Agreement Amending Development Grant Agreement

(Emergency National Solidarity Project)

between

ISLAMIC REPUBLIC OF AFGHANISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 13, 2005
AGREEMENT AMENDING
DEVELOPMENT GRANT AGREEMENT

AGREEMENT, dated July 13, 2005 between ISLAMIC REPUBLIC OF AFGHANISTAN (the Recipient) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) under an agreement dated January 20, 2004, between the Recipient and the Association (the Development Grant Agreement), the Association agreed to provide the Recipient with a grant in an amount in various currencies equivalent to sixty six million one hundred thousand Special Drawing Rights (SDR 66,100,000) to assist in financing the Emergency National Solidarity Project described in Schedule 2 to the Development Grant Agreement, as amended (the “Project”);

(B) the Recipient has requested the Association to provide additional financial assistance in support of the Project by increasing the amount made available under the Development Grant Agreement by an amount in various currencies equivalent to eighteen million seven hundred sixty thousand Special Drawing Rights (SDR 18,760,000); and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing to extend such additional assistance to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Amendment to the Development Grant Agreement

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 therein set forth in Schedule 6 to the Development Grant Agreement constitute an integral part of this Amendment Agreement.

Section 1.02. The several terms defined in the Development Grant Agreement, the General Conditions and in the Preamble to this Amending Agreement have the respective meanings therein set forth.

Section 1.03. Section 1.02 of the Development Grant Agreement is amended as follows: (i) by deleting the word “and” at the end of Subsection (l); (ii) replacing the full stop at the end of Subsection (m) by a semi-colon; and (iii) adding new Subsections (n) and (o) which shall read as follows:
“(n) “Amending Agreement” means this Agreement Amending the Development Grant Agreement (Emergency National Solidarity Project) between the Recipient and the Association; and

(o) “Additional Financing” means an additional amount in various currencies equivalent to eighteen million seven hundred sixty thousand Special Drawing Rights (SDR 18,760,000) provided to the Recipient, on the terms and conditions set forth or referred to in this Amending Agreement.”

Section 1.04. Section 2.01 of the Development Grant Agreement is amended to read as follows:

“Section 2.01. The Association agrees to make available to the Recipient, on the terms and conditions set forth or referred to in the Development Grant Agreement, an amount in various currencies equivalent to eighty-four million eight hundred sixty thousand Special Drawing Rights (SDR 84,860,000) (the Grant) which consists of: (a) an initial amount in various currencies equivalent to sixty six million one hundred thousand Special Drawing Rights (SDR 66,100,000) (the “Grant”); and (b) an additional amount in various currencies equivalent to eighteen million seven hundred sixty thousand Special Drawing Rights (SDR 18,760,000) (the “Additional Financing”).”

Section 1.05. A proviso is added at the end of Section 2.04(b)(i) of the Development Grant Agreement reading as follows:

“; provided however that the commitment charge on the Additional Financing shall accrue from a date sixty (60) days after the date of the signing of the Amending Agreement.”

Section 1.06. The table in paragraph 1 of Schedule 1 to the Development Grant Agreement (Withdrawal of the Proceeds of the Grant), is amended to read as set forth in Schedule 1 to this Amending Agreement.

Section 1.07. Except as expressly set forth in this Amending Agreement, all provisions of the Development Grant Agreement shall remain in full force and effect.

ARTICLE II

Effective Date; Termination

Section 2.01. 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 Recipient and is legally binding upon the Recipient in accordance with its terms, has been received by the Association.
Section 2.02. This Amending Agreement shall come into force and effect on the date upon which the Association shall dispatch to the Recipient notice of its acceptance of the evidence required by Section 2.01 of this Amending Agreement.

Section 2.03. 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 Grant Agreement shall continue in full force and effect, as if this Amending Agreement had not been executed.

ARTICLE III

Representatives of the Recipient; Addresses

Section 3.01. The Recipient’s Minister of Finance, or an official authorized for this purpose by the Minister of Finance, is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 3.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

Ministry of Finance
Islamic Republic of Afghanistan
Kabul
Afghanistan

For the Association:

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

Cable address: INDEVAS
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: (202) 477-6391
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 AFGHANISTAN

By /s/ Said Tayeb Jawad
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Alastair J. McKechnie
Authorized Representative
**SCHEDULE 1**

**Withdrawal of the Proceeds of the Grant and the Additional Financing**

The table below sets forth the Category of items to be financed out of the proceeds of the Grant and the Additional Financing, the allocation of the amount of the Grant and the Additional Financing to such Category and the percentage of expenditures for items so to be financed in such Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (Expressed in SDR Equivalent)</th>
<th>Amount of the Additional Financing (Expressed in SDR Equivalent)</th>
<th>% of Expenditures to be financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Block Grants</td>
<td>50,330,000</td>
<td>18,760,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods</td>
<td>765,000</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(3) Consultants’ services, including audits for Parts A, B, and C of the Project; and training</td>
<td>12,770,000</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(4) Consultants’ services, including audit for Part D of the Project</td>
<td>1,400,000</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(5) Incremental Operating Costs</td>
<td>835,000</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>66,100,000</strong></td>
<td><strong>18,760,000</strong></td>
<td></td>
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