
CREDIT NUMBER 7513-PK

Financing Agreement

(Second Additional Financing for the Sindh Barrages Improvement Project)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between ISLAMIC REPUBLIC OF PAKISTAN (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”), for the purpose of providing additional financing for the Original Project (as defined in the Appendix to this Agreement). 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 a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to ten billion one hundred forty-eight million eight hundred thousand Japanese Yen (JPY *10,148,800,000*) (variously, “Credit” and “Financing”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section III of Schedule 2 to this Agreement.
- 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 the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum; on the Withdrawn Credit Balance, or such rate as may apply following a Currency Conversion.
- 2.05. The Interest Charge is the greater of: (a) the sum of one and a quarter percent (1.25%) per annum plus the Basis Adjustment to the Interest Charge; and (b) zero percent (0%) per annum, or such rate as may apply following a Currency Conversion; on the Withdrawn Credit Balance.
- 2.06. The Payment Dates are June 1 and December 1 in each year.
- 2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.08. The Payment Currency is Japanese Yen.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement and the Project 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 years after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is the Secretary, Additional Secretary, Joint Secretary, Deputy Secretary, or Section Officer of the Recipient's Ministry of Economic Affairs.

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

- (a) the Recipient's address is:

Ministry of Economic Affairs
Government of Pakistan
Islamabad
Pakistan; and

- (b) the Recipient's Electronic Address is:

Facsimile: E-mail:
92-51-910-4016 secretary@ead.gov.pk

- 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:

Facsimile: E-mail:
1-202-477-6391 CMUPakistan@worldbank.org

AGREED as of the Signature Date.

ISLAMIC REPUBLIC OF PAKISTAN

By



Authorized Representative
Kazim Niaz

Name: _____

Title: _____ Secretary Ministry of Economic Affairs

Date: _____ 03-Apr-2024

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: _____ Najy Benhassine

Title: _____ Country Director

Date: _____ 31-Mar-2024

SCHEDULE 1

Project Description

The objective of the Project is to strengthen the Sindh Irrigation Department's capacity to operate and manage barrages and improve the reliability and safety of Guddu and Sukkur Barrages in the Province of Sindh.

The Project consists of the following parts:

Component A: Rehabilitation of Guddu and Sukkur Barrages

1. Rehabilitation and modernization of the Guddu Barrage and its associated structures, including, *inter alia*: (a) gate replacement works including all mechanical and electrical equipment; (b) concrete repairs along the upstream gate grooves and rehabilitation of both fish ladders; (c) river training works through construction of a left bank spur and strengthening of the upstream existing river training works; (d) construction of offices for the operation and maintenance staff at the Guddu barrage, including laboratory, residential buildings, dispensary, mosque, recreational facilities, access roads and all supporting service infrastructure; (e) implementation of the Environmental and Social Management Plan for Guddu Barrage (but expressly excluding land expenditures and compensation for land acquisition related to the implementation of a resettlement instrument or cash compensation and other assistance paid in cash for involuntary resettlement); and (f) consulting services for construction, supervision, quality control and construction management support.
2. Rehabilitation and modernization of Sukkur Barrage and its associated structures, including, *inter alia*: (a) gates and mechanical works; (b) electrical work; (c) repairs to the main barrage and canal head regulator; (d) foundations inspection and repairs; (e) dredging works; (f) provision of a dredger; (g) provision of surveillance equipment and instrumentations; (h) construction and renovation of offices for the operation and maintenance staff at the Sukkur Barrage; (i) implementation of the Environmental and Social Management Plan for Sukkur Barrage (but expressly excluding land expenditures and compensation for land acquisition related to the implementation of a resettlement instrument or cash compensation and other assistance paid in cash for involuntary resettlement); and (j) consulting services for construction, supervision, quality control and construction management support.

Component B: Improved Barrage Operation

1. Provision of support for the institutional capacity strengthening program to improve operation and maintenance of Guddu, Sukkur, and Kotri Barrages, including, *inter alia*: technical assistance, training, incremental operating costs, and procurement of works, equipment and logistics facilities to strengthen BMO's capacity to: (a) measure and control flows into the main canals using improved barrage operating rules; (b) reduce sediment entries into the canals and thereby increase water conveyance capacities; (c) strengthen emergency preparedness towards extreme events, including promoting women's participation in planning for evacuation and building knowledge on evacuation locations with a special focus on women; and (d) improve structural monitoring and maintenance of the three Barrages.

Component C: **Technical Studies**

1. Provision of support for studies to inform the subsequent investment activities for the improvement of barrage safety and performance, including: (a) a flood routing study for the entire length of Indus river in Sindh to inform the Emergency Preparedness Plans of Guddu, Sukkur, and Kotri Barrages in case of large flood events; (b) a detailed hydraulics model study at Sukkur to determine the optimal design for the river training works and a detailed design study of these works, including the environmental and social impacts assessment; (c) a detailed operational improvement and safety assessment study for Kotri Barrage, including the identification of critical needs for repairs and upgrading, preparation of maintenance contracts, and the development of an O&M plan; and (d) a study to select the future site for a new barrage at Sukkur (for when the current barrage will need to be replaced).

Component D: **Riverine Management**

1. Provision of support for: (a) improved dolphin management and conservation; (b) restoration of fish migration; and (c) control of the flow downstream of Kotri Barrage.

Component E: **Project Management**

1. Provision of support for the PMO and PCMU, including technical assistance to guide the procurement activities and monitor the civil works progress, training, monitoring and evaluation of the Project's results framework and overall Project impacts, and fiduciary and safeguard compliances.

SCHEDULE 2

Project Execution

Section I. Institutional and Implementation Arrangements

A. Incorporation by Reference

1. Section 1.C (Safeguards), Section II.B (Project Midterm Reviews), Section II.D (Performance) and Section III.E (Grievance Redress Mechanism) of Schedule 2 to the Original Financing Agreement, and the Definitions in the Appendix to the Original Financing Agreement (other than the terms: (i) “Anti-Corruption Guidelines” in Section I, paragraph 2; (ii) “Consultant Guidelines” in Section I, paragraph 7; (iii) “General Conditions” in Section I, paragraph 12; and (iv) “Procurement Guidelines” in Section I, paragraph 17), all as amended are hereby incorporated by reference and shall apply, *mutatis mutandis*, to this Agreement.
2. The Recipient undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement.

B. On-lending

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity under the same terms and conditions 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 provisions of 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 such additional instructions, shall govern.
3. The Recipient shall exercise its rights under the on-lending arrangements referred to in paragraph 1 of this Part A in such manner as to protect the interests of the Recipient and 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 or obligations under said arrangements.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Project Report not later than one (1) month after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds

of the Financing to: (a) finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Credit Allocated (expressed in JPY)	Percentage of Expenditures to be Financed (inclusive of Taxes)
Works, goods, non-consulting services, consulting services, Training, and Incremental Operating Costs for the Project	10,148,800,000	per percentage of expenditures agreed in the Annual Work Plan and Budget
TOTAL AMOUNT	10,148,800,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the Signature Date.
2. The Closing Date is June 30, 2028.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage) *
On each June 1 and December 1:	
commencing June 1, 2029, to and including December 1, 2048	1.65%
commencing June 1, 2049, to and including December 1, 2053	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. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the 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.
2. “Basis Adjustment to the Interest Charge” means the Association’s standard basis adjustment to the Interest Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association and expressed either as a positive or negative percentage per annum.
3. “Basis Adjustment to the Service Charge” means the Association’s standard basis adjustment to the Service Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association and expressed as a percentage per annum.
4. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
5. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (Last revised on July 15, 2023).
6. “Original Financing Agreement” means the financing agreement between the Recipient and the Association, dated August 26, 2015, for the purpose of providing original credit for the Original Project, as may be amended from time to time (Credit No. 5684-PK).
7. “Original Project” means the Project described in Schedule 1 to the Original Financing Agreement.
8. “Original Project Agreement” means the project agreement between the Association and the Project Implementing Entity, in connection with the Original Financing Agreement, dated August 26, 2015, as the same may be amended from time to time (Credit No. 5684-PK).
9. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated September 2023.
10. “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.