

CONFORMED COPY

CREDIT NUMBER 2593 PAK

Project Agreement  
(Social Action Program Project)  
among  
INTERNATIONAL DEVELOPMENT ASSOCIATION  
and  
PROVINCE OF BALOCHISTAN  
and  
PROVINCE OF PUNJAB  
and  
PROVINCE OF SINDH  
and  
NORTH WEST FRONTIER PROVINCE  
and  
AZAD JAMMU AND KASHMIR  
and  
FEDERALLY ADMINISTERED TRIBAL AREAS

Dated April 4, 1994

CREDIT NUMBER 2593 PAK

## PROJECT AGREEMENT

AGREEMENT, dated April 4, 1994, among the INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and PROVINCE OF BALOCHISTAN acting by its Governor (Balochistan) and PROVINCE OF PUNJAB acting by its Governor (Punjab) and PROVINCE OF SINDH acting by its Governor (Sindh) and NORTH WEST FRONTIER PROVINCE acting by its Governor (NWFP) and AZAD JAMMU AND KASHMIR acting by its President (AJK) and the FEDERALLY ADMINISTERED TRIBAL AREAS acting by the Governor of NWFP (FATA).

WHEREAS by the Development Credit Agreement of even date herewith between the Islamic Republic of Pakistan (the Borrower) and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to one hundred forty five million two hundred thousand Special Drawing Rights (SDR 145,200,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that Balochistan, Punjab, Sindh and NWFP (the Provinces), AJK and FATA agree to undertake such obligations toward the Association as are set forth in this Agreement;

WHEREAS the Provinces, AJK and FATA, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, has agreed to undertake the obligations set forth in

this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

#### ARTICLE I

##### Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Development Credit Agreement and in the General Conditions (as so defined) have the respective meanings therein set forth.

#### ARTICLE II

##### Execution of the Project

Section 2.01. The Provinces, AJK and FATA declare their commitment to the objectives of the Project as set forth in Schedule 2 to the Development Credit Agreement, and, to this end, shall carry out their respective activities under Parts A(ii), A(iii) and A(iv) and D(1)(b) of the Project, with due diligence and efficiency and in conformity with appropriate administrative, financial, education, health, population and water utility practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for such activities.

Section 2.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to the Development Credit Agreement.

Section 2.03. The Provinces, AJK and FATA shall carry out the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the Project Agreement and their respective activities under Parts A(ii), A(iii) and A(iv) and D(1)(b) of the Project.

Section 2.04. (a) The Provinces, AJK and FATA shall, at the request of the Association, exchange views with the Association with regard to the progress of their respective activities under Parts A(ii), A(iii) and A(iv) and D(1)(b) of the Project, the performance of their obligations under this Agreement and other matters relating to the purposes of the Credit.

(b) The Provinces, AJK and FATA shall promptly inform the Association of any condition which interferes or threatens to interfere with the progress of their respective activities under Parts A(ii), A(iii) and A(iv) and D(1)(b) of the Project, the accomplishment of the purposes of the Credit, or the performance by the Provinces, AJK and FATA of their respective obligations under this Agreement.

Section 2.05. The Provinces, AJK and FATA shall ensure that no bans on recruitment of field staff are imposed in respect of the Project Sectors.

Section 2.06. The Provinces, AJK and FATA shall:

(a) by March 15 of each Fiscal Year during the implementation of the Project, or such later date as may be acceptable to the Association, provide or cause to be provided to the Association, for its assessment and review, each proposed Sub-program to be carried out by the Provinces, AJK and FATA in the next following Fiscal Year;

(b) by June 30 of each such Fiscal Year during the implementation of the Project, or such later date as may be acceptable to the Association, provide to the Association for its

approval each such Sub-program modified in a manner satisfactory to the Association taking into account its comments and recommendations; and

(c) carry out or cause to be carried out each such Sub-program in form and substance as approved by the Association and in a manner satisfactory to the Association.

Section 2.07. The Provinces, AJK and FATA shall, through their respective SAP Cells and not later than 60 days after the end of each quarter of each Fiscal Year of Project implementation, furnish to the Association, in form and substance satisfactory to the Association, a progress report on the implementation of SAP and each Sub-program for which the Provinces, AJK and FATA are respectively responsible during such quarter.

Section 2.08. The Provinces, AJK and FATA shall cooperate with the Borrower and the Association in carrying out the annual reviews of the SAP, the Sub-programs and the Project pursuant to Section 3.08 of the Development Credit Agreement.

### ARTICLE III

#### Financial Covenants

Section 3.01. (a) The Provinces, AJK and FATA shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of their respective activities under Parts A(ii), A(iii) and A(iv) and D(1)(b) of the Project of the departments or agencies of the Provinces, AJK and FATA responsible for carrying out such activities.

(b) The Provinces, AJK and FATA shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association.
- (ii) furnish to the Association as soon as available, but in any case not later than nine months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records and accounts and the audit thereof as the Association shall from time to time reasonably request.

### ARTICLE IV

#### Effective Date; Termination; Cancellation and Suspension

Section 4.01. This Agreement shall come into force and effect on the date upon which the Development Credit Agreement becomes effective.

Section 4.02. (a) This Agreement and all obligations of the Association and of the Provinces, AJK and FATA thereunder shall terminate on the earlier of the following two dates:

- (i) the date on which the Development Credit Agreement shall terminate in accordance with its terms; or
- (ii) the date twenty years after the date of this

Agreement.

(b) If the Development Credit Agreement terminates in accordance with its terms before the date specified in paragraph (a) (ii) of this Section, the Association shall promptly notify the Provinces, AJK and FATA of this event.

Section 4.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

ARTICLE V

Miscellaneous Provisions

Section 5.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Association:

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

Cable address:

INDEVAS  
Washington, D.C.

Telex:

248423 (RCA)  
82987 (FTCC)  
64145 (WUI) or  
197688 (TRT)

For Balochistan:

The Additional Chief Secretary  
Planning and Development Department  
Government of Balochistan  
Quetta, Pakistan

Cable address:

DEVELOPMENT  
Quetta, Pakistan

Telex:

7875 BLNSE PK

For Punjab:

The Chairman  
Planning and Development Board  
Government of Punjab  
Lahore, Pakistan

Cable address:

DEVELOPMENT  
Lahore  
Pakistan

Telex:

82-04-4868  
Punjab Secretariat  
Lahore, Pakistan

For Sindh:

The Additional Chief Secretary  
Planning and Development Department  
Government of Sindh  
Karachi, Pakistan

Cable address:

Telex:

DEVELOPMENT SINDH  
Karachi, Pakistan

952-23950

For NWFP:

The Additional Chief Secretary  
Planning and Development Department  
Government of North West Frontier Province  
Peshawar, Pakistan

Cable address:

Telex:

DEVELOPMENT  
Peshawar, Pakistan

952-52371

For AJK:

The Additional Chief Secretary  
Planning and Development Department  
Government of Azad Jammu and Kashmir  
Muzaffarabad, Azad Jammu and Kashmir

For FATA:

The Additional Chief Secretary  
Planning and Development Department  
Government of North West Frontier Province  
Peshawar, Pakistan

Section 5.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of the Provinces, AJK and FATA may be taken or executed: (a) on behalf of Balochistan, Sindh, NWFP, AJK and FATA, by their respective Additional Chief Secretary (Development), Planning and Development Department; and (b) on behalf of Punjab, by the Chairman of its Planning and Development Board, or such other person or persons as the Provinces, AJK and FATA shall designate in writing, and the Provinces, AJK and FATA shall furnish to the Association sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 5.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ D. Joseph Wood  
Regional Vice President  
South Asia

PROVINCE OF BALOCHISTAN  
PROVINCE OF PUNJAB  
PROVINCE OF SINDH  
NORTH WEST FRONTIER PROVINCE  
AZAD JAMMU AND KASHMIR  
FEDERALLY ADMINISTERED TRIBAL AREAS

By /s/ Agha Ghazanfar  
Authorized Representative

