

Public Disclosure Authorized

CONFORMED COPY

TF052330

DfID Grant Agreement

(Relating to the Second Emergency Public Administration Project)

between

ISLAMIC REPUBLIC OF AFGHANISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

**(as Administrator of a grant provided by the
Government of the United Kingdom of Great Britain and Northern Ireland, acting
through the Department for International Development)**

Dated July 13, 2004

Public Disclosure Authorized

GRANT NUMBER TF052330

DfID GRANT AGREEMENT

AGREEMENT dated July 13, 2004, between THE ISLAMIC REPUBLIC OF AFGHANISTAN (the "Recipient") and THE INTERNATIONAL DEVELOPMENT ASSOCIATION, acting as administrator (the "Administrator") of a grant (the "DfID Grant") provided by THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (the "Donor") acting through the Department for International Development (the "DfID").

WHEREAS (A) under an agreement dated June 30, 2003 (the Development Grant Agreement or "DGA") (IDA Grant Number H055-AF), between the Administrator and the Recipient relating to the financing of the Second Emergency Public Administration Project (the "Project"), the Administrator has agreed to make available a development grant to the Recipient in an amount in various currencies equivalent to six million one hundred thousand Special Drawing Rights (SDR6,100,000);

(B) The Donor has agreed, under a memorandum of understanding with the Administrator, dated July 30, 2003 (the "Letter of Agreement"), to make the proceeds of the DfID Grant available to the Administrator to cofinance Part B of the Project subject to the terms and conditions set out in the DGA and this Agreement;

(C) The Donor and the Administrator have agreed, under the Letter of Agreement, to assign the responsibility for the administration of the proceeds of the DfID Grant to the Administrator; and

(D) the Administrator undertook under the Letter of Agreement to implement the procedures and conclude the agreements required to implement the Letter of Agreement and to achieve the objectives of the DfID Grant.

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The General Conditions, as amended, referred to and modified in Section 1.01 of the DGA (the "General Conditions") shall apply mutatis mutandis to this Agreement.

Section 1.02. The several terms defined in the DGA, the General Conditions referred to in the preceding Section and in the Preamble to this Agreement have the respective meanings therein set forth, and the term "DfID Grant Account" means the DfID account maintained by the Administrator in which the amount of the DfID Grant is deposited.

ARTICLE II

The DfID Grant

Section 2.01. The Administrator agrees to extend to the Recipient, on the terms and conditions herein set forth or referred to, the DfID Grant in the amount of one million six hundred thirty six thousand six hundred pound sterling (£1,636,600).

Section 2.02. The amount of the DfID Grant may be withdrawn from the DfID Grant Account in accordance with the provisions of Schedule 1 to the DGA for expenditures made (or, if the Administrator shall so agree, to be made) in respect of the reasonable cost of consultant services approved for financing from the proceeds of the DfID Grant in accordance with the provisions of this Agreement and the DGA.

Section 2.03. Except as the Administrator shall otherwise agree, consultant services to be financed from the proceeds of the DfID Grant shall be procured in accordance with the provisions of Schedule 3 to the DGA.

Section 2.04. The Closing Date shall be March 31, 2006 or such later date as shall be determined by the Administrator in agreement with the Donor. The Administrator shall promptly notify the Recipient of such later date.

Section 2.05. Disbursement from the proceeds of the DfID Grant shall be made only to the extent that resources adequate to meet such disbursement shall have been transferred from the DfID to the Administrator.

ARTICLE III

Execution of Part B of the Project

Section 3.01. Except as the context may otherwise require, Articles III and IV of, and Schedules 1, 2, 3 and 4 to, the DGA are hereby incorporated into this Agreement with the same force and effect as if they are fully set forth herein. For this purpose all references in said Articles and Schedules to: (a) the "Administrator" shall be deemed to be references to the International Development Association as Administrator of the DfID Grant; and (b) the "Grant" and "Grant Account" shall be deemed to be references to the DfID Grant and the DfID Grant Account.

ARTICLE IV

Effectiveness; Termination

Section 4.01. This Agreement shall become effective upon signature thereof by the parties hereto and shall continue in effect until termination of the Letter of Agreement or until the DfID Grant has been fully disbursed and the parties to this Agreement have fulfilled their obligations thereunder, whichever occurs first.

Section 4.02. In accordance with the Letter of Agreement, the rights and obligations of the Administrator under this Agreement may be terminated under a notice from one party to the other. The Recipient accepts and agrees that, upon notice by the Administrator to the Recipient to that effect, the DfID shall, *ipso facto*, from the date specified in such notice, be substituted in all rights and obligations of the Administrator under this Agreement as if the DfID had been an original party to this Agreement, without any further action or formality required on the part of any party, and from such date the Administrator shall cease to have any rights or obligations under this Agreement.

ARTICLE V

Representatives

Section 5.01. The Minister of Finance of the Islamic Republic of Afghanistan shall be the representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 5.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

Ministry of Finance
Kabul

Islamic Republic of Afghanistan

For the Administrator:

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

Cable address:

Telex:

INDEVAS
Washington, D.C.

MCI 248423
MCI 64145

IN WITNESS WHEREOF, the parties hereto, acting through their representatives duly authorized, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

ISLAMIC REPUBLIC OF AFGHANISTAN

/s/ Ashraf Ghani
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION
as Administrator of the Grant provided
by the Government of the United Kingdom of Great Britain and Northern
Ireland acting through the Department for International Development

/s/ Mariam Sherman
Authorized Representative