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CREDIT NUMBER 3834-1-PAK  
(Amendment)

# Agreement Amending the Project Agreement

(Second Poverty Alleviation Fund Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

PAKISTAN POVERTY ALLEVIATION FUND

Dated December 6, 2005

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**CREDIT NUMBER 3834-1-PAK  
(Amendment)**

**AGREEMENT AMENDING THE PROJECT AGREEMENT**

This AGREEMENT AMENDING THE PROJECT AGREEMENT is dated, December 6, 2005, 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 International Development Association (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 and the Association (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 the Borrower has requested the Association 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 and nine hundred thousand Special Drawing Rights (SDR 68,900,000); and (ii) reallocating an amount in various currencies equivalent to three million five hundred and thirty thousand Special Drawing Rights (SDR 3,530,000) to activities responding to the Emergency; and

(D) 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 Agreement Amending the Development Credit Agreement of even date herewith (the 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 Agreement Amending the Project Agreement .

Section 1.02. Unless the context otherwise requires and except where otherwise defined in this 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 or in the General Conditions as the case requires.

## ARTICLE II

### Amending Provisions

Section 2.01. A new paragraph (d) is added to Section 2.03 of the Project Agreement reading as follows:

“(d) for purposes of financing community physical infrastructure schemes under Part C (3) of the Project, the amount agreed to be made available to any one PO out of the proceeds of the Credit at any one time may be 100% of the amount from time to time allocated to Category 9 (Grants under Part C of the Project) set forth in the table in Part A.1 of Schedule 1 to the Development Credit Agreement as amended.”

Section 2.02. Section I paragraph B.2 of Schedule 1 to the Project Agreement is amended to read as follows:

“2. Shopping

Works estimated to cost less than \$25,000 equivalent per contract, goods (other than vehicles) estimated to cost less than \$50,000 equivalent per contract, and vehicles irrespective of value for Part C of the Project, may be procured under contracts awarded on the basis of shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.”

Section 2.03. Section I Part B of Schedule 1 to the Project Agreement is amended by inserting new Sub-sections 5 and 6 which shall read as follows:

“5. Direct Contracting. Goods and works for Part C 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.

6. Force Account. Works for Part C of the Project, which the Association agrees meet the requirements for Force Account, may be carried out in accordance with the provisions of said procurement method.”

Section 2.04. Section II Part C of Schedule 1 to the Project Agreement is amended by inserting new sub-sections 3 and 4 which shall read as follows:

“3. Least-cost Selection. Services for assignments under Part C of the Project which the Association agrees meet the requirements of paragraph 3.6 of the Consultant Guidelines may be procured under contracts awarded on the basis of Least-cost Selection in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

4. Single Source Selection. Services under Part C of the Project for tasks in circumstances which meet the requirements of paragraph 3.10 of the Consultant Guidelines for Single Source Selection, may, with the Association’s prior agreement, be procured in accordance with the provisions of paragraphs 3.9 through 3.13 of the Consultant Guidelines.”

Section 2.05. For purposes of Part C of the Project, paragraph B.3 (h)(iii) of Schedule 2 to the Project Agreement shall have no application.

Section 2.06. The address and facsimile information for PPAF set out in Section 6.01 of the Project Agreement is amended to read as set out in Section 4.01 of this Agreement Amending the Project Agreement.

Section 2.07. A new sub-paragraph (iii) is added to Schedule 2 Part B1(b) of the Project Agreement reading as follows:

- “(iii) for activities under Part C of the Project which satisfy eligibility criteria acceptable to the Association, and shall be:
  - (A) equitable;
  - (B) cost effective;
  - (C) sustainable (being within the implementation and maintenance capacity of the Beneficiaries concerned); and
  - (D) technically viable, particularly with regard to earthquake resistance of buildings and structures.”

Section 2.08. Except as expressly provided in this Agreement Amending the Project Agreement, all provisions of the Project Agreement shall remain in full force and effect.

### ARTICLE III

#### Effective Date; Termination

Section 3.01. The Agreement Amending the Project Agreement shall come into force and effect on the date upon which the 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 Agreement Amending the Project Agreement and any agreement between the parties contemplated by this 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 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 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 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/ John Wall

Country Director  
Pakistan

PAKISTAN POVERTY ALLEVIATION FUND

By /s/ Kamal Hyat

Authorized Representative

