
**LOAN NUMBER 9267-PK
CREDIT NUMBER 6925-PK**

Project Agreement

(Punjab Rural Sustainable Water Supply and Sanitation Project)

between

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT and
INTERNATIONAL DEVELOPMENT ASSOCIATION**

and

PROVINCE OF PUNJAB

PROJECT AGREEMENT

AGREEMENT between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) (together, referred to as the “World Bank”) and PROVINCE OF PUNJAB (“Project Implementing Entity”) (“Project Agreement”) in connection with: (A) the Loan Agreement (“Loan Agreement”) of the Signature Date between THE ISLAMIC REPUBLIC OF PAKISTAN (“Borrower”) and the Bank, concerning Loan No. 9267-PK, and (B) the Financing Agreement (“Financing Agreement”) of the same date between THE ISLAMIC REPUBLIC OF PAKISTAN (“Recipient) and the Association, concerning Credit No. 6925-PK. The World Bank 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 Loan Agreement and 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 Loan Agreement, 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 9.05 (c) of the IBRD General Conditions and Section 10.05 (c) of the IDA General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the Signature Date.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

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

4.02. For purposes of Section 10.01 of the IBRD General Conditions Section 11.01 of the IDA General Conditions: (a) the Bank’s and Association’s address is:

International Bank for Reconstruction and Development and
International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America; and

(b) the Bank’s and Association’s Electronic Address is:

Telex:	Facsimile:	E-mail:
248423(MCI) or 64145(MCI)	1-202-477-6391	CMUPakistan@worldbank.org

4.03. For purposes of Section 10.01 of the IBRD General Conditions and Section 11.01 of the IDA General Conditions: (a) the Project Implementing Entity’s address is:

Chairman
Planning and Development Board
Government of Punjab
Lahore
Pakistan; and

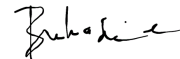
(b) the Project Implementing Entity’s Electronic Address is:

Facsimile:
+92-42-99210308

AGREED as of the later of the two dates written below.

INTERNATIONAL BANK FOR RECONSTRUCTION AND
DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative
Najy Benhassine

Name: _____

Title: Country Director, Pakistan

Date: 25-Jun-2021

PROVINCE OF PUNJAB

By



Authorized Representative
Noor-ul-Amin Mengal

Name: _____

Title: Secretary

Date: 17-Aug-2021

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Implementation Arrangements

1. The Project Implementing Entity shall establish by three (3) months after the Effective Date, and thereafter maintain, throughout the period of implementation of the Project, a Project Steering Committee comprised of officials of various government entities, in adequate numbers and under terms of reference satisfactory to the World Bank, vested with the responsibility of overseeing the implementation of the Project in their respective agencies.

2. The Project Implementing Entity shall:
 - (a) establish, with functions required for the normal course of business, by three (3) months after the Effective Date and thereafter maintain, throughout the period of implementation of the Project a PRMSC for the purposes of day-to-day implementation and management of Project activities, including the development and maintenance of the management information system under Part 4.1 of the Project and conducting midline and endline surveys as specified in the Operational Manual, with a mandate for provision of service delivery and tariff collection for water, sanitation and solid waste during the implementation of the Project; and

 - (b) establish, with functions required for the normal course of business by six (6) months after the Effective Date, and thereafter maintain, throughout the period of implementation of the Project PRMSC-TOs in each Selected Tehsil as a central service provision unit for the villages and field execution and operations unit for the PRMSC, providing timely and uninterrupted operations and maintenance of the water and sanitation facilities in the project villages; all with the composition, resources and terms of reference satisfactory to the World Bank.

3. The Project Implementing Entity shall:
 - (a) adopt, by thirty (30) days from the Effective Date and thereafter maintain, throughout the period of implementation of the Project, the Operational Manual, in form and substance satisfactory to the World Bank, including, inter alia, the Project administrative, accounting, auditing, reporting, financial, disbursement, safeguards and procurement procedures, as well as rules and procedures for processing and collection of Personal Data in accordance with national law on Personal Data Protection if it is deemed adequate and good international practice, as agreed with the World Bank; and

- (b) carry out the Project in accordance with the Operations Manual and refrain from amending, revising, waiving, voiding, suspending or abrogating any provision of the Operational Manual, whether in whole or in part, without the prior written agreement of the World Bank. In the event of any conflict between the provisions of the Operations Manual and those of this Agreement, the provisions of this Agreement shall prevail.
- 4. The Project Implementing Entity and the World Bank shall, from time to time, at the request of either party, exchange views with regard to the Project Implementing Entity's pricing policies and its plans in respect of the overall development of the sector, supported by baseline and local level consultations and tariff assessment study conducted by the Project Implementing Entity, ensuring the financial viability of operation and management expenses of the sector.
- 5. The Project Implementing Entity shall ensure that no infrastructure activities under Part 1 of the Project shall commence, unless and until the management information system under Part 4.1 of the Project shall have been developed and become operational.

B. Subprojects.

- 1. The Project Implementing Entity shall transfer funds to the PRMSC for implementing Part 1 of the Project in accordance with eligibility criteria and procedures acceptable to the World Bank, which shall include the following: (a) the Subproject shall be completed on or before the Closing Date; (b) the Subproject shall be identified and selected according to the procedures set forth in the Operational Manual; (c) the Subproject shall be designed and implemented with the technical and engineering standards elaborated in the Operational Manual; and (d) any investments on new drainage, water supply and on-site sanitation systems, rehabilitation or expansion, which would either change the nature of existing Subprojects or adversely impact the quality or quantity of international waterways, shall be excluded from the Subprojects.

C. Data Protection

The Project Implementing Entity shall ensure that the collection, use and processing (including transfers to third parties) of any Personal Data collected under the Project shall be done in accordance with the national law and the best international practice, and ensure legitimate, appropriate and proportionate treatment of such data.

D. Safeguards

1. The Project Implementing Entity shall ensure that the Project is carried out with due regard to appropriate health, safety, social, and environmental standards and practices, and in accordance with the Safeguards Instruments.
2. The Project Implementing Entity shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, consultants and civil society organization, subcontractors and private supervising entities to: (a) comply with the relevant aspects of Safeguard Instruments; (b) adopt and implement measures to assess and manage the risks and impacts of labor influx and workers' camps; and (c) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures on environmental, social, health and safety, gender-based violence and violence against children; all as applicable to such civil works commissioned or carried out pursuant to said contracts.
3. The Project Implementing Entity shall ensure that:
 - (a) the Project is carried out with due regard to appropriate health, safety, social, and environmental practices and standards, and in accordance with the Safeguards Instruments;
 - (b) for each activity under the Project for which the ESMF, and the RPF provide for the preparation of a Subproject ESMP, and a Subproject RAP:
 - (i) proceed to have such Subproject ESMP and Subproject RAP as appropriate: (A) prepared and disclosed in accordance with the ESMF and the RPF, respectively; (B) consulted upon adequately with people affected by the Project as per the ESMF and the RPF, respectively, and submitted to the World Bank for review and approval; and (C) thereafter adopted, prior to implementation of the activity; and
 - (ii) take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such Subproject ESMP and Subproject RAP in a manner satisfactory to the World Bank;
 - (c) all measures are taken to implement the Subproject RAPs in a manner and timeframe satisfactory to the World Bank. To this end, the Project Implementing Entity shall ensure that:
 - (i) Funds are made available to cover all the costs of implementing the RAPs.

- (ii) Prior to carrying out activities which involve displacement, Affected Persons shall be compensated at full replacement cost, resettled, and provided with assistance in accordance with the Subproject RAPs, as applicable; and
 - (iii) the implementation, monitoring and evaluation of such Subproject RAPs is completed and reported in a manner satisfactory to the World Bank.
- 4. The Project Implementing Entity shall ensure that the Subprojects do not include any activities or expenditures on the negative list set forth in the ESMF.
- 5. Except as the World Bank shall otherwise agree in writing, the Project Implementing Entity shall ensure, that none of the provisions of the Safeguard Instruments be abrogated, amended, repealed, suspended, or waived. In case of any inconsistencies between the provisions of any of the Safeguard Instruments and the provisions of this Agreement, the provisions of this Agreement shall prevail.

Technical Assistance

- 6. The Project Implementing Entity shall ensure that: (a) all consultancies related to technical assistance, design and capacity building under the Project, the application of whose results could have environmental, social and health and safety implications, shall only be undertaken pursuant to terms of reference reviewed and found satisfactory by the World Bank; and (b) such terms of reference shall require the technical assistance, design and capacity building activities to take into account the requirements of the applicable Safeguards Policies and EHS Guidelines.

Monitoring and Reporting

- 7. Without limitation upon its other reporting obligations under this Agreement, the Project Implementing Entity shall:
 - (a) take all measures necessary on its part to regularly collect, compile, and submit to the World Bank, and promptly in a separate report whenever the World Bank may require, information on the status of compliance with the Safeguards Instruments, all such reports in form and substance acceptable to the World Bank, setting out, inter alia: (i) the status of implementation of the Safeguards Instruments; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the Safeguards Instruments; and (iii) corrective and preventive measures taken or required to be taken to address such conditions;

- (b) promptly furnish to the World Bank a copy of each quarterly progress report prepared and submitted by any entity (including any engineer) supervising the Project's civil works, the Project's contractors and/or subcontractors; and
- (c) promptly notify the World Bank 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.

Grievance Mechanism

- 8. The Project Implementing Entity shall maintain, throughout Project implementation, and publicize the availability of a grievance mechanism, in form and substance satisfactory to the World Bank, to hear and determine fairly and in good faith all complaints raised in relation to the Project, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the World Bank.

E. Counterpart Funds, Annual Work Plans and Budgets.

- 1. Without limitation to the provisions of Section 5.03 of the General Conditions, the Project Implementing Entity shall provide an amount at least equivalent to one hundred ten million and six hundred thousand Dollars (\$110,600,000) for the financing of the Project, to be disbursed as provided in the Annual Work Plans and Budgets.
- 2. Each year, throughout the implementation of the Project, the Project Implementing Entity shall prepare or cause PRMSC to prepare:
 - (a) a draft annual work plan and budget (including related cash forecasts) for the Project (including Training and Incremental Operating Costs) for each subsequent year of Project implementation, of such scope and detail as the World Bank shall have reasonably requested. Such draft annual work plan and budget shall include all Project activities financed from the funds of the Counterpart Funds, which consists of twenty (20) percent of the annual work plan, the Loan, the Credit, as well as any other sources of funds as may become available for the Project from time to time;
 - (b) with respect to each Subproject financed from the funds of the Loan, the Credit and/or the Counterpart Funds, which is included in the draft annual work plan and budget, the evidence, in form and substance satisfactory to the Bank, that all measures needed to be taken prior to the commencement of the implementation of the Subproject included in the draft annual work plan and budget have been taken in a manner acceptable to the Bank, including compliance with: (A) the provisions of this Agreement; (B) the Procurement Regulations and other relevant provisions of the Operational Manual; and (C) the Safeguards Instruments, including the preparation, consultation upon and disclosure of any Safeguards Instruments

which need to be prepared in accordance with the provisions of the ESMF, as applicable to the Subproject, if any, as well as the payment of compensation to and the restoration of livelihood of all persons which would qualify as Affected Persons as a result of the implementation of the Subproject; and

- (c) starting from the second year of implementation, an analysis of the compliance and divergence with the Annual Work Plan and Budget (as defined below) for the previous year of Project implementation.
3. The Project Implementing Entity shall furnish to the World Bank, as soon as available, but in any case not later than April 30 of each year, the annual work plan and budget for the following year of the implementation of the Project, and the evidences referred to in Section I.E.2 of this Schedule, for the World Bank's review and approval; except for the annual work plan and budget for the Project for the first year of implementation of the Project, and the evidence which may be required for the implementation of the activities included in the draft annual work plan and budget for such period, which shall be furnished for the World Bank's review and approval no later than one (1) month after the Effective Date.
4. The Project Implementing Entity shall, or shall cause PRMSC to, ensure that:
 - (a) the World Bank's comments are reflected in the final version of each annual work plan and budget; and
 - (b) once the annual work plan and budget has been approved by the World Bank (once approved, an "Annual Work Plan and Budget"), the Project is carried out in accordance with the relevant Annual Work Plan and Budget, each year of implementation of the Project, and twenty (20) percent of such activities has been funded by the Counterpart Funds.
5. Only activities included in an Annual Work Plan and Budget will be eligible to a financing from the proceeds of the Loan and/or Credit.
6. Annual Work Plans and Budgets may be revised as needed during Project implementation subject to the World Bank's prior approval. The Project Implementing Entity shall, and shall cause PRMSC to, not amend, suspend, abrogate, or waive said Annual Work Plans and Budgets or any provision thereof, without the prior written agreement of the World Bank.
7. The Project Implementing Entity shall ensure that training shall be carried out based on Annual Work Plans and Budgets, which shall, *inter alia*, identify: (a) particulars of the training envisaged; (b) the personnel to be trained; (c) the selection method of the institution or individuals conducting such training; (d) the institution conducting such

training if identified; (e) the purpose and justification for such training; (f) the location and duration of the proposed training; and (g) the estimate of the cost of such training.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports.

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 World Bank. Each such Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Recipient/Borrower not later than two (2) weeks after the end of the period covered by such report for incorporation and forwarding by the Recipient/Borrower to the World Bank of the overall Project Report.