

EUROPEAN COMMUNITY GRANT RELATED TO CREDIT NUMBER 3050-PAK;
THE SECOND SOCIAL ACTION PROJECT TRUST FUND NUMBER TF021746

AGREEMENT dated June 13, 2000 between ISLAMIC REPUBLIC OF PAKISTAN (the Recipient) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) acting as Administrator (hereinafter referred to as the Administrator) of a Grant provided by the Commission of European Communities (the Commission), acting on behalf of the European Community (EC).

WHEREAS (A) the Association and the Commission have agreed to finance part of the Second Social Action Program Project (the Project) described in Schedule 2 to the Development Credit Agreement (DCA) dated May 28, 1998, between the Recipient and the Association.

WHEREAS the Administrator has agreed, on the basis, inter alia, of the foregoing to extend the EC Grant to the Recipient upon the terms and conditions hereinafter set forth.

NOW THEREFORE the parties hereto hereby 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, with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) the term "Association", whenever used in the General Conditions, other than in Section 6.02 (e) thereof, means the International Development Association acting as Administrator of the EC Grant pursuant to the provisions of the Administration Agreement, except that in Sections 6.02 and 7.01, the term "Association" shall also include the International Development Association acting in its own capacity;

(b) the term "Borrower" wherever used in the General Conditions means the Recipient;

(c) the term "Development Credit Agreement" whenever used in the General Conditions means this Agreement;

(d) the term "Credit" whenever used in the General Conditions means the EC Grant described herein;

(e) the term "Credit Account" whenever used in the General Conditions or in this Agreement means the Grant Account, an account opened by the Administrator in its books in the name of the Recipient to which the amount of the EC Grant is credited;

(f) "Section 4.01 shall be modified to read:

"Withdrawals from the Grant Account shall be made in Euros, provided however, that if the expenditures to be financed out of the proceeds of the EC Grant have been paid or are payable in another currency, the Administrator shall purchase such currency with the proceeds of such withdrawal;"

(g) Sections 2.01 (10), (11) and (14), 3.02, 3.03, 3.04, 3.05, 4.02, 4.03, 4.04, 4.06, 6.02(a) (i), 6.02(f), 6.05, 7.01, 8.01(a), 9.02, 12.01, 12.02, 12.03, 12.04 and 12.05 of the General Conditions are deleted.

Section 1.02. Unless the context otherwise requires, the several terms defined in the Preamble to this Agreement, and in the General Conditions have the respective meanings therein set forth, and the following additional term has the following meaning:

Section 2.02. The amount of the EC Grant may be withdrawn from the Grant Account in accordance with the provisions of Schedule 1 to the DCA for expenditures made (or if the Administrator shall so agree, to be made) in respect of the reasonable cost of works, goods and services required for the Project, and agreed to be financed out of the proceeds of the EC Grant.

Section 2.03. Except as the Administrator shall otherwise agree, procurement of the works, goods and services required for the Project and to be financed out of the proceeds of the EC Grant shall be procured in accordance with the provisions of Schedule 3 to the DCA.

Section 2.04. The Closing Date shall be June 30, 2002, or such later date as the Administrator shall establish. The Administrator shall promptly notify the Recipient of such later date.

ARTICLE III

Execution of the Project

Section 3.01. Except as the Administrator shall otherwise agree, Articles III, IV and V, and Schedules 1, 2, 4 and 6 of the DCA are hereby incorporated into this Agreement with the same force and effect as if they were fully set forth herein. All references in the said Articles and Schedules to the "Association" shall be as Administrator of the EC Grant, all references to the "DCA" shall be to this Agreement, and all references to the "Credit" to the EC Grant.

ARTICLE IV

Effectiveness; Termination; Representation

Section 4.01. This Agreement shall become effective upon signature by both parties.

Section 4.02. This Agreement and all obligations of the Recipient and the Administrator herein shall terminate on the date on which the DCA shall terminate in accordance with its terms.

Section 4.03. The representative designated in Section 7.01 of the DCA shall be the representative of the Recipient for purposes of Section 11.03 of the General Conditions.

Section 4.04. The addresses specified in Section 7.02 of the DCA shall be the addresses specified for the purposes of Section 11.01 of the General Conditions.

Section 4.05. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the DCA.

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

ISLAMIC REPUBLIC OF PAKISTAN

By /s/ Nawid Ahsan

Secretary, Economic Affairs Division

INTERNATIONAL DEVELOPMENT ASSOCIATION
as Administrator of the EC Grant

By /s/ John Wall

Country Director, Pakistan
South Asia Region

