
CREDIT NUMBER 7348-PK

Project Agreement

(Khyber Pakhtunkhwa Rural Investment and Institutional Support Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

PROVINCE OF KHYBER PAKHTUNKHWA

PROJECT AGREEMENT

AGREEMENT between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and PROVINCE OF KHYBER PAKHTUNKHWA (“Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of the Signature Date between the Islamic Republic of Pakistan (“Recipient”) and the Association, concerning Credit No. 7348-PK. The Association and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to the Financing 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 Financing Agreement or the General Conditions.

ARTICLE II — PROJECT

- 2.01. The Project Implementing Entity declares its commitment to the objectives of the Project and the MPA Program. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article V of the General Conditions and the Schedule to this Agreement, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.

ARTICLE III — TERMINATION

- 3.01. For purposes of Section 10.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the Signature Date.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

- 4.01. The Project Implementing Entity’s Representative is its Additional Chief Secretary, Planning and Development Department.

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

- (a) the Association’s address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America; and

- (b) the Association’s Electronic Address is:

Facsimile: E-mail:

1-202-477-6391

CMUPakistan@worldbank.org

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

(a) the Project Implementing Entity's address is:

Planning and Development Department
Government of Khyber Pakhtunkhwa
Civil Secretariat, Peshawar
Khyber Pakhtunkhwa, Pakistan; and

(b) the Project Implementing Entity's Electronic Address is:

Facsimile: 0919211369
E-mail: ids@pndkp.gov.pk

AGREED as of the later of the two dates written below.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Najy Benhassine

Authorized Representative

Najy Benhassine

Name: _____

Country Director

Title: _____

10-Jul-2023

Date: _____

PROVINCE OF KHYBER PAKHTUNKHWA

By

Capt. (R) Kamran Ahmed Afridi

Authorized Representative

Capt. (R) Kamran Ahmed Afridi

Name: _____

SS P&D

Title: _____

24-Aug-2023

Date: _____

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Project Implementing Entity shall vest the implementation responsibility of: (a) road and building infrastructure investments under Parts A and B.3 of the Project in its Communication and Works Department; (b) water supply and waste water treatment investments and sanitation services under Part A of the Project in its Public Health Engineering Department; (c) agricultural productivity and livelihood promotion under Part A of the Project in its Agriculture Department; (d) Part B of the Project in its Local Government Department; and (e) Part C of the Project in its Irrigation Department; and shall take, or cause to be taken, all actions, including the provision of funding, personnel, and other resources, to enable the Planning and Development Department to perform their functions under the Project.
2. The Project Implementing Entity shall vest the overall Project coordination and monitoring responsibilities in its Planning and Development Department, and shall establish by not later than four (4) months after the Effective Date, and thereafter maintain, at all times throughout the Project implementation period, a Project Coordination Management Unit, with the mandate, composition, resources, and terms of reference satisfactory to the Association, which shall: (a) be chaired by a director (“Project Director”); (b) be responsible for the management, coordination and monitoring of day-to-day operations of the Project; and (c) be supported by dedicated staff for, *inter alia*, financial management, procurement, environmental and social development.
3. The Project Implementing Entity shall engage, by not later than twelve (12) months after the Effective Date, and thereafter maintain, at all times throughout the Project implementation period, at least one design and supervision consultant firm, with the mandate, composition, resources, and terms of reference satisfactory to the Association, which shall be designated as the manager of the works contracts and responsible for the construction design and supervision of civil works, including the finalization of needs assessment, coordination with line departments, detailed designs, site-specific environment and social management plans.
4. The Project Implementing Entity shall engage, by not later than twelve (12) months after the Effective Date, and thereafter maintain, at all times throughout the Project implementation period, a Facilitating Partner, with the mandate, composition, resources, and terms of reference satisfactory to the Association, which shall: (a) be responsible for providing support to the rollout of Part B of the Project; and (b) consists of at least one field level engineers and three social mobilizers.
5. The Project Implementing Entity shall vest the responsibilities for overseeing and ensuring the preparation of village implementation plans, identification of assets, needs, and existing support systems, carrying out of well-being analysis and survey gaps in frontline service delivery, preparation of relevant planning documents for village level investments, data collection and monitoring, and facilitation of citizens in accessing services in the village councils.

B. Conditional Grants.

1. The Project Implementing Entity shall make Conditional Grants to village councils in accordance with eligibility criteria and procedures acceptable to the Association.
2. The Project Implementing Entity shall make each Conditional Grant under a Conditional Grant Agreement with the respective village council on terms and conditions approved by the Association, which shall include the following:
 - (a) the Project Implementing Entity shall obtain rights adequate to protect its interests and those of the Recipient and the Association, including the right to:
 - (i) suspend or terminate the right of the village council to use the proceeds of the Conditional Grant, or obtain a refund of all or any part of the amount of the Conditional Grant then withdrawn, upon the village council's failure to perform any of its obligations under the Conditional Grant Agreement; and
 - (ii) require each Beneficiary to:
 - (A) carry out Sub-project activities with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient;
 - (B) provide, promptly as needed, the resources required for the purpose;
 - (C) procure the goods, works and services to be financed out of the Conditional Grant in accordance with the provisions of this Agreement;
 - (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Conditional Grant and the achievement of its objectives;
 - (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project; and (2) at the Recipient's or the Association's or the Project Implementing Entity's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient, the Association and the Project Implementing Entity;
 - (F) enable the Recipient, the Association and the Project Implementing Entity to inspect the Sub-project, its operation and any relevant records and documents; and

(G) prepare and furnish to the Recipient, the Association and the Project Implementing Entity all such information as the Recipient or the Association or the Project Implementing Entity shall reasonably request relating to the foregoing.

3. The Project Implementing Entity shall exercise its rights under each Conditional Grant Agreement in such manner as to protect the interests of the Recipient, the Association and the Project Implementing Entity and to accomplish the purposes of the Financing. Except as the Recipient and the Association shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive any Conditional Grant Agreement or any of its provisions.

C. Environmental and Social Standards.

1. The Project Implementing Entity shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
2. Without limitation upon paragraph 1 above, the Project Implementing Entity shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Association. To this end, the Project Implementing Entity shall ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Project Implementing Entity shall ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Association is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the

ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.

5. The Project Implementing Entity shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.
6. The Project Implementing Entity shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors, and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports.

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of the indicators acceptable to the Association. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Recipient not later than two weeks after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.
2. The Project Implementing Entity shall provide to the Recipient not later than four (4) months after the Closing Date, for incorporation in the report referred to in Section 5.08 (c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.