

Dr. Kazim Niaz
Secretary
Ministry of Economic Affairs
Islamic Republic of Pakistan
Islamabad, Pakistan

Mr. Syed Moazzam Ali
Secretary
Benazir Income Support Programme
Islamic Republic of Pakistan
Islamabad, Pakistan

Dear Dr. Niaz and Mr. Ali:

***Re: PAKISTAN Crisis Resilient Social Protection
(Credit Number 6855-PK)
Amendment to the Financing Agreement***

We refer to the: (a) Financing Agreement dated March 26, 2021 for the above-mentioned Program (“Program”), between the Islamic Republic of Pakistan (the “Recipient”) and the International Development Association (the “Association”) (“Financing Agreement”); and (b) Implementing Entity Agreement dated March 29, 2022 between the Association and the Benazir Income Support Programme (“Implementing Entity”) (“Implementing Agency Agreement”). We also refer to the letter from the Recipient, dated August 29, 2022 (No. 2(39)WB-III/21), requesting a restructuring of the Program and changes to the Financing Agreement.

We are pleased to inform you that, after due consideration, the Association concurs with your request and proposes to amend the Financing Agreement as set forth below in this letter of amendment (“Letter of Amendment”).

Capitalized terms used but not defined in this Letter of Amendment have the meanings given to them in the Financing Agreement and the General Conditions.

1. Sections IV.A and IV.B of Schedule 2 to the Financing Agreement are amended to read as follows:

“Section IV. Withdrawal of Financing Proceeds”

A. General

1. 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: (a) with

respect to the Program, Program Expenditures (inclusive of taxes), finance on the basis of the results (“Disbursement Linked Results” or “DLRs”) achieved by the Recipient and/or Implementing Entity, all as set forth as measured against specific indicators (“Disbursement Linked Indicators” or “DLIs”) in the amount allocated against Categories (1) (a) through (1) of the below table and Annex to Schedule 2 to this Agreement; and (b) with respect to the Project, finance Eligible Expenditures in the amount allocated, and if applicable, up to the percentage set forth against Category (2) of the below table.

Category (including Disbursement Linked Indicator as applicable)	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Disbursement under the Program for:		Not applicable
(a) DLI #1: Number of households with NSER data updated through MELA mechanism	34,708,000	
(b) DLI #2: Number of hybrid scheme beneficiaries receiving eligible matching contributions	6,942,000	
(c) DLI #3: Number of safety net beneficiaries being paid through the beneficiary centric payment mechanism	27,767,000	
(d) DLI #4: Number of beneficiaries in the nutrition sensitive CCT (Nashonuma) Program paid against compliance with the conditionalities in two (2) consecutive quarters	55,533,000	
(e) DLI #5: Number of beneficiaries in WeT program paid against compliance with the conditionalities in two (2) consecutive quarters	69,417,000	
(f) DLI #6: Number of girls receiving bonuses or other completion incentives for transition to secondary school	34,708,000	
	20,825,000	

(g) DLI #7: Number of Districts where at least one (1) MELA access point is functional in each Tehsil	27,767,000	
(h) DLI #8: Number of Government programs exchanging information with NSER through data exchange interface per signed data sharing agreements	3,471,000	
(i) DLI #9: Functional beneficiary registry and platform for management of the hybrid social protection scheme	41,650,000	
(j) DLI #10: Number of Districts in federally administered areas where nutrition CCT program has been initiated	34,708,000	
(k) DLI # 11: Number of ever enrolled children in WeT program who have completed primary education	55,533,000	
(l) DLI # 12: Number of flood emergency affected families from the bottom two quintiles, identified and provided support using the updated National Socio Economic Registry		
(2) Goods, non-consulting, consulting services, Training and Incremental Operating Costs	3,471,000	100%
TOTAL AMOUNT	416,500,000	

B. Withdrawal Conditions for the Program

1. Notwithstanding the provisions of Part A of this Section, with respect to Categories (1)(a) through (1)(l), no withdrawal shall be made:

- (a) for the purposes of Section 2.03 of the Program General Conditions, for DLRs achieved prior to the Signature Date; or/and
 - (b) for any DLR until and unless the Recipient has furnished evidence satisfactory to the Association that said DLR has been achieved, including verification reports from the Verification Agent, based on reports prepared by the Recipient clarifying the achievement of the DLRs in accordance with the Verification Protocol.
2. Notwithstanding the provisions of Part B.1(b) of this Section, the Recipient may withdraw an amount not to exceed SDR 103,257,000 as an advance, provided, however, that if the DLRs in the opinion of the Association, are not achieved (or only partially achieved) by the Closing Date, the Recipient shall refund such advance (or portion of such advance as determined by the Association with reference to the Verification Protocol) to the Association promptly upon notice thereof by the Association. Except as otherwise agreed with the Recipient, the Association shall cancel the amount so refunded. Any further withdrawals requested as an advance under any Category shall be permitted only on such terms and conditions as the Association shall specify by notice to the Recipient.
 3. Notwithstanding the provisions of Part B.1(b) of this Section, if any of the DLRs under Category (1) (a) through (l) has not been achieved, the Association may, following a consultation with the Recipient, by notice to the Recipient: (a) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Financing then allocated to said Category which, in the opinion of the Association, corresponds to the extend of achievement of said DLR, said lesser amount to be calculated in accordance with the formula set out in a table in the Annex to Schedule 2 to this Agreement; (b) reallocate all or a portion of the proceeds of the Financing then allocated to said DLR to any other DLR; and/or (c) cancel all or a portion of the proceeds of the Financing then allocated to said DLR.”
2. The Annex to Schedule 2 to the Financing Agreement is amended and replaced in its entirety with the Annex to Schedule 2 attached as Attachment 1 to this Letter of Amendment.

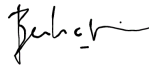
Furthermore, the Association proposes to update the Verification Protocol referred to in Section III.B of Schedule 2 to the Financing Agreement and the Results Framework agreed between the Association and the Recipient to reflect the amendments specified in this Letter of Amendment. The updated Verification Protocol and Results Framework are hereby attached to this Letter of Amendment as Attachments 2 and 3.

Except as specifically amended in this 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. Upon receipt by the Association of the Letter of Amendment duly countersigned by the Recipient, this Letter of Amendment shall become effective as of the date of the last signature.

INTERNATIONAL DEVELOPMENT ASSOCIATION



Najy Benhassine
Country Director, Pakistan

AGREED BY:

ISLAMIC REPUBLIC OF PAKISTAN

By:  _____
Authorized Representative
Name: _____
Kazim Niaz
Title: _____ Secretary Ministry of Economic Affairs
Date: _____ 02-Sep-2022

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Attachment 1

ANNEX TO SCHEDULE 2

Disbursement Linked Indicators

DLI	Total Financing Allocated to DLI	As % of Total Financing Amount	DLI Baseline	Disbursement Linked Results (DLRs)			
				Year 1 (FY22)	Year 2 (FY23)	Year 3 (FY24)	Year 4 (FY25)
DLI 1 Number of households with NSER data updated through MELA mechanism			0	0	DLR 1.1 15,000 households Scalability: No Rollover: Yes	DLR 1.2 30,000 households Scalability: Yes \$5 million for every additional 5,000 households Rollover: Yes	DLR 1.3 50,000 households Scalability: Yes \$5 million for every additional 10,000 households
Allocated amount (SDR)	34,708,000	8%		0	17,354,000	10,412,400	6,941,600
DLI 2 Number of hybrid scheme beneficiaries receiving eligible matching contributions			0	0	0	0	DLR 2.3 150,000 beneficiaries Scalability: No
Allocated amount (SDR)	6,942,000	2%		0	0	0	6,942,000
DLI 3 Number of safety net beneficiaries being paid through the			0	0	DLR 3.1 1,000,000 beneficiaries Scalability: No Rollover: Yes	DLR 3.2 3,000,000 beneficiaries Scalability: Yes	DLR 3.3 5,000,000 beneficiaries Scalability: Yes

DLI	Total Financing Allocated to DLI	As % of Total Financing Amount	DLI Baseline	Disbursement Linked Results (DLRs)			
				Year 1 (FY22)	Year 2 (FY23)	Year 3 (FY24)	Year 4 (FY25)
beneficiary centric payment mechanism						\$5 million for every additional 1,000,000 beneficiaries Rollover: Yes	\$5 million for every additional 1,000,000 beneficiaries
Allocated amount (SDR)	27,767,000	7%			13,883,250	6,941,800	6,941,950
DLI 4 Number of beneficiaries in the nutrition sensitive CCT (Nashonuma) Program paid against compliance with the conditionalities in two (2) consecutive quarters			0	DLR 4.1 5,000 beneficiaries Scalability: No Rollover: Yes	DLR 4.2 25,000 beneficiaries Scalability: Yes \$10 million for every additional 10,000 beneficiaries Rollover: Yes	DLR 4.3 50,000 beneficiaries Scalability: Yes \$10 million for every additional 12,500 beneficiaries Rollover: Yes	DLR 4.4 100,000 beneficiaries Scalability: Yes \$10 million for every additional 25,000 beneficiaries
Allocated amount (SDR)	55,533,000	13%		13,883,250	13,883,250	13,883,250	13,883,250
DLI 5 Number of beneficiaries in WeT program paid against compliance with the conditionalities in two (2)			1,100,000 beneficiaries	DLR 5.1 1,800,000 beneficiaries Scalability: No Rollover: Yes	DLR 5.2 2,200,000 beneficiaries Scalability: No Rollover: Yes	DLR 5.3 2,600,000 beneficiaries Scalability: No Rollover: Yes	DLR 5.4 3,000,000 beneficiaries Scalability: No

DLI	Total Financing Allocated to DLI	As % of Total Financing Amount	DLI Baseline	Disbursement Linked Results (DLRs)			
				Year 1 (FY22)	Year 2 (FY23)	Year 3 (FY24)	Year 4 (FY25)
consecutive quarters							
Allocated amount (SDR)	69,417,000	17%		17,354,250	17,354,250	17,354,250	17,354,250
DLI 6 Number of girls receiving bonuses or other completion incentives for transition to secondary school			0	DLR 6.1 100,000 girls Scalability: No Rollover: Yes	DLR 6.2 300,000 girls Scalability: Yes \$5 million for every additional 100,000 girls Rollover: Yes	DLR 6.3 900,000 girls Scalability: Yes \$5 million for every additional 300,000 girls Rollover: Yes	DLR 6.4 1,300,000 girls Scalability: Yes \$10 million for every additional 200,000 girls
Allocated amount (SDR)	34,708,000	8%		6,941,600	6,941,600	6,941,600	13,883,200
DLI 7 Number of Districts where at least one (1) MELA access point is functional in each Tehsil			0	0	DLR 7.1 50 Districts Scalability: No Rollover: Yes	DLR 7.2 80 Districts Scalability: No Rollover: Yes	DLR 7.3 120 Districts Scalability: No
Allocated amount (SDR)	20,825,000	5%		0	6,941,600	6,941,600	6,941,800
DLI 8 Number of government programs exchanging information with NSER through data exchange			0	0	DLR 8.1 2 programs Scalability: No Rollover: Yes	DLR 8.2 4 programs (cumulative) Scalability: No Rollover: Yes	DLR 8.3 6 programs (cumulative) Scalability: No Rollover: Yes

DLI	Total Financing Allocated to DLI	As % of Total Financing Amount	DLI Baseline	Disbursement Linked Results (DLRs)			
				Year 1 (FY22)	Year 2 (FY23)	Year 3 (FY24)	Year 4 (FY25)
interface per signed data sharing agreements							
Allocated amount (SDR)	27,767,000	7%		0	6,941,600	6,941,600	13,883,200
DLI 9 Functional beneficiary registry and platform for management of the hybrid social protection scheme			0	0	DLR 9.1 Yes Scalability: No Rollover: Yes	0	0
Allocated amount (SDR)	3,471,000	1%		0	3,471,000	0	0
DLI 10 Number of Districts in Federally administered areas where nutrition CCT program has been initiated			0	DLR 10.1 4 Districts	DLR 10.2 8 Districts (cumulative) Scalability: No Rollover: Yes	DLR 10.3 12 Districts (cumulative) Scalability: No Rollover: Yes	DLR 10.4 20 Districts(cumulative) Scalability: No
Allocated amount (SDR)	41,650,000	10%		6,941,600	6,941,600	13,883,300	13,883,500
DLI 11 Number of ever-enrolled children in WeT program who have			500,000 children		DLR 11.1 800,000 children Scalability: No Rollover: Yes	DLR 11.2 1,400,000 children Scalability: Yes	DLR 11.3 2,000,000 children Scalability: Yes

DLI	Total Financing Allocated to DLI	As % of Total Financing Amount	DLI Baseline	Disbursement Linked Results (DLRs)			
				Year 1 (FY22)	Year 2 (FY23)	Year 3 (FY24)	Year 4 (FY25)
completed primary education						\$10 million for every additional 300,000 children Rollover: Yes	\$5 million for every additional 300,000 children
Allocated amount (SDR)	34,708,000	8%		0	13,883,200	13,883,200	6,941,600
DLI 12 Number of flood emergency affected families from the bottom two quintiles, identified and provided support using the updated National Socio Emergency Registry			0		DLR 12.1 1,000,000 families Scalability: No Rollover: Yes		
Allocated amount (SDR)	55,533,000	13%			55,533,000		

Attachment 2

Verification Protocols

DLI No	DLI	Data Source	Verification Entity	Procedure
1	Number of households with NSER data updated through MELA mechanism	Admin. Data and MIS report confirming number of HHS updated through MELA	IVA	This DLI will be considered as met when the Operations Review Firm verifies the number of districts where MELA is functional. This will be further corroborated through the enrollment data being received in MELA platform and reported by the MIS
2	Number of hybrid scheme beneficiaries receiving eligible matching contributions	Admin. Data and MIS report confirming number of enrolled beneficiaries. FIs certificate/ report confirming program beneficiaries receiving the matching grant	IVA	The DLI will be considered as met when BISP MIS report confirms the number of unique beneficiaries of the hybrid SP program, matching it with the report or data made available by the financial institute managing the program, identifying total number of beneficiaries participating
3	Number of safety net beneficiaries being paid through the beneficiary centric payment mechanism	Admin data, MIS report confirming number of beneficiaries paid through the new payment system. Consolidated payment data from PSPs confirming the number of beneficiaries.	IVA	DLI will be considered as met when MIS report confirms number of beneficiaries who were paid through the beneficiary centric payment system. Furthermore, the Operations Review firm will confirm evidence on the districts where the beneficiary centric payment system is functional. Any contractual agreement with the services providers on provision of beneficiary centric services in the respective districts will also be required as evidence
4	Number of beneficiaries in the nutrition sensitive CCT (Nashonuma) Program paid against compliance with the conditionalities in two consecutive quarters	Admin data, MIS report confirming number of families benefitting from the program based on payment data available to them.	IVA	DLI will be considered as met when MIS will confirm the number of beneficiaries through a report generated from Admin data with unique IDs of women and children who have complied with co-responsibilities in two consecutive cycles. This information will be matched with the payment data received from the PSP.

5	Number of beneficiaries in WeT program paid against compliance with the conditionalities in two consecutive quarters.	Admin data, MIS report confirming number of children benefitting from the program based on payment data available to them	IVA	DLI achievement will be achieved when MIS provides and verifies the admin data on number of unique WeT beneficiaries who have complied with the co-responsibilities in two consecutive quarters. MIS unit will also match this with the PSP data for transfer of the payments to the respective beneficiaries for 2 consecutive quarters against compliance.
6	Number of girls receiving bonuses or other completion incentives for transition to secondary school	MIS report on all girls students graduating out of primary and receiving bonus for secondary enrollment.	IVA	The DLI will be considered to have been met when a number of girls have received a graduation bonus for transition to secondary school. The condition for the indicator will be met when a WeT graduating girl gets enrolled into secondary school. This will be verified by the admin data confirming compliance with the conditionality of enrollment into secondary school. MIS will report verification of the number of girls based on the Admin data.
7	Number of Districts where at least one MELA access point is functional in each Tehsil	Admin. Data from MIS, Operations Review report,	IVA	The DLI will be considered as met when the OR firm confirms the number of districts that have a functional MELA access point in each of its Tehsils. This report will be further supported by the Admin data confirmed through a certificate from MIS showing at least one hundred households having updated data in each of the Tehsils of the complying districts.
8	Number of Government programs exchanging information with NSER through data exchange interface per signed data sharing agreements	MoAs with institutions for two way exchange of data with NSER. MIS report on programs exchanging data through NSER interface.	IVA	This DLI will be considered as met when two-way data exchange is established with other government programs (those not being managed by BISP) utilizing the NSER data. The evidence will be provided through MIS certificate confirming data fields exchanged through the electronic interface between NSER and other program databases in accordance with the agreements with these programs

9	Functional beneficiary registry and platform for management of the hybrid SP scheme	MIS report confirming enrollment of beneficiaries, design document for Hybrid SP program, Financial Institution's certificate confirming beneficiary enrollment	IVA	DLI will be met when the beneficiary registry of the hybrid SP scheme/program is functional evidenced by at least 1000 potential beneficiaries enrolled into the program. The structure and linkages of the registry will need to match the requirements of the design document. The MIS report providing evidence of at least 1000 beneficiaries enrolled into the savings program.
10	No of districts in Federally administered areas where Nutrition CCT program is functional	Third party operational review report, MIS report on payroll against compliance for the districts. PSP certificate confirming payment for the district	IVA	The DLI will be considered as achieved when the OR firm confirms the districts where nutrition CCT program is functional, evidenced through first cycle of payment against compliance having been delivered in that district. MIS will also provide a certificate confirming at least on payment to beneficiaries against compliance
11	No of ever enrolled children in Waseela e Taleem program who have completed primary education	MIS report on WeT children completing grade 5. Payment data to confirm families enrolled	IVA	The DLI will count the number of ever enrolled children in the Waseela e Taleem program who graduated while complying with the WeT program requirements. The condition for the indicator will be met when a WeT child completes grade 5 and is recorded as graduated in the school register. This will be verified by the admin data confirming that the child was recorded as graduating from grade 5 in the compliance monitoring record. This information will be shared on an agreed format with a certificate from the MIS Wing
12	Number of flood emergency affected families from the bottom two quintiles, identified and provided support using the updated National Socio Economic Registry	Admin data, MIS report confirming number of flood affected families identified and paid through the updated NSER. Consolidated payment data from PSPs will corroborate provision of support to the beneficiaries	IVA	DLI will be achieved when MIS provides and verifies the admin data on number of unique flood affected beneficiaries who have been identified from the updated NSER and paid the emergency cash transfer benefit. This report will also be accompanied by the certification of PSPs for delivery of benefit to at least same number of flood affected beneficiaries.

Attachment 3

Results Framework**Program Development Objectives(s)**

To support the development of a more adaptive social protection system that will contribute to any future crisis-resilience among poor and vulnerable households

Program Development Objective Indicators by Objectives/ Outcomes

Indicator Name	DLI	Baseline	Intermediate Targets			End Target
			1	2	3	
Building Crisis-Resilient Delivery Systems						
Number of households with NSER data updated through MELA mechanism (Number)		0.00	0.00	15,000.00	30,000.00	50,000.00
Developing Innovative Hybrid Social Protection Mechanisms						
Number of hybrid scheme beneficiaries receiving eligible matching contributions (Number)		0.00	0.00	25,000.00	50,000.00	150,000.00
Protecting human capital in the early and primary school years						
Number of beneficiaries in the nutrition sensitive CCT (Nashonuma) Program paid against compliance with the conditionalities in two consecutive quarters (Number)		0.00	5,000.00	25,000.00	50,000.00	100,000.00
Number of beneficiaries in WeT program paid against compliance		1,100,000.00	1,800,000.00	2,200,000.00	2,600,000.00	3,000,000.00

Indicator Name	DLI	Baseline	Intermediate Targets			End Target
			1	2	3	
with the conditionalities in two consecutive quarters. (Number)						

Intermediate Results Indicators by Result Areas

Indicator Name	DLI	Baseline	Intermediate Targets			End Target
			1	2	3	
Result Area 1: Building Crisis-Resilient Delivery Systems						
Number of Districts where at least one MELA access point is functional in each Tehsil (Number)		0.00	0.00	50.00	80.00	120.00
Number of safety net beneficiaries being paid through the beneficiary centric payment mechanism (Number)		0.00	0.00	1,000,000.00	3,000,000.00	5,000,000.00
Number of Government programs exchanging information with NSER through data exchange interface per signed data sharing agreements (Number)		0.00	0.00	2.00	4.00	6.00
Regular meetings of a national governance structure of the NSER with effective representation of the provinces per the regulations (Yes/No)		No	No	Yes	Yes	Yes
Pilot survey approach tested for collecting additional data to		No	Yes	Yes	Yes	Yes

Indicator Name	DLI	Baseline	Intermediate Targets			End Target
			1	2	3	
improve targeting for climate related disasters (Yes/No)						
Number of flood emergency affected families from the bottom two quintiles, identified and provided support using the updated National Socio Economic Registry (Number)	DLI 120.00	0.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00
Action: This indicator is New						
Result Area 2: Developing Innovative Hybrid Social Protection Mechanisms						
BISP Board has approved operational design and the implementation plan for the hybrid social protection scheme (Yes/No)	No	Yes	Yes	Yes	Yes	Yes
Functional beneficiary registry and platform for management of the hybrid SP scheme (Yes/No)	No	Yes	Yes	Yes	Yes	Yes
Results Area 3: Protecting human capital in the early and primary school years						
Number of districts that are implementing WeT CCT program (Number)	50.00	80.00	100.00	120.00	150.00	150.00
Cumulative number of ever enrolled children in the WeT Program (Number)	3,200,000.00	4,000,000.00	6,000,000.00	8,000,000.00	9,000,000.00	9,000,000.00
No of districts in Federally administered areas where Nutrition CCT program has been initiated. (Number)	0.00	4.00	8.00	12.00	20.00	20.00

Indicator Name	DLI	Baseline	Intermediate Targets			End Target
			1	2	3	
Number of girls receiving bonuses or other completion incentives for transition to secondary school (Number)		0.00	100,000.00	300,000.00	900,000.00	1,300,000.00
No of ever enrolled children in Waseela e Taleem program who have completed primary education (Number)		500,000.00	650,000.00	800,000.00	1,400,000.00	2,000,000.00