

15-Jun-2020

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Mr. Noor Ahmed  
Secretary  
Ministry of Economic Affairs  
Government of Pakistan  
Islamabad, Pakistan

**Re: Islamic Republic of Pakistan: KP/FATA/Balochistan Multi-Donor Trust Fund  
Original Grant No. TF099175; Additional Grant No. TF0A4251  
(Economic Revitalization of Khyber Pakhtunkhwa Project)  
Amendments to the Grant Agreement**

Dear Mr. Ahmed:

We refer to the Grant Agreement dated October 11, 2011, between the Islamic Republic of Pakistan (“Recipient”) and the International Bank for Reconstruction and Development and the International Development Association (collectively, the “World Bank”), acting as administrator of the KP / FATA / Balochistan Multi-Donor Trust Fund (MDTF), as amended (“Grant Agreement”), and the Project Agreements dated the same date as the Grant Agreement, between the World Bank and the Federally Administered Tribal Areas and between the World Bank and the Khyber Pakhtunkhwa Province, as amended (“Project Agreements”), for the above-referenced Project (the “Project”). We also refer to the decision of the MDTF Steering Committee on November 12, 2019, and your letter dated January 10, 2019, for restructuring the Project.

Pursuant to the merger of KP and FATA as communicated by the government, the Project Agreement between the World Bank and the Federally Administered Tribal Areas (FATA) is dropped and consequently, the Project Agreement between the World Bank and the Khyber Pakhtunkhwa Province is being amended through a separate letter of amendment.

We are also pleased to inform you that the World Bank agrees to your request and accordingly, proposes to amend the Grant Agreement as set forth below:

1. All references to “KP and FATA” and “FATA” shall be construed as references to “KP” and references to “Federally Administered Tribal Areas” shall be construed as references to “Khyber Pakhtunkhwa Province” throughout the Grant Agreement.
2. The title of the Project as reflected on the first page of the Grant Agreement and the subject line of the subsequent amendment letters is amended to read as “Economic Revitalization of Khyber Pakhtunkhwa Project”.
3. Article II, Section 2.01 of the Grant Agreement is amended as follows:

“2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall carry out Part A of the Project through SMEDA and cause Parts B, C, D and E of the Project to be carried out by Khyber Pakhtunkhwa Province (“KP”) (“Project Implementing Entity”) in accordance with the provisions of Article II of the Standard Conditions and the agreement dated the same date as this Agreement between the World Bank and Khyber Pakhtunkhwa Province, as such agreement may be amended from time to time (“Project Agreement”).”

4. Article IV (Additional Remedies) of the Grant Agreement is amended to read as follows:

“The Additional Events of Suspension referred to in Section 4.02(k) of the Standard Conditions consist of the following:

(a) SMEDA’s Enabling Legislation shall have been amended, suspended, abrogated, repealed or waived, whether in whole or in part, so as to materially and adversely affect, the Recipient’s ability to perform the obligations set forth in this Agreement; or

(b) KP have failed to perform any obligations under the Project Agreement.”

5. Schedule 1 is amended and a revised Schedule 1 to the Grant Agreement is attached as Annex-1 to this Amendment Letter.

6. Paragraph 1 of Section I.A of Schedule 2 to the Grant Agreement is amended to read as follows:

“1. To facilitate the carrying out of Parts B, C, D and E of the Project and to facilitate the payment of Eligible Expenditures under Part A of the Project, the Recipient shall make the proceeds of the Grant available to KP in accordance with the provisions of this Agreement and the Recipient’s on-granting policies and budgetary procedures, and under the same terms and conditions as shall have been received from the World Bank.”

7. Paragraph 1 of Section I.B of Schedule 2 to the Grant Agreement is amended to read as follows:

“1. The Recipient shall:

(a) Establish and thereafter maintain throughout the period of implementation of the Project, an independent Project Steering Committees for KP (the “PSC”), headed by Additional Chief Secretary and comprised of representatives of KP and SMEDA, as well as at least two (2) private sector representatives at minimum, which committee shall be assigned with functions, responsibilities and resources satisfactory to the World

Bank, as shall be required for the overall strategic policy guidance, interagency coordination and oversight of Project implementation.

- (b) establish, and thereafter maintain throughout the period of implementation of the Project, an independent Grant Review and Development Committee (“GRDC”), comprised of two representatives from KP and one representative from SMEDA, two representatives from the private sector and a representative from the banking sector; which committee shall be assigned with functions, responsibilities, staff and resources satisfactory to the World Bank, as shall be required for the periodic review of proposals and selection of beneficiaries to be awarded Matching Grants, as well as the monitoring of the beneficiaries’ performance thereunder. The GRDC shall report directly to the PSC. The Project Manager of SMEDA-PU will serve *ad officium* as Secretary of the GRDC, without voting rights.”

8. Paragraph 3 of Section I.B of Schedule 2 to the Grant Agreement is amended to read as follows:

- “3. The Recipient shall cause KP and SMEDA to develop, adopt and thereafter apply throughout the implementation of the Project, an updated operations manual (the “Operations Manual”) acceptable to the World Bank setting forth, inter alia: (a) the allocation of responsibilities and functions within SMEDA; (b) the eligibility criteria for SMEs to benefit from the Matching Grants program (including the criteria set forth in Section C.2 below); (c) the composition, roles, and responsibilities of the GRDC; (d) the screening protocol for the selection of Sub-projects; (e) terms and conditions for each class of Matching Grants (i.e. the Rehabilitation Sub-grants and the Up-gradation Sub-grants), including the award criteria; (f) accounting and audit policies, procedures and standards; (g) the interagency financial arrangements for the flow of funds and defrayment of Matching Grants; (h) the format, and terms and conditions of Sub-Grant Agreements; (i) procurement guidelines for SMEs to follow as well as a monitoring system therefor; and (j) data verification and reporting procedures.”

9. Paragraph 1 of Section I.C of Schedule 2 to the Grant Agreement is amended to read as follows:

- “1. For purposes of Part A of the Project, SMEDA shall:
  - (a) enter into a memorandum of understanding with the Industries, Commerce and Technical Education Department of KP Government, under terms and conditions acceptable to the World Bank, allocating functions, responsibilities and cooperation arrangements, and outlining the flow of funds, for SMEDA’s implementation of Part A of the Project.

- (b) publicly call for SMEs to: submit proposals for Rehabilitation Sub-grants or Up-gradation Sub-grants, in accordance with the procedures and subject to the requirements set forth in the Operations Manual, which shall include that the proposal/application: (i) be deemed technically feasible; and (ii) be designed in accordance with appropriate business, environmental and social standards.”

10. Paragraph 2(a) and (c) of Section I.C of Schedule 2 to the Grant Agreements is amended to read as follows:

- “(a) *Ownership and Citizenship*: SME owner shall be a citizen of Pakistan with her/his business located in KP.
- (c) *SME Profile*: (i) SME shall have been functional on or before May 1, 2019; (ii) SME shall have been affected directly or indirectly by the conflict situation and/or natural calamities including the COVID-19 pandemic; (iii) SME shall have between 3 and 200 employees/workers at the time of application for a Matching Grant, except for transgender-owned and women-owned enterprises whereby the minimum number of employees could also be 2; and (iv) SME shall prepare and submit a business plan reflecting the adaptability of the products and/ or services to address the impact of conflict and/or COVID-19 and/ or other disasters, following the templates and guidance acceptable to the World Bank;”

11. Paragraph 3 and 3(c) of Section I.C of Schedule 2 to the Grant Agreement is amended to read as follows:

- “3. Upon the selection by the GRDC of proposals for Matching Grants, the Recipient shall cause KP through SMEDA, to enter into a written agreement (a “Sub-grant Agreement”) with each SME for the respective Matching Grant, in terms and conditions acceptable to the World Bank; which agreement shall provide, *inter alia*, that:
  - (c) the SME shall: (i) establish and/or maintain satisfactory procedures and operational policies to allow KP, SMEDA and the World Bank to carry out supervision and monitoring activities of the SME’s implementation of its approved proposal for a Matching Grant; and (ii) accept random and unannounced physical or documentary inspections by SMEDA’s, World Bank’s and/or Donors’ representatives;”

12. Section I.E of Schedule 2 to the Grant Agreement is amended to read as follows:

**“E. Safeguards**

- 1. The Recipient shall cause SMEDA and KP to implement their respective parts of the Project, in accordance/compliance with the MDTF

Environmental and Social Screening and Assessment Framework (“MDTF-ESSAF”) and the project-wide environmental and social management plan (“ESMP”) and the objectives, policies and procedures thereof. To this end, the Recipient shall cause SMEDA to refrain from awarding any Matching Grants until: (a) the screening of the respective Sub-project has been carried out pursuant to the ESMP; and (b) if applicable, an appropriate Sub-Project ESMP setting forth the required mitigation measures for the proposal under consideration has been developed.

2. Notwithstanding the foregoing, if pursuant to the ESMP set forth in paragraph (1) above, a Sub-project could potentially cause significant, irreversible, sensitive, diverse and/or unprecedented environmental or social damage, the Recipient shall refrain, and cause SMEDA, to refrain, from awarding the respective Matching Grant until the related Sub-Project ESMP has been furnished to the World Bank and obtained the World Bank’s no-objection. To this end, SMEDA shall further ensure that such ESMP is integrated into the proposal’s design.
3. The Recipient shall ensure, and cause SMEDA and KP to ensure, that:
  - (a) no activities involving land taking shall be carried out under the Project. In the event that any land acquisition shall be required under the Project, SMEDA and KP in consultation with the World Bank, shall ensure that such land be obtained on a willing buyer-willing seller basis;
  - (b) the proceeds of the Grant are not utilized for any purchase/acquisition of land; and
  - (c) no activities under the Project give rise to Displaced Persons.”

13. A new paragraph “F” under Section I of Schedule 2 to the Grant Agreement is added and the subsequent paragraphs “F” and “G” are renumbered as “G” and “H”.

**“F. Contingent Emergency Response**

1. The Recipient shall ensure that Part E of the Project (“Contingency Emergency Response Component”) is carried out in accordance with the Emergency Response Manual (“ERM”) (provided, however, that in the event of any conflict between the arrangements and procedures set out in the ERM and this Agreement, the provisions of this Agreement shall prevail) and, except as the World Bank shall otherwise agree, shall not amend, abrogate or waive any provision of the ERM and of the emergency response implementation plan and safeguard instruments prepared pursuant to paragraph 2 of this Part F in accordance with the ERM.

2. Without limitation on the foregoing, the Recipient shall undertake no activities under the Emergency Response Part, unless and until the following conditions have been met in respect of said activities:

- (a) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the World Bank a request to include said activities in the Emergency Response Part in order to respond to said Eligible Crisis or Emergency, and the World Bank has agreed with such determination, accepted said request and notified the Recipient thereof;
- (b) the Recipient has prepared and adopted the ERM, in form and substance satisfactory to the World Bank, and has prepared and adopted an emergency response implementation plan for said activities in accordance with the ERM and in form and substance satisfactory to the World Bank, setting out the objectives, eligible expenditures, and fiduciary, safeguards and other implementation arrangements; and
- (c) the Recipient has ensured the preparation and disclosure of all safeguard instruments as may be required for said activities in accordance with the ERM, the World Bank has approved all such instruments, and the Recipient has ensured the implementation of any actions which are required to be taken under said instruments.”

14. Section II.B.2 of Schedule 2 to the Grant Agreement is amended to read as follows:

“2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty five (45) days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.”

15. The table under Section IV.A.2 of Schedule 2 to the Grant Agreement is amended and attached as Annex-2 to this Amendment Letter.

16. Section IV.B.1(b) of Schedule 2 to the Grant Agreement is amended to read as follows:

“(b) Under category (3) until SMEDA has: (i) signed MoU with KP; (ii) established the SMEDA-PU; (iii) appointed a safeguards focal point; (iv) established the GRDC; and (v) adopted the Operations Manual.”

17. A new paragraph 2 under Section IV.B is added and the subsequent paragraph 2 is renumbered as paragraph 3.

“2. Notwithstanding the provisions of Part A of the Section IV, no withdrawal shall be made for Emergency Expenditures under Category (5), unless and until

the World Bank is satisfied all of the following conditions have been met in respect of said expenditures:

- (i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the World Bank a request to include said activities in the Emergency Response Part in order to respond to said crisis or emergency, and the World Bank has agreed with such determination, accepted the said request and notified the Recipient thereof;
- (ii) the Recipient has prepared and adopted the ERM, in form and substance satisfactory to the World Bank, and has prepared and adopted an emergency response implementation plan for said activities, in accordance with the ERM and in form and substance satisfactory to the World Bank, setting out the objectives, scope, eligible expenditures, and fiduciary, safeguards and other implementation arrangements for such activities;
- (iii) the Recipient has ensured that all safeguards instruments required for said activities have been prepared and disclosed, and the Recipient has ensured that any actions which are required to be taken under said instruments have been implemented, all in accordance with the provisions of Section I.F of this Schedule;
- (iv) the entities in charge of coordinating and implementing the Emergency Response Part have adequate staff and resources, in accordance with the provisions of Section I.F of this Schedule, for the purposes of said activities; and
- (v) the provisions of the ERM remain – or have been updated in accordance with the provisions of Section I.F of this Schedule so as to be – appropriate for the inclusion and implementation of the Emergency Response Part.”

18. Section IV.B.3 of Schedule 2 to the Grant Agreement is amended to read as follows:

“3. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is June 30, 2022.”

19. The Appendix (**Definitions**) to the Grant Agreement is amended and attached as Annex-3 to this Amendment Letter.

The World Bank will disclose this amendment letter and related information on this Grant Agreement in accordance with the World Bank’s Policy on Access to

Information. By entering into this amendment letter, the Recipient consents to disclosure of this amendment letter and related information.

All obligations of the Recipient and the Project Implementing Entity for expenditures incurred and actions taken prior to the date of this Amendment Letter remain in full force and effect. Except as specifically amended by this Amendment Letter, all other provisions of the Grant Agreement remain in full force and effect.

Please confirm your agreement to the foregoing by signing the form of confirmation set forth below and returning one fully executed original of this Amendment Letter to us and retaining one original for your records. This Amendment Letter shall become effective upon receipt by the World Bank of: (a) duly countersigned original of

this Amendment Letter; and (b) the amendment letter to the Project Agreement between the World Bank and Khyber Pakhtunkhwa Province Areas (except for the provision related to the Closing Date under Section IV.B.3, as amended under paragraph 18 of this Amendment Letter which becomes effective upon the signing date of this Amendment Letter by the World Bank).


Sincerely,

**International Bank for Reconstruction and Development  
International Development Association  
Acting as Administrator of the KP / FATA / Balochistan Multi-Donor Trust Fund**



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Patchamuthu Illangovan  
Country Director, Pakistan  
South Asia Region

AGREED  
**Islamic Republic of Pakistan**

By:  \_\_\_\_\_  
Mr. Noor Ahmed  
Name: \_\_\_\_\_  
Secretary  
Title: \_\_\_\_\_  
26-Jun-2020  
Date: \_\_\_\_\_



## SCHEDULE 1

### Project Description

The objective of the Project is to support the Government of Pakistan in creating sustainable employment opportunities and developing the selected economic sectors in Khyber Pakhtunkhwa province.

The Project consists of the following parts:

#### Part A: SME Development

1. *SME Rehabilitation Support*: Provision of Rehabilitation Sub-grants to SMEs affected by the crisis in order to finance capital expenditures and/or working capital needed for carrying out SMEs' rehabilitation, including training to strengthen their entrepreneurial capacities and their abilities to access business development services.
2. *SME Up-gradation*: Provision of Up-gradation Sub-grants to SMEs and/or clusters of SMEs in KP in order to: (a) finance improvements to the productivity and efficiency of individual SMEs; or (b) finance new ventures incorporating strong public good elements to be carried out by clusters of SMEs; including training to strengthen their entrepreneurial capacities and their abilities to access business development services.

#### Part B: Attracting Investment from the Diaspora

1. Carrying out of a pre-feasibility study to assess the needs, mechanics and possible structure of a public/private sector Diaspora bond to be commercialized to Pakistani citizens overseas in order to support the development of SMEs.
2. Development and implementation of an outreach program (including, road shows, conferences and websites), and marketing campaigns and exhibitions for KP's products, in order to mobilize investments from the Pakistani Diaspora into KP's SMEs.

#### Part C: Project Management and Capacity Building Support

1. Supporting Project management and capacity building through, *inter alia*: (i) providing technical and operational assistance to PMU-ERKP and SMEDA-PU; and (ii) supporting Project implementation, including procurement, financial management, communications, environmental and social safeguards as well as monitoring and evaluation of the Project.

2. Providing support to the Government of Khyber Pakhtunkhwa Province (GoKP), including departments of Industries, Tourism, Health, Mines & Minerals, and Finance and Planning.

Part D: Support to Competitive Sectors and Pandemic Response

1. Supporting select economic sectors in KP, including tourism and agribusiness through, *inter alia*: (a) renovation, repairs and rehabilitation of publicly owned properties such as tourist facilities and industrial infrastructure; (b) training, business development services and communication; and (c) procurement of essential technology and equipment for enhancing sectors' competitiveness.
2. Supporting the implementation of the GoKP's strategies for mitigating the impact of COVID-19.
3. Strengthening the preparedness and capacity of the GoKP to address the eligible emergencies including COVID-19 pandemic, through the procurement of equipment and supplies.
4. Developing capacity of relevant public sector stakeholders including from tourism, industries, health and infrastructure departments and organizations.

Part E: Contingent Emergency Response Component (CERC)

Providing immediate response to an Eligible Crisis or Emergency.

## Annex-2

Category	Amount of the Original Grant Allocated (expressed in USD)	Amount of the Additional Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Rehabilitation Sub-grants; Up-gradation Sub-grants; and BDS Sub-grants for:  (a) SMEs in FATA; and  (b) SMEs in KP	4,836,804    9,148,689	0    0	100% of the amount of the Matching Grants in FATA and KP
(2) Goods, non-consultant services, consultant services, Training and Workshops and Incremental Operating Costs:  (a) For activities under Parts B and C of the Project carried out by FATA;  (b) For activities under Parts B and C of the Project carried out by KP; and  (c) For activities under Part A of the Project carried out by SMEDA.	1,700,000    3,164,529    1,149,978	0    0    0	100%    100%    100%

Category	Amount of the Original Grant Allocated (expressed in USD)	Amount of the Additional Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(3) Rehabilitation Sub-grants; Up-gradation Sub-grants, goods, non-consultant services, consultant services, Training and Workshops and Incremental Operating Costs for activities carried out under Part A.1 and A.2 of the Project by SMEDA and under Part C and D of the Project by KP, including works under Part D of the Project	0	18,134,175.65	100% of the amount of the Matching Grants in KP, and 100% of goods, works, non-consultant services, consultant services, Training and Workshops and Incremental Operating Costs in KP
(4) Rehabilitation Sub-grants; Up-gradation Sub-grants, goods non-consultant services, consultant services, Training and Workshops and Incremental Operating Costs for activities carried out under Part A1. And A.2 of the Project by SMEDA and under Parts C and D	0	865,824.35	100% of the amount of the Matching Grants in FATA, and 100% of goods, non-consultant services, consultant services, Training and Workshops and Incremental Operating Costs in FATA

<b>Category</b>	<b>Amount of the Original Grant Allocated (expressed in USD)</b>	<b>Amount of the Additional Grant Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
of the Project by FATA			
(5) Emergency Expenditure eligible under part E of the Project			100%
<b>TOTAL AMOUNT</b>	<b>20,000,000</b>	<b>19,000,000</b>	

**Annex-3****APPENDIX****Section I. Definitions**

1. “Consultant Guidelines” means: (a) except as provided in subparagraph (b) below, “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011; and (b) in the case of contracts financed or to be financed, in whole or in part, out of the proceeds of the Grant, and for which the invitation to bid was issued prior to the date of this Letter of Amendment, “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
2. “Displaced Persons” means persons who, on account of the execution of the Project, have experienced or would experience direct economic and social impacts cause by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood or such persons.
3. “Donors” means collectively all the development partners that have contributed funds to the KP/FATA/Baluchistan Multi-Donor Trust Fund at any time during the lifespan of the trust fund, as communicated to the Recipient, KP and/or FATA by the World Bank.
4. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.
5. “Emergency Expenditure” means any of the eligible expenditures set forth in the ERM in accordance with the provisions of Section I.F of Schedule 2 to this Agreement and required for the Emergency Response Part.
6. “Emergency Response Manual” and “ERM” each means the manual referred to in Section I.F of Schedule 2 to this Agreement, to be adopted and maintained by the Recipient for the Emergency Response Part in accordance with the provisions of said Section.
7. “Emergency Response Part” means a specific activity or activities to be carried out in the event of an Eligible Crisis or Emergency under Part E of the Project.

8. “ESMP” means the Project-wide ESMP dated April 12, 2012, as such document may be revised, updated or supplemented from time to time with the prior written concurrence of the World Bank.
9. “Grant Review and Decision Committee” and the acronym “GRDC” mean the committee to be established by the Recipient, through SMEDA, jointly with KP, pursuant to Section I.B.1 (b) of Schedule 2 to this Agreement.
10. “Grievance Redressal Mechanism” means the procedural system to be established pursuant to Section I.D of Schedule 2 to this Agreement to address any complaints or challenges filed by applicants to, and/or beneficiaries of, the Matching Grants.
11. “Incremental Operating Costs” means the reasonable costs of incremental expenditures by SMEDA-PU and PMU-ERKP 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 for Project staff (excluding foreign tours of contractual staff and consultants), but does not include salaries or salary supplements of the Recipient’s or the Project Implementing Entity’s civil servants, except for the salaries and/or salary supplements that the Recipient’s or the Project Implementing Entity’s civil servants formally deputed to the Project to assist in the carrying out of the Project activities are entitled to in accordance with the applicable government policies during the period of their deputation.
12. “KP” means the Recipient’s Khyber Pakhtunkhwa Province, including erstwhile Federally Administered Tribal Areas.
13. “Matching Grants” means, collectively, the Rehabilitation Sub-grants and the Up-gradation Sub-grants under Part A of the Project.
14. “MDTF-ESSAF” means the environmental and social screening and assessment framework developed for the MDTF, disclosed on December 15, 2010, setting out the criteria for screening for environmental and social impacts under the MDTF, and the mitigation, enhancement, monitoring and institutional measures required to: (a) eliminate adverse environmental impacts of activities; (b) offset them, or reduce them to acceptable levels; and/or (c) enhance any positive impacts thereof. Including through the preparation of ESMP; as such document may be revised, updated or supplemented from time to time with the prior written concurrence of the World Bank.
15. “Operations Manual” means the manual prepared and to be updated by KP and SMEDA pursuant to Section I.B.3 of Schedule 2 to this Agreement.

16. “PMU-ERKP” means the Project Management Unit established within the Department of Industries and Technical Education of KP pursuant to Notification No. INDD/ER/9-50/PMU of March 8, 2011 and referred to in Section I.A.2 of the Schedule to KP’s Project Agreement.
17. “Procurement Guidelines” means: (a) except as provided in subparagraph (b) below, the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011; and (b) in the case of contracts financed or to be financed, in whole or in part, out of the proceeds of the Grant, and for which the invitation to bid was issued prior to the date of this Letter of Amendment, “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
18. “PSC” means the project steering committee to be established pursuant to Section I.A.1 of the Schedule to KP’s Project Agreement.
19. “Rehabilitations Sub-grants” means, collectively, the sub-grants to be provided to selected SMEs under Part A.1 of the Project, within the amount mentioned in the Project Operations Manual, acceptable to the World Bank.
20. “Respective Parts of the Project” means:
  - (a) for the Recipient, acting through SMEDA: Part A of the Project; and
  - (b) for KP: the activities carried out, or to be carried out, within KP under Parts B, C, D and E of the Project.
21. “Small and Medium Enterprises” and the acronym “SMEs” means, for purposes of this Project, small or medium size businesses with not less than three (3) and not more than two hundred (200) employees/workers at the time of application for a Matching Grant, except for temporarily displaced persons, and for women-owned and transgender owned enterprises whereby a flexible arrangement shall be included in the project Operations Manual.
22. “SMEDA” means the Small and Medium Enterprise Development Authority, established pursuant to Article 3 of the Ordinance No. XXXIX of 2001, published in the Gazette of Pakistan, Extraordinary Edition, of August 12, 2002, acting through its Khyber Pakhtunkhwa regional office.
23. “SMEDA’s Enabling Legislation” means, collectively: (a) the Ordinance No. XXXIX of 2002, entitled the Small and Medium Enterprise Development Authority Ordinance 2002, and published in the Gazette of Pakistan, Extraordinary Edition, of August 12, 2002; as well as (b) the memorandum of understanding to



be entered between SMEDA and KP, pursuant to Section I.C.1(a) of Schedule 2 to the Grant Agreement.

24. “SMEDA-PU” means SMEDA’s Project Unit, to be established pursuant to Section I.B.2 of Schedule 2 to this Agreement.
25. “Sub-grant Agreement” means each of the written agreements to be entered by the Project Implementing Entity through SMEDA with selected SMEs awarded Matching Grants by the GRDC pursuant to Section I.C.3 of Schedule 2 to this Agreement; and the term “Sub-grant Agreements” shall refer to all said agreements collectively.
26. “Sub-project” means any of the eligible investments as defined in the Operations Manual for financing through Rehabilitation Sub-Grants under Part A.1 of the Project, and Up-gradation Sub-grants under Part A.2 of the Project; and the term “Sub-projects” means collectively two or more of said financed investments.
27. “Sub-project ESMP” means the environmental and social management plan for Matching Grants to be prepared as may be required, and pursuant to the MDTF-ESSAF; and “Sub-project ESMPs” means more than one such Sub-project ESMP.
28. “Training and Workshops” means the reasonable costs of training, workshops and conferences relevant for the Project and carried out in the territory of the Recipient or, subject to the prior approval of the World Bank, attended abroad by SMEDA’s, and KP’s officials and staff, including purchase and publication of materials, rental of facilities, course fees and travel and subsistence of trainers and trainees.
29. “Up-gradation Sub-grants” means, collectively, the matching grants to be provided to selected SMEs and/or clusters of SMEs under Part A.2 of the Project in an amount mentioned in the Project Operations Manual, acceptable to the World Bank.