
CREDIT NUMBER 7164-PK

Project Agreement

(Punjab Resilient and Inclusive Agricultural Transformation Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

PROVINCE OF PUNJAB

CREDIT NUMBER 7164-PK

PROJECT AGREEMENT

AGREEMENT between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Bank”) and PROVINCE OF PUNJAB (“Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of the Signature Date between the Islamic Republic of Pakistan (“Borrower”) and the Association, concerning Credit No. 7164-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. 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 years after the Signature Date.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

- 4.01. The Project Implementing Entity’s Representative is the Chairman of its Planning and Development Board.

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 Board
Government of Punjab
Lahore
Pakistan; and

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

Facsimile: E-mail:
92-42-99210308 chairman@pndpunjab.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: _____

31-Oct-2022

Date: _____

PROVINCE OF PUNJAB

By

AA

Authorized Representative
Ahmad Aziz Tarar

Name: _____

Secretary Agriculture

Title: _____

04-Nov-2022

Date: _____

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Project Implementing Entity shall, at all times during the implementation of the Project, cause the DGOFWM (Project Director) to be responsible for the overall Project implementation and management responsibilities, and shall take, or cause to be taken, all actions, including the provision of funding, personnel, and other resources, to enable DGOFWM (Project Director) to perform its functions under the Project.
2. The Project Implementing Entity shall:
 - (a) establish by not later than two (2) months after the Effective Date, and thereafter maintain at all times during the implementation of the Project, with a mandate, composition, and resources satisfactory to the Association, a Project Policy Committee, which shall: (i) be chaired by the Chairman of the Project Implementing Entity's Planning and Development Board; (ii) consist of the Project Implementing Entity's Secretaries of Agriculture, Irrigation, Local Government and Community Development, and Finance Department; and (iii) be responsible for, *inter alia*: (A) providing planning and strategic guidance for Project implementation and facilitating interagency coordination at the highest level of government; (B) making policy decisions for smooth Project execution; and (C) resolving any policy-related issues;
 - (b) establish by not later than two (2) months after the Effective Date, and thereafter maintain at all times during the implementation of the Project, with a mandate, composition, and resources satisfactory to the Association, a Project Steering Committee, which shall: (i) be chaired by the Project Implementing Entity's Secretary of Agriculture; (ii) consist of representatives of all concerned provincial departments; and (iii) be responsible for, *inter alia*: (A) ensuring coordination among all stakeholders; (B) arranging bridge financing for local resources, if needed; (C) modifying implementation mechanisms for Project activities, if needed; (D) approving the annual work plans; (E) amending the eligibility criteria of different Project activities and Project implementation mechanisms; (F) making necessary modifications/improvements in Project implementation and modalities; and (G) resolving issues related to Project implementation;

- (c) establish by not later than two (2) months after the Effective Date, and thereafter maintain at all times during the implementation of the Project, with a mandate, composition, and resources satisfactory to the Association, a Project Implementation Committee, which shall: (i) be chaired by the DGOFWM (Project Director); (ii) consist of concerned Directors as members; (iii) be supported by specialists in various subjects, in adequate numbers and under the terms of reference satisfactory to the Association; and (iv) be responsible for the overall management and implementation of the Project, including, *inter alia*: (A) preparation of annual work plans; (B) review of physical and financial progress; (C) coordination and supervision of Project activities; (D) implementation of the Project Steering Committee's decisions; (E) formulation of mechanism for transparent external monitoring of Project activities; and (F) review of monitoring reports and rectification of shortfalls;
- (d) establish by not later than two (2) months after the Effective Date, and thereafter maintain at all times during the implementation of the Project, with a mandate, composition, and resources satisfactory to the Association, a District Implementation Committee at each district, which shall: (i) be chaired by the concerned deputy commissioner; (ii) consist of members representing concerned deputy commissioners/directors/departments; and (iii) be responsible for Project implementation at the district level, including, *inter alia*: (A) review of physical and financial progress; (B) oversight of flow of funds to WUAs; (C) transparent internal monitoring of Project activities; and (D) making of recommendations to the Project Implementation Committee for improving the pace of implementation;
- (e) establish by not later than two (2) months after the Effective Date, and thereafter maintain at all times during the implementation of the Project, with a mandate, composition, and resources satisfactory to the Association, a District Rate Committee, under each District Implementation Committee, which shall be responsible for deciding, and periodically reviewing, the rates of construction materials for improvement of watercourses and irrigation schemes and fixing the rates/prices for different materials for clusters on a geographical basis;
- (f) at all times during the Project implementation, through the Project Steering Committee and the Project Implementation Committee, enable the recruitment and retainment of consultants as may be needed to support each of their functions in implementing the Project, including the third-party validation consultant, in adequate numbers and under the terms of reference satisfactory to the Association.

B. Project Implementation Manual

1. The Project Implementing Entity shall prepare and adopt, by not later than one (1) month after the Effective Date, a Project Implementation Manual, in form and substance satisfactory to the Association, which shall include detailed institutional, administrative, financial, procurement, technical, and operational arrangements and procedures for the implementation of the Project, including the selection criteria and procedures, as well as detailed implementation and fiduciary arrangements, for the implementation of Sub-projects and the annual work plans and budgets preparation and review procedures (provided, however, that in the event of any conflict between the arrangements and procedures set out in said manual and the provisions of this Agreement, the latter shall prevail) and, except as the Association shall otherwise agree in writing, shall not amend, abrogate, or waive, or permit to be amended, abrogated, or suspended, any provision of the Project Implementation Manual.

C. Sub-projects.

1. In carrying out Parts 2(a)(ii) and 2(b)(ii) of the Project, the Project Implementing Entity shall make available the financing to Beneficiaries in grant terms, in accordance with eligibility criteria and procedures acceptable to the Association and set out in the Project Implementation Manual.
2. The Project Implementing Entity shall make each financing under a Sub-project Agreement with the respective Beneficiary on terms and conditions approved by the Association, which shall include the Project Implementing Entity's rights to protect its interests and those of the Recipient and the Bank, including the right to:
 - (a) suspend or terminate the right of the Beneficiary to use the proceeds of the financing, or obtain a refund of all or any part of the amount of the financing then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Sub-project Agreement; and
 - (b) require each Beneficiary to:
 - (i) carry out its Sub-project 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;
 - (ii) provide, promptly as needed, the resources required for the purpose;

- (iii) procure the goods, works and services for the Sub-project in accordance with the provisions of this Agreement as detailed in the Project Implementation Manual;
 - (iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Sub-project and the achievement of its objectives;
 - (v) (A) 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;
 - (vi) enable the Recipient, the Association, and the Project Implementing Entity to inspect the Sub-project, its operation and any relevant records and documents; and
 - (vii) 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 Sub-project 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 Association and the Recipient shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate, or waive any Sub-project Agreement or any of its provisions.

D. 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 Bank 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, 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.

B. Mid-term Review.

By not later than October 31, 2025, the Project Implementing Entity shall, in conjunction with the Association and the Recipient, carry out a mid-term review of the Project (“Mid-term Review”), covering the progress achieved in the implementation of the Project. To this end, the Project Implementing Entity shall prepare and furnish to the Association, not less than three (3) months prior to the beginning of the Mid-term Review, a report integrating the results of the Project’s monitoring and evaluation activities, on the progress achieved in carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives of the Project during the period following such date. Following the Mid-term Review, the Project Implementing Entity shall act promptly and diligently in order to take, or cause to be taken, any corrective action deemed necessary by the Association, to remedy any shortcoming noted in the carrying out of the Project in furtherance of the objectives of the Project.