

CONFORMED COPY

NETHERLANDS GRANT RELATED TO CREDIT NUMBER 3050 PAK
TRUST FUND NUMBER TF021206

Netherlands Grant Agreement

(Second Social Action Program Project - Population Welfare)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
as Administrator of Grant Funds
Provided by the Minister for Development Cooperation of the Netherlands

Dated July 16, 1999

NETHERLANDS GRANT RELATED TO CREDIT NUMBER 3050 PAK
TRUST FUND NUMBER TF021206

NETHERLANDS GRANT AGREEMENT

AGREEMENT, dated July 16, 1999, between ISLAMIC REPUBLIC OF PAKISTAN (hereinafter referred to as the Recipient) and INTERNATIONAL DEVELOPMENT ASSOCIATION, acting as Administrator (hereinafter referred to as the Administrator) of a Grant provided by the Minister for Development Cooperation of the Netherlands (the "Minister").

WHEREAS, the Recipient has requested the assistance of the International Development Association (hereinafter referred to as the Association) and the Minister to finance part of the Second Social Action Program Project described in Schedule 2 to the Development Credit Agreement dated May 28, 1998, between the Recipient and the Association (hereinafter referred to as the Development Credit Agreement).

WHEREAS, in consideration of the above-mentioned request, the Minister has agreed to make available to the Recipient on a grant basis the sum of Dutch Guilders five million (NLG 5,000,000) (hereinafter referred to as the Netherlands Grant) and has, pursuant to the letter of agreement dated December 8, 1998 between the Minister, the International Bank for Reconstruction and Development and the International Development Association (hereinafter referred to as the Administration Arrangement), appointed the Association as Administrator of the Netherlands Grant for the purpose of providing assistance to the Recipient for the Project (as hereinafter defined).

WHEREAS, the Association, as Administrator as hereinbefore mentioned has agreed

on the basis, inter alia, of the foregoing to extend the Netherlands 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 parties to this Agreement accept all the provisions of the "General Conditions Applicable to Development Credit Agreement" of the Association, dated January 1, 1985, with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof:

(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 Netherlands Grant pursuant to the provisions of the Administration Arrangement, 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 Netherlands Grant hereunder;

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

(f) the term "Project" means the Project for which the Netherlands Grant is extended, as described in Schedule 2 to the Development Credit Agreement dated May 28, 1998 and as the description thereof may be amended from time to time by agreement between the Association and the Recipient;

(g) Section 4.01. shall be modified to read:

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

(h) 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. Whenever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Recitals to this Agreement have the respective meanings therein set forth; and the term "Dutch Guilders" and "NLG" means the currency of the Netherlands.

ARTICLE II

The Grant

Section 2.01. The Administrator agrees to extend to the Recipient, on the terms and conditions herein set forth or referred to, a grant in an amount of five million Dutch Guilders (NLG 5,000,000) or such other amount as may be agreed from time to time during Project implementation.

Section 2.02. The amount of the Netherlands Grant may be withdrawn from the

Grant Account in accordance with the provisions of Schedule 1 to the Development Credit Agreement 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.

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 Netherlands Grant shall be procured in accordance with the provisions of Schedule 3 to the Development Credit Agreement.

Section 2.04. The Closing Date shall be June 30, 2003, 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, 3 and 6 of the Development Credit Agreement are hereby incorporated into this Agreement with the same force and effect as if they were fully set forth herein, it being understood that all references in such Articles III, IV and V and Schedules 1, 2, 3 and 6 to the "Association" shall be deemed to be references to the Association, as Administrator on behalf of the Minister, all references to the "Development Credit Agreement" shall be deemed to be references to this Agreement and all references to the "Credit" shall be deemed to be references to the Netherlands Grant.

ARTICLE IV

Effectiveness; Termination; Representation

Section 4.01. This Agreement shall become effective upon signature.

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

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

Section 4.04. The addresses specified in Section 7.02 of the Development Credit Agreement 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 Development Credit Agreement.

ARTICLE V

Transfer of Rights and Obligations

Section 5.01. In accordance with the Administration Arrangement, the rights and obligations of the Administrator under this Agreement may be transferred to the Minister. The Recipient accepts and agrees that, upon notice by the Administrator to the Recipient to that effect, the Minister 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 Minister 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 as a party under this Agreement.

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

ISLAMIC REPUBLIC OF PAKISTAN

By /s/ Sajid Hasan

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION
as Administrator on behalf of the
Minister for Development Cooperation of the Netherlands

By /s/ Zoubida Allaoua

Acting Country Director, Pakistan

