

CONFORMED COPY

**GRANT NUMBER TF 050854
CREDIT NUMBER 3775 PAK**

DfID TRUST FUND GRANT AGREEMENT

(National Education Assessment System Project)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

acting as Administrator of Grant Funds

**Provided by the Government of United Kingdom of Great Britain
and Northern Ireland through the Department for International Development**

Dated October 9, 2003

**GRANT NUMBER TF 050854
CREDIT NUMBER 3775 PAK**

DfID TRUST FUND GRANT AGREEMENT

AGREEMENT, dated October 9, 2003, between ISLAMIC REPUBLIC OF PAKISTAN acting by its President (the Recipient) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) acting as administrator (the Administrator) of grant funds provided by the United Kingdom of Great Britain and Northern Ireland through the Department for International Development (“DfID”).

WHEREAS (A) pursuant to a Development Credit Agreement dated October 9, 2003, between the Recipient and the Association (the Development Credit Agreement), for the financing of the National Education Assessment System Project (the Project), the Association has agreed to provide to the Recipient a credit in the amount of two million seven hundred thousand Special Drawing Rights (SDR 2,700,000) equivalent (the Credit) on the terms and conditions set forth in the Development Credit Agreement, and the Recipient has declared its commitment to the objectives of the Project and has agreed to carry out the Project in accordance with the terms of the Development Credit Agreement;

(B) pursuant to a Memorandum of Understanding dated June 2, 2003, between the United Kingdom of Great Britain and Northern Ireland, through DfID, and the Association (the Memorandum of Understanding), DfID has agreed to make available an aggregate amount of six hundred eighty-six thousand British Pounds Sterling (£ 686,000) (the DfID Grant), to assist the Recipient in financing part of the costs of carrying out the Project, and the Association has agreed to administer on behalf of DfID, the DfID Grant under the terms and conditions of this Agreement; and

(C) pursuant to a Project Agreement dated October 9, 2003, between the Association and the Province of Balochistan (Balochistan), the North West Frontier Province (NWFP), the Province of Punjab (Punjab) and the Province of Sindh (Sindh) (hereinafter collectively referred to as the Provinces), and Azad Jammu and Kashmir (AJK) (the Project Agreement), the Provinces and AJK have agreed to carry out part of the Project with the Recipient’s assistance and, as part of such assistance, the Recipient will make a portion of the proceeds of the Credit and the DfID Grant available to the Provinces and AJK as set forth in the Development Credit Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. (a) The following provisions of 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 in paragraph (b) of this Section (the General Conditions) constitute an integral part of this Agreement:

- (i) Article I;
 - (ii) Sections 2.01 (1), (2), (3), (4), (5), (6), (7), (8), (9), (10), (12), (13) and (14), 2.02 and 2.03;
 - (iii) Section 3.01;
 - (iv) Section 4.01 as modified below, and Section 4.05;
 - (v) Article V;
 - (vi) Sections 6.01, 6.02, 6.03, 6.04 and 6.06;
 - (vii) Section 8.01 (b);
 - (viii) Sections 9.01, 9.03, 9.04, 9.05, 9.06, 9.07, and 9.08;
 - (ix) Article X;
 - (x) Article XI; and
 - (xi) Sections 12.01 (b), 12.03 and 12.04.
- (b) The General Conditions shall be modified as follows:
- (i) the term "Association," wherever used in the General Conditions, other than in Section 6.02 (e) thereof, means the International Development Association acting as Administrator of the DfID Grant pursuant to the Memorandum of Understanding referred to in Recital (C) of the Preamble to this Agreement, except that in Section 6.02, the term "Association" shall also include the Association acting in its own capacity;

- (ii) the term “Borrower” wherever used in the General Conditions, means the Recipient;
- (iii) the term “Development Credit Agreement,” wherever used in the General Conditions, means this Agreement;
- (iv) the term “Credit,” wherever used in the General Conditions, means the DfID Grant;
- (v) the term “Credit Account,” wherever used in the General Conditions, means the DfID Grant Account, an account opened by the Administrator on its books in the name of the Recipient to which the amount of the DfID Grant is credited;
- (vi) the term “Project,” wherever used in the General Conditions, means the Project for which the DfID Grant is granted, as defined in Schedule 2 to the Development Credit Agreement; and
- (vii) Section 4.01 shall be modified to read:

“Withdrawals from the DfID Grant Account shall be made in Pounds Sterling; provided, however, that if the expenditures to be financed out of the proceeds of the DfID Grant have been paid or are payable in another currency, the Administrator shall, at the request of the Recipient, purchase such currency with the proceeds of such withdrawal.”

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions, in the Preamble to this Agreement and in the Development Credit Agreement have the respective meanings therein set forth.

ARTICLE II

DfID Grant

Section 2.01. (a) The Administrator agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, the DfID Grant in an amount of six hundred eighty six thousand Pounds Sterling (£ 686,000).

(b) Notwithstanding Section 2.01 (a) above, the Administrator shall not be obliged to provide funds under the DfID Grant to the Recipient except to the extent the Administrator shall have received funds from DfID for this purpose.

Section 2.02. The Closing Date shall be June 30, 2008 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. (a) Subject to paragraph (b) of this Section, Sections 2.02, 3.01, 3.02, 3.03, 3.04, 4.01 and 4.03 of the Development Credit Agreement and Schedules 1, 2, 3, 4 and 5 thereto are incorporated in this DfID Trust Fund Grant Agreement with the following modifications in said Sections and Schedules unless the context otherwise requires:

- (i) the term "Association" shall be read as "Administrator"; and
- (ii) the term "Borrower" shall be read as "Recipient";

(b) For as long as any part of the Credit provided for under the Development Credit Agreement shall remain outstanding and unless the Borrower has been notified otherwise by the Administrator:

- (i) all actions taken, including approvals given, by the Association pursuant to any of the Sections of, and Schedules to, the Development Credit Agreement enumerated in paragraph (a) of this Section, shall be deemed to be taken or given in the name and on behalf of both the Association and the Administrator; and
- (ii) all information or documentation furnished by the Recipient to the Administrator pursuant to the provisions of any of such Sections of the Development Credit Agreement or Schedules thereto shall be deemed to be furnished to both the Association and the Administrator.

ARTICLE IV

Effective Date; Termination

Section 4.01. This Agreement shall become effective upon the effectiveness of the Development Credit Agreement.

Section 4.02. This Agreement shall continue in effect until the DfID Grant has been fully disbursed and the parties to this Agreement have fulfilled all their obligations hereunder, provided, however, that if the Development Credit Agreement terminates

prior to the termination of this Agreement, or the Memorandum of Understanding terminates prior to the termination of this Agreement, this Agreement shall terminate automatically and shall cease to have any further force or effect.

ARTICLE V

Representative of the Recipient; Addresses

Section 5.01. The Secretary to the Government of Pakistan, Economic Affairs Division, or any Additional Secretary, Joint Secretary, Deputy Secretary or Section Officer of that Division is designated as 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:

Economic Affairs Division
Islamabad, Pakistan

Cable address:
Facsimile:

Telex:

9218976

ECONOMIC
Islamabad

ECDIV-05-634

92-51-

For the Administrator:

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

Cable address:
Facsimile:

Telex:

477-6391

INDEVAS
Washington, D.C.

248423 (MCI) or
64145 (MCI)

(202)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, 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/ Muhammad Ashraf Khan
Authorized Representative

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

By /s/ Abid Hasan

Acting Country
Director
Pakistan