
CREDIT NUMBER 7229-PK

Financing Agreement

(Strengthening Social Protection Delivery System in Sindh)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER 7229-PK

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between ISLAMIC REPUBLIC OF PAKISTAN (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). 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 one hundred and fifty-five million nine hundred thousand Special Drawing Rights (SDR 155,900,000) (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 The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.
- 2.05. The Interest Charge is one and a quarter percent (1.25%) per annum on the Withdrawn Credit Balance.
- 2.06. The Payment Dates are February 15 and August 15 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 Dollar.

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 — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely, that the Sindh Social Protection Authority Act, 2022 has been amended, suspended, abrogated, repealed, or waived, whether in whole or in part, so as to materially and adversely affect SPA's capacity to oversee Project implementation and carry out its Respective Parts of the Project.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 30 days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS, TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following, namely, that the SPA Board has been constituted, including the notification of the Vice Chairperson of the SPA and the appointment of the CEO.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 5.03. 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 (20) years after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

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

6.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient's address is:

Ministry of Economic Affairs,
Block C, Pakistan Secretariat,
Islamabad, Pakistan; and

(b) the Recipient's Electronic Address is:

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

6.03. 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:

Telex: Facsimile: E-mail:
248423 (MCI) 1-202-477-6391 CMUPakistan@worldbank.org

AGREED as of the Signature Date.

ISLAMIC REPUBLIC OF PAKISTAN

By



Authorized Representative

Name: Kazim Niaz

Title: Secretary Ministry of Economic Affairs

Date: 06-Jan-2023

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Najy Benhassine

Title: Country Director

Date: 24-Dec-2022

SCHEDULE 1

Project Description

The objective of the Project is to strengthen social protection service delivery system and enhance accessibility and utilization of mother and child health services in Selected Districts in Sindh.

The Project consists of the following parts:

Part 1: Strengthen Sindh Social Protection Service Delivery Systems

- (a) Development of energy efficient and/or climate-smart IT systems.
- (b) Capacity building through provision of technical assistance for:
 - (i) enhancing the logistics and administration, procurement, financial management, human resources, legal, auditing, monitoring and evaluation and grievances redressal capacities; and
 - (ii) upgrading and/or customizing the IT systems for managing welfare services, programs, and grievances redressal.
- (c) Supporting the SPA to build a broader Integrated Information System for social protection, including:
 - (i) establishment of a data center to secure connectivity with NADRA's biometric verification system and the NSER, while developing internal procedures and safeguards to guarantee data privacy and data protection of individuals in the IIS;
 - (ii) establishment of an Integrated Management Information System; and
 - (iii) establishment of the Unified Beneficiary Registry.
- (d) Implementation support for the Project, including:
 - (i) technical and operational support for the areas including procurement, contract management, financial management, grievance redress mechanism and information campaigns/social and behavioral change communication;
 - (ii) provision of an independent internal audit and control system; and

- (iii) provision of technical assistance for research, data analysis, process, and impact evaluations.

Part 2: Mother and Child Support Program (MCSP)

- (a) Provision of the Conditional Cash Transfer to the Eligible Beneficiaries in the Selected Districts.
- (b) Supporting MCSP implementation activities, including the following:
 - (i) supporting the program enrollment and tracking of Eligible Beneficiaries;
 - (ii) development and delivery of an overarching MCSP communication strategy;
 - (iii) supporting compliance verification, beneficiary payments and handling of MCSP related grievances;
 - (iv) provision of Training and equipment to MCSP service providers; and
 - (v) delivery of multiple beneficiary outreach activities through information, education and communication, social mobilization, and a direct outreach to Eligible Beneficiaries.

Part 3: Contingency Emergency Response

Provision of immediate response to an Eligible Crisis or Emergency, as needed.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. On-Lending Arrangements

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 as shall have been received from the Association and in accordance with the provision of this Agreement and the Recipient's on-lending policies and budgetary procedures.
2. Notwithstanding paragraph one (1) above, in the event that any of the provisions of this Agreement, including the instructions that the Association shall have specified by notice to the Recipient pursuant to Section IV.A.1 of this Schedule, are inconsistent with the budgetary procedures of the Recipient, the provisions of this Agreement shall prevail.
3. The Recipient shall exercise its rights under on-lending arrangements referred to in paragraph 1 of this Section above in such a manner as to protect its interest and those of the Association and to accomplish the purposes of the Credit. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive its rights under such arrangements.

B. Contingent Emergency Response

1. In order to ensure the proper implementation of contingent emergency response activities under Part 3 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 nor 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 the ESCP, and 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.

Section II. Project Monitoring, Reporting and Evaluation

1. The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

2. Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Association, in sharing any information, report or document related to the activities described in Schedule 1 to the Financing Agreement, the Project Implementing Entity shall ensure that such information, report or document does not include Personal Data.

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 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 Financing Allocated (expressed in SDR)	reengage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, Incremental Operating Costs, Training, CCT and consulting services for the Project	155,900,000	100%
(2) Emergency Expenditures	0	100%
TOTAL AMOUNT	155,900,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date, except those withdrawals up to an aggregate amount not to exceed SDR 1,300,000 may be made for payments made prior to this date but on or after July 1, 2022, for Eligible Expenditures under Category (1); or

(b) for Emergency Expenditures under Category (2), 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 Financing amounts under Category (2); 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 December 31, 2027.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage) *
On each February 15 and August 15:	
commencing February 15, 2028 to and including August 15, 2047	1.65%
commencing February 15, 2048 to and including August 15, 2052	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. “Annual Work Plan” means each of the annual work plans detailing the Project activities proposed for each Fiscal Year of Project implementation and their respective budget, to be prepared by SPA and approved by PSC pursuant to Section I.A.2(b) of Schedule to the Project Agreement.
2. “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.
3. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
4. “CEO” means a chief executive officer.
5. “CERC Manual” means the manual referred to in Section I.B of Schedule 2 to this 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 Project Operations Manual.
6. “Contingent Emergency Response Part” means any activity or activities to be carried out under Part 3 of the Project to respond to an Eligible Crisis or Emergency.
7. “Conditional Cash Transfer” or “CCT” means the combination of: (a) cash benefits provided to the Eligible Beneficiary conditional upon the verification of requirements; and (b) fees for a payment agency, set forth in the Project Operations Manual.
8. “Eligible Beneficiary” means a pregnant and lactating woman and children under the age of two (2) years in the Selected District.
9. “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.
10. “Emergency Action Plan” means the plan referred to in Section I.B of Schedule 2 to this Agreement, detailing the activities, budget, implementation plan, and monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.

11. “Emergency Expenditures” means any of the eligible expenditures set forth in the CERC Manual referred to in Section I.B of Schedule 2 to this Agreement and required for the Contingent Emergency Response Part.
12. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated November 3, 2022, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
13. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; and (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Association.
14. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, April 1, 2021, and January 1, 2022).
15. “IIS” means an integrated information system for social protection.
16. “Integrated Management Information System” means the information management system under the Project, containing Eligible Beneficiaries’ information according to the criteria set out in the Project Operations Manual.
17. “IT” means information technology.

18. “MCSP” means the Mother and Child Support Program of the Project Implementing Entity.
19. “NADRA” means the National Database and Registration Authority of the Recipient, or any successor thereto.
20. “NGO” means a non-governmental organization.
21. “NSER” means the Recipient’s National Socio-Economic Registry.
22. “Incremental Operating Costs” means the reasonable costs of incremental expenditures required for the Project and incurred by the Project Implementing Entity for day-to-day coordination, administration, and supervision of Project activities, including consumable materials and supplies, office rental, utility fees, insurance, communications, advertising and newspaper subscriptions, printing and stationery, operation and maintenance of office equipment and vehicles, charges for opening and operating bank accounts, in-country travel costs, boarding/lodging and per-diems for Project staff, and salaries of contractual staff (other than consultants) required for Project management, but excluding salaries, bonuses, fees, and honoraria or equivalent payments of members of the Recipient’s and Project Implementing Entity’s civil service, except for salaries and/or salary supplements of members of the Recipient’s or the Project Implementing Entity’s civil service formally deputed to the Project to assist in carrying out the Project activities in accordance with the applicable Recipient’s policies during the period of such deputation.
23. “Payment Agencies” means financial institutions, including, *inter alia*, banks, microfinance institutions and mobile phone companies, and duly established and operating under the Recipient’s laws and regulations, engaged for the purpose of making Conditional Cash Transfers to Eligible Beneficiaries under the MCSP.
24. “Personal Data” means any information relating to an identified or identifiable individual. An identifiable individual is one who can be identified by reasonable means, directly or indirectly, by reference to an attribute or combination of attributes within the data, or combination of the data with other available information. Attributes that can be used to identify an identifiable individual include, but are not limited to, name, identification number, location data, online identifier, metadata, and factors specific to the physical, physiological, genetic, mental, economic, cultural, or social identity of an individual.
25. “Project Coordination Committee” means the Project coordination committee.
26. "Project Management Unit" or “PMU” means the Project management unit.

27. “Project Operations Manual” means the manual dated November 3, 2022, prepared by the Project Implementing Entity, and to be approved by the Project Steering Committee, as the same may be amended from time to time with the prior concurrence of the Association.
28. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
29. “Project Implementing Entity” means the Recipient’s Province of Sindh.
30. “Project Steering Committee” means the inter-ministerial Project steering committee to be established pursuant to Section I.A.2 (a) of Schedule to the Project Agreement.
31. “Selected Districts” means the Sindh’s districts of Badin, Ghotki, Jacobabad, Kambar Shahdadt, Kashmore, Mirpur Khas, Sanghar, Sujawal, Tando Allah Yar, Tando Muhammad Khan, Tharparkar, Thatta, Matiari, Shikarpur and Umerkot, and any other district that the Sindh, the Recipient and the Association may agree, or any successors thereto.
32. “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.
33. “Sindh” means the Recipient’s Province of Sindh (the “Project Implementing Entity”).
34. “Sindh Social Protection Authority” or “SPA” means the independent statutory body, established through the Sindh Social Protection Authority Act, 2022 (July 28, 2022).
35. “Training” means the costs of training activities under the Project, including seminars, workshops, and study tours, along with travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to training preparation and implementation, all based on annual work plans and budgets approved by the Association.
36. “Unified Beneficiary Registry” means information system that consolidates information about existing beneficiaries of social protection programs in Sindh.