

22-Jun-2023

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

Dear Dr. Niaz:

***Re: Higher Education Development in Pakistan -(Credit No. 6438-PK)
Amendments to the Financing Agreement***

1. We refer to the: (a) Financing Agreement dated June 17, 2019, between the Islamic Republic of Pakistan (“Recipient”) and the International Development Association (“World Bank”), as amended; and (b) Project Agreement dated June 17, 2019, between the World Bank and the Higher Education Commission (“Project Implementing Entity”) (“Project Agreement”), for the above-mentioned Project (“Project”). We also refer to your request letter dated March 22, 2023, requesting to restructure the Project.

2. We agree to your request, and accordingly, the World Bank proposes to amend the Financing Agreement as the following:

(a) A new sub-component 1.4 is added in Schedule 1 to the Financing Agreement as follows:

“1.4. RTT Grants: Support research projects related to emergency response, climate change, extreme weather and import replacement through provision of RTT Grants to universities.

(b) The definitions of “Disbursement-Linked Indicator” and “Disbursement-Linked Result” are deleted, and the terms “DLI”, “DLR” and “DLI/DLR” wherever they appear, are replaced with term “PBC”.

(c) The following definitions have been added to the Definitions in the Appendix, and all the subsequent definitions are re-numbered accordingly.

“PBC” means each of the performance-based conditions set forth in the table provided in Schedule 4 to this Agreement.

“RTT Grants” or the acronym “RTTG” means a rapid technology transfer grant provided by the Project Implementing Entity under Component 1.4 of the Project, to support research projects related to emergency response, climate change, extreme weather and import replacement, under the terms and conditions and subject to the eligibility criteria set forth in the Operations Manual and awarded in accordance with Section I.C of the Schedule to the Project Agreement.

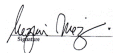
(d) The Definitions of “ESMF”, “ESMP”, “Grant Agreement”, “Grant Recipient” and “IPPF” in the Appendix are amended to insert the words “RRT Grants” after the words “GCF Grants”.

- (e) The withdrawal table in Section III.A of Schedule 2 to the Financing Agreement shall be deleted in its entirety and replaced as the Attachment 1 to this Amendment Letter.
 - (f) The table for the Disbursement Linked Indicators, Disbursement Linked Results and Allocated Amounts in Schedule 4 to the Financing Agreement shall be deleted in its entirety and replaced as the Attachment 2 to this Amendment Letter.
3. Except as specifically amended in this amendment letter, all other terms and conditions of the Financing Agreement shall remain in full force and effect.
4. The World Bank 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.
5. 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. Upon receipt by the World Bank of the countersigned original of this amendment letter, this amendment letter shall become effective as of the later date of: (a) the countersignature of this amendment letter; or (b) the date of countersignature of the amendment letter to the Project Agreement.

Yours sincerely,
INTERNATIONAL DEVELOPMENT ASSOCIATION

Najy Benhassine
Najy Benhassine
Country Director, Pakistan

CONFIRMED AND AGREED:
ISLAMIC REPUBLIC OF PAKISTAN

By: 
Name: Kazim Niaz
Title: Secretary Ministry of Economic Affairs
Date: 06-Jul-2023

Cc:

Government of Pakistan:

Ministry of Finance and Revenue:

Mr. Hamed Yaqoob Sheikh, Secretary

Ministry of Economic Affairs:

Mr. Humair Karim, Additional Secretary

Mr. Adil Akba Khan, Senior Joint Secretary

Mr. Azam Khan, Deputy Secretary

Ministry of Planning and Special Initiatives:

Mr. Syed Zafar Ali Shah, Secretary

Ministry of Federal Education and Professional Training:

Dr. Mukhtar Ahmed, Chairman, Higher Education Commission

Dr. Shaista Sohail, Executive Director, Higher Education Commission

Dr. Muhammad Butt, Project Coordinator

The World Bank:

Mr. Naveed Kamran Baloch, Executive Director, Pakistan

Mr. Abdelhak Bedjaoui, Alternate Executive Director, Pakistan

Withdrawal of the Proceeds of the Financing

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Eligible Expenditures Program under Components 1, 2, 4 and 6 of the Project	38,490,339	100%
(2) Eligible Expenditures Program under Components 1, 2, 4 and 6 of the Project	194,609,661	100%
(3) Goods, works, consulting services, non-consulting services, Training, and Incremental Operating Costs under Components 3 and 5 of the Project	55,600,000	100%
TOTAL AMOUNT	288,700,000	

SCHEDULE 4

PBCs and Allocated Amounts

	PBCs				
	PBCs EXPECTED TO BE ACHIEVED BY YEAR 1	PBCs EXPECTED TO BE ACHIEVED IN YEAR 2	PBCs EXPECTED TO BE ACHIEVED IN YEAR 3	PBCs EXPECTED TO BE ACHIEVED IN YEAR 4	PBCs EXPECTED TO BE ACHIEVED IN YEAR 5
1. Number of Competitive Research Grants and Innovation Seed Fund Grants awarded	<p>HEC has developed and adopted an Operations Manual for the Project which includes the grant funding mechanism for the Competitive Research Grants and ISF Grants.*</p>	<p>(i) HEC has selected and awarded 10 Rapid Research Grants related to COVID-19*; (ii) HEC has awarded 5 GCF Grants, 12 LCF-Element-1 Grants, 3 LCF-Element-2 grants and 17 TTSF Grants*; and (iii) HEC has designed and implemented a capacity building program for GCF, LCF-Element-1, LCF-Element-2, and TTSF Grants, including tailored support for female principle investigators*.</p>	<p>(i) HEC has awarded additional 14 GCF, 8 LCF-Element-1, 6 LCF-Element-2, 8 TTSF and 5 CoE Grants, over and above those awarded in Year 2*; (ii) HEC has awarded 15 ISF Grants over and above those awarded in Year 2*; (iii) HEC has continued to implement a capacity building program for GCF, LCF-Element-1, LCF-Element-2, TTSF and ISF Grants, including tailored support for female</p>	<p>(i) HEC has awarded an additional 15 ISF grants over and above those awarded in year 3;** (ii) HEC has implemented and expanded a capacity building program for ISF grants supporting the business incubator cells, as well as for grants management and implementation** and (iii) HEC has updated and maintained the data depositing scheme for microdata and SDG-related data involving ORICs at the university level**.</p>	<p>(i) HEC has awarded an additional 15 ISF grants over and above those awarded in year 4;** (ii) HEC has implemented a capacity building program for grants management and implementation**; (iii) HEC has updated and maintained the data depositing scheme for microdata and SDG-related data involving ORICs at the university level**; and (iv) HEC has awarded 10 RTTG**.</p>

			<p>principle investigators*; (iv) HEC has designed and rolled out a capacity building program for ISF Grants supporting the business incubator centers as well as for grants management and implementation*; and (v) HEC has created a data depositing scheme for microdata and SDG-related data involving ORICs at the university level*.</p>		
Allocated Amounts	\$1,000,000	<p>(i) \$1,200,000; (ii) \$11,903,000 upon achieving a total of 37 grants, including: 5 GCF Grants (\$ 860,000 for each grant), 12 LCF-Element-1 Grants (US\$260,000 for each grant), 3 LCF-Element-2 Grants (\$650,000 for each grant) and 17 TTSF Grants (\$ 149,000 for each grant); and (iii) \$ 2,000,000.</p>	<p>(i) \$24,212,000 for a total of 41 additional grants, including: 14 GCF Grants (\$860,000 for each grant), 8 LCF-Element-1 Grants (\$260,000 for each grant), 6 LCF-Element-2 Grants (\$650,000 for each grant), 8 TTSF (\$ 149,000 for each grant) and 5 CoE Grants (US\$1,000,000 for each grant); (ii) \$1,800,000 for a total 15 ISF Grants (\$120,000 for each grant);</p>	<p>(i) \$1,800,000 for a total of 15 additional ISF Grants (\$ 120,000 for each grant); (ii) \$ 2,000,000; and (iii) \$2,000,000.</p>	<p>(i) \$1,800,000 for a total of 15 additional ISF Grants (\$ 120,000 for each grant); (ii) \$1,810,000; (iii) \$2,000,000; and (iv) \$1,800,000 (\$180,000 for each RTT Grant)</p>

			(iii) \$ 1,000,000; (iv) \$ 1,000,000; and (v) \$ 2,000,000.		
2. Outcomes achieved under the Competitive Research Grants awarded under the Project		(i) (a) Adoption of system for outcome tracking and management of grants, including guidelines for results; (b) research grants management system has been used to manage research grants application, award and outcomes tracking**; (ii) Rapid Research Grants awarded have partially achieved the agreed outcomes**; and (iii) HEC has disseminated key research outcomes to the academic community**.	(i) 32 Competitive Research Grants awarded in Year 2 have achieved 30 percent of their outcome targets**; (ii) Rapid Research Grants awarded have achieved 80 percent of the agreed outcomes**; (iii) Research Grants Management System is being used to manage research grants application, award and outcomes tracking**; (iv) HEC has disseminated key research outcomes to the academic community**.	(i) 32 Competitive Research Grants awarded in Year 2 have achieved 60 percent of their outcome targets**; (ii) 28 Competitive Research Grants awarded in Year 3 have achieved 30 percent of their outcome targets**; (iii) Research Grants Management System is being used to manage research grants application, award and outcomes tracking**; and (iv) HEC has disseminated key research outcomes to the academic community**.	(i) 32 Competitive Research Grants awarded in Year 2 have achieved 80 percent of their outcome targets **; (ii) 28 Competitive Research Grants awarded in Year 3 have achieved 60 percent of their outcome targets**; (iii) Research Grants Management System is being used to manage research grants application, award and outcomes tracking**; and (iv) HEC has disseminated key research outcomes to the academic community**; and (v) 10 RTTG awarded in Year 5 have achieved 50 percent of their outcome targets **.
Allocated Amounts		(i) \$2,000,000 (ii) \$2,800,000	(i)\$7,800,000 (\$400,000 per GCF for 4 GCF, US\$250,000 per	(i)\$4,500,000 (\$275,000 per each	(i)\$4,800,000 (\$250,000 per GCF for

		<p>(\$280,000 per rapid research grant achieving 50 percent of their outcome targets to a maximum of \$2,800,000) (iii) \$1,000,000</p>	<p>LCF for 12 LCF, US\$200,000 per TTSTF for 16 TTSTF Grants reaching 30 percent of their outcome targets) (ii)\$1,900,000 (\$190,000 per RRG for 10 grants reaching 80 percent of their outcome targets) (iii)\$1,000,000 (iv) \$1,000,000</p>	<p>GCF for 4 GCF, \$150,000 per each LCF for 12 LCF, \$100,000 per each TTSTF for 16 TTSTF Grant awarded in year 2 achieving 60 percent of their outcome targets) (ii)\$ 7,800,000 (\$400,000 per each GCF for 8 GCF, \$250,000 per each LCF for 12, \$200,000 per TTSTF for 8 TTSTF Grants awarded in year 3 achieving 30 percent of their outcome targets) (iii)\$1,000,000 (iv)\$1,000,000</p>	<p>4 GCF, \$150,000 per LCF for 12 LCF, \$125,000 per TTSTF for 16 TTSTF Grants achieving 80 percent of their outcome targets) (ii)\$4,800,000 (\$275,000 per GCF for 8 GCF, \$150,000 per LCF for 12 LCF grants, \$100,000 per TTSTF for 8 TTSTF Grants achieving 60 percent of their outcome targets) (iii)\$1,000,000 (iv)\$1,000,000 (v) 2,095,000 (\$209,500 per RTTG achieving 50 percent of their outcome targets)</p>
<p>3. Number of functional QECACs in Affiliating Universities (AU).</p>	<p>3 AUs have functional QECAC**</p>	<p>(i) An additional 3 AUs over and above those counted for Year 1 have functional QECAC**; and (ii) HEC has conducted a needs assessment and strategy for reorganization of university-level QECs</p>	<p>(i) An additional 11 AUs over and above those counted for Year 1 and 2 have functional QECAC**; and (ii) Pilot has been conducted in which 5 universities have</p>	<p>(i) An additional 12 AUs over and above those counted for Year 1, 2 and 3 have functional QECAC**; and (ii) 20 universities have implemented the</p>	<p>(i) An additional 12 AU's over and above those counted for Year 1,2, 3 and 4 have functional QECAC**; and (ii) 20 additional universities over and above those implementing</p>

		in which QECACs are embedded*.	implemented the reorganization of QECs*.	reorganization of QECs**.	the reorganization of QECs in year 4 have implemented the reorganization of QECs**.
Allocated Amounts	\$3,000,000 (\$1,000,000 for each functional QECAC)	(i)\$1,500,000 (\$500,000 for each functional QECAC) (ii)\$1,600,000	(i)\$5,500,000 (\$500,000 for each functional QECAC) (ii) \$1,000,000	(i)\$4,200,000 (\$350,000 for each functional QECAC) (ii)\$2,000,000	(i)\$4,200,000 (\$350,000 for each functional QECAC) (ii)\$2,000,000
4. Improvement of undergraduate education – AD programs		(i) HEC has launched a sector-wide consultation of undergraduate programs and has adopted an undergraduate education policy*; and (ii) HEC has adopted a framework for the Associate Degrees (AD) based on the needs and in accordance with international best practices*.	(i) HEC has adopted detailed implementation guides for the implementation and training of the AD programs*; and (ii) 70 Affiliated Colleges have enrolled the first cohort of students in the undergraduate programs developed in Year 2 **.	Additional 70 Affiliated Colleges, over and above those considered for Year 3 target, have enrolled the first cohort of students in the newly developed undergraduate programs**.	Additional 70 Affiliated Colleges, over and above those considered for Year 3 and 4 targets, have enrolled the first cohort of students in at least one of the Associate Degree programs.**
Amounts Allocated		(i)\$3,000,000 (ii)\$3,000,000	(i)\$3,150,000 (ii)\$2,450,000 (\$35,000 for each Affiliated College that has enrolled the first cohort of students in the newly rolled out	\$2,450,000 (\$35,000 for each Affiliated College that has enrolled the first cohort of students in the new Associate Degree program)	\$2,450,000 (\$35,000 for each Affiliated College that has enrolled the first cohort of students in the new Associate Degree program)

			Associate Degree program)		
5. Implementation of 4-year Bachelor Programs		<p>(i) HEC has adopted a framework for the four-year BS Degree based on the needs and in accordance with international best practices*;</p> <p>(ii) HEC has adopted detailed implementation guides for the implementation and training of the BS programs*; and</p> <p>(iii) HEC has developed a career and internship framework to be implemented by universities and Affiliated Colleges*.</p>	<p>(i) 40 Affiliated Colleges, have enrolled the first cohort of students in a 4-year Bachelor Program**;</p> <p>(ii) HEC has carried out a gap analysis of internship, career and placement offices to determine the support required by higher education institutions*; and (iii) 9 Affiliated Colleges implement the career and internship framework**.</p>	<p>(i) Additional 36 Affiliated Colleges, over and above those considered for Year 3, have enrolled the first cohort of students in a 4-year Bachelor Program **; and</p> <p>(ii) 10 Affiliated Colleges implement the career and internship framework.**</p>	<p>(i) Additional 19 Affiliated Colleges, over and above those considered for Years 3 and 4 targets, have enrolled the first cohort of students in a 4-year Bachelor Program **; and</p> <p>(ii) 10 Affiliated Colleges implement the career and internship framework.**</p>
Allocated Amounts		<p>(i)\$3,500,000</p> <p>(ii)\$3,500,000</p> <p>(iii) \$2,000,000</p>	<p>(i)\$2,800,000 (\$70,000 for each Affiliated College enrolling the first cohort of students)</p> <p>(ii)\$1,000,000</p> <p>(iii)\$1,350,000</p>	<p>(i)\$2,520,000 (\$70,000 for each Affiliated College enrolling the first cohort of students)</p> <p>(ii)\$1,500,000 (\$150,000 per Affiliated College implementing the guidelines)</p>	<p>(i)\$1,330,000 (\$70,000 for each Affiliated College enrolling the first cohort of students)</p> <p>(ii)\$1,500,000 (\$150,000 per Affiliated College implementing the guidelines)</p>

			(\$150,000 per Affiliated College implementing the guidelines)		
6. Establishment of Regional NAHE Centers		<p>(i) HEC adopts a Framework for Establishment of Regional NAHE Centers at Provincial Head Quarters **; and</p> <p>(ii) HEC through NAHE has developed a program based on consultations for a system of capacity building and leadership training for female HEC and university managerial and mid-level administrative staff **.</p>	<p>(i) HEC has established a regional center of the National Academy for Higher Education in at least two provinces, based on consultations with key stakeholders*;</p> <p>(ii) HEC and the regional NAHE center have conducted a study of the professional needs of university faculty in the two provinces *;</p> <p>(iii) Regional NAHE and PERU together develop a training curriculum targeting the needs of the provincial Affiliated Colleges in line with the new undergraduate policy**; and</p> <p>(iv) HEC through NAHE has established a system of capacity building and leadership training for female HEC and university managerial and mid-level administrative staff **.</p>	<p>(i) Establishment of NAHE regional center in all provinces **;</p> <p>(ii) HEC and the regional NAHE center have conducted a study of the professional needs of university faculty in at least two further provinces **; and</p> <p>(iii) HEC through NAHE conducts regular capacity building and leadership training for female HEC and university managerial and mid-level administrative staff.**</p>	<p>Regional NAHE centers have organized outreach events in all four provinces.**</p>

Allocated Amounts		(i) \$2,000,000 (ii) \$1,500,000	(i) \$ 2,000,000 (ii) \$ 1,000,000 (\$ 500,000 for one province study) (iii) \$2,000,000 (iv) \$1,480,000	(i) \$2,000,000 (\$1,000,000 for each NAHE Regional/Provincial center) (ii) \$1,000,000 (\$ 500,000 for each study conducted) (iii) \$1,000,000	\$1,000,000 (\$ 250,000 for each outreach event in the provinces)
7. Proportion of faculty and staff trained.		HEC adopts a strategy for training of faculty and staff of public Affiliated Colleges implementing the two-year Associate Degree programs and revised 4-year Bachelor Programs, based on consultation of key stakeholders**.	NAHE has trained 20% of faculty and staff of public Affiliated Colleges implementing new Associate Degree Programs and revised 4-year Bachelor Programs*.	An additional 30% of faculty and staff of public Affiliated Colleges implementing new Associated Degrees and revised 4-year Bachelor Programs, over and above the cumulative 20% required under Year 3 targets have been trained**.	An additional 30% of faculty and staff of public Affiliated Colleges implementing new Associate Degree Programs and revised 4-year Bachelor Programs, over and above the cumulative 50% required under Years 3 and 4 targets, have been trained**.
Amounts Allocated		\$500,000	\$ 2,800,000 (\$140,000 for each percentage point of staff)	\$ 4,200,000 (\$140,000 for each percentage point of staff)	\$ 4,200,000 (\$140,000 for each percentage point of staff)
8. Expansion of Pakistan Education Research	(i) 75 additional HEIs, over and above those considered as baseline,	(i) 90 additional HEIs, over and above those considered as baseline plus those required in Year 1,	(i) 75 additional HEIs, over and above those considered as baseline plus those required in	(i) 60 additional HEIs, over and above those considered as baseline plus those required in	

Network (“PERN”)	have been connected to PERN **; and (ii) 15 additional HEIs, over and above those considered as baseline, offer campus-wide Eduroam **.	have been connected to PERN **; and (ii) 15 additional HEIs, over and above those considered as baseline plus those required in Year 1, offer campus-wide Eduroam **.	Years 1 and 2, have been connected to PERN **; and (ii) 20 additional HEIs, over and above those considered as baseline plus those required in Years 1 and 2, offer campus-wide Eduroam**.	Years 1, 2 and 3, have been connected to PERN.**	
Allocated Amounts	(i) \$ 10,500,000 (\$140,000 for each additional HEI connected to PERN) (ii) 1,350,000 (\$90,000 for each additional HEI offering campus-wide Eduroam)	(i) \$ 12,600,000 (\$140,000 for each additional HEI connected to PERN) (ii) 1,350,000 (\$90,000 for each additional HEI offering campus-wide Eduroam)	(i) \$ 10,500,000 (\$140,000 for each additional HEI connected to PERN) (ii) 1,800,000 (\$90,000 for each additional HEI offering campus-wide Eduroam)	\$ 8,400,000 (\$140,000 per additional HEI connected to PERN up to \$8,400,000)	
9. Universities digitizing their administration	(i) HEC has established a central Data Repository*.	A pilot of 10 universities have directly fed data into HEC’s Data Repository using a web-based reporting system*.	HEC has produced and published an annual report using the information derived from its Data Repository*.	HEC has published a second annual report and a strategic plan, leveraging data from its Data Repository*.	HEC has published a third annual report using information derived from its Data Repository*.
Allocated Amounts	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000
10. Use of the Special Funds for Improving Universities' Financial		(i) HEC adopts an emergency response (SOPs) and funds transfers policy guidelines*;	(i) HEC develops and adopts a framework for financial autonomy and financial management at universities*;	(i) HEC transfers funds to universities that have participated in the new framework**; and	(i) HEC transfers funds to universities that have participated in the new framework**; and (ii) HEC implements a

Autonomy and improving governance using the latest technology		(ii) HEC organizes fundraising framework and a capacity building strategy for university revenue generation and financial management, based on consultations with the university sector*; and (iii) HEC transfers emergency funds to universities*.	(ii) HEC transfers funds to universities that have participated in the new framework*; and (iii) HEC implements a capacity building program for universities on financial management and fundraising*.	(ii) HEC implements a capacity building program for universities on financial management and fundraising**.	capacity building program for universities on financial management and fundraising**.
Allocated Amounts		(i) \$2,500,000 (ii) \$2,500,000 (iii) \$5,000,000 (\$100,000 for each university under (iii) that received funds under this scheme)	(i) \$3,000,000 (ii) \$5,000,000 (\$100,000 for each university under (ii) that received funds under this scheme) (iii) \$1,500,000	(i) \$7,500,000 (\$100,000 for each university under (i) that received funds under this scheme) (ii) \$1,500,000	(i) \$7,500,000 (\$100,000 for each university under (i) that received funds under this scheme) (ii) \$1,500,000
11. Quality of remote learning		(i) HEC adopts a quality assurance framework for remote learning, including a student feedback mechanism for all online learning, which is included in the Open and Distance Learning Policy*; and (ii) HEC assigns a division within its organizational structure with monitoring and support of remote	(i) HEC implements a quality assurance framework for remote learning, including a student feedback mechanism for all online learning, as part of the Open and Distance Learning Policy*.	(i) HEC has evaluated the framework for remote learning and integrated lessons learned into a revised framework, as part of the Open and Distance Learning Policy*.	(i) HEC has implemented the revised framework for quality assurance for remote learning, as part of the Open and Distance Learning Policy**.

		learning efforts, which includes capacity building for HEC staff working on remote learning as well as technical support to universities to strengthen the quality of remote learning*.			
Allocated Amounts		(i) \$ 2,000,000 (ii) \$2,000,000	(i) \$2,000,000	(i) \$2,000,000	(i) \$2,000,000

*These PBCs are time-bound and shall be achieved during the Year in which they are expected to be achieved, or up to twelve (12) months later than the expected Year of achievement.

** These PBCs shall be achieved in the Year in which they are expected to be achieved, or up to the Closing Date.