

Public Disclosure Authorized

CONFORMED COPY

CREDIT NUMBER 4599-PK

Financing Agreement

(Third Pakistan Poverty Alleviation Fund Project)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 9, 2009

CREDIT NUMBER 4599-PK

FINANCING AGREEMENT

AGREEMENT dated June 9, 2009, entered into 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) constitute an integral 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, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to one hundred sixty seven million two hundred thousand Special Drawing Rights (SDR 167,200,000) (variously, “Credit” and “Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are June 15 and December 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives 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 IV of the General Conditions and the Project Agreement.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Events of Suspension consist of the following:
 - (a) The Project Implementing Entity's Memorandum and Articles of Association has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.
 - (b) The Recipient shall have taken any action (including the repeal, amendment, suspension, abrogation or waiver of existing legislation and regulations or the introduction of new legislation or regulations) which, in the opinion of the Association, materially or adversely affects the operations or financial condition of Partner Organizations.
 - (c) A situation has arisen which shall make it improbable that the Project, or a significant part of it, will be carried out.
- 4.02. The Additional Event of Acceleration consists of the following:
 - (a) Any event specified in paragraphs (a) and (b) of Section 4.01 of this Agreement occurs.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following:

The Subsidiary Loan Agreement has been executed on behalf of the Recipient and the Project Implementing Entity, in substance and form satisfactory to the Association.

5.02. The Additional Legal Matter consists of the following:

The Subsidiary Loan Agreement has been duly executed by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.

5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

5.04. For purposes of Section 8.05(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 (20) years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is the Secretary of the Economic Affairs Division in the Recipient's Ministry of Economic Affairs and Statistics, or any Additional Secretary, Joint Secretary, Deputy Secretary or Section Officer of that Division.

6.02. The Recipient's Address is:

The Secretary to the Government of Pakistan
Economic Affairs Division
Ministry of Economic Affairs and Statistics
Islamabad, Pakistan

Cable:	Facsimile:
ECONOMIC Islamabad	92-51-9205971 92-51-9206029

6.03. The Association's Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI)	1-202-477-6391

AGREED at Islamabad, Islamic Republic of Pakistan, as of the day and year first above written.

ISLAMIC REPUBLIC OF PAKISTAN

By

/s/ Farrakh Qayyum
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

/s/ Said N. Al Habsy
Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to empower the targeted poor with increased incomes, improved productive capacity and access to services to achieve sustainable livelihoods.

The Project consists of the following parts:

Part 1: Social Mobilization and Institution Building

- (a) Identifying poor and ultra-poor households and organizing these households into multi-functional and sustainable Community Organizations.
- (b) Clustering the newly-formed and existing Community Organizations to form Village Organizations.
- (c) Clustering the newly-formed and existing Village Organizations to form Third Tier Representative Organizations, which are able to manage their own development and access services through improved linkages with local government, other development programs and markets.
- (d) Providing training and building institutional capacity for all Community Institutions.

Part 2: Livelihood Enhancement and Protection

- (a) Establishing Community Institutions around productive or entrepreneurial activities.
- (b) Financing Livelihood Grants:
 - (i) to the Community Livelihood Funds of Community Institutions formed by the Partner Organizations with the support of the Project Implementing Entity for the purpose of financing activities carried out under Livelihood Plans; and
 - (ii) as Asset Transfers to individuals or households identified through a poverty score card or other objective measure.
- (c) Developing and implementing mechanisms to identify and support innovative approaches and value chain development.

- (d) Facilitating and promoting linkages between Community Institutions and private, public sector and civil society service providers.
- (e) Providing vocational, skills and technical training to Partner Organizations and Community Institutions.

Part 3: Micro-Credit Access

- (a) Financing micro-credit projects to support income generating activities.
- (b) Financing Partner Organizations to work with communities unable to access finance from the mainstream micro-finance sector.

Part 4: Basic Services and Infrastructure

- (a) Financing small-scale community infrastructure development projects to support the development, construction, upgrading and improvement of infrastructure.
- (b) Financing social sector development projects to support the provision of education and health facilities and services.

Part 5: Project Implementation Support

Providing support for the overall management and implementation of Project activities, governance, monitoring and evaluation, and capacity building for institutional development.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Subsidiary Loan Agreement

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 a Subsidiary Loan Agreement between the Recipient and the Project Implementing Entity (“Subsidiary Loan Agreement”), under terms and conditions approved by the Association, which shall include:
 - (a) Without limitation upon the provisions of paragraph A.1.g of this Section I, except as the Association shall otherwise agree:
 - (i) With respect to amounts of the Credit allocated from time to time to Category (2) of the table set forth in Section IV of Schedule 2 to this Agreement for the purposes of making Sub-loans, the Project Implementing Entity shall:
 - (A) pay to the Recipient, interest at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn by the Project Implementing Entity and outstanding from time to time;
 - (B) pay to the Recipient, a commitment charge on the principal amount of the Credit not withdrawn by the Project Implementing Entity from time to time at a rate equal to the rate for the time being set by the Association pursuant to Section 2.03 of this Agreement;
 - (C) repay to the Recipient, the principal amount of the Credit withdrawn by the Project Implementing Entity over a period of twenty-three (23) years including a grace period of eight (8) years, such principal amount being the aggregate equivalent of the amounts withdrawn by the Project Implementing Entity from the Financing Account expressed in Rupees determined as of the respective date of withdrawal; and
 - (ii) Amounts of the Credit allocated from time to time to Category (1) of the table set forth in Section IV of Schedule 2 to this Agreement shall be made available to the Project Implementing Entity on a non-reimbursable basis.

- (b) The Project Implementing Entity shall undertake to carry out the Project and cause the Project to be carried out with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient, and provide, promptly as needed, the funds, facilities and other resources required for the purpose.
- (c) The Project Implementing Entity shall undertake to procure and cause to be procured the goods, works, non-consulting services and consultants' services required for the Project and to be financed out of the proceeds of the Financing in accordance with the provisions of Section III of Schedule 2 to this Agreement, and shall utilize and cause to be utilized such goods, works, non-consulting services and consultants' services exclusively in carrying out the Project.
- (d) The Project Implementing Entity shall undertake to:
 - (i) maintain records and accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition, including the operations, resources and expenditures related to the Project;
 - (ii) retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under the Project until at least one (1) year after the Association has received the audited financial statements covering the period during which the last withdrawal from the Financing Account was made;
 - (iii) enable the Association's representative to examine such records;
 - (iv) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by an independent accounting firm which shall have satisfactory rating under the Quality Control Review program managed by the Institute of Chartered Accountants of Pakistan;
 - (v) furnish to the Association as soon as available, but in any case not later than six (6) months after the end of each such year, certified copies of said financial statements and accounts for such year as so audited; an opinion on such statements by said auditors in such scope and detail as the Association shall have

reasonably requested; and all such other information concerning said records, accounts and financial statements, as well as the audit thereof, as the Association shall reasonably request; and

- (vi) prepare and furnish to the Association all such other information concerning said records, accounts and financial statements, as well as the audit thereof, as the Association shall reasonably request.
 - (e) The Project Implementing Entity shall undertake to: (i) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the Association, the carrying out of the Project and the achievement of the objectives thereof; and (ii) prepare, under terms of reference satisfactory to the Association, and furnish to the Association for its review, consolidation in the Project Reports and submission to the Association, quarterly reports integrating the results of the monitoring and evaluation activities performed pursuant to clause (i) of this sub-paragraph on the progress achieved in the carrying out of the Project during the period preceding the date of each such report.
 - (f) The Recipient's right to suspend or terminate the right of the Project Implementing Entity to use the proceeds of the Credit upon: (i) the Project Implementing Entity's failure to perform any of its obligations under the Subsidiary Loan Agreement, or to comply with all legal and regulatory requirements applicable to its operations; (ii) the Association exercising any of the remedies under Article VI of the General Conditions and Article IV of this Agreement; (iii) notice by the Project Implementing Entity that it intends to terminate the Subsidiary Loan Agreement; or (iv) the Association declaring the Project Implementing Entity as ineligible under the Anti-Corruption Guidelines.
 - (g) The Recipient's right of restitution by the Project Implementing Entity of any amount of the Financing with respect to which fraud and corruption has occurred.
2. The Recipient shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Loan Agreement or any of its provisions.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Safeguards

The Recipient shall cause the Project Implementing Entity:

- (a) to ensure that all activities will be carried out in accordance with the provisions of the Environmental and Social Management Framework; and
- (b) not to assign, amend, abrogate or waive the Environmental and Social Management Framework or any provisions thereof if, in the opinion of the Association, such assignment, amendment, abrogation, or waiver will materially and adversely affect the implementation of the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

- 1. The Recipient shall cause the Project Implementing Entity to monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators agreed with the Association. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.
- 2. For purposes of Section 4.08(c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six (6) months after the Closing Date.

B. Financial Management, Financial Reports and Audits

- 1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
- 2. Without limitation on the provisions of Part A of this Section, the Recipient shall cause the Project Implementing Entity to prepare, and furnish to the Association as part of the Project Report not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall cause the Project Implementing Entity to have its Financial Statements audited, as provided in paragraph 3 of Section II.B of the Schedule to the Project Agreement. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Project Implementing Entity. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods, Works and Non-Consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-Consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding, subject to the following additional procedure:
 - (a) Standard bidding documents and procedures approved by the Association shall be used.
2. **Other Methods of Procurement of Goods, Works and Non-Consulting Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method

- (a) National Competitive Bidding, subject to the following additional provisions:
- (i) Invitation to bid shall be advertised in at least one national newspaper with a wide circulation, at least thirty (30) days prior to the deadline for the submission of bids.
 - (ii) Bid documents shall be made available, by mail or in person, to all who are willing to pay the required fee.
 - (iii) Foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders in the bidding process.
 - (iv) Bidding shall not be restricted to pre-registered firms.
 - (v) Qualification criteria shall be stated in the bidding documents.
 - (vi) Bids shall be opened in public, immediately after the deadline for submission of bids.
 - (vii) Bids shall not be rejected merely on the basis of a comparison with an official estimate without the prior concurrence of the Association.
 - (viii) Before rejecting all bids and soliciting new bids, the Association's prior concurrence shall be obtained.
 - (ix) Bids shall be solicited and works contracts shall be awarded on the basis of unit prices and not on the basis of a composite schedule of rates.
 - (x) Contracts shall not be awarded on the basis of nationally negotiated rates.
 - (xi) Single bids shall also be considered for award.
 - (xii) Contracts shall be awarded to the lowest evaluated and qualified bidder.
 - (xiii) Post-bidding negotiations shall not be allowed with the lowest evaluated or any other bidders.
 - (xiv) Draft National Competitive Bidding contracts shall be reviewed by the Association in accordance with the prior review procedures.
 - (xv) A firm declared ineligible by the Association, based on a determination by the Association that the firm has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for or in executing an Association-financed contract, shall be ineligible to be awarded an Association-financed contract during the period of time determined by the Association.
 - (xvi) Each contract financed from the proceeds of the Credit shall provide that the suppliers, contractors and subcontractors shall permit the Association, at its request, to inspect their accounts and records relating to the performance of the contract and to have said accounts and records audited by auditors appointed by

the Association. The deliberate and material violation by the supplier, contractor or subcontractor of such provision may amount to an obstructive practice.
(b) Shopping
(c) Direct Contracting

3. **Community Participation.** For the purposes of carrying out Sub-projects under Parts 2(b), 3(a), 4(a) and 4(b) of the Project estimated to cost less than \$30,000 equivalent per contract:

- (a) labor may be provided by the Beneficiaries at market rates or as part of their in-kind contribution towards the capital costs of the Subprojects; and
- (b) materials may be procured by the Beneficiaries under contracts awarded on the basis of shopping procedures in accordance with the provisions of paragraph 3.5 of the Procurement Guidelines.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method	
(a)	Selection based on the Consultants' Qualifications
(b)	Single-Source Selection
(c)	Individual Consultants

D. Review by the Association of Procurement Decisions

Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association:

- 1. each contract for goods or works procured on the basis of International Competitive Bidding;

2. each contract procured on the basis of Single-Source Selection or Direct Contracting;
3. the first contract for goods or works, regardless of value, procured on the basis of National Competitive Bidding and awarded by each recipient;
4. each contract for works estimated to cost the equivalent of \$300,000 or more;
5. the first contract for goods and works procured on the basis of Shopping by each recipient;
6. the first contract for consultants' services provided by a firm, regardless of value, awarded by each recipient and, thereafter, each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more; and
7. the first contract for consultants' services provided by an individual, regardless of value, awarded by each recipient and, thereafter, each contract for consultants' services provided by an individual estimated to cost the equivalent of \$50,000 or more.

All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods (including equipment and vehicles), Works, Non-Consulting Services, Consultants' Services, Livelihood Grants, Grants, Training and Incremental Operating Costs for the Project	145,100,000	100%
(2) Sub-loans	22,100,000	100%
TOTAL AMOUNT	167,200,000	

3. For the purposes of this Schedule, the term “Incremental Operating Costs” means:
 - (a) in respect of the Project Implementing Entity, incremental staff salaries, per diem and fringe benefits, rent, office supplies, utilities, conveyance, travel and boarding/lodging allowances, operating and maintenance expenditures of office equipment and vehicles, bank charges, insurance, advertising, media projections, newspaper subscriptions, periodicals, printing and stationary costs, in each case incurred for the purposes of the Project; and
 - (b) in respect of Partner Organizations, salaries, allowances and other emoluments of the staff of the Partner Organization appointed to the posts after the signing of the relevant PO Financing Agreement or PO Grant Agreement and engaged full-time for the purpose of the Project, including rent, office supplies, utilities, conveyance, travel and boarding/lodging allowances, operating and maintenance expenditures of office, equipment and vehicles, bank charges, advertising costs, media projections, newspaper subscriptions, periodicals, insurance, printing and stationary costs, in each case incurred for the purposes of the Project.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$10,000,000 equivalent may be made for payments made prior to this date but on or after June 1, 2009, for Eligible Expenditures under Category (1).
2. The Closing Date is January 31, 2015.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each June 15 and December 15	
commencing June 15, 2019, to and including December 15, 2028	1.25%
commencing June 15, 2029, to and including December 15, 2043	2.5%

* 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 3.03(b) of the General Conditions.

APPENDIX

Section I. Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
2. “Asset Transfer” means a Livelihood Grant intervention to ultra-poor and poor and vulnerable individuals or households identified through a poverty score card or other objective measure for, *inter alia*, livestock, raw materials, toolkits and wage compensation.
3. “Beneficiary” means a beneficiary under the Project, consisting of a community organization or group or a village; women’s group or committee; *mohalla* (low income urban neighborhood) group or committee; or self-help organization, group or committee, and includes, for purposes of Sub-loans only, an individual belonging to any such organization, group or committee and, for purposes of Asset Transfers only, individual community members who are not necessarily members of a Community Institution.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “Community Institution” means a Community Organization, a Village Organization or a Third Tier Representative Organization.
6. “Community Livelihood Fund” means the fund comprising savings and a Livelihood Grant within Community Institutions to finance activities identified under the Community Institution’s Livelihood Plan.
7. “Community Organization” means a first tier representative organization of households receiving or likely to receive training, institutional capacity building support, Livelihood Grants, Sub-loans or Grants under the Project.
8. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
9. “Enterprise Development Facility” or “EDF” means the Project Implementing Entity’s Enterprise Development Facility as described in the Operations Manual.
10. “Environmental and Social Management Framework” means the environmental and social management framework dated April 21, 2009, satisfactory to the Association, approved by the Project Implementing Entity’s board of directors,

which sets forth policies and procedures for the preliminary screening of proposed Project activities and for the preparation of environmental and social assessments and environmental and social management plans therefor during the implementation of the Project, as the same may be amended from time to time with the agreement of the Association.

11. “Fiscal Year” means the fiscal year of the Recipient beginning on July 1 of a calendar year and ending on June 30 of the following calendar year.
12. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005, (as amended through October 15, 2006).
13. “Grant” means a grant made or proposed to be made through a Partner Organization out of the proceeds of the Financing to a Beneficiary for a Small-Scale Community Infrastructure Project or Social Sector Development Project.
14. “Institute of Chartered Accountants of Pakistan” means the statutory autonomous body established on July 1, 1961, under the Chartered Accountants Ordinance of 1961 for purposes of regulating the profession of accountancy in Pakistan.
15. “Livelihood Grant” means a grant made or proposed to be made by Partner Organizations out of the proceeds of the Financing allocated from time to time in accordance with the provisions set forth in Section I.E of the Schedule to the Project Agreement and the selection criteria and procedures set forth in the Operations Manual.
16. “Livelihood Plan” means a plan developed for improving the livelihood of a Pakistan Poverty Alleviation Fund beneficiary household or group or a part thereof.
17. “Memorandum and Articles of Association” means the Memorandum and Articles of Association of the Project Implementing Entity dated January 9, 1997, as the same may be amended from time to time with the agreement of the Association.
18. “Micro-Credit Project” means a micro-credit project financed or proposed to be financed under Part 3.a of the Project.
19. “Operations Manual” means the Project Implementing Entity’s comprehensive operations manual dated October 14, 2008, satisfactory to the Association, containing the eligibility criteria and appraisal, approval and supervision rules and procedures to be applied by the Project Implementing Entity in respect of Partner Organizations, Beneficiaries and Subprojects, as the same may be amended from time to time with the agreement of the Association.

20. “Partner Organization” or “PO” means a nongovernmental organization, rural support program, community-based organization or private sector institution or entity, which is involved in poverty alleviation work, which meets the eligibility criteria for Partner Organizations set forth in the Operations Manual, and which has made or proposes to make a Livelihood Grant, Sub-loan or Grant;
21. “PO Financing Agreement” means an agreement to be entered into between the Project Implementing Entity and a Partner Organization pursuant to paragraph C.3.a of Part I of Annex 2 of the Schedule to the Project Agreement.
22. “PO Grant Agreement” means an agreement to be entered into between the Project Implementing Entity and a Partner Organization pursuant to Part III.C of Annex 1 of the Schedule to the Project Agreement or paragraph C.3.b of Part I of Annex 2 of the Schedule to the Project Agreement.
23. “Pakistan Poverty Alleviation Fund” means the entity registered as a public non-profit company under Section 42 of the Recipient’s Companies Ordinance, 1984 and established as of February 6, 1997.
24. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
25. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 23, 2009, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
26. “Project Agreement” means the agreement between the Association and the Project Implementing Entity of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement.
27. “Project Implementing Entity” means the Pakistan Poverty Alleviation Fund.
28. “Rupees” and “Rs” means the currency of the Recipient.
29. “Small-Scale Community Infrastructure Project” or “SSIP” means a small-scale community infrastructure development project financed or proposed to be financed under Part 4.a of the Project.
30. “Social Sector Development Project” or “SSDP” means a social sector development project financed or proposed to be financed under Part 4.b of the Project.

31. “Sub-loan” means a loan made or proposed to be made by a Partner Organization out of the proceeds of the Financing to a Beneficiary for a Micro-Credit Project.
32. “Sub-project” means a Livelihood Grant intervention, Micro-Credit Project, Small-Scale Community Infrastructure Project or Social Sector Development Project, depending on the context.
33. “Sub-project Financing Agreement” means an agreement to be entered into between a Partner Organization and a Beneficiary, in the case of a Sub-loan, pursuant to paragraph C.7 of Part II of Annex 2 of the Schedule to the Project Agreement, or in the case of a Livelihood Grant to a Community Livelihood Fund or a Grant, pursuant to paragraphs C.7 and C.8 of Part II of Annex 2 of the Schedule to the Project Agreement.
34. “Subsidiary Loan Agreement” means the agreement referred to in Section I.A of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity.
35. “Third Tier Representative Organization” means a clustering of Village Organizations at the Union Council level representing households training, institutional capacity building support, Livelihood Grants, Sub-loans or Grants under the Project.
36. “Union Council” means an administrative unit at the local government level, comprised of several villages, and established pursuant to the Local Government Ordinance dated August 31, 2001.
37. “Village Organization” means a second tier representative organization representing at least fifty-one percent of households of a revenue village either through direct representation or through a clustering of Community Organizations.