the Project Agreement shall remain in full force and effect.

ARTICLE III

Effective Date; Termination

Section 3.01. The Second Agreement Amending the Project Agreement shall come into force and effect on the date upon which the Second Amending Agreement becomes effective.

ARTICLE IV

Miscellaneous Provisions

Section 4.01. Any notice or request required or permitted to be given or made under this Second Agreement Amending the Project Agreement and any agreement between the parties contemplated by this Second Agreement Amending the Project Agreement shall be in writing. Such notice or request shall be deemed to have been duly

given or made when it shall be delivered by hand or by mail, telex or facsimile to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. Deliveries made by facsimile transmission shall also be confirmed by mail. The addresses so specified are:

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

For PPAF:

House No. 1,
Street No. 20, F-7/2
Islamabad, Pakistan

Facsimile:

92-51-2652246

Section 4.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Second Agreement Amending the Project Agreement on behalf of PPAF, or by PPAF on behalf of the Borrower under the Development Credit Agreement, may be taken or executed by its Chief Executive Officer or such other person or persons as its Chief Executive Officer shall designate in writing, and its Chief Executive Officer shall furnish to the Association sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 4.03. This Second Agreement Amending the Project Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Yusupha B. Crookes

Authorized Representative

PAKISTAN POVERTY ALLEVIATION FUND

By /s/ Kamal Hyat

Authorized Representative