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**Disaster Recovery and Social Protection in Pakistan Single-Donor
TRUST FUND GRANT NUMBER TF011049**

Disaster Recovery and Social Protection in Pakistan Single-Donor Trust Fund Grant Agreement

(Flood Emergency Cash Transfer Project)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

**Acting as administrator of the Disaster Recovery and Social Protection in Pakistan
Single-Donor Trust Fund financed by the Department for International
Development of the Government of the United Kingdom of Great Britain and
Northern Ireland**

Dated December 19, 2011

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**Disaster Recovery and Social Protection in Pakistan Single-Donor
TRUST FUND GRANT NUMBER TF011049**

**DISASTER RECOVERY AND SOCIAL PROTECTION IN PAKISTAN SINGLE-
DONOR TRUST FUND
GRANT AGREEMENT**

AGREEMENT dated December 19, 2011, entered into between: ISLAMIC REPUBLIC OF PAKISTAN (“Recipient”); and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“World Bank”), acting as administrator of the Disaster Recovery and Social Protection in Pakistan Single-Donor Trust Fund financed by the Department for International Development of the Government of the United Kingdom of Great Britain and Northern Ireland.

The Recipient and the World Bank hereby agree as follows:

**Article I
Standard Conditions; Definitions**

- 1.01. The Standard Conditions constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in the Appendix to this Agreement.

**Article II
The Project**

- 2.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out Component 1 of the Project through its Cabinet Division and cause Component 2 of the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article II of the Standard Conditions and the Project Agreement. Notwithstanding the foregoing, the Project Implementing Entity shall support the Cabinet Division in the carrying out of Component 1, as further elaborated in the Project Agreement.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

Article III
The Grant

- 3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to thirty eight million one hundred thousand United States Dollars (\$38,100,000) (“Grant”) to assist in financing Component 1 of the Project.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section III of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the above-mentioned trust fund for which the World Bank receives periodic contributions from the Donor to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor under the above-mentioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds. Accordingly, in the event that the Donor cancels or fails to pay any contributions under the trust fund to the World Bank for any reason, or that as a result of currency exchange variations the amount of funds available in the trust fund is insufficient for the purposes of the Grant, the Recipient shall bear the risk of such funding shortfall and the World Bank shall not have any liability whatsoever to the Recipient or to any third parties in respect of any expenditures or liabilities incurred by the Recipient or any third parties in connection with this Agreement which exceed the amount of funds made available to the World Bank by the Donor for the purposes of the Grant.

Article IV
Additional Remedies

- 4.01. The Additional Events of Suspension referred to in Section 4.02(k) of the Standard Conditions consist of the following:
- (a) the Project Implementing Entity’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement;
 - (b) a situation has arisen that would make it improbable for the Recipient and/or the Project Implementing Entity to carry out the Citizen’s Damage Compensation Program, or a significant part thereof; and
 - (c) the Recipient, the Project Implementing Entity and/or the Participating Provinces and Agencies, as the case may be, shall have amended,

suspended, abrogated or waived, whether in whole or in part, either the Tripartite Agreement, the Agency Agreements, or the Memorandum of Understanding, without the prior concurrence of the World Bank.

- (d) Any of the following events occurs with respect to any Co-financing by any of the Co-financiers:
 - (i) (A) The right to withdraw the proceeds of the Co-financing has been suspended, canceled or terminated in whole or in part, pursuant to the terms of the Co-financing Agreement; or (B) the Co-financing has become due and payable prior to its agreed maturity.
 - (ii) Sub-section (i) of this sub-paragraph (d) shall not apply if the Recipient establishes to the satisfaction of the World Bank that: (A) such suspension, cancellation, termination or prematuring was not caused by the failure of the recipient of the Co-financing to perform any of its obligations under the Co-financing Agreement; and (B) adequate funds for the Project are available from other sources on terms and conditions consistent with the Recipient's obligations under this Agreement.

Article V
Recipient's Representative; Addresses

- 5.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is Secretary, Additional Secretary, Joint Secretary, Deputy Secretary or Section Officer of the Recipient's Economic Affairs Division.
- 5.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

The Secretary to the Government of Pakistan
Economic Affairs Division
Islamabad
Islamic Republic of Pakistan

Facsimile:

92-51-9202417

5.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423 (MCI)	1-202-477-6391

AGREED at Islamabad, Islamic Republic of Pakistan, as of the day and year first above written.

ISLAMIC REPUBLIC OF PAKISTAN

By/s/ Abdul Wajid Rana

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
Acting as administrator of Disaster Recovery and Social
Protection in Pakistan Single-Donor Trust Fund financed by the
Department for International Development of the United
Kingdom of Great Britain and Northern Ireland

By/s/ Eugenia Marinova

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to support the recovery of Flood Affected Households by assisting the Recipient in strengthening the implementation of its Citizen's Damage Compensation Program.

The Project consists of the following parts:

Component 1: Effective Delivery of Cash Grants to Flood Affected Households

Provision of Cash Grants to at least one million (1,000,000) Flood Affected Households in accordance with the Citizen's Damage Compensation Program.

Component 2: Strengthening of Program Management, Monitoring & Evaluation

1. Strengthening the management, transparency and accountability of the CDCP at federal, provincial and local level, through the carrying out of: (i) operational audits of the CDCP's performance; (ii) communication and public information campaigns; (iii) IT systems development; (iv) development of the Project Operations Manual; (v) capacity building of the PDMAs/DCOs; and (vi) Project impact evaluations.
2. Strengthening the institutional capacity of the Cabinet Division and Project Implementing Entity to carry out the Project including, compliance with the Project's procurement, financial management and technical requirements, as well as the monitoring and evaluation and reporting requirements.

SCHEDULE 2**Project Execution****Section I. Institutional and Other Arrangements****A. Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

B. Institutional Arrangements

1. The Recipient agrees that the responsibility for policy formulation and inter-institutional coordination of the Project rests with CCI.
2. The Recipient shall maintain, throughout the period of implementation of the Project, the NODMC with power, functions, resources and composition acceptable to the World Bank, in order to monitor and evaluate the performance of Component 1 of the Project, and serve as advisory board to the Recipient and the CCI in the carrying out of the CDCP.
3. The Recipient shall maintain throughout the period of implementation of the Project, an emergency relief cell within the Cabinet Division, responsible for the carrying out of the technical coordination and day-to-day implementation of Component 1 of the Project, which cell shall: (i) report to the NODMC on Project performance and implementation; (ii) be provided with qualified and experienced staff, in sufficient numbers and under terms of reference satisfactory to the World Bank, as well as the necessary resources, powers and functions to comply with the Project's fiduciary requirements, in particular those related to the payment of Cash Grants.
4. The Recipient shall ensure that the Cabinet Division (through ERC) carries out its responsibilities under Component 1 of the Project in accordance with the Project Operations Manual. The Recipient shall refrain from amending, waiving, suspending or abrogating any provision of the Project Operations Manual, whether in whole or in part, without the prior concurrence of the World Bank.

C. Implementation Arrangements for the Provision of Cash Grants

In carrying out Component 1 of the Project, the Recipient shall:

- (a) duly exercise its powers, perform its functions, and comply with its duties and responsibilities under the Tripartite Agreement entered with the Project Implementing Entity and the Participating Provinces and

Agencies for the implementation of the second phase of the CDCP, which agreements set forth, *inter alia*:

- (i) the obligation of Participating Provinces and Agencies to:
 - (A) establish and implement throughout the period of Project execution, an easily accessible grievance redress mechanism, satisfactory to the World Bank, in order to address grievances relating to errors/omissions in the list of Flood Affected Households eligible for Cash Grants;
 - (B) carry out public awareness/information campaigns, including public disclosure of the house damage assessments and the lists of Cash Grant beneficiaries in coordination with the PDMAs;
 - (C) propose to the Recipient and the Project Implementing Entity the lists of Flood Affected Households to benefit from the Cash Grants in accordance with the methodology and selection criteria set forth in the Project Operations Manual; and
 - (D) cause their respective PDMAs and district/agency governments to cooperate and comply with the data sharing protocols, public disclosures and grievance redress mechanisms set forth in the Project Operations Manual in order to monitor and evaluate the implementation of the CDCP.
- (ii) the obligation of the Project Implementing Entity to:
 - (A) carry out cross checks between the list of proposed Cash Grant beneficiaries, provided by the Participating Provinces and Agencies, and its citizens database to confirm the applicants residence in the Notified Flood Affected Areas; and
 - (B) prepare the final lists of Flood Affected Households eligible for Cash Grants which shall comprise the names of the Most Vulnerable Families to the exclusion of those of the Well-Off Households, in accordance with the Project Operations Manual.
- (b) comply, and ensure the Payment Agents compliance, with the Agency Agreements establishing the mechanisms for the defrayment Cash Grants

to Flood Affected Households, including, *inter alia*, the Payment Agents responsibility for: (i) recertifying and/or (re)issuing debit cards and personal identity numbers to Cash Grants beneficiaries; (ii) operating and maintaining an easily accessible grievance redress mechanism for payment-related complaints; (iii) establishing payment centers, automatic teller machines and/or point of sales in publicly accessible places; and (iv) providing monthly reconciliations of Cash Grants amounts defrayed and outstanding or withdrawn by beneficiaries.

D. Management Information System

The Recipient, through the Cabinet Division, shall establish and thereafter maintain throughout the period of implementation of the Project, a management information system satisfactory to the World Bank, collecting and analyzing data and information provided by the Payment Agents, the Project Implementing Entity, and the Participating Provinces and Agencies, including, *inter alia*, information on Cash Grant payments, eligible Flood Affected Households, and grievance complaints and related settlements.

E. Donor Visibility and Visit

1. The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor's support for the Project.
2. For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank's request, enable the representatives of the Donor to visit any part of the Recipient's territory for purposes related to the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the World Bank not later than one (1) month after the end of the period covered by such report.
2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than one (1) month after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.
3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III. Withdrawal of Grant Proceeds**A. General**

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant, the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Cash Grants to be paid to Flood Affected Households	38,100,000	80% of the amounts disbursed under the Cash Grants
TOTAL AMOUNT	38,100,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payment made prior to the date of this Agreement.
2. Notwithstanding the foregoing, the Recipient shall ensure that the amounts withdrawn, from time to time, from Categories (1) above shall be used for the defrayment of Cash Grants to Flood Affected Households exclusively in those districts of the Participating Provinces and Agencies that:
 - (a) have undergone statistically representative third-party spot-checks of the list of proposed recipients of Cash Grants, prepared by the respective province on the basis of the house damage assessment in Notified Flood Affected Districts;
 - (b) have a proposed list of Cash Grant beneficiaries with a margin of inclusion/exclusion and errors/deviations, as evidenced in the third-party spot-checks referred to in sub-paragraph (a) above, which is acceptable to the World Bank; and
 - (c) have the afore-mentioned list of Cash Grants beneficiaries cross-checked with the Project Implementing Entity's database to confirm the recipients' residence within Notified Flood Affected Areas, exclude Well-Off Households and include the Most Vulnerable Families.
3. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is June 30, 2013.

APPENDIX**Section I. Definitions**

1. “Agency Agreement” means, individually: (i) each of the agreements entered on June 24, 2011 between the Recipient, NADRA and one of the Participating Provinces and Agencies, on the one side, and: (A) Bank Alfalah Limited; or (B) Habib Bank Limited; or (C) United Bank Limited, on the other, as referred to in Section I.C(b) of Schedule 2 to this Agreement; as well as (ii) any other agreements that might be entered, from time to time, between the Recipient, NADRA and each one of the Participating Provinces and Agencies, on the one side, and Payment Agents, on the other side, in a manner and substance satisfactory to the World Bank, pursuant to Section I.C.(b) of Schedule 2 to this Agreement.
2. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.
3. “Cabinet Division” means the Cabinet Division as defined in the Rules of Business of the Recipient (1973).
4. “Cash Grants” means the unconditional cash transfer in the amount of PKR40,000 to be paid to Flood Affected Households in two or more installments, not to exceed PKR20,000 each, pursuant to the provisions of the Operations Manual.
5. “Category” means a category set forth in the table in Section III of Schedule 2 to this Agreement.
6. “Citizen’s Damage Compensation Program” and the acronym “CDCP” mean the flood recovery and damage compensation program established pursuant to the CCI Decision Minutes dated November 7, 2010, providing for cash transfers to families and/or households affected by the Recipient’s 2010 monsoon floods.
7. “Co-financier” means, indistinctly, either: (i) the International Development Agency of the United States of America; or (ii) the Ministry of Foreign Affairs of the Italian Republic.
8. “Co-financing” means the co-financing provided by any of the Co-financiers for the CDCP pursuant to the Co-Financing Agreement.
9. “Co-financing Agreement” means, indistinctly, either: (i) the agreement No. 391-PEPA-2011-001, entered into between the United States of America, acting through its International Development Agency, and the Islamic Republic of Pakistan, dated June 9, 2011; or (ii) the agreement to be entered into between the Italian Republic, acting through its Ministry of Foreign Affairs, and the Islamic

Republic of Pakistan, for an amount of approximately €57,750,000, both said agreements providing financial support to the CDCP.

10. “Communications Campaign” means the Recipient’s communications campaign acceptable to the World Bank to be carried out in accordance with the Recipient’s communications strategy and communication guidelines for CDCP dated October 28, 2011.
11. “Council of Common Interests” and the acronym “CCI” mean the Recipient’s council constituted pursuant to Article 153 of the Constitution of Pakistan (1973), as amended to the date of this Agreement.
12. “DCOs” means, collectively, the District Coordination Officers of the Participating Provinces and Agencies.
13. “Donor” means the Department for International Development of the United Kingdom of Great Britain and Northern Ireland.
14. “ERC” means the emergency relief cell referred to in Section I.B.3 of Schedule 2 to this Agreement.
15. “Flood Affected Households” means: (i) the households in Notified Flood Affected Districts of the Participating Provinces and Agencies, whose houses/shelters have been partially or totally damaged by the 2010 monsoon flood as surveyed by the provincial house damage assessments and confirmed by the Project Implementing Entity’s database cross-checks, but excluding the Well-Off Households; and (ii) including the Most Vulnerable Families.
16. “IT” means information technology.
17. “Memorandum of Understanding” means the agreement entered between the Recipient, the International Development Association, the Donor and the Co-Financiers, dated June 9, 2011, in order to structure the financial support to the second phase of the CDCP, coordinating its disbursement arrangements and ensuring the parties’ collaboration in monitoring and evaluating the CDCP’s implementation.
18. “Most Vulnerable Families” means families in Notified Flood Affected Districts that: (i) were eligible for support under the first phase of the CDCP; and (ii) are headed by a disabled person or female. These families will be deemed Most Vulnerable Families regardless whether their respective (wider) household did or did not suffer any house/shelter damage during the 2010 monsoon floods.
19. “NADRA” means Recipient’s National Database & Registration Authority established pursuant to Section 4 of the Project Implementing Entity’s Legislation.

20. “NODMC” means the Recipient’s National Oversight Disaster Management Council, established pursuant to the National Disaster Management Ordinance (Ordinance LIII of 2007).
21. “Notified Flood Affected Districts” means the districts in the Participating Provinces and Agencies affected by the monsoon floods of 2010, as notified by the Participating Provinces and Agencies.
22. “Participating Provinces and Agencies” means the Recipient’s Provinces of Balochistan, Khyber Pakhtunkhwa, Punjab and Sind, as well as the Recipient’s Administrations of Gilgit-Baltistan and Azad Jammu and Kashmir.
23. “Payment Agents” means the financial intermediaries and/or payment institutions to be selected pursuant to the Project Operations Manual for the payment of Cash Grants to Flood Affected Households through electronic means (i.e. ATM –Watan-cards) pursuant to their respective Agency Agreements.
24. “PDMAs” means collectively the Provincial Disaster Management Authorities of Participating Provinces and Agencies.
25. “PKR” means Pakistani Rupees.
26. “Project” means the activities described in Schedule 1 to this Agreement.
27. “Project Agreement” means the agreement dated the same date as this Agreement between the World Bank and the Project Implementing Entity, as such agreement may be amended from time to time
28. “Project Implementing Entity” means NADRA.
29. “Project Implementing Entity’s Legislation” means National Database and Registration Authority Ordinance 2000, as amended to the date of this Agreement.
30. “Project Operations Manual” means the manual dated July 2011 and referred to in Section I.B(b) of the Schedule to the Project Agreement, prepared by the Project Implementing Entity for the carrying out of the Project.
31. “Respective Parts of the Project” means: (i) for the Recipient, acting through the Cabinet Division, Component 1 of the Project; and (ii) for the Project Implementing Entity, certain activities under Component 1 and all activities under Component 2 of the Project.
32. “Standard Conditions” means the “Standard Conditions for Grants Made by the World Bank Out of Various Funds” dated July 31, 2010.

33. “Tripartite Agreement” means the agreement entered between the Recipient, the Participating Provinces and Agencies and the Project Implementing Entity, dated September 28, 2011, setting forth the allocation of powers, functions, duties and responsibilities among them for the implementation of the second phase of the CDCP, in accordance with Section I.C(a) of Schedule 2 to this Agreement and Section I.B(a) of the Schedule to the Project Agreement.
34. “Well-Off Households” means households in the Notified Flood Affected Districts of Participating Provinces and Agencies, whose houses/shelters have been partially or totally damaged by the 2010 monsoon flood as surveyed by the provincial house damage assessments, but have remained above the poverty line.