Agreement Amending
Development Credit Agreement

(Poverty Reduction Support Credit)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated October 25, 2005
AGREEMENT AMENDING
DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated October 25, 2005, between ISLAMIC REPUBLIC OF
PAKISTAN (the “Borrower”) and INTERNATIONAL DEVELOPMENT
ASSOCIATION (the “Association”).

(A) WHEREAS pursuant to a development credit agreement dated
September 4, 2004, between the Borrower and the Association (the “Development
Credit Agreement”), the Association agreed to provide the Borrower with a Credit in
an amount in various currencies equivalent to two hundred six million eight hundred
two thousand Special Drawing Rights (SDR 206,800,000) to support the execution of the
Program as described in Recital (A) of the Development Credit Agreement (the
“Program”);

(B) WHEREAS the Borrower has requested the Association to provide
additional financial assistance in support of the Program to help in meeting the
increased financing requirements caused by the impact of the earthquake that hit the
Borrower’s territory on October 8, 2005, by increasing the amount made available
under the Development Credit Agreement by an amount in various currencies
equivalent to one hundred and three million six hundred thousand Special Drawing
Rights (SDR 103,600,000), to be disbursed in a single tranche upon effectiveness of
this Amending Agreement; and

(C) WHEREAS the Association has agreed, on the basis, among other
things, of the foregoing to extend such additional assistance to the Borrower upon the
terms and conditions set forth in this Amending Agreement;

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) (the “General Conditions”), with the modifications set forth in
Section 1.01 of the Development Credit Agreement constitute an integral part of this
Amending Agreement.

Section 1.02. Unless the context otherwise requires and except where
otherwise defined in this Amending Agreement, all capitalized terms contained herein
shall have the meanings given to them in the Development Credit Agreement or in the
General Conditions as the case requires.

ARTICLE II
Section 2.01. Section 1.02 of the Development Credit Agreement is amended as follows:

(i) by deleting the word “and” at the end of Sub-section 1.02(h);

(ii) by replacing the full stop at the end of Sub-section 1.02(i) with a semi-colon and inserting the word “and”; and

(iii) by inserting a new Sub-section 1.02(j) which shall read as follows:

“(j) “Amending Agreement” means this Agreement Amending the Development Credit Agreement (Poverty Reduction Support Credit) between the Borrower and the Association.”

Section 2.02. Section 2.01 of the Development Credit Agreement is amended to read as follows:

“Section 2.01. The Association agrees to make available to the Borrower, on the terms and subject to the conditions set out, or referred to, in the Development Credit Agreement, an amount in various currencies equivalent to three hundred and ten million four hundred thousand Special Drawing Rights (SDR 310,400,000) (the “Credit”) which consists of: (a) an initial amount in various currencies equivalent to two hundred and six million eight hundred thousand Special Drawing Rights (SDR 206,800,000) (the “Initial Credit”); and (b) an additional amount in various currencies equivalent to one hundred and three million six hundred thousand Special Drawing Rights (SDR 103,600,000) (the “Supplemental Credit”).”

Section 2.03. Section 2.03 of the Development Credit Agreement is amended to read as follows:

“Section 2.03. The Closing Date shall be March 31, 2006, or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.”

Section 2.04. A proviso is added at the end of Section 2.04(b)(i) of the Development Credit Agreement reading as follows:

“; provided however that the commitment charge on the Supplemental Credit shall accrue from a date sixty (60) days after the date of the signing of the Amending Agreement.”
Section 2.05. A new Sub-Section (e) is added to Section 2.07 of the Development Credit Agreement reading as follows:

“(e) Subject to paragraphs (b), (c) and (d) above, the Borrower shall repay the principal amount of the Additional Credit in semiannual installments payable on each March 15 and September 15 commencing March 15, 2016 and ending September 15, 2040. Each installment to and including the installment payable on September 15, 2025, shall be one and one-fourth percent (1-1/4%) of such principal amount, and each installment thereafter shall be two and one half percent (2-1/2%) of such principal amount.”

Section 2.06. Except as expressly provided in this Amending Agreement, all other provisions of the Development Credit Agreement shall remain in full force and effect.

ARTICLE III

Effective Date; Termination

Section 3.01. The Amending Agreement shall not become effective until a legal opinion satisfactory to the Association, showing that the Amending Agreement has been duly authorized or ratified by, and executed and delivered on behalf of the Borrower and is legally binding upon the Borrower in accordance with its terms, has been received by the Association.

Section 3.02. This Amending Agreement shall come into force and effect on the date upon which the Association shall dispatch to the Borrower notice of its acceptance of the evidence required by Section 3.01 of this Amending Agreement.

Section 3.03. The date ninety (90) days after the date of this Amending Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions. If this Amending Agreement shall terminate under the provisions of this Section, the Development Credit Agreement shall continue in full force and effect, as if this Amending Agreement had not been executed.

ARTICLE IV

Representatives of the Borrower; Addresses

Section 4.01. The Borrower’s Minister of Finance, or an official authorized for this purpose by the Minister of Finance, is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 4.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:
For the Borrower:

Secretary to the Government of Pakistan
Economic Affairs Division
Islamabad
Pakistan

For the Association:

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

Cable address: Telex: Facsimile:
INDEVAS 248423 (MCI) or (202) 477-6391
Washington, D.C. 64145 (MCI)
IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Amending Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

ISLAMIC REPUBLIC OF PAKISTAN

By /s/ Mushtaq Malik
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Praful Patel
Regional Vice President
South Asia