
CREDIT NUMBER 6757-PK

Financing Agreement

**(Actions to Strengthen Performance for Inclusive and Responsive Education
Program)**

between

ISLAMIC REPUBLIC OF PAKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER 6757-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 forty-five million four hundred thousand Special Drawing Rights (SDR 145,400,000) (variously, “Credit” and “Financing”), to assist in financing the program described in Schedule 1 to this Agreement (“Program”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Financing Account shall be deposited by the Association into an account specified by the Recipient and acceptable to the Association.
- 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 The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.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 The Interest Charge is one and a quarter percent (1.25%) per annum on the Withdrawn Credit Balance.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 January 1 and July 1 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 — PROGRAM

- 3.01. The Recipient declares its commitment to the objective of the Program. To this end, the Recipient shall carry out the Program through the Ministry of Federal Education and Professional Training in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 4.02. 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 years after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. Except as provided in Section 2.02 of this Agreement, the Recipient's Representative is the Secretary, Additional Secretary, Joint Secretary, Deputy Secretary or Section Officer of the Ministry of Economic Affairs.
- 5.02. For purposes of Section 11.01 of the General Conditions:
 - (a) the Recipient's address is:

Ministry of Economic Affairs
Government of Pakistan
Islamabad
Pakistan; and

(b) the Recipient's Electronic Address is:

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

5.03. 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:

Facsimile: E-mail:
+1-202-477-6391 CMUPakistan@worldbank.org

AGREED as of the Signature Date.

ISLAMIC REPUBLIC OF PAKISTAN

By



Authorized Representative

Noor Ahmed

Name: _____

Title: Secretary _____

Date: 21-Aug-2020 _____

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Illango Patchamuthu

Name: _____

Title: Country Director _____

Date: 31-Jul-2020 _____

SCHEDULE 1

Program Description

The objective of the Program is to support the Recipient to: (i) respond to school disruptions caused by the COVID-19 pandemic; (ii) recover access and improve education quality; and (iii) enhance sector resilience through better coordination, with a focus on disadvantaged areas and vulnerable populations.

The Program consists of the following activities:

Part 1. Response, Recovery and Resilience: Enhanced Targeting of COVID-19 Education Response

- (a) Adapt and further develop distance content to make it relevant and sensitive to disadvantaged groups.
- (b) Adapt and distribute materials to students in lagging districts through various media.
- (c) Design and implement strategies to incentivize the demand for distance learning and for returning to school, including communications and enrollment campaigns.
- (d) Carry out actions to guarantee the safe return to schools of teachers, students, and administrators, including awareness training for teachers, the design and implementation of safety protocols, and the provision of masks, sanitizer, and cleaning products.
- (e) Support students' and teachers' mental and emotional health.

Part 2. Improved Opportunities for Learning for Out-of-School Children and At-risk Students

- (a) Aligning distance learning guidelines with student and teacher national education standards.
- (b) Expanding multimodal and traditional education services.
- (c) Implementing communications and outreach campaigns targeting girls and out-of-school children.
- (d) Enhancing teacher capacity to assess students and adapt learning content.

- (e) Supporting the design and implementation of accelerated learning programs, including pedagogical material, distance teacher training, and information and communications technology.
- (f) Improving existing public infrastructure, including the construction of new classrooms or the reconfiguration of existing spaces, enhancement of connectivity, construction and/or rehabilitation of toilets, and enhancement of WASH facilities.

Part 3. Stronger Federal-Provincial Coordination and Management

- (a) Strengthening data systems, research, and planning to improve sector coordination and management.
- (b) Supporting knowledge sharing and innovative local and global intervention design and evaluations to improve policymaking and planning on distance learning, school management, teacher training and coaching, accelerated learning programs, educational technology, and other pedagogical strategies.
- (c) Supporting the digitization of government processes for improved planning and management.
- (d) Supporting the country's capacity to carry out national and international student assessments and better use of data to improve classroom practice.
- (e) Supporting interventions to incentivize behavioral change by teachers, students, and parents.

SCHEDULE 2

Program Execution

Section I. Implementation Arrangements

A. Program Institutions

1. The Recipient shall, at all times during the implementation of the Program:
 - (a) cause the Ministry of Federal Education and Professional Training to be responsible for the overall Program implementation, coordination, and management responsibilities, including monitoring and reporting to the Association; and
 - (b) take, or cause to be taken, all actions, including the provision of funding, personnel, and other resources, to enable the Ministry of Federal Education and Professional Training to carry out its respective functions for the Program, including: (i) the establishment of the Program Coordination Unit (“PCU”), by not later than one month after the Effective Date, with terms of reference, qualifications, and experience satisfactory to the Association; and (ii) recruitment of consultants, advisors, and technical experts, in all aspects of Program implementation, in adequate number, each with terms of reference, qualifications, and experience satisfactory to the Association.
2. The Recipient, through the Ministry of Federal Education and Professional Training, shall establish by not later than one month after the Effective Date and thereafter maintain at all times during the implementation of the Program, a Technical Steering Committee, with a mandate, composition, and resources satisfactory to the Association, which shall: (a) consist of senior representatives of each of the provincial education departments, the Ministry of Federal Education and Professional Training, and the PCU; (b) be responsible: (i) for coordination and knowledge sharing between provinces and participation in national dialogue on education topics within the Program; (ii) to review progress towards the Program’s objective; and (iii) to liaise with provinces.

B. Operations Manual

1. The Recipient shall adopt, by not later than one month after the Effective Date, and thereafter implement the Program in accordance with, the manual (“Operations 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 Program (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 Operations Manual.

C. DLR Verification Arrangements

1. The Recipient, through the Ministry of Federal Education and Professional Training, shall hire/assign an independent verification agency by not later than three months after the Effective Date to carry out the verification for the Program in accordance with the terms of reference acceptable to the Association.
2. The Recipient, through the Ministry of Federal Education and Professional Training, shall ensure that the independent verification agency shall: (a) verify the data and other evidence supporting the achievement(s) of one or more DLRs in accordance with the Verification Protocol agreed with the Association; and (b) submit to the Association the corresponding verification reports in timely manner and in form and substance satisfactory to the Association.

D. Program Action Plan

The Recipient, through the Ministry of Federal Education and Professional Training, shall:

1. undertake the actions set forth in the Program Action Plan in a manner satisfactory to the Association;
2. except as the Association and the Recipient shall otherwise agree in writing, not assign, amend, abrogate or waive, or permit to be assigned, amended, abrogated or waived, the Program Action Plan or any provision thereof; and
3. maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Association, the implementation of the Program Action Plan.

Section II. Excluded Activities

The Recipient, through the Ministry of Federal Education and Professional Training, shall ensure that the Program excludes any activities which:

- A. in the opinion of the Association, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or

- B. involve the procurement of: (1) works, estimated to cost fifty million Dollars (\$50,000,000) equivalent or more per contract; (2) goods, estimated to cost thirty million Dollars (\$30,000,000) equivalent or more per contract; (3) non-consulting services, estimated to cost twenty million Dollars (\$20,000,000) equivalent or more per contract; or (4) consulting services, estimated to cost fifteen million Dollars (\$15,000,000) equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation

The Recipient, through the Ministry of Federal Education and Professional Training, shall furnish to the Association each Program Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

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 finance Program Expenditures (inclusive of Taxes), on the basis of the results (“Disbursement Linked Results” or “DLRs”) achieved by the Recipient, as measured against specific indicators (“Disbursement Linked Indicators” or “DLIs”); all as set forth in the table in paragraph 2 of this Part A.
- 2. The following table specifies each category of withdrawal of the proceeds of the Financing (including the Disbursement Linked Indicators as applicable) (“Category”), the Disbursement Linked Results for each Category (as applicable), and the allocation of the amounts of the Financing to each Category:

Category	Disbursement Linked Result (as applicable)	Amount of the Financing Allocated (expressed in SDR)
(1) DLI 1: Increase of health and safety protocol awareness	DLR 1. Adoption of the National School Healthy and Safety Protocols	7,270,000
(2) DLI 2: Number of students enrolled in multimodal programs in lagging areas/districts	DLR 2. Up to 20,000 students enrolled in multimodal programs in lagging areas/districts Formula: \$500 for every student enrolling in multimodal programs in lagging districts	Up to 7,270,000
(3) DLI 3: Improvement of federal-provincial coordination and sector management	DLR 3. Approval of the revised National Education Response and Resilience Plan by IPERC	7,270,000
(4) DLI 4: Enhancement of distance education content	DLR 4.1. Distance learning content and assessment tools are: (a) matched with provincial and federal SLOs; and (b) sensitive to gender and marginalized groups DLI 4.2. Approval of national distance education strategy	7,270,000 upon achievement of DLR 4.1 (a) and 4.1 (b) 7,270,000
(5) DLI 5: Number of students receiving learning materials in lagging areas/districts	DLR 5. Up to 50,000 students received distance learning kits Formula: \$200 for every student who received a distance learning kit	Up to 7,270,000
(6) DLI 6: Improvement of hygiene in public schools	DLR 6. At least 20,000 public schools received cleaning kits	7,270,000
(7) DLI 7: Number of classrooms for grade 6-8, built and/or rehabilitated in lagging areas/districts	DLR 7. Up to 2,500 classrooms built/rehabilitated Formula: \$4,000 for every classroom built/rehabilitated	Up to 7,270,000
(8) DLI 8: Improved WASH facilities in schools attended by girls	DLR 8. Up to 1,000 schools attended by girls with rehabilitated WASH facilities	Up to 7,270,000

	Formula: \$10,000 for every school attended by girls with rehabilitated WASH facilities	
(9) DLI 9: Implementation of teacher training programs on distance learning, accelerated programs and formative assessment in lagging areas/districts	DLR 9.1. Approval of the design and implementation plan of the distance learning training modules for teachers and coaches	7,270,000
	DLR 9.2. Assessment of teacher training program up-take and potential impacts on pedagogical practice	7,270,000
(10) DLI 10: Approval and availability of funds for the grant mechanism under the NEEP	DLR 10.1. The NEEP Budget of at least \$30,000,000 equivalent is approved, allocated and released to provinces for FY21	7,270,000
	DLR 10.2. The NEEP Budget of at least \$30,000,000 equivalent is approved, allocated and released to provinces for FY22	7,270,000
	DLR 10.3. The NEEP Budget of at least \$30,000,000 equivalent is approved, allocated and released to provinces for FY23	7,270,000
	DLR 10.4. The NEEP Budget of at least \$30,000,000 equivalent is approved, allocated and released to provinces for FY24	7,270,000
	DLR 10.5. The NEEP Budget of at least \$30,000,000 equivalent is approved, allocated and released to provinces for FY25	7,270,000
(11) Improvement of the collection of education data, analysis and transparency	DLR 11.1 Implementation of a functional provincial and national open source data platform	7,270,000

	DLR 11.2 Standardized data is collected, analyzed and publicly released for all provinces in the country	7,270,000
(12) National and international assessment	DLR 12.1. Operationalization of item bank for national assessment and learning poverty comparisons	7,270,000
	DLR 12.2. Participation and in an international assessment that includes competencies in math and language	7,270,000
TOTAL AMOUNT		145,400,000

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) on the basis of DLRs achieved prior to the Signature Date; or
 - (b) for any DLR under Category (1) through (12), until and unless the Recipient, through the Ministry of Federal Education and Professional Training, has furnished evidence satisfactory to the Association that said DLR has been achieved.

2. Notwithstanding the provisions of Part B.1(b) of this Section, the Recipient may withdraw: (i) an amount not to exceed SDR 36,350,000 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 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 has not been achieved by the date by which the said DLR is set to be achieved, the Association may, 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 extent of achievement of said DLR, said lesser amount to be calculated in accordance with the Formula;

(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.

3. The Closing Date is June 30, 2025.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each January 1 and July 1:	
commencing January 1, 2026 to and including July 1, 2045	1.65%
commencing January 1, 2046 to and including July 1, 2050	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. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the Association’s “Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing,” dated February 1, 2012, and revised July 10, 2015.
2. “Category” means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
3. “COVID-19” means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
4. “Disbursement Linked Indicator” or “DLI” means in respect of a given Category, the indicator related to said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
5. “Disbursement Linked Result” or “DLR” means in respect of a given Category, the result under said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement, on the basis of the achievement of which, the amount of the Financing allocated to said result may be withdrawn in accordance with the provisions of said Section IV.
6. “Formula” means the measure for calculating disbursements against any DLRs, as set forth in the second column of the table in Section IV.A.2 of Schedule 2 to this Agreement.
7. “FY” means the fiscal year of the Recipient, commencing on July 1 and ending on June 30 of every year.
8. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Program-for-Results Financing”, dated December 14, 2018.
9. “IPEMC” or “Inter-Provincial Education Ministerial Conference” means the Recipient’s conference of provincial ministers of education, or any successor thereto.
10. “Ministry of Economic Affairs” means the Recipient’s ministry responsible for economic affairs, or any successor thereto.

11. “Ministry of Federal Education and Professional Training” means the Recipient’s ministry responsible for federal education and professional training, or any successor thereto.
12. “National School Healthy and Safety Protocols” means the protocols to be adopted by the Recipient to provide guidelines for protecting and maintaining teachers’ and students’ mental and physical health, as well as safety protocols for operating and maintaining a safe school for students and staff.
13. “NEEP” or “National Equitable Education Program” means the Recipient’s education program managed under the Ministry of Federal Education and Professional Training, partially funded by the Association, or any successor thereto.
14. “NEEP Budget” means the budget to be approved, allocated, and released to provinces (under DLRs 10.1 – 10.5) for the purpose of carrying out the Program, including to achieve the relevant DLRs.
15. “National Education Response and Resilience Plan” means the plan to be prepared by the Recipient to set out measures to assist the education system to cope with the effects of COVID-19.
16. “Operations Manual” means the manual to be adopted by the Recipient, acceptable to the Association and meeting the requirements set out in Section I.B.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with prior written agreement of the Association.
17. “Program Action Plan” means the Recipient’s plan dated July 7, 2020 and referred to in Section I.D of Schedule 2 to this Agreement, as may be amended from time to time with the agreement of the Association.
18. “Program Coordination Unit” or “PCU” means the Recipient’s unit to be established in accordance with Section I.A(1)(b) of Schedule 2 to this Agreement.
19. “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.
20. “SLO” means student learning objective, and “SLOs” means, collectively, all such SLOs.
21. “Technical Steering Committee” means the Recipient’s committee to be established in accordance with Section I.A(2) of Schedule 2 to this Agreement.

22. “Verification Protocol” means the protocol dated July 7, 2020, setting forth the actions and mechanism required for the verification of DLRs, as agreed with the Association, as the same may be amended from time to time with the written agreement of the Association.
23. “WASH” means water, sanitation, and hygiene.