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CREDIT NUMBER 6438-PK

# Project Agreement

(Higher Education Development in Pakistan)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

HIGHER EDUCATION COMMISSION

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**PROJECT AGREEMENT**

AGREEMENT between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and HIGHER EDUCATION COMMISSION (“Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of the Signature Date between the ISLAMIC REPUBLIC OF PAKISTAN (“Recipient”) and the Association, concerning Credit No. 6438-PK. The Association 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 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 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 10.05 (c) of the 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 Executive Director.

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

(a) the Association's address is:

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

(b) the Association's Electronic Address is:

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

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

(a) the Project Implementing Entity's address is:

Higher Education Commission  
Sector H-9  
Islamabad  
Islamic Republic of Pakistan; and

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

Facsimile:	E-mail:
+92 (51) 9040-0154	ed@hec.gov.pk

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

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By**



\_\_\_\_\_  
**Authorized Representative**

**Name:** Patchamuthu Illangovan

**Title:** Country Director

**Date:** 16-Jun-2019

**HIGHER EDUCATION COMMISSION**

**By**



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**Authorized Representative**

**Name:** Muhammad Asghar

**Title:** Executive Director

**Date:** 17-Jun-2019

## SCHEDULE

### Execution of the Project

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

The Project Implementing Entity shall:

- (a) establish by no later than three (3) months after the Effective Date, and thereafter maintain throughout the period of implementation of the Project, a Steering Committee headed by Executive Director of HEC and comprised of, *inter alia*, HEC's Member (Operations and Planning), representatives not below the rank of Joint Secretary from MoF's Finance Division, MoFEPT, PD&R and EAD, the Secretaries looking after the affairs of higher education in the provincial governments, Vice-Chancellors of public and private sector universities and a private sector representative; which committee shall be vested with functions, responsibilities, staff and resources, satisfactory to the Association, to provide strategic guidance for the overall design and implementation of Project activities, including: (i) recommending improved implementation and coordination strategies to HEC; (ii) ensuring agreed performance targets and DLRs are met within the respective timelines and advise on remedial actions where necessary; (iii) communicating about the Project to various stakeholders; and (iv) providing oversight on financial management including reviewing progress reports, internal and external audit reports and third party reports as well as responses and actions taken on these reports; and
  
- (b) establish by no later than one (1) month after the Effective Date, and thereafter maintain throughout the period of implementation of the Project, a Project Coordination Unit, headed by a qualified Project coordinator, acceptable to the Association, and provided with sufficient resources and appropriately qualified staff, in adequate numbers, under terms of reference satisfactory to the Association, comprising of, *inter alia*, four (4) program officers, a financial management specialist, a procurement specialist, an environmental specialist, a social specialist, as well as communication, and monitoring and evaluation specialists; which unit shall be vested with functions, responsibilities, staff and resources, satisfactory to the Association, as shall be required for the day-to-day implementation of Project activities, including: (i) coordinating with other departments and institutes for Project implementation; (ii) complying with reporting requirements under the Project; (iii) advising HEC on planning, implementation and monitoring and reporting processes; (iv) managing communication and information, including stakeholder consultations; (v) providing guidance and technical support to implementing institutes and provincial governments, including through field visits; (vi) carrying out the call for proposals,

selection of beneficiaries, award and monitoring and evaluation of Competitive Research Grants and ISF Grants; (vii) supporting BICs with the selection of proposals and beneficiaries, award, and monitoring and evaluation of ISF Grants; and (viii) managing technical assistance support and other contracted activities under the Project.

**B. Operations Manual**

1. The Project Implementing Entity shall:

- (a) by not later than three (3) months after the Effective Date, prepare, approve and adopt an Operations Manual in a manner and substance satisfactory to the Association, and thereafter carry out the Project, and cause the Grant Recipients to carry out their respective GCF Grants, TTSF Grants, ISF Grants and LCF Grants under the Project, in accordance with the provision of the Operations Manual; which shall include, *inter alia*: (i) the details of the Project activities including results framework and overall budget; (ii) the Project implementation arrangements; (iii) the Project's EEP; (iv) the Project's financial management and procurement arrangements and procedures; (v) the Project's environmental and social safeguard arrangements and procedures consistent with the ESMF; (vi) criteria, guidelines and procedures for selection, disbursement and implementation of activities under GCF Grant, TTSF Grant, ISF Grant and LCF Grant, including procurement and financial management requirements therefor; (vii) the standard templates for the respective Grant Agreements; (viii) the Project's monitoring and evaluation and reporting requirements; and (ix) the terms of reference for key positions under the Project Coordination Unit; and
- (b) refrain, from materially and/or substantially amending, revising, waiving, voiding, suspending or abrogating, any provision of the Operations Manual, whether in whole or in part, without the prior written concurrence of the Association.

2. In the event of any inconsistency between the provisions of the Operations Manual and those of the Financing Agreement and/or this Agreement, the provisions of the Financing Agreement and/or this Agreement shall govern.

**C. GCF Grants, TTSF Grants, ISF Grants and LCF Grants**

1. For purposes of carrying out the activities under sub-Components 1.1(i), 1.1(ii), 1.2(ii) and 1.3 of the Project, the Project Implementing Entity shall invite, and/or cause the universities to invite through their BICs and/or ORICs, potential Grant Recipients to submit proposals for financing through GCF Grants, TTSF Grants, ISF Grants and LCF Grants in accordance with the procedures and requirements set forth in the Operations Manual.

2. The Project Implementing Entity shall ensure that the GCF Grants, TTSF Grants, ISF Grants and LCF Grants are made in accordance with the eligibility criteria and procedures set forth in the Operations Manual which shall include:
  - (a) the respective proposal shall: (i) be deemed technically feasible, be designed in accordance with appropriate business and/or scientific standards, and be in compliance with the environmental and social standards set forth in the Environmental and Social Management Framework (the “ESMF”); (ii) encompass research activities that fall within the identified priority sectors set forth in the Operations Manual, and/or any other such scope and sectors that the Project Implementing Entity and the Association may agree in writing from time to time; and (iii) include a comprehensive procurement plan and reasonable budgetary estimations
  - (b) the potential Grant Recipient(s) shall: (i) evidence sufficient institutional and technical capabilities to carry out the proposal; and (ii) maintain, or be capable of maintaining, transparent financial management, accounting and procurement systems and records in accordance with generally accepted accounting principles and practices.
3. Upon the selection of the proposal and the award of a GCF Grant, TTSF Grant, ISF Grant or LCF Grant, as the case may be, the Project Implementing Entity shall enter into a written agreement (the “Grant Agreement”) with respective awardee(s), under term and conditions acceptable to the Association, as forth in the Operations Manual, and pursuant to the respective template agreements prescribed in the Operations Manual, which agreement shall provide, *inter alia*:
  - (a) That all activities financed by the respective GCF Grant, TTSF Grant, ISF Grant or LCF Grant, as the case may be, shall be carried out with due diligence and efficiency and in accordance with sound technical, financial, environmental and managerial standards, including the provisions of the Procurement Regulations, the Anti-Corruption Guidelines, the ESMF, the Operations Manual and, whenever applicable pursuant to the ESMF and the screening set forth in Section I.E.2 of this Schedule, the respective Environmental and Social Management Plans (“ESMP”);
  - (b) That the Grant Recipient(s) must: (i) use the proceeds of the GCF Grant, TTSF Grant, ISF Grant or LCF Grant, as the case may be, to finance only the eligible expenditures set forth in the Operations Manual and the approved grant proposal; and (ii) maintain adequate records to reflect the proper administration and use of the resources awarded under the respective GCF Grant, TTSF Grant, ISF Grant or LCF Grant;

- (c) The amount of the respective GCF Grant, TTSF Grant, ISF Grant or LCF Grant, as the case may be, and with respect to any TTSF Grant, the amount of the counterpart funding committed, contributed or secured by the Grant Recipient;
- (d) The closing date for each such GCF Grant, TTSF Grant, ISF Grant or LCF Grant which date shall fall on or before the date set forth in Section III.B.4 of Schedule 2 to the Financing Agreement;
- (e) That the Grant Recipient shall: (i) establish and/or maintain policies and procedures that would allow the Project Implementing Entity and/or the Association to carry out their supervision duties, and monitor the implementation of the GCF Grant, TTSF Grant, ISF Grant or LCF Grant, as the case may be; (ii) prepare and furnish to the Project Implementing Entity and/or the Association, all such information that the Project Implementing Entity and/or the Association shall reasonably request in relation to the respective GCF Grant, TTSF Grant, ISF Grant or LCF Grant, as the case may be; and (iii) accept random and/or unannounced physical or documentary inspections by the Project Implementing Entity and/or the Association for the monitoring of, and in relation to, the carrying out of the respective GCF Grant, TTSF Grant, ISF Grant or LCF Grant, as the case may be;
- (f) That the Grant Recipient shall: (i) maintain records and accounts adequate to reflect, in accordance with sound accounting practices, the operations, resources and expenditures incurred in the implementation of the respective GCF Grant, TTSF Grant, ISF Grant or LCF Grant, as the case may be; and (ii) whenever required by the Association and/or the Project Implementing Entity, have such records and accounts audited in accordance with appropriate auditing principles consistently applied by an independent auditor;
- (g) the right of the Project Implementing Entity to suspend or terminate the right of the Grant Recipient to withdraw and use the proceeds of the respective GCF Grant, TTSF Grant, ISF Grant or LCF Grant, as the case may be:
  - (i) upon any failure of the Grant Recipient to perform its obligations under the Grant Agreement; or
  - (ii) upon the Association declaring the Grant Recipient ineligible under the Anti-Corruption Guidelines; and
- (h) the Project Implementing Entity's right of restitution of any amounts disbursed to the Grant Recipient under the respective GCF Grant, TTSF Grant, ISF Grant or LCF Grant, as the case may be, with respect to which fraud and corruption has occurred, and/or with which an ineligible expenditure has been paid.



**D. Verification Protocol & Third-Party Validation of DLI/DLRs.**

The Project Implementing Entity shall:

- (a) for purpose of verifying the achievement of the DLRs set forth in Schedule 4 to the Financing Agreement, engage, not later than four (4) months after the Effective Date, an independent third-party entity or entities (the “Independent Verification Agent(s)”), with qualifications, experience and terms of reference satisfactory to the Association, to undertake the verification process referred to in sub-paragraph (b) below;
- (b) undertake, at least annually, through the Independent Verification Agent(s), a verification process, in a manner and substance satisfactory to the Association, and pursuant to the verification protocol agreed with the Association, to ascertain the Project Implementing Entity’s achievement/fulfillment of Disbursement-Linked Results during the period under review; and
- (c) furnish to the Association the corresponding verification reports in form and substance acceptable to the Association, by not later than April 30 of each year, with the first such report due on April 30, 2020.

**E. Safeguards**

- 1. The Project Implementing Entities shall, and shall cause the Grant Recipients to:
  - (a) carry out the activities under the Project, or their respective GCF Grant, TTFS Grant, ISF Grant or LCF Grant, as the case may be, in accordance with the ESMP(s) and the IPP(s) prepared, and/or to be prepared, pursuant to paragraph 2 of this sub-section, in accordance with the objectives, policies, procedures, time schedules, compensation arrangements/entitlements and other provisions set forth in the ESMF or the IPPF (the ESMF, the EPPF, the ESMP(s) and the IPP(s) hereinafter collectively referred to as the “Safeguard Documents”), in each case in a manner and in substance satisfactory to the Association; and
  - (b) refrain from taking any action which would prevent or interfere with the implementation of the Safeguard Documents, including any amendment, suspension, waiver, and/or avoidance of any provision of the Safeguard Documents, whether in whole or in part, without the prior written concurrence of the Association.
- 2. Prior to the Project Implementing Entity entering into any contract for any civil works under the Project and/or entering into a Grant Agreement with a Grant Recipient for the carrying out of research and/or innovation activities under a GCF Grant, TTFS Grant, ISF Grant or LCF Grant, as the case may be, the Project Implementing Entities shall have:

- (a) screened the respective activity/ies (including any activities under the GCF Grant, TTSTF Grant, ISF Grant or LCF Grant, as the case may be) in accordance with the guidelines, standards and procedures set forth in the ESMF and the IPPF;
  - (b) unless the Association otherwise agrees, the respective ESMP(s) and/or IPP that might be required for such activity/ies pursuant to the ESMF and IPPF has/have been prepared; and
  - (c) unless the Association otherwise agrees, the foregoing Safeguard Documents have been publicly disclosed by the respective Project Implementing Entity and, if applicable, the Grant Recipient, in local language(s) at the relevant Project's sites.
- 3. The Project Implementing Entity shall ensure that no activity under the Project shall: (a) in the opinion of the Association, have significant adverse environmental and social impacts that are sensitive, diverse and/or unprecedented; and (b) give rise to Displaced Persons.
- 4. For purposes of carrying out the screening set forth in paragraph 2 above, the Project Implementing Entity shall establish by not later than three (3) month after the Effective Date, and thereafter and maintain within Project Coordination Unit throughout the period of implementation of the Project, an environmental and social cell, with qualified environment specialists and social specialists under terms of reference agreed with the Association, to be responsible for, *inter alia*: (a) reviewing and/or clearing the environmental screenings/assessments of Project activities and grant proposals pursuant to the ESMF and the IPPF; (b) carrying out regular field visits to Project sites to review compliance with the ESMF the IPPF, the ESMP(s) and the IPP(s), as applicable, and the implementation of mitigation measures; (c) providing training, implementation support and orientation to the staff of the Project Coordination Unit and Grant Recipients on the ESMF, IPPF and other social and environmental safeguard issues; and (d) preparing safeguard monitoring and progress reports.
- 5. The Project Implementing Entities shall ensure, and cause the Grant Recipients to ensure, that, prior to commencing any civil works under the Project (including any civil works under a GCF Grant, TTSTF Grant, ISF Grant or LCF Grant): (a) all necessary governmental permits and clearances for such civil works shall have been obtained from the competent governmental authority/ies; and (b) all pre-construction conditions imposed by the governmental authority/ies under such permit(s) or clearance(s) shall have been complied with/fulfilled.
- 6. The Project Implementing Entities shall ensure, and cause the Grant Recipients to ensure, that each contract for civil works under the Project (including each contract for civil works financed under GCF Grants, TTSTF Grants, ISF Grants or LCF Grants) includes the obligation of the relevant contractor to comply with the relevant Safeguard Documents.
- 7. The Project Implementing Entities shall maintain monitoring and evaluation protocols and record keeping procedures acceptable to the Association and adequate to enable the Project

Implementing Entities and the Association to supervise and assess, on an on-going basis, the implementation of/compliance with the Safeguards Documents, as well as the achievement of the objectives thereof.

8. In the event of any conflict between the provisions of any of the Safeguard Documents, on the one hand, and the provisions of this Agreement and/or the Financing Agreement, on the other hand, the provisions of this Agreement and the Financing Agreement shall govern.

**F. Grievance Redressal Mechanism**

The Project Implementing Entity shall establish by not later than four (4) months after the Effective Date, and thereafter maintain throughout the period of Project implementation, a grievance redress cell and grievance processing protocol for the handling of any stakeholder complaints arising out of the implementation of Project, all in a manner and substance satisfactory to the Association.

**Section II. Project Monitoring, Reporting and Evaluation**

1. 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 Association. Each such Project Report shall cover the period of one calendar semester and shall be furnished to the Recipient and the Association not later than forty five (45) days after the end of the period covered by such report.
2. The Project Implementing Entity shall provide to the Recipient and the Association: (a) by not later than six (6) months after the Closing Date, the report referred to in Section 5.08 (c) of the General Conditions; and (b) all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.