

23-Dec-2021

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Mr. Mian Asad Hayaud Din  
Secretary  
Ministry of Economic Affairs  
Government of Pakistan  
Islamabad

Dear Mr. Hayaud Din:

***Re: Pakistan: Punjab Job and Competitiveness Program  
Loan Agreement (Loan Number:8600-PK)  
Amendments to the Loan Agreement***

1. We refer to: (a) the Loan Agreement dated June 17, 2016 (“Agreement”) between the Islamic Republic of Pakistan (“Borrower”) and the International Bank for Reconstruction and Development (“Bank”); and (b) the Program Agreement of the same date between the International Bank for Reconstruction and Development (“Bank”) and the Province of Punjab (“Program Implementing Entity”) (“Program Agreement”), for the above-mentioned Program (“Program”). We also refer to your letter dated June 08, 2021, requesting amendments to the Loan and Program Agreements.
2. We are pleased to inform you that the Bank agrees to your request and consequently the Loan Agreement is amended as set forth below:
3. The table under Section IV.A.2 of Schedule 2 to the Agreement is amended and attached as Annex-1 to the Amendment Letter.
4. Schedule 4 to the Agreement is amended and attached as Annex-2 to the Amendment Letter.
5. Except as specifically amended in this amendment letter, all other terms and conditions of the Loan Agreement shall remain in full force and effect.
6. The World Bank will disclose this amendment letter and related information on this Loan 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.

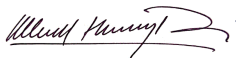
7. Please confirm your agreement to the foregoing on behalf of the Recipient by countersigning and dating the form of confirmation set forth below and returning one fully countersigned original of this amendment letter to us and retaining one original for your records. Upon receipt by the Bank of the countersigned original of this amendment letter, this amendment letter shall become effective as of the date of the countersignature of this amendment letter.

Yours sincerely,  
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

*Najy Benhassine*

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Najy Benhassine  
Country Director, Pakistan

CONFIRMED AND AGREED:  
**ISLAMIC REPUBLIC OF PAKISTAN**

By:   
Name: Mian Asad Hayaud Din  
Title: Secretary Ministry of Economic Affairs  
Date: 30-Dec-2021

Cc:

*Mk*

**Government of Pakistan:**

Mr. Zulfiqar Haidar, Additional Secretary, Ministry of Economic Affairs  
Ms. Samar Ihsan, Senior Joint Secretary, Ministry of Economic Affairs  
Mr. Azam Khan, Deputy Secretary, Ministry of Economic Affairs

**Government of Punjab:**

Mr. Muhammad Abdullah Khan Sumbal, Chairman, Planning and Development Board  
Mr. Mujahid Sherdil, Secretary, Planning and Development Board  
Mr. Ali Jalal, Program Director, Program Implementation Unit

**The World Bank:**

Mr. Abdelhak Bedjaoui, Executive Director, Pakistan  
Mr. Kamran Naveed Baloch, Alternate Executive Director, Pakistan

*Annex-1*

<b>Category (including Disbursement Linked Indicator as applicable)</b>	<b>Disbursement Linked Result (as applicable)</b>	<b>Amount of the Loan Allocated (expressed in USD)</b>
(1) DLI #1: Steps taken to improve business entry and dispute resolution in Punjab.	(i) 70% of business registrations in Punjab are completed online and commercial courts established in five districts of the province.	0
	(ii) Over the successive Periods:	1,430,000 per point of improved performance rounded to closest point, with a maximum aggregate amount of 21,000,000 for the Category
	(iii) The Program Implementing Entity has approved Pakistan Regulatory Modernization Initiative (PRMI) Framework.	2,000,000

<b>Category (including Disbursement Linked Indicator as applicable)</b>	<b>Disbursement Linked Result (as applicable)</b>	<b>Amount of the Loan Allocated (expressed in USD)</b>
<p>(2) DLI #2: Steps taken by the Program Implementing Entity to improve its contribution to the Borrower's compliance with the GSP+ Labor Conventions.</p>	<p>(i) (a) The Borrower has carried out an analysis of the gaps between the Program Implementing Entity's labor laws and the GSP+ Labor Conventions.</p>	<p>2,000,000</p>
	<p>(i)(b) The Program Implementing Entity has improved its labor inspection regime through the introduction of portable device-based inspection.</p>	<p>2,000,000</p>
	<p>(ii) The draft of the new labor laws has been finalized and would ensure, if enacted, the Program Implementing Entity's compliance with the GSP+ Labor Conventions.</p>	<p>3,000,000</p>
	<p>(iii) The draft laws referred to in (ii) immediately above have been submitted to stakeholders for consultation, their recommendations have been incorporated in the draft laws; the revised draft of the new labor laws would continue to ensure, if enacted, the Program Implementing Entity's compliance with the GSP+ Labor Conventions.</p>	<p>3,000,000</p>
	<p>(iv) The new labor laws ensuring the Program Implementing Entity's compliance with the GSP+ Labor Conventions have been submitted to the Provincial Tripartite Consultative Committee (PTTC).</p>	<p>3,000,000</p>
<p>(3) DLI # 3: Steps towards the improvement of investment promotion.</p>	<p>(i) (a) Approval of the PBIT Strategy by the PBIT Board;</p> <p>(b) PBIT Investor Database has been developed; and</p> <p>(c) PBIT has carried out at least one Investor Engagement Mission.</p>	<p>3,000,000</p>

<b>Category (including Disbursement Linked Indicator as applicable)</b>	<b>Disbursement Linked Result (as applicable)</b>	<b>Amount of the Loan Allocated (expressed in USD)</b>
	(ii) Number of Investment Announcements by Foreign Investors. 5.	1,000,000 (in case of partial achievement, 200,000 per Investment Announcement)
	(iii) Investment Announcements by Foreign Investors on or after July 2021 but before the closing date of the Loan.	200,000 for crossing every 5,000,000 of investment milestone (single/ multiple) with maximum aggregate amount 8,000,000 for the category
(4) DLI # 4: Steps towards developing and implementing a spatial strategy for the Program Implementing Entity, to prioritize and coordinate public investments.	(i) The Program Implementing Entity follows the recommendations of the prefeasibility study for the possible development of a new city, which have been validated by the Panel of Experts.	6,000,000
	(ii) The draft spatial strategy for the Program Implementing Entity has been developed in close collaboration with EPA to ensure compliance with the Program Implementing Entity's environmental laws and regulations and the recommendations of Section 7 (Recommendations and Proposed Actions) of the ESSA, validated by the Panel of Experts, and finally approved by the Cabinet (after completion of this procedure, the "Spatial Strategy").	6,000,000
	(iii) Development of MIS for Covid-19 related interventions covering mainly infection control planning, healthcare planning, infrastructure utilization planning and industrial operationalization planning.	6,000,000
	(iv) 60 % of the total value of all Infrastructure as well as all Industrial Estates projects approved in FY 2019-	6,000,000

<b>Category (including Disbursement Linked Indicator as applicable)</b>	<b>Disbursement Linked Result (as applicable)</b>	<b>Amount of the Loan Allocated (expressed in USD)</b>
	20 are consistent with the Program Implementing Entity's Spatial Strategy.	
	(v) 60 % of the total value of all Infrastructure as well as all Industrial Estates projects approved in FY 2020-21 are consistent with the Program Implementing Entity's Spatial Strategy.	6,000,000
(5) DLI # 5: Steps towards the effective development of industrial infrastructure through public private partnerships.	(i) (a) The Program Implementing Entity has completed a feasibility study for the development of one Existing or New Industrial Estate, and has been presented it to the PPP Steering Committee following Quality Control by the PPP Cell between the date of this Agreement and June 30, 2017.	1,000,000
	(i) (b) The Program Implementing Entity has completed a feasibility study for the establishment of one new CETP in an Existing Industrial Estate, and has been presented it to the PPP Steering Committee following Quality Control by the PPP Cell during FY2017-2018.	1,000,000
	(ii) One project for the development of an Existing or New Industrial Estate has been presented to the PPP Steering Committee, following Quality Control by the PPP Cell during FY2018-2019.	2,000,000
	(iii) One project for the establishment of a CETP in an Existing Industrial Estate has been presented to the PPP Steering Committee, following Quality Control by the PPP Cell on or after July 1, 2019.	2,000,000
	(iv) Two projects, for the development of an Existing or New Industrial Estate or the establishment of a CETP in an Existing Industrial Estate, have been presented to the PPP Steering	2,000,000 (in case of partial achievement, 2,000,000 per project presented to the

<b>Category (including Disbursement Linked Indicator as applicable)</b>	<b>Disbursement Linked Result (as applicable)</b>	<b>Amount of the Loan Allocated (expressed in USD)</b>
	Committee, following Quality Control by the PPP Cell on or after July 1, 2020.	PPP Steering Committee following quality control by the PPP Cell)
	(v) (a) One project, for the development of an Existing or New Industrial Estate or the establishment of a CETP in an Existing Industrial Estate, have been presented to the PPP Steering Committee, following Quality Control by the PPP Cell on or after July 1, 2021 but before the closing date of the loan.	2,000,000
	(v) (b) One CETP project in an Existing Industrial Estate previously presented to the PPP Steering Committee is operational.	0
(6) DLI # 6: Steps towards designing and implementing a new institutional framework to support Industrial Estates and clusters.	(i) (a) The Program Implementing Entity has designed, and the relevant authorities have approved, a new Policy Framework to Support Industrial Estates;  (b) The Program Implementing Entity has designed, and the relevant authorities have approved, the Restructuring Plan for PSIC; and  (c) The Cluster Development Initiative has started its activities, with the kick-off workshop with beneficiaries for one project to be supported and the recruitment of the technical assistance providers in accordance with the Cluster Development Initiative key principles and criteria.	(i)(a) 1,000,000  (b) 1,000,000  (c) 1,750,000

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Loan Allocated (expressed in USD)
	(ii) (a) The Policy Framework to Support Industrial Estates has been implemented in accordance with its milestones;	(ii)(a) 1,000,000
	(b) Kick off workshop with beneficiaries for each of the two projects to be supported by the Cluster Development Initiative during the Period.	(ii)(b) 2,000,000
	(iii) Kick off workshop with beneficiaries for each of the two projects to be supported by the Cluster Development Initiative during the Period.	3,000,000
(7) Front-end Fee to be paid pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions	Not applicable	250,000
(8) Interest Rate Cap or Interest Rate Collar premium to be paid pursuant to Section 2.08(c) of this Agreement in accordance with Section 4.05 of the General Conditions	Not applicable	0
<b>TOTAL AMOUNT</b>		<b>100,000,000</b>



**SCHEDULE 4**

**PROGRAM ACTION PLAN**

The Program Action Plan includes institutional strengthening actions to ensure that the coordinating and implementing entities are well equipped to deliver activities and achieve results under the program.

<b>Action Description</b>	<b>DLI</b>	<b>Due Date</b>	<b>Responsible Party</b>	<b>Completion Measurement</b>
Reinforcement of PIU, starting with designation of project heads.	ALL	January 29, 2016	PIU	Notification.
Program Steering Committee set up to review progress on a quarterly basis.	ALL	First meeting: Sept 1, 2016	P&D (PIU)	Minutes of meetings and supporting documents.
Development of Program Manual for activities related to PforR, including verification protocols.	ALL	February 12, 2016	P&D (PIU)	Operational manual.
Internal and audit function in PIU established.	ALL	December 31, 2016	P&D (PIU)	Hiring of staff.
Reinforcement of labor department to undertake labor reforms.	2	May 31, 2016	Labor Department	Issuance of contract for study.
Reform and reinforcement of PBIT.	3	December 31, 2016	DoI	Investor targeting system in place.
Establishment of the expert panel for the Punjab Spatial Strategy.	4	February 12, 2016	P&D	Terms of reference, notification, first review of terms of reference.
Public disclosure of assessment of the panel of experts assessing the economic viability of proposed new sites for new city based on the pre-feasibility study.	4	Jan 1, 2017	P&D	Expression of interest, terms of reference, request for proposals, contract award, assessment of panel and decision taken by P&D, published.
Development of operating procedures and regulatory framework for enforcement of the spatial strategy.	4	Jan 1, 2018	P&D	Framework for the implementation of PSS notified.
Updates to the Medium Term Development Framework based on	4	Jun 30, 2018	P&D	Updated Medium Term

outcomes of the Punjab Spatial Strategy.				Development Framework.
Capacity building for line departments to submit sectoral plans for the Annual Development Plan consistent with the Punjab Spatial strategy.	4	Jun 30, 2019	P&D (UU)	Approvals in Annual Development Plan as per Punjab Spatial Strategy.
Reinforcement of capacity of DoI/PIEDMC/FIEDMC to build PPP pipeline and ensure compliance with higher labor and environmental standards.	5	December 31, 2016	DoI	Strategic Policy Unit in Industries Department. One window operations at IE. Key Staff hired.
Creation of Steering Committee to lead the institutional reforms to improve public support to industrial estates and clusters.	6	May 31, 2016	DoI	Notification.
PIU, PIEDMC, FIEDMC, PSIC to fill vacant positions.	5	January 1, 2017	P&D	Staffing plan review
PIU to hire an FMS, two procurement and one contract management specialist, whereas PIEDMC and FIEDMC to fill their vacant positions of Manager Finance and Tax and Assistant Manager in the FM departments.  PSIC to hire professional accountants and to rationalize existing staff in the finance department.  The entities shall appoint and train the fiduciary management staff as identified above, with qualifications and on terms and conditions satisfactory to the Bank.	ALL	January 1, 2017	PIU, PIEDMC, FIEDMC, PSIC	Existing vacant positions as well as identified new positions filled.  PSIC staff rationalized and professional accountants hired.  New staff hired trained.
PSIC to clear its audit backlog since 2010–11 by outsourcing it to a chartered accounts firm under multiyear audit engagement letter.	6	June 30, 2017	PSIC	Audit completed and audit reports presented to the Performance Audit Cell.
Establish an effective internal audit function at PIU.  Internal audit to carry out financial management, procurements, fixed assets and performance audit at the Program level and reports to the Program Steering Committee on a quarterly basis.	ALL	January 1, 2017	PIU, P&D	Plan to establish Internal Audit Function agreed with the Bank.  Staff hiring completed and IA function established.

				Program-level internal audit carried out and reports submitted to Program SC.
Complaint Management System is consistently implemented.	ALL	January 1, 2017	PIU	Implementation of Complaint Management System.
Establishment of Social Units in PIEDMC/FIEDMC.	2	January 1, 2017	IE companies	Notification
Capacity building and establishment of Environmental Monitoring center and management information system for EPA.	5	January 1, 2017	EPA	Notification
Implementation of the Recommendations of Section 7 (Recommendations and Proposed Actions) of ESSA.	2 and 5	June 30, 2019	EPA, Labor and Women Development Departments, IE companies	Environmental and Social Reporting and supervisions' reports.