
CREDIT NUMBER 6421-PK

Financing Agreement

**(Khyber Pakhtunkhwa Revenue Mobilization and Public Resource Management
Program)**

between

ISLAMIC REPUBLIC OF PAKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between the ISLAMIC REPUBLIC OF PAKISTAN (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing financing in support of the Operation (as defined below). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this 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 General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to eighty-five million Special Drawing Rights (SDR85,000,000) (variously, “Credit” and “Financing”), to assist in financing:
 - (a) the program, as described in Part 1 (“Program”) of Schedule 1 to this Agreement; and
 - (b) the project, as described in Part 2 (“Project”) of Schedule 1 to this Agreement, (the Program and the Project hereinafter jointly referred to as the “Operation”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Financing Account to which the amount of the Credit allocated to the Program is credited shall be deposited by the Association into an account specified by the Recipient and acceptable to the Association.

- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.
- 2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.
- 2.06. The Payment Dates are April 15 and October 15 in each year.
- 2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 4 to this Agreement.
- 2.08. The Payment Currency is Dollar.

ARTICLE III — OPERATION

- 3.01. The Recipient declares its commitment to the objectives of the Operation. To this end, the Recipient shall cause the Operation to be carried out by Khyber Pakhtunkhwa in accordance with the provisions of Article V of the Program General Conditions, Article V of the Project General Conditions, Schedule 2 to this Agreement, and the Operation Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 4.02. For purposes of Section 10.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is the Secretary to the Government of Pakistan, Economic Affairs Division, Ministry of Finance, Revenue and Economic Affairs, or any Additional Secretary, Joint Secretary, Deputy Secretary or Section Officer in that Division.

5.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient's address is:

Economic Affairs Division
Ministry of Finance, Revenue, and Economic Affairs
Islamabad
Pakistan; and

(b) the Recipient's Electronic Address is:

Facsimile:

+92 (51) 910-4016

5.03. For purposes of Section 11.01 of the General Conditions:

(a) the Association's address is:

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

(b) the Association's Electronic Address is:

Telex:	Facsimile:
248423(MCI) or	1-202-477-6391
64145(MCI)	

AGREED as of the Signature Date.

ISLAMIC REPUBLIC OF PAKISTAN

By



Authorized Representative

Name: Noor Ahmed

Title: Secretary

Date: 17-Jun-2019

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Patchamuthu Illangovan

Title: Country Director

Date: 16-Jun-2019

SCHEDULE 1

Operation Description

The objective of the Operation is to increase collection of Khyber Pakhtunkhwa's Own Source Revenue and improve the management of public resources.

The Operation consists of the following activities:

Part 1: The Program

The Program consists of the following:

Results Area 1: Efficient Revenue Mobilization

Supporting Khyber Pakhtunkhwa's revenue mobilization through: (a) the expansion of its tax base by, *inter alia*, increasing the number of taxpayers, reducing tax exemptions and expanding the range of taxable economic activities and assets; (b) the enhancement of its institutional capacity for tax collection, including through the compilation and analysis of taxpayer information and the reduction of tax evasion; (c) the facilitation of taxpayer voluntary compliance by automating and simplifying processes, and the establishment of one-stop taxpayer facilitation centers; and (d) the mobilization of non-tax revenues including by developing Asset Maps of government-owned real estate (including valuation and geo-tagging data), and the optimization of the revenue potential of such government-owned real estate portfolio.

Results Area 2: Effective Public Resource Management

Improving Khyber Pakhtunkhwa's management of public resources through, *inter alia*: (a) the consolidation of government cash balances in the TSA, the minimization of the outflow of budget funds from the TSA into commercial banks, and the introduction of regular cash planning in spending entities; (b) strengthening accountability in local governments' expenditures through the expansion of NFMIS to TMAs; (c) strengthening the performance orientation of departments and budgets, supporting the introduction of OBB in service delivery sectors; (d) the improvement of investment planning, appraisal and ADP expenditure reporting; and (e) increasing transparency and capacity in the management of financial assets.

Part 2: The Project

The Project consists of the following activities:

1. Provision of technical assistance on e-government functionality to selected Khyber Pakhtunkhwa's departments.

2. Program coordination, including through the establishment of a Shared Services Unit, carrying out of capacity-building activities, communications and stakeholders' outreach, and Program monitoring, evaluation and verification.

SCHEDULE 2

Operation Execution

Section I. Implementation Arrangements

A. On-lending Arrangements

1. To facilitate the carrying out of the Operation, the Recipient shall make the proceeds of the Financing available to Khyber Pakhtunkhwa under the same terms and conditions as those under which they are made available by the Association to the Recipient, and in accordance with the Recipient's on-lending and budgetary policies and procedures.
2. Notwithstanding the preceding paragraph, in the event of a conflict between the on-lending and budgetary policies and procedures of the Recipient and the provisions of this Agreement, including such additional instructions as the Association shall have specified in the Disbursement and Financial Information Letter, and/or under Section 2.01(b) of the General Conditions, the provisions of this Agreement, including said additional instructions shall govern.
3. The Recipient shall exercise its rights under the on-lending arrangements referred to in Section I.A.1 of this Schedule in such a manner as to protect its interests and those of the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive its rights under such arrangements.

B. Safeguards Requirements for the Project

In carrying out activities under the Project, the Recipient and Khyber Pakhtunkhwa shall ensure that all technical assistance under the Project be undertaken pursuant to terms of reference reviewed and found satisfactory by the Association, such terms of reference to ensure that the technical assistance takes into account and calls for application of the Association's Safeguard Policies and the Recipient's own laws relating to the environment and social aspects.

C. Annual Work Plans and Budget for the Project

1. For purposes of the implementation of the Project, the Recipient shall cause Khyber Pakhtunkhwa to:

- (a) prepare a draft annual work plan and budget (“AWPB”) for each year of Project implementation, setting forth, *inter alia*: (i) a detailed description of the planned activities under the Project for the following year of Project implementation; (ii) the sources and proposed use of funds therefor; (iii) procurement arrangements therefor; and (iv) responsibility for the execution of said Project activities, budgets, start and completion dates, outputs and monitoring indicators to track progress of each activity;
- (b) not later than April 30th of each year of Project implementation, furnish the draft AWPB to the Association for its review, and promptly thereafter finalize the AWPB, taking into account the Association’s comments thereon; and
- (c) by June 15th of each year of Project Implementation, adopt and implement the final AWPB after obtaining the Association’s approval thereon.

Section II. Excluded Activities

The Recipient shall ensure that the Program excludes any activities which:

- (a) in the opinion of the Association, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or
- (b) involve the procurement of: (1) goods, information technology and non-consulting services estimated to cost fifty million Dollars (USD 50,000,000) equivalent or more per contract; or (2) consultants’ services, estimated to cost twenty million Dollars (USD 20,000,000) equivalent or more per contract.

Section III. Operation Monitoring, Reporting and Evaluation

1. The Recipient shall cause Khyber Pakhtunkhwa to furnish to the Association each Program Report and Project Report not later than forty-five (45) days after the end of each calendar quarter, covering the calendar quarter.

Without limitation on the generality of the provision of Section III.A.1 above, the Recipient shall cause Khyber Pakhtunkhwa to:

- (a) undertake, at least semi-annually, an independent verification process, in a manner and substance satisfactory to the Association, through the

Independent Verification Agent(s), to ascertain whether the Disbursement Linked Results have been achieved for the period under review; and

- (b) furnish to the Association the corresponding verification reports, in form and substance acceptable to the Association, by no later than April 30th and October 31st of each calendar year of Program implementation, with the first such report schedule for not later than April 30, 2020.

Section IV. Withdrawal of Financing Proceeds

A. General

1. Without limitation upon the provisions of Article II of the Program General Conditions, and Article II of the Project General Conditions, and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance:
 - (a) with respect to the Program, the results (“Disbursement Linked Results” or “DLRs”) achieved by Khyber Pakhtunkhwa, as measured against specific indicators (“Disbursement Linked Indicators” or “DLIs”) in the amount allocated against Categories (1) to (6) of the table below; and
 - (b) with respect to the Project, Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against Category (7) of the table below.
2. The following table specifies each category of withdrawal of the proceeds of the Financing corresponding to each Disbursement Linked Indicators (“Category”), and the allocation of the amounts of the Financing to each such Category. Notwithstanding the foregoing, the actual amounts authorized for disbursement (“Allocated Amount”) and/or the formula for their determination upon the achievement of an individual DLR for any given DLI financed under such Category, are set forth in Schedule 3 to this Agreement:

Category (including Disbursement Linked Indicator as applicable)	Amount of the Financing Allocated (expressed in SDR)	Percentage of Eligible Expenditures to be financed (inclusive of taxes)
(1) DLI #1 Registered Taxpayers who filed GSTS in previous year	18,000,000	N/A
(2) DLI #2: Database integration in tax administration	7,200,000	N/A
(3) DLI #3: Cities with updated UIPT surveys, valuations and digitized records	10,800,000	N/A
(4) DLI #4: Cash management based on regular consolidation of cash balances and regular cash plans	14,400,000	N/A
(5) DLI #5: ADP funds allocated to Unapproved Projects (excluding Foreign Project Assistance)	7,200,000	N/A
(6) DLI #6: TMAs using NFMIS to record transactions (cumulative)	14,400,000	N/A
(7) Goods, non-consulting, consulting services, Training and Operating Costs	13,000,000	100%
TOTAL AMOUNT	85,000,000	

B. Withdrawal Conditions for the Program

1. Notwithstanding the provisions of Part A of this Section, with respect to Categories (1) through (7), no withdrawal shall be made:
 - (a) for purposes of Section 2.03 of the Program General Conditions, for DLRs achieved prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed twelve million Dollars (\$12,000,000) may be made for DLRs under Categories (2), (4) and (6) achieved prior to this date but on or after December 13, 2017; and
 - (b) for any DLR under Categories (1) through (6), until and unless the Recipient has furnished evidence satisfactory to the Association that said DLR has been achieved, including the corresponding verification report referred to in Section III.2 of this Schedule.
2. Notwithstanding the provisions of Part B.1(b) of this Section, the Recipient may withdraw an amount not to exceed twenty-three million four hundred thousand Dollars (\$23,400,000) as an advance; provided,

however, that if the DLR(s) in the opinion of the Association, is/are not achieved (or only partially achieved) by the Closing Date, the Recipient shall refund such advance (or portion of such advance as determined by the Association in accordance with the formula detailed in Schedule 3 to this Agreement) to the Association promptly upon notice thereof by the Association. Except as otherwise agreed with the Recipient, the Association shall cancel the amount so refunded. Any further withdrawals requested as an advance under any Category shall be permitted only on such terms and conditions as the Association shall specify by notice to the Recipient.

3. Notwithstanding the provisions of Part B.1(b) of this Section, with respect to the Program, if the Association is not satisfied that any one or more of the DLR(s) set forth in Schedule 3 to this Agreement has/have been achieved by the date by which the said DLR(s) is/are set to be achieved, and/or the Allocated Amount(s) for such DLR(s) has/have not been fully withdrawn, the Association may, at any time, by notice to the Recipient, decide at its sole discretion to:
- (a) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Financing then allocated to said Category which, in the opinion of the Association, corresponds to the extent of achievement of said DLR(s); and/or
 - (b) withhold all or a portion of the proceeds of the Financing corresponding to the Allocated Amounts for the said DLR(s) until such DLR(s) is/are, in the opinion of the Association, satisfactorily met; and/or
 - (c) upon consultation with the Recipient, to reallocate all or a portion of the proceeds of the Financing corresponding to the Allocated Amounts of the said DLR(s) to any other DLR(s); and/or
 - (d) cancel all or a portion of the proceeds of the Financing corresponding to the Allocated Amounts then allocated to said DLR(s).

C. Withdrawal Conditions for the Project

Notwithstanding the provisions of Section IV.A of this Schedule, with respect to Category (7), no withdrawal shall be made for payments made in respect of the Project prior to the Signature Date.

The Closing Date is December 31, 2024.

SCHEDULE 3

Disbursement Linked Indicators, Disbursement Linked Results and Allocated Amounts

DISBURSEMENT LINKED INDICATORS	DISBURSEMENT-LINKED RESULTS						
	TOTAL DLI ALLOCATION	PRIOR RESULTS	RESULTS TO BE ACHIEVED IN YEAR 1	RESULTS TO BE ACHIEVED IN YEAR 2	RESULTS TO BE ACHIEVED IN YEAR 3	RESULTS TO BE ACHIEVED IN YEAR 4	RESULTS TO BE ACHIEVED IN YEAR 5
1. Registered Taxpayers who filed GSTS taxes in previous year			DLR 1.1: 55%	DLR 1.2: 60%	DLR 1.3: 65%	DLR 1.4: 70%	DLR 1.5: 75%
<i>Allocated Amounts</i>	\$25,000,000		\$5,000,000 Roll-over: No Scalability: No	\$5,000,000 Roll-over: No Scalability: Yes US\$ 1,000,000 (SDR equivalent) for each percentage point increase over the target set in Year 1, up to the Allocated Amount set for Year 2	\$5,000,000 Roll-over: No Scalability: Yes US\$ 1,000,000 (SDR equivalent) for each percentage point increase over the target set in Year 2, up to the Allocated Amount set for Year 3	\$5,000,000 Roll-over: No Scalability: Yes US\$ 1,000,000 (SDR equivalent) for each percentage point increase over the target set in Year 3, up to the Allocated Amount set for Year 4	\$5,000,000 Roll-over: No Scalability: Yes US\$ 1,000,000 (SDR equivalent) for each percentage point increase over the target set in Year 4, up to the Allocated Amount set for Year 5
2. Database integration in tax administration		DLR 2.0: An MOU setting forth clear responsibilities for information exchange duly signed between FBR and KPRA	DLR 2.1: Plan for data systems integration approved by GoKP	DLR 2.2: KPRA linkages with 3 withholding agents' databases in place and operational	DLR 2.3 Readiness of BOR and ENTCD databases for linkage with KPRA confirmed	DLR 2.4: Shared data warehouse for the KP Tax Authorities has been established and is functional	DLR 2.5: KP Tax Authorities have access to shared data with links to third parties (accessible with taxpayer CNIC/Name)

DISBURSEMENT LINKED INDICATORS	TOTAL DLI ALLOCATION	DISBURSEMENT-LINKED RESULTS					
		PRIOR RESULTS	RESULTS TO BE ACHIEVED IN YEAR 1	RESULTS TO BE ACHIEVED IN YEAR 2	RESULTS TO BE ACHIEVED IN YEAR 3	RESULTS TO BE ACHIEVED IN YEAR 4	RESULTS TO BE ACHIEVED IN YEAR 5
<i>Allocated Amounts</i>	\$10,000,000	\$4,000,000	\$1,600,000 Roll-over: Yes Scalability: No	\$1,400,000 Roll-over: Yes Scalability: No	\$800,000 Roll-over: Yes Scalability: No	\$1,400,000 Roll-over: Yes Scalability: No	\$800,000 Roll-over: No Scalability: No
3. Cities with updated UIPT surveys, valuations and digitized records			DLR 3.1: 2 cities	DLR 3.2: 2 additional cities	DLR 3.3: 2 additional cities	DLR 3.4: 2 additional cities	DLR 3.5: 2 additional cities
<i>Allocated Amounts</i>	\$15,000,000		\$3,000,000 Roll-over: Yes Scalability: Yes \$1,500,000 per city up to \$3,000,000	\$3,000,000 Roll-over: Yes Scalability: Yes \$1,500,000 per additional city up to \$3,000,000	\$3,000,000 Roll-over: Yes Scalability: Yes \$1,500,000 per additional city up to \$3,000,000	\$3,000,000 Roll-over: Yes Scalability: Yes \$1,500,000 per additional city up to \$3,000,000	\$3,000,000 Roll-over: No Scalability: Yes \$1,500,000 per additional city up to \$3,000,000
4. Cash management based on regular consolidation of cash balances and regular cash plans		DLR 4.0: Notification has been issued by FD to all Government Departments requesting reconciliation of government cash deposits in commercial banks with the bank statements available with FD	DLR 4.1: Cash management policy covering, <i>inter alia</i> , the consolidation in TSA and non-TSA accounts, cash forecasting and monitoring has	DLR 4.2: Monthly consolidation of cash balances by all Government Departments throughout Year 2	DLR 4.3: Fortnightly consolidation of cash balances by all Government Departments throughout Year 3	DLR 4.4: Weekly consolidation of cash balances by all Government Departments throughout Year 4 DLR 4.5: Four Government	DLR 4.6: Four Government Departments (Communication and Works, Elementary and Secondary Education, Health, Irrigation) have

DISBURSEMENT LINKED INDICATORS	DISBURSEMENT-LINKED RESULTS						
	TOTAL DLI ALLOCATION	PRIOR RESULTS	RESULTS TO BE ACHIEVED IN YEAR 1	RESULTS TO BE ACHIEVED IN YEAR 2	RESULTS TO BE ACHIEVED IN YEAR 3	RESULTS TO BE ACHIEVED IN YEAR 4	RESULTS TO BE ACHIEVED IN YEAR 5
			been notified by FD and adopted by GoKP			Departments (Communication and Works, Elementary and Secondary Education, Health, Irrigation) have prepared quarterly cash plans and submitted to the FD throughout Year 4	prepared monthly cash plans and submitted them to FD throughout Year 5
<i>Allocated Amounts</i>	\$20,000,000	\$4,000,000	\$1,300,000 Roll-over: Yes Scalability: No	\$5,100,000 Roll-over: Yes Scalability: No	\$4,800,000 Roll-over: Yes Scalability: No	DLR 4.4: \$2,000,000 Roll-over: Yes Scalability: No DLR 4.5: \$700,000 Roll-over: Yes Scalability: No	\$2,100,000 Roll-over: No Scalability: No
5. ADP funds allocated to Unapproved Projects (excluding Foreign Project Assistance)			DLR 5.1: Allocated funds to Unapproved Projects have not exceeded 45% of total ADP (excluding Foreign Project Assistance) in FY20	DLR 5.2: Allocated funds to Unapproved Projects have not exceeded 40% of total ADP (excluding Foreign Project Assistance) in FY21	DLR 5.3: Allocated funds to Unapproved Projects have not exceeded 35% of total ADP (excluding Foreign Project Assistance) in FY22	DLR 5.4: Allocated funds to Unapproved Projects have not exceeded 25% of total ADP (excluding Foreign Project Assistance) in FY23	DLR 5.5: Allocated funds to Unapproved Projects have not exceeded 20% of total ADP (excluding Foreign Project Assistance) in FY24
<i>Allocated Amounts</i>	\$10,000,000		\$2,000,000	\$2,500,000	\$2,500,000	\$1,500,000	\$1,500,000

DISBURSEMENT LINKED INDICATORS	TOTAL DLI ALLOCATION	DISBURSEMENT-LINKED RESULTS					
		PRIOR RESULTS	RESULTS TO BE ACHIEVED IN YEAR 1	RESULTS TO BE ACHIEVED IN YEAR 2	RESULTS TO BE ACHIEVED IN YEAR 3	RESULTS TO BE ACHIEVED IN YEAR 4	RESULTS TO BE ACHIEVED IN YEAR 5
			Roll-over: No Scalability: No	Roll-over: No Scalability: No	Roll-over: No Scalability: No	Roll-over: No Scalability: No	Roll-over: No Scalability: No
6. TMAs using NFMIS to record transactions		DLR 6.0: NFMIS Decentralization Plan approved by GoKP	DLR 6.1: NFMIS Access System developed, tested and functional	DLR 6.2: 10 TMAs have used the NFMIS to record payments throughout Year 2	DLR 6.3: 10 TMAs under DLR 6.2 and 10 additional TMAs have used the NFMIS to record payments throughout Year 3	DLR 6.4: 20 TMAs under DLRs 6.2 and 6.3 and 10 additional TMAs have used the NFMIS to record payments throughout Year 4	DLR 6.5: 30 TMAs under DLR 6.2, 6.3 and 6.4 and 20 additional TMAs have used the NFMIS to record payments throughout Year 5
<i>Allocated Amounts</i>	\$20,000,000	\$4,000,000	\$3,000,000 Roll-over: Yes Scalability: No	\$3,000,000 Roll-over: Yes Scalability: No	\$3,000,000 Roll-over: Yes Scalability: Yes \$300,000 per additional TMA up to \$3,000,000	\$3,000,000 Roll-over: Yes Scalability: Yes \$300,000 per additional TMA up to \$3,000,000	\$4,000,000 Roll-over: No Scalability: Yes \$200,000 per additional TMA up to \$4,000,000

* Unless expressly stated otherwise in this Schedule, these DLRs are not time-bound, the Years in which they are expected to be achieved as per this Schedule are for indicative purposes and these DLRs can accordingly be met up and until the Closing Date.

SCHEDULE 4

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage) *
On each April 15 and October 15:	
commencing October 15, 2024 to and including April 15, 2044	1.65%
commencing October 15, 2044 to and including April 15, 2049	3.40%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.05 (b) of the General Conditions.

APPENDIX

Definitions

1. “ADP” means Khyber Pakhtunkhwa’s Annual Development Plan (i.e. capital/investment plans, and related appropriations) as prepared by the P&DD and approved by Khyber Pakhtunkhwa’s Provincial Assembly on a Fiscal Year basis.
2. “Allocated Amount” means, with respect to the Program, the amount allocated to each individual DLR, or determined for each DLR pursuant to the formula detailed in Schedule 3 to this Agreement, as such amount might be increased, reallocated and/or cancelled (whether partially or in its entirety) by the Association, from time to time as the case may be, in accordance with the provisions of Section IV.A.2 and IV.B.3 of Schedule 2 to this Agreement.
3. “Anti-Corruption Guidelines” means (a) for purposes of paragraph 5 of the Appendix to the Program General Conditions, the Association’s “Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing,” dated February 1, 2012, and revised July 10, 2015 and (b) for purposes of paragraph 5 of the Appendix to the Project General Conditions, 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 and as of July 1, 2016, as applicable.
4. “Anti-Corruption Protocol” means the protocols dated April 23, 2019 for the coordination and cooperation in the implementation of the Anti-Corruption Guidelines, as agreed between the Recipient, Khyber Pakhtunkhwa and the Association, and referred to in Section I.F of the Schedule to the Operation Agreement, as the same may be amended from time to time by mutual agreement between Khyber Pakhtunkhwa and the Association.
5. “Asset Map” means an inventory of land and other real property assets with an indicative valuation of these assets.
6. “AWPB” means the annual work plan and budget for the Project to be prepared, approved and implemented in accordance with Section I.C.1 of Schedule 2 to this Agreement.
7. “BOR” means the Board of Revenue of Khyber Pakhtunkhwa.
8. “Category” means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
9. “CNIC” means (the number of the) Computerized National Identification Card issued by the Recipient’s National Database and Registration Authority (NADRA).

10. “Disbursement Linked Indicator” or “DLI” mean each of the disbursement-linked indicators set forth in the first column of the table provided in Schedule 3 to this Agreement.
11. “Disbursement Linked Result” or “DLR” means each of the disbursement-linked targets/results set forth in Schedule 3 to this Agreement in the columns entitled “Prior Results”, “Results to be Achieved in Year 1”, “Results to be Achieved in Year 2”, “Results to be Achieved in Year 3”, “Results to be Achieved in Year 4” or “Results to be Achieved in Year 5”, as applicable.
12. “ENTCD” means the Excise, Taxation and Narcotics Control Department of Khyber Pakhtunkhwa.
13. “FBR” means the Recipient’s Federal Board of Revenue.
14. “FD” means Khyber Pakhtunkhwa’s Finance Department.
15. “Fiscal Year” or “FY” means the Recipient’s and Khyber Pakhtunkhwa’s fiscal year, commencing on July 1st of each calendar year, and concluding on June 30th of the next following calendar year.
16. “Foreign Project Assistance” means financing received by the Recipient from multilateral and bilateral donor agencies as well as commercial sources for specific foreign-assisted development projects.
17. “FY20” means the Recipient’s Fiscal Year 2020, commencing on July 1, 2019 and concluding on June 30, 2020.
18. “FY21” means the Recipient’s Fiscal Year 2021, commencing on July 1, 2020 and concluding on June 30, 2021.
19. “FY22” means the Recipient’s Fiscal Year 2022, commencing on July 1, 2021 and concluding on June 30, 2022.
20. “FY23” means the Recipient’s Fiscal Year 2023, commencing on July 1, 2022 and concluding on June 30, 2023.
21. “FY24” means the Recipient’s Fiscal Year 2024, commencing on July 1, 2023 and concluding on June 30, 2024.
22. “General Conditions” means the Program General Conditions and/or the Project General Conditions, as applicable.
23. “GoKP” means the provincial government of Khyber Pakhtunkhwa.

24. "Government Department" means a provincial government department of Khyber Pakhtunkhwa, or any successor thereto.
25. "GSTS" means the Recipient's General Sales Tax on Services.
26. "Khyber Pakhtunkhwa" means the Recipient's province of the same name, or any successor thereto (and the Project Implementing Entity and/or the Program Implementing Entity for purposes of the General Conditions).
27. "Khyber Pakhtunkhwa's Provincial Assembly" means the legislative assembly of Khyber Pakhtunkhwa, referred to in Article 106 of the Recipient's Constitution.
28. "KPRA" means the Revenue Authority of Khyber Pakhtunkhwa.
29. "KP Tax Authorities" means, collectively: (a) Khyber Pakhtunkhwa's Revenue Authority; (b) Khyber Pakhtunkhwa's Board of Revenue; and (c) Khyber Pakhtunkhwa's Excise, Taxation and Narcotics Control Department.
30. "NFMIS" means the Recipient's National Financial Management Information System (also known as the Finance and Budget System).
31. "NFMIS Decentralization Plan" means the Recipient's plan of actions to be prepared to extend the NFMIS to TMAs, including capacity building activities.
32. "NFMIS Access System" means an online interface allowing TMAs to access the NFMIS for required functionalities, e.g. uploading budgets, viewing information on their balances and funds releases and registering expenditures, among others.
33. "OBB" means Output-Based Budgeting.
34. "Operating Costs" means the reasonable costs of incremental expenditures required for the Project, including: consumable material and supplies; office rental costs; utilities fees; insurance; communications, advertising and newspaper subscriptions; printing and stationary costs; vehicle and/or office equipment operation and maintenance; charges for opening and operating bank accounts required for the Project, travel, lodging and per diems allowances for Project staff, excluding salaries of the Recipient's and Khyber Pakhtunkhwa's civil servants..
35. "Operation" means, collectively, all activities described under the Program and the Project as set forth in Schedule 1 to this Agreement.
36. "Operation Support Unit" or "OSU" means the Operation's implementation unit to be established within FD pursuant to Section I.B.(b) of the Schedule to the Operation Agreement.

37. “Own Source Revenue” means all tax and non-tax revenues collected by GoKP, excluding hydel profit, royalties on oil and gas and grants from the federal government.
38. “Prior Results” means each of the disbursement-linked targets/results set forth in the third column of the table provided in Schedule 3 to this Agreement, which results shall be/have been achieved on or after December 13, 2017.
39. “Program” means the activities described in Part 1 of the Operation.
40. “Program Action Plan” means the Khyber Pakhtunkhwa’s plan dated April 23, 2019, as agreed between Khyber Pakhtunkhwa and the Association, and referred to in Section I.D of the Schedule to the Operation Agreement, as the same may be amended from time to time by mutual agreement between Khyber Pakhtunkhwa and the Association.
41. “Program General Conditions” means the “International Development Association General Conditions for IDA Financing, Program-for-Results Financing”, dated July 14, 2017.
42. “Project” means the activities described in Part 2 of the Operation.
43. “Project General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated July 14, 2017.
44. “Procurement Regulations” means, for purposes of paragraph 87 of the Appendix to the Project General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated July 2016.
45. “P&DD” means Khyber Pakhtunkhwa’s Planning and Development Department.
46. “Reform Working Group” means the working group established by FD through Notification No. SO(Reforms)/FD/1-6/2017-18/OSR, dated January 1, 2018, comprised of officials designated by the implementing entities of the Program pursuant to Section I.B.(c) of the Schedule to the Operation Agreement.
47. “Registered Taxpayers” means individuals and legal entities that are included in the taxpayer registries for all tax instruments of Khyber Pakhtunkhwa.
48. “Safeguard Policies” means, the Operational Policies (OPs) and Bank Procedures (BPs) of the Bank, namely OP/BP 4.01 (Environmental Assessment), OP/BP 4.04 (Natural Habitats), OP/BP 4.09 (Pest Management), OP/BP 4.10 (Indigenous Peoples), OP/BP 4.11 (Physical Cultural Resources), OP/BP 4.12 (Involuntary Resettlement), OP/BP 4.36 (Forests), and OP/BP 4.37 (Safety of Dams); they can be found at <https://policies.worldbank.org>.
49. “Shared Services Unit” or “SSU” means the unit to be established within FD pursuant to Section I.B.(a) of the Schedule to the Operation Agreement responsible for shared

- functions, including, but not limited to financial management, procurement, and social and environmental safeguards.
50. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
 51. “Third-Party Verification Agent” or “TPVA” means the DLI/DLR independent verification consulting firm(s) to be selected and hired pursuant to Section I.E of the Schedule to the Operation Agreement.
 52. “TMA” means Tehsil Municipal Administration, an administrative subdivision of the Recipient, or any successor thereto.
 53. “Training” means the reasonable costs of training incurred under the Project, based on annual work plans approved by the Association pursuant to Section I.C.1 of Schedule 2 to this Agreement, and attributable to national and international seminars, workshops, and study tours, along with national and international travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.
 54. “TSA” means Khyber Pakhtunkhwa’s treasury single account held in the State Bank of Pakistan.
 55. “UIPT” means the Recipient’s Urban Immovable Property Tax.
 56. “Unapproved Projects” means projects that have not received prior review and approval by the lawful government authority prior to their inclusion in Khyber Pakhtunkhwa’s ADP.
 57. “Year 1” means the first year of implementation of Program activities, expected to commence on the Effective Date and conclude at the end of FY20 in order to achieve the results shown in the fourth column of the table in Schedule 3 to this Agreement.
 58. “Year 2” means the second year of implementation of Program activities, expected to take place in FY21 in order to achieve the results shown in the fifth column of the table in Schedule 3 to this Agreement.
 59. “Year 3” means the third year of implementation of Program activities, expected to take place in FY22 in order to achieve the results shown in the sixth column of the table in Schedule 3 to this Agreement.
 60. “Year 4” means the fourth year of implementation of Program activities, expected to take place in FY23 in order to achieve the results shown in the seventh column of the table in Schedule 3 to this Agreement.

61. “Year 5” means the fifth year of implementation of Program activities, expected to take place in FY24 in order to achieve the results shown in the eighth column of the table in Schedule 3 to this Agreement.
62. “Years” means collectively two or more of the Years 1 through 5, as the case may be.