

Dr. Kazim Niaz
Secretary
Ministry of Economic Affairs
Government of Pakistan
Islamabad

Dear Dr. Niaz:

***Re: Pakistan: Punjab Tourism for Economic Growth Project
(Credit Number:5982-PK)
Amendments to the Financing Agreement***

We refer to the: (a) Financing Agreement dated August 02, 2017, between the Islamic Republic of Pakistan (“Recipient”) and the International Development Association (“Association”) (“Financing Agreement”); and (b) the Project Agreement of the same date between the International Development Association (“Association”) and the Province of Punjab (“Project Implementing Entity”) (“Project Agreement”), for the above-mentioned Project (“Project”). We also refer to your letters dated December 15, 2022, and April 11, 2023, requesting for extension of closing date and restructuring of the Project.

We are pleased to inform you that the Association agrees to your request and consequently the Financing Agreement is amended to as set forth below:

1. Section 3.01 of Article III of the Financing Agreement is amended to read as follows:

“3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Project to be carried out by the Project Implementing Entity, through its Project Management Unit (“PMU”) under the Planning and Development Department, in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.”
2. Schedule 1 to the Financing Agreement is amended and attached as Annex-1 to this amendment letter.
3. A new Section I.D. of Schedule 2 to the Financing Agreement is added to read as follows:

“D. **Contingent Emergency Response**

1. In order to ensure the proper implementation of contingent emergency response activities under Part 4 of the Project (“Contingent Emergency Response Part”), the Recipient shall ensure that:

(a) a manual (“CERC Manual”) is prepared and adopted in form and substance acceptable to the Association, which shall set forth detailed implementation arrangements for the Contingent Emergency Response Part, including: (i) any structures or institutional arrangements for coordinating and implementing the Contingent Emergency Response Part; (ii) specific activities which may be included in the Contingent Emergency Response Part, Eligible Expenditures required therefor (“Emergency

- Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the Contingent Emergency Response Part; (iv) procurement methods and procedures for the Contingent Emergency Response Part; (v) documentation required for withdrawals of Financing amounts to finance Emergency Expenditures; (vi) a description of the environmental and social assessment and management arrangements for the Contingent Emergency Response Part; and (vii) a template Emergency Action Plan;
- (b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Association;
 - (c) the Emergency Response Part is carried out in accordance with the CERC Manual and the Emergency Action Plan; provided, however, that in the event of any inconsistency between the provisions of the CERC Manual or the Emergency Action Plan and this Agreement, the provisions of this Agreement shall prevail; and
 - (d) neither the CERC Manual or the Emergency Action Plan is amended, suspended, abrogated, repealed or waived without the prior written approval by the Association.
2. The Recipient shall ensure that the structures and arrangements referred to in the CERC Manual are maintained throughout the implementation of the Contingent Emergency Response Part, with adequate staff and resources satisfactory to Association.
3. The Recipient shall ensure that:
- (a) the environmental and social instruments required for the Contingent Emergency Response Part are prepared, disclosed and adopted in accordance with the CERC Manual and application of the Safeguard Instruments and any other relevant safeguard instrument in form and substance acceptable to the Association; and
 - (b) the Contingent Emergency Response Part is carried out in accordance with the environmental and social instruments in a manner acceptable to the Association.
4. Activities under the Contingency Emergency Response Part shall be undertaken only after an Eligible Crisis or Emergency has occurred.”
4. The withdrawal table under Section IV.A.2 of Schedule 2 to the Financing Agreement is amended and attached as Annex-2 to this amendment letter.
5. Section IV.B. of Schedule 2 to the Financing Agreement is amended to read as follows:
- “1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

- (a) from the Credit Account until the Association has received payment in full of the Front-end Fee;
- (b) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 2,900,000 may be made for payments made prior to this date but on or after November 1, 2016, for Eligible Expenditures under Category (1); or
- (c) for Emergency Expenditures under Category (5), unless and until all of the following conditions have been met in respect of said expenditures:
 - (i) (A) the Recipient has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Association a request to withdraw Credit amounts under Category (5); and (B) the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and
 - (ii) the Recipient has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Association.

2. The Closing Date is October 31, 2024.”
6. The definitions under paragraphs 12. (Investor), 13. (Matching Grant Agreements), 14. (Matching Grant Manual), 22. (Punjab Resource Management Program); and 26. (Sub-projects) of the Appendix to the Financing Agreement are deleted in their entirety and the subsequent definitions are re-numbered accordingly.
7. The following definitions have been added to the Definitions in the Appendix to the Financing Agreement, and all the subsequent definitions are re-numbered accordingly:

“Contingent Emergency Response Part” means any activity or activities to be carried out under Part 4 of the Project to respond to an Eligible Crisis or Emergency.

“CERC Manual” means the manual referred to in Section I.D of Schedule 2 to the Financing Agreement, as such manual may be updated from time to time with the agreement of the Association, and which is an integral part of the PIM.

“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.

“Emergency Action Plan” means the plan referred to in Section I.D of Schedule 2 to Financing Agreement, detailing the activities, budget, implementation plan, and monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.

“Emergency Expenditures” means any of the eligible expenditures set forth in the CERC Manual referred to in Section I.D of Schedule 2 to the Financing Agreement and required for the Contingent Emergency Response Part.”

“Internships and Apprenticeships” means the stipends to be paid to both male and female students who are placed in various line departments to enhance their learning through

practical experience, in accordance with the eligibility criteria, terms of reference (TOR) and modalities satisfactory to Association.

“Project Management Unit” or “PMU” means a unit established within the Planning and Development Department of the Government of Punjab, with functions and resources satisfactory to the Association, responsible for day-to-day implementation of the Project, as referred to in Part 3(a) of Schedule 2 to the Financing Agreement and Section I.A.1(b) of the Project Agreement.

Except as specifically amended in this amendment letter, all other terms and conditions of the Financing Agreement shall remain in full force and effect.

The Association will disclose this amendment letter and related information on this Financing 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.

Please confirm your agreement to the foregoing on behalf of the Recipient by countersigning and dating the form of confirmation set forth below and returning one fully countersigned original of this amendment letter to us and retaining one original for your records. This Amendment Letter shall become effective upon receipt by the Association of: (a) duly countersigned original of this amendment letter; and (b) the amendment letter to the Project Agreement between the Association and Province of Punjab (except for the provision related to the Closing Date under Section IV.B.2, of Schedule 2 to the Financing Agreement, as amended under paragraph 5 of this amendment letter which becomes effective upon the signing date of this amendment letter by the Association.

Yours sincerely,
INTERNATIONAL DEVELOPMENT ASSOCIATION



Lire Ersado
Acting Country Director, Pakistan

**CONFIRMED AND AGREED:
ISLAMIC REPUBLIC OF PAKISTAN**



By: _____

Name: Kazim Niaz

Title: Secretary Ministry of Economic Affairs

Date: 16-May-2023

Cc:

Government of Pakistan:

Mr. Humair Karim, Additional Secretary, Ministry of Economic Affairs
Mr. Adil Akbar Khan, Senior Joint Secretary, Ministry of Economic Affairs
Mr. Azam Khan, Deputy Secretary, Ministry of Economic Affairs

Government of Punjab:

Mr. Ali Sarfraz Hussain, Chairman, Planning and Development Board
Dr. Muhammad Sohail Anwar Choudhary, Secretary, Planning and Development Board
Mr. Zaheer Hassan, Secretary, Department of Tourism
Ms. Sadaf Zafar, Additional Secretary, Department of Tourism
Mr. Kamran Lashari, Director General, WCLA
Mr. Maqsood Ahmad, Director Archaeology, Archaeology Directorate
Mr. Ali Akbar Bosan, Chief Operating Officer / Acting CEO, PSDF
Mr. Waqas Malik, Project Director, PTEG PMU

The World Bank:

Mr. Naveed Kamran Baloch, Executive Director, Pakistan
Mr. Abdelhak Bedjaoui, Alternate Executive Director, Pakistan

SCHEDULE 1**Project Description**

The objective of the Project is to strengthen institutional capacity, increase private sector participation and improve infrastructure services for the tourism sector growth in the Province of Punjab, and in case of an Eligible Crisis or Emergency, respond promptly and effectively to it.

The Project consists of the following parts:

Part 1: Tourism Enablement

(a) Strengthen the policy, governance, and regulatory landscape of the tourism sector in the province through the: (i) implementation of the Punjab Tourism Policy; (ii) provision of technical assistance (TA), training and equipment for implementation of a regulatory reform agenda for the tourism industry; and (iii) provision of TA, training and equipment for the development of tourism data collection mechanism.

(b) Dissemination of already prepared Destination Investment and Management Plans (DIMPs) and Site Management Plans (SMPs) amongst various stakeholder in order to: (i) attract investors, contributing to the sustainable tourism development of the province while promoting public private partnerships (PPPs); and (ii) provision of technical assistance, training and equipment for strengthening and streamlining tourism investment procedures by providing support to the relevant tourism departments/ authorities.

(c) Improve capacity and quality of human resource through skill development through: (i) providing opportunity to men and women to get quality tourism and craft related trainings; (ii) provide internships and apprenticeships opportunities, in accordance with the eligibility criteria and modalities satisfactory to Association, to both male and female students who are placed in various line departments to enhance their learning through practical experience; and (iii) engage local communities, teachers and school going youth in safeguarding cultural heritage of Punjab by developing heritage education resource material, capacity building and training of teachers (male/female), and engaging school children in exploring and understanding diverse cultures through various activities.

(d) Development of knowledge, partnerships and tourism promotion including through: (i) provision of technical assistance and equipment for materials for a tourist marketing and public relations campaign; (ii) provision of technical assistance for development of ownership and management models for tourist information centers; (iii) provision of technical assistance for the development of a plans, contents, and expenses for workshops and conferences with key stakeholders in the tourism sector; and (iv) support for participation in key international tourism fairs.

Part 2: Infrastructure and Destination Development

(a) Rehabilitation of secondary and tertiary access roads to identified cultural and heritage sites selected as per the criteria set out in the Project Operations Manual, in collaboration with the Communication and Works (C&W) Department.

(b) Development of basic infrastructure and services for public convenience facilities at identified sites, including: (i) development of parking facilities, informational and directional sign boards, solarization of at least two heritage sites, washroom facilities and rest areas with special attention to accessibility for women and persons with disabilities; and (ii) implementation of priority investments identified in the management plans developed under Part 1(b) of the Project.

(c) Rehabilitation and conservation of heritage sites to restore their historical value and attract visitors.

Part 3: Project Management and Institutional Capacity Building

(a) Support of the management, implementation, and coordination of the Project activities, including procurement, financial management, safeguards, and monitoring and evaluation (M&E) of the project through a dedicated Project Management Unit (PMU) of the Planning and Development Department.

(b) Support to the relevant departments and organizations of the GoPb including Planning and Development (P&D) Board, Department of Tourism (DoT) and its divisions, C&W, and provincial departments with the mandate to support the tourism sector, while also promoting linkages.

(c) promote the provincial Travel and Tourism (T&T) Industry by contributing towards activities launched by GoPb.

Part 4: Contingent Emergency Response Component (CERC)

Provision of immediate response to an eligible crisis or emergency, as needed.

Annex-2

Category	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (Inclusive of Taxes)
(1) Goods, works, non-consulting services, and consultants' services for the Project Training and Workshop Costs and Incremental Operating Costs under the Project except for Part 2(a)(iv) of the Project	36,608,000	100%
(2) Matching Grants under Part 2(a)(iv) of the Project	0	
(3) Front-end Fee	92,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 3.01 (a) of the General Conditions
(4) Internships and Apprenticeships under Part 1(c)(ii) of the Project	100,000	100%
(5) Emergency Expenditure under Part 4 of the Project	0	100%
TOTAL AMOUNT	36,800,000	