
**CREDIT NUMBER 6713-PK
GRANT NUMBER D679-PK**

Financing Agreement

(Balochistan Human Capital Investment Project)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

**CREDIT NUMBER 6313-PK
GRANT NUMBER D679-PK**

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between ISLAMIC REPUBLIC OF PAKISTAN (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of assisting in financing the project described in Schedule 1 to this Agreement (“Project”). The Association has decided to provide this financing on the basis, among other things, of the existence of an adequate refugee protection framework. 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 grant and a credit, which are deemed as Concessional Financing for purposes of the General Conditions (collectively, “Financing”) in the following amounts to assist in financing the Project:
 - (a) an amount equivalent to eleven million Special Drawing Rights (SDR 11,000,000) (“Grant”); and
 - (b) an amount equivalent to fifteen million four hundred thousand Special Drawing Rights (SDR 15,400,000) (“Credit”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section III of Schedule 2 to this Agreement.
- 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 The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.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 The Interest Charge is one and a quarter percent (1.25%) per annum on the Withdrawn Credit Balance.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 March 1 and September 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 — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement, and the Project Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Events of Suspension consists of the following, namely, that the Recipient no longer has an adequate refugee protection framework.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 30 days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consists of the following:
 - (a) the Association is satisfied that the Recipient has an adequate refugee protection framework.
 - (b) the Project Agreement has been duly executed and delivered and all conditions precedent to its effectiveness, other than the effectiveness of this Agreement, have been fulfilled.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

- 5.03. 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 VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is the Secretary to the Government of Pakistan, Ministry of Economic Affairs, or Additional Secretary, Joint Secretary, Deputy Secretary or Section Officer therein.
- 6.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient's address is:

The Secretary
Ministry of Economic Affairs
Government of Pakistan
Islamabad
Pakistan; and

(b) the Recipient's Electronic Address is:

Facsimile:
+92-51-910-4016

E-mail:
Secretary@ead.gov.pk

- 6.03. 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:
1-202-477-6391

E-mail:
CMUPakistan@worldbank.org

AGREED as of the Signature Date.

ISLAMIC REPUBLIC OF PAKISTAN

By



Authorized Representative

Name: Noor Ahmed

Title: Secretary

Date: 29-Mar-2021

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Patchamuth Illangovan

Title: Country Director

Date: 29-Jul-2020

SCHEDULE 1

Project Description

The objective of the Project is to improve utilization of quality health and education services in Selected Refugee Hosting Districts of Balochistan.

The Project consists of the following parts:

Part 1: Improving Utilization of Quality Health Services

- 1.1. Improving delivery of quality health services in Selected Refugee Hosting Districts, with a focus on reproductive, maternal, newborn, child health and nutrition, through:
 - (a) carrying out works, implementing a health care waste management system, and providing essential inputs (human resources, medical equipment, medicines, and supplies) necessary to deliver critical health services at selected: (i) Basic Health Units; (ii) Rural Health Centers, including basic emergency obstetric and newborn care; and (iii) *Tehsil* Headquarter Hospitals and District Headquarter Hospitals, including comprehensive emergency obstetric and newborn care;
 - (b) improving health service providers' knowledge and competencies through, *inter alia*: (i) updating training curricula and training of key health providers; and (ii) piloting a technology-based innovation for assessing health service providers' clinical knowledge and filling the knowledge gaps identified thereby; and
 - (c) carrying out community-based advocacy, outreach, and awareness raising activities among health and education service beneficiaries.
- 1.2. Strengthening health sector stewardship in Selected Refugee Hosting Districts through:
 - (a) improving availability, quality, and use of routine health data via, *inter alia*: (i) developing and implementing a digital human resources database, (ii) digitizing DHIS and integrating selected parallel reporting systems; (iii) providing training, equipment, and operational support to health services providers for implementation and operationalization of health management information systems; (iv) creating a user-friendly dashboard for decision making; (v) supporting data review meetings and data quality checks; and

- (b) providing training to, and building capacity of, key managerial and technical staff on selected health system strengthening subjects.

Part 2: Improving Utilization of Quality Education Services

2.1. Improving delivery of primary and secondary education in Selected Refugee Hosting Districts by:

- (a) upgrading selected public schools, including adding and equipping additional classrooms and hiring additional teachers as necessary on performance-based contracts; and
- (b) supporting selected education facilities in meeting the Model School criteria.

2.2. Strengthening education sector stewardship in Selected Refugee Hosting Districts through:

- (a) carrying out a functional review of Selected Secondary Education Institutions as well as developing and implementing a strategy for upgrading student assessment system;
- (b) carrying out a functional review of PITE and developing an action plan to address recommendations proposed thereby;
- (c) implementing Cluster-based governance and management system at schools upgraded pursuant to Part 2.1(a) above; and
- (d) developing and pilot-testing of a technology-based tool to enhance SED's capacity in regular planning and budgeting, resource rationalization, and decision making.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. On-Lending and On-granting Arrangements

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity under the same terms and conditions as shall have been received from the Association and in accordance with the provision of this Agreement and the Recipient's on-lending and on-granting policies and budgetary procedures.
2. Notwithstanding paragraph one (1) above, in the event that any of the provisions of this Agreement, including such additional instructions as the Association shall have specified in the Disbursement and Financial Information Letter, and/or under Section 2.01(b) of the General Conditions, were inconsistent with the on-lending and on-granting policies and budgetary procedures of the Recipient, the provisions of this Agreement and related instructions shall govern.
3. The Recipient shall exercise its rights under on-lending and on-granting arrangements referred to in paragraph 1 of this Section above in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall cause the Project Implementing Entity to furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of the Proceeds of the Financing

A. General

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 Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Credit Allocated (expressed in SDR)	Amount of the Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)	
			Credit	Grant
(1) Goods, works, non-consulting services, consulting services, Incremental Operating Cost, and Training and Workshops under Part 1 of the Project	7,810,000	5,573,000	58%	42%
(2) Goods, works, non-consulting services, consulting services, Incremental Operating Cost, and Training and Workshops under Part 2 of the Project	7,590,000	5,427,000	58%	42%
TOTAL AMOUNT	15,400,000	11,000,000		

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date.
2. 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 March 1 and September 1:	
commencing September 1, 2025 to and including March 1, 2045	1.65%
commencing September 1, 2045 to and including March 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 “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
2. “Balochistan” means the Recipient’s Province of Balochistan (the “Project Implementing Entity”), or any successor thereto.
3. “Balochistan Assessment and Examination Commission” means the Project Implementing Entity’s Assessment and Examination Commission, or any successor thereto.
4. “Basic Health Unit” means a health facility in Balochistan, in charge of providing basic primary health care services; and “Basic Health Units” means more than one such Basic Health Unit.
5. “Board of Intermediate and Secondary Education” means Project Implementing Entity’s Board of Intermediate and Secondary Education, or any successor thereto.
6. “Bureau of Curriculum and Extension Center” means Project Implementing Entity’s Bureau of Curriculum and Extension Center, or any successor thereto.
7. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
8. “Cluster” means a public high school and a group of public primary and secondary schools located in a contiguous geographical area that forms the catchment area of such high school, it being understood that said high school shall act as the cluster head and that the middle and primary schools shall act as the satellites functioning under the cluster head.
9. “DHIS” means Project Implementing Entity’s District Health Information Systems used to collect routine data on health indicators.
10. “Directorate of Schools” means Project Implementing Entity’s directorate responsible for schools, or any successor thereto.
11. “District Headquarter Hospital” means Project Implementing Entity’s health facility, in charge of providing secondary health care services at the district level, or any successor thereto; and “District Headquarter Hospitals” means more than one such District Headquarter Hospital.

12. “Environmental and Health Care Waste Management Plan” or “EHCWMP” means the environmental and health care waste management plan adopted by the Project Implementing Entity and disclosed on the Association’s website on February 20, 2020, identifying the problem of contaminated healthcare waste, designing a series of measure for mitigation thereof and defining institutional arrangements for its implementation, as such EHCWMP may be updated from time to time with prior written concurrence of the Association.
13. “ESMF” mean the environmental and social management framework prepared and adopted by the Project Implementing Entity, and disclosed on the Association’s website on February 20, 2020, setting forth the guiding principles, acceptable standards and procedures (including organizational arrangements, consultation protocols and budgetary allocations) for: (a) the screening and assessment of the potential adverse environmental and social impacts (*inter alia*, health and safety issues) of Project activities; and (b) the preparation, whenever required, of the relevant ESMP(s), as such framework may be amended from time to time with the prior written concurrence of the Association.
14. “ESMP” means each activity-specific environmental and social management plan prepared, or to be prepared, by the Implementing Agencies pursuant to the provisions of the ESMF, and disclosed, or to be disclosed, on the respective Project sites, setting forth: (a) the measures to be taken during the implementation and operation of the relevant activities/assets financed under the Project in order to avoid, minimize, mitigate or offset their potential adverse environmental and social impacts (including health and safety issues), or to reduce them to acceptable levels; (b) the measures that endeavor to prevent and respond to gender-based violence and sexual exploitation and abuse; (c) the procedural, budget and institutional arrangements and actions needed to implement these measures, including any schedules to such plan; as such plan may be amended from time to time with the prior written concurrence of the Association. “ESMPs” means more than one such “ESMP.”
15. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018.
16. “Health Department” means Project Implementing Entity’s Health Department, or any successor thereto.
17. “Implementing Agencies” means, collectively, Health Department, and SED, and the term “Implementing Agency” means each one of such agencies, individually, as the case may be.
18. “Incremental Operating Costs” means the reasonable costs of the incremental expenditures required for the Project, including consumable material and supplies; office rental costs; utilities fees; insurance; communications, advertising and

newspaper subscriptions; printing and stationary costs; vehicle and/or office equipment operation and maintenance; charges for opening and operating bank accounts required for the Project, travel, lodging and per diems for Project staff, but does not include salaries or salary supplements of the Recipient's or the Project Implementing Entity's civil servants, except for the salaries and/or salary supplements that the Recipient's or the Project Implementing Entity's civil servants formally deputed to the Project to assist in the carrying out of the Project activities are entitled to in accordance with the applicable government policies during the period of their deputation.

19. "Model School" means a school that has been verified and documented by SED to have complied with all of the following conditions/requirements, and such further conditions/requirements as may be set forth in the Project Operations Manual: (a) having an operationalized early childhood component, with necessary supplies, a dedicated classroom, and a dedicated teacher; (b) teachers trained to use scripted lessons; (c) having boundary walls and functional toilets; (d) each student having been provided with a desk and a chair; and (e) having trained parents-teacher school management committees operationalized.
20. "P&DD" means Balochistan's Planning and Development Department, or any successor thereto.
21. "PITE" means Balochistan's Provincial Institute for Teacher's Education, or any successor thereto.
22. "PMU-Education" means Balochistan Education Project's Project Management Unit established/maintained by SED pursuant to Section I.A.1(b) of the Schedule to the project agreement dated March 25, 2015, entered into by and between Balochistan and the International Bank for Reconstruction and Development (the "IBRD") for managing implementation of the Balochistan Education Projects, financed by IDA's grant TF019124.
23. "PMU-Health" means the project management unit to be established pursuant Section I.A.2(c) of the Schedule to the Project Agreement.
24. "Procurement Regulations" means, for purposes of paragraph 87 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated July 2016, revised November 2017 and August 2018.
25. "Project Operations Manual" means the manual to be prepared by the Project Implementing Entity, as the same may be amended from time to time with the prior concurrence of the Association, in which the Recipient will be copied.
26. "Project Implementing Entity" means Recipient's Province of Balochistan.

27. “Project Steering Committee” means the committee to be established pursuant to Section I.A.2(a) of the Schedule to the Project Agreement.
28. “Respective Parts of the Project” means:
 - (a) in respect of Health Department: Part 1 of the Project; and
 - (b) in respect of SED, Part 2 of the Project.
29. “Resettlement Action Plan” or “RAP” means the resettlement action plan adopted or to be adopted by the Implementing Agencies pursuant to the provisions of Section I.D.2 of the Schedule to the Project Agreement, satisfactory to the Association, and disclosed, or to be disclosed, on the respective Project sites, which includes the principles, guidelines, procedures, organizational arrangements and budget to implement the resettlement related activities under the Project, or under Parts of the Project, as said resettlement action plan may be revised from time to time with the prior written agreement of the Association, and “RAPs” means, collectively, all such RAP.
30. “Resettlement Policy Framework” or “RPF” means the resettlement policy framework prepared and adopted by the Project Implementing Entity, satisfactory to the Association, and disclosed on the Association’s website on February 20, 2020, which sets out the resettlement principles, guidelines, organizational arrangements (including consultation and budget), and design criteria for the preparation of RAPs under the Project, as such framework may be amended from time to time with the prior written agreement of the Association.
31. “Rural Health Center” means a health facility in Balochistan, in charge of providing primary health care services; and “Rural Health Centers” means more than one such Rural Health Center.
32. “Safeguard Instruments” means, collectively, the ESMF, the RPF, the ESMP(s), the RAPs, and the EHCWMP, and “Safeguard Instrument” means any of such Safeguard Instruments.
33. “SED” means Balochistan’s Secondary Education Department, or any successor thereto.
34. “Selected Refugee Hosting Districts” means Balochistan’s districts of Quetta, Pishin, Chagai, and Killa Abdullah, and/or any other refugee hosting district(s) agreed upon from time to time between the Recipient, the Project Implementing Entity, and the Association.
35. “Selected Secondary Education Institutions” means collectively Balochistan Assessment and Examination Commission, PITE, Bureau of Curriculum and Extension Service, Directorate of Schools, Board of Intermediate and Secondary Education (BISE).

36. “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.
37. “Tehsil Headquarter Hospital” means Project Implementing Entity’s health facility, in charge of providing secondary health care services at tehsil (sub-district level), or any successor thereto; and “Tehsil Headquarter Hospitals” means more than one such Tehsil Headquarter Hospital.
38. “Training and Workshops” means the reasonable costs of training, workshops and conferences conducted in the territory of the Recipient, or, subject to prior approval by the Association, attended abroad by the Project Implementing Entity’s officials and staff in connection with the Project, including the purchase and publication of materials, rental of facilities, course fees and travel and subsistence of trainees.