## OFFICIAL Do 93- AF

## ISLAMIC REPUBLIC OF AFGHANISTAN

November 14,2015

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

Re: AFGHANSTAN: Grant No. D093-AF

(Trans Hindukush Road Connectivity Project)

Section 5.01 of the General Conditions

Financial and Economic Data

## Dear Sirs and Mesdames:

In connection with the Financing Agreement of this date between Islamic Republic of Afghanistan (the Recipient) and International Development Association (the Association) for the above-captioned Project, and the General Conditions (General Conditions) made applicable to the Financing Agreement, I am writing on behalf of the Recipient to set forth the following:

- 1. We understand and agree that, for purposes of Section 5.01 of the General Conditions, the Recipient is required by the Association:
  - (a) to report "long-term external debt" (as defined in the World Bank's Debtor Reporting System Manual, dated January 2000 (DRSM)), in accordance with the DRSM, and in particular, to notify the Association of new "loan commitments" (as defined in the DRSM) not later than 30 days after the end of the quarter during which the debt is incurred, and to notify the Association of "transactions under loans" (as defined in the DRSM) once a year, not later than March 31 of the year following the year covered by the report; and
  - to: (i) notify the Association at least three months prior to incurring any non-concessional long-term external debt, of its intention to incur such debt, together with the proposed terms of such debt; and (ii) afford the Association a reasonable opportunity to exchange views with the Recipient on the matter. For purposes of this paragraph, "non-concessional long-term external debt" means any long-term external debt (as defined in the DRSM), but excluding private debt (as so defined), with an estimated grant element (GE) calculated in the manner published from time to time by the Association (see, <a href="www.worldbank.org/ida under "reports">www.worldbank.org/ida under "reports"</a>) of less than (i) 35% or (ii) the GE for determining concessionality established by the International Monetary Fund in any Poverty Reduction and Growth Facility arrangement or Policy Support Instrument with the Recipient in effect at the time of such notice, whichever is higher.

- 2. We represent that no defaults exist in respect of any external debt (as defined in the DRSM) incurred after January 1, 2002, or to any International Finance Institution. Due to lost and destroyed records, we do not have a complete inventory of the Recipient's debt obligations in connection with external public debt incurred prior to January 1, 2002, including external debt owed to creditors other than International Finance Institutions. We have commenced the process of regularizing this situation and undertake to report to the Association, on a regular basis, on the status of the Recipient's discussions with creditors. We also undertake to report to the Association, in a timely manner, all information relative to the Recipient's external debt as will become available from time to time. In connection with external public debt incurred in the course of calendar year 2002, we will be submitting to the Association a Debtor Reporting System report at our earliest convenience. It is our understanding that, in making the Financing, the Association may rely on the representations set forth or referred to in this letter.
- 3. Please confirm your agreement to the foregoing by having a duly authorized representative of the Association sign in the space provided below.

Very truly yours,

ISLAMIC REPUBLIC OF AFGHANISTAN

Authorized Representative

AGREED:

INTERNATIONAL DEVELOPMENT ASSOCIATION

Authorized Representative