
CREDIT NUMBER 6258-PK

Project Agreement

(Sindh Solar Energy Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

PROVINCE OF SINDH

PROJECT AGREEMENT

AGREEMENT between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and the PROVINCE OF SINDH (“Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of the Signature Date between the ISLAMIC REPUBLIC OF PAKISTAN (“Recipient) and the Association, concerning Credit No. 6258-PK. The Association and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to the Financing Agreement) apply to and form 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 Financing Agreement or the General Conditions.

ARTICLE II — PROJECT

- 2.01. The Project Implementing Entity declares its commitment to the objective of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article V of the General Conditions and the Schedule to this Agreement, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.

ARTICLE III — TERMINATION

- 3.01. For purposes of Section 10.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty years after the Signature Date.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

- 4.01. The Project Implementing Entity’s Representative is its Chairman, Planning and Development Board.
- 4.02. For purposes of Section 11.01 of the General Conditions: (a) the Association’s address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America; and

(b) the Association’s Electronic Address is:

Telex:	Facsimile:	E-mail:
248423(MCI) or	1-202-477-6391	CMUPakistan@worldbank.org

4.03. For purposes of Section 11.01 of the General Conditions: (a) the Project Implementing Entity's address is:

Planning and Development Department
Government of Sindh
Tughlaq House
Karachi, Pakistan; and

(b) the Project Implementing Entity's Electronic Address is:

Facsimile:

92-21-99211922

AGREED as of the later of the two dates written below.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Patchamuthu Illangovan

Title: Country Director

Date: 09-Jan-2019

PROVINCE OF SINDH

By



Authorized Representative

Name: Musaddiq A.K. Tahirkheli

Title: Secretary Energy

Date: 09-Jan-2019

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

The Project Implementing Entity shall maintain the following implementation arrangements throughout the implementation of the Project.

A. Institutional Arrangements

1. Steering Committee

- (a) No later than one (1) month after the Effective Date, the Project Implementing Entity shall establish a committee (the “Steering Committee”) chaired by the Secretary, SED, with attributions and composition acceptable to the Association, for the purpose of, inter alia, providing general oversight and guidance to the PMU.

2. Project Management Unit

- (a) No later than forty-five (45) days after the Effective Date, the Project Implementing Entity shall establish within SED a unit (the “Project Management Unit” or “PMU”) with terms of reference, composition and resources acceptable to the Association, including a qualified full-time director (the “Project Director”) and staff in adequate number, in each case with terms of reference, qualifications and experience satisfactory to the Association.
- (b) Without limitation to the provisions of sub-paragraph (a) immediately above, the PMU shall be responsible for the overall coordination and implementation of the Project, including: (i) design and implementation of the Project activities; (ii) data collection and monitoring, (iii) procurement related activities; (iv) preparation of annual work plans and budgets for all Project activities and compliance with annual financial requirements; and (iv) compliance, supervision and reporting on implementation of the Safeguard Documents.
- (c) Without limitation to the provisions of sub-paragraph (a) immediately above, the Project Implementing Entity shall nominate or recruit (and thereafter maintain) in support of the PMU, in each case based on terms of reference, qualifications and experience, satisfactory to the Association:
 - (i) no later than three (3) months after the Effective Date: one procurement manager; one accounting officer in charge of financial management; and one environmental and social development officer;
 - (ii) no later than six (6) months after the Effective Date: one Project monitoring and evaluation specialist.

3. SED

- (a) No later than one (1) month after the Effective Date, the Project Implementing Entity shall prepare an annual internal audit plan for the Project and thereafter carry out quarterly audits, in a manner acceptable to the Association.
- (d) No later than two (2) months after the Effective Date, the Project Implementing Entity shall nominate or recruit (and thereafter maintain) one superintendent to fill the vacancy in SED

B. Implementation Arrangements

- 1. For the implementation of Part 1 of the Project, the Project Implementing Entity shall recruit a transaction advisor (with terms of reference, qualifications and experience satisfactory to the Association) for each round of competitive bidding for projects within solar parks, which it shall retain throughout the competitive bidding process, or such other period of time agreed with the Association in writing.
- 2. For the implementation of Part 2 of the Project, the Project Implementing Entity shall:
 - (a) enter into a land/space use agreement or no-objection certificate with Provincial public entities such as hospitals, universities and governmental building owners, for the deployment of solar photovoltaic systems procured and distributed on behalf of the Project Implementing Entity; and
 - (b) organize one or more competitive bidding and thereafter enter in one or more contract(s) (directly or through a holding entity) for detailed building and structural surveys, construction of the distributed solar plants on an engineering, procurement and construction (EPC) contract-basis and operation and maintenance under a long-term contract.
- 3. For the implementation of Part 3(a) of the Project, the Project Implementing Entity shall:
 - (a) organize competitive biddings among commercial (or commercially operating) solar solution providers prequalified on the basis of criteria set out in the Project Operations Manual, to distribute and maintain solar home systems in high priority areas selected in accordance with the provisions of the Project Operations Manual; and
 - (b) extend Grants to selected households, in an amount covering a portion of the cost of the solar home systems sold to eligible households as determined in and in accordance with the procedure and modalities set out in the Project Operations Manual.
 - (c) Without limitation to the generality of the provisions of Section I.B.3(a) above, “high priority areas” shall include: (i) areas with a high number of villages without grid-provided electricity (no nearby transformer/distribution network); and (ii) areas with a high number of villages with grid-provided electricity but with no or low level of reported electricity access.

C. Project Operations Manual.

1. No later than three (3) months after the Effective Date, the Project Implementing Entity shall develop and the Project Management Unit shall adopt a Project Operations Manual and ensure that it will be at all time -at adoption and during Project implementation- in form and substance acceptable to the Association.
2. The Project Operations Manual shall set forth:
 - (a) (i) the detailed description of Project activities and their implementation, their sequencing and the prospective timetable and benchmarks in relation thereto; and (ii) the detailed institutional arrangements in respect thereto, including allocation of responsibilities, required staff and minimum qualifications thereof;
 - (b) the administrative, accounting, auditing, internal control, asset management, reporting, financial, procurement and disbursement (flow of funds) procedures for the Project; which procedures shall be consistent with those included or referred to in this Agreement;
 - (c) the eligibility and qualification criteria, procedures and modalities of the Grants under Part 3 of the Project;
 - (d) the Project performance indicators;
 - (e) (i) the procedural steps for the updating of the Procurement Plan; and (ii) an outline of the mechanism for the settlement of procurement complaints and the disclosure of critical procurement information (website maintenance);
 - (f) the guidelines for training and capacity building activities under the Project; and
 - (g) the plan for monitoring and supervision of Project activities, including all technical, environmental and social aspects in relation thereto.
3. (a) The Project Implementing Entity shall ensure that the Project is carried out in accordance with the Project Operations Manual.

(b) The Project Implementing Entity shall obtain the Association's written agreement prior to assigning, amending, abrogating, or waiving the Project Operations Manual, or any provision thereof, or permitting any other entity participating in the implementation of the Project to do so.
4. In the event of any conflict between the provisions of the Project Operations Manual and those of the Financing Agreement or the Project Agreement, the provisions of the Financing Agreement or the Project Agreement shall prevail, in that order of priority.

D. Counterpart Funds and Annual Work Plans and Budgets.

1. Without limitation to Section 5.03 of the General Conditions, the Project Implementing Entity shall provide counterpart funds ("Counterpart Funds") in an amount equivalent to not less than USD 5,000,000 for the financing of the Project. The Counterpart Funds shall be primarily allocated to the establishment and operation of the PMU, including its

Incremental Operating Costs. The allocation of Counterpart Funds and the Credit for the financing of Project activities shall be specified in the Annual Work Plans and Budgets.

2. (a) Each year of Project implementation, the Project Implementing Entity shall prepare:

(i) a draft annual work plan and budget for the Project (including Training and Incremental Operating Costs) for each subsequent year of Project implementation, of such scope and detail as the Association shall have reasonably requested. Such draft annual work plan and budget shall include all Project activities financed from the funds of the Credit and the Counterpart Funds; and

(ii) the evidence, in form and substance satisfactory to the Association, that all Safeguard Documents required prior to the implementation of the activities, if any, included in the draft annual work plan and budget have been prepared or are in the process of being prepared so as to be available in form and substance acceptable to the Association and disclosed in accordance with the Association Policies.

(b) The Project Implementing Entity shall furnish to the Association, as soon as available, but in any case not later than February 28th of each year, the annual work plan and budget for the following year of Project implementation and the evidences referred to in subparagraph 2(b) above, for the Association's review and approval; except for the annual work plan and budget for the Project for the first year of Project implementation, and the evidence which may be required for the implementation of the activities included in the draft annual work plan and budget for such period, which shall be furnished no later than two (2) months after the Effective Date. Only the activities included in an annual work plan and budget expressly approved by the Association (each an "Annual Work Plan and Budget") shall be eligible to a financing from the proceeds of the Financing.

(c) The Project Implementing Entity shall ensure that training shall be carried out on the basis of Annual Work Plans and Budgets, which shall, *inter alia*, identify: (a) particulars of the training envisaged; (b) the personnel to be trained; (c) the selection method of the institution or individuals conducting such training; (d) the institution conducting such training if identified; (e) the purpose and justification for such training; (f) the location and duration of the proposed training; and (g) the estimate of the cost of such training.

(d) The Project Implementing Entity shall ensure that the Project is carried out in accordance with the Annual Work Plans and Budgets. Annual Work Plans and Budgets may be revised as needed during Project implementation subject to the Association's prior approval.

E. Safeguards.

1. The Project Implementing Entity shall ensure that all terms of reference for any technical assistance or studies carried out under the Project are consistent with, and pay due attention

to, the Association Policies, as well as the Recipient's and the Project Implementing Entity's own laws relating to the environment and social aspects.

2. (a) The Project Implementing Entity shall ensure that the Project is implemented in accordance with the guidelines, procedures, timetables and other specifications set forth in the Safeguard Documents.
- (b) Without limitation to the generality of sub-paragraph (a) immediately above, the Project Implementing Entity shall ensure that:
 - (i) no activity which is likely to have significant and/or irreversible negative environmental or social impact, in the views of the Association, shall be included under the Project;
 - (ii) for each activity under the Project of a type for which the Environmental and Social Management Framework provides that an Environmental and Social Management Plan should be prepared, such Environmental and Social Management Plan, in form and substance satisfactory to the Association, is effectively prepared and locally disclosed, before the implementation of such activity, in accordance with the provisions of the Environmental and Social Management Framework, and the relevant activity is implemented in accordance with its Environmental and Social Management Plan;
 - (iii) for each activity under the Project of a type for which the Resettlement Policy Framework provides that a Resettlement Action Plan should be prepared, such Resettlement Action Plan, in form and substance satisfactory to the Association, is effectively prepared and locally disclosed, before the implementation of such activity, in accordance with the provisions of the Resettlement Policy Framework, and the relevant activity is implemented in accordance with its Resettlement Action Plan; and
 - (iv) prior to commencing any works under the Project: (a) all necessary governmental permits and clearances for such civil works shall have been obtained from the competent governmental authority/ies; (b) all pre-construction conditions imposed by the governmental authority/ies under such permit(s) or clearance(s) shall have been complied with/fulfilled; (c) all resettlement measures for the respective civil works set forth in the applicable Resettlement Action Plan shall have been fully executed, including the full payment of compensation prior to displacement and/or the provision of relocation assistance to all Displaced Persons, as per the entitlements provided in the Environmental and Social Management Framework and/or the applicable Resettlement Action Plan; and (d) the corresponding contract for civil works includes the obligation of the relevant contractor to comply with the relevant Safeguard Documents applicable to such civil works commissioned/awarded pursuant to said contract.

3. Except as the Association shall otherwise agree in writing and subject to compliance with applicable consultation and public disclosure requirements of the Association, the Project Implementing Entity shall not abrogate, amend, repeal, suspend or waive any provisions of any of the Safeguard Documents, nor shall it permit any other entity participating in the implementation of the Project to do so.
4. Without limitation upon its other reporting obligations under this Agreement, the Project Implementing Entity shall regularly collect, compile and submit to the Association and the Recipient, on a quarterly basis, or more often if circumstances warrant, reports on the status of compliance with the Safeguard Documents, giving details of: (a) measures taken in furtherance of the Safeguard Documents; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguard Documents; and (c) remedial measures taken or required to be taken to address such conditions.
5. The Project Implementing Entity shall establish or strengthen, maintain and operate throughout the period of Project implementation, a safeguard grievance redress mechanism (the "GRM") for the handling of any stakeholder safeguard related complaints arising out of the implementation of the Project activities. The operation and procedures of the GRM shall be subject to guidelines agreed between the Project Implementing Entity, the Recipient and the Association.
6. In the event that any provision of the Safeguard Documents shall conflict with any provision of the Financing Agreement or this Agreement, the terms of the Financing Agreement and this Agreement shall prevail, in that order of priority.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports.

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of the indicators acceptable to the Association. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Recipient not later than one (1) month the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.
2. The Project Implementing Entity shall provide to the Recipient not later than five months after the Closing Date, for incorporation in the report referred to in Section 5.08 (c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.

B. Mid-term Review

1. The Project Implementing Entity shall:
 - (a) not later than thirty (30) months after the Effective Date, or such other date as may be agreed with the Association, carry out jointly with the Association and the Recipient,

a midterm review of the Project, to assess the status of Project implementation, as measured against indicators acceptable to the Association and listed in the Project Operations Manual and the legal covenants included in the Financing Agreement and this Agreement. Such review shall include an assessment of the following: (i) overall progress in implementation; (ii) results of monitoring and evaluation activities; (iii) progress on procurement and disbursement; (iv) progress on implementation of safeguards measures; (v) implementation arrangements and Project staff turnover; and (vi) the need to make any adjustments to the Project to improve performance;

- (b) to this end, prepare and furnish to the Recipient and the Association, not later than one (1) month before such review, a report, in scope and detail satisfactory to the Association and integrating the results of the monitoring and evaluation activities performed pursuant to Part A.1 of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of such report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective thereof during the period following such date; and
- (c) review jointly with the Recipient and the Association the report referred to in the preceding paragraph and thereafter take all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of such report and the Association's views on the matter.