
CREDIT NUMBER 6432-PK

Financing Agreement

(Additional Financing for the Central Asia South Asia Electricity Transmission and Trade Project)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between ISLAMIC REPUBLIC OF PAKISTAN (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for the Original Project (as defined in the Appendix to this Agreement). 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, in the Appendix to the Original Financing Agreement or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to forty-six million nine hundred thousand Special Drawing Rights (SDR 46,900,000) (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 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 The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.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 The Interest Charge is one and a quarter percent (1.25%) per annum on the Withdrawn Credit Balance.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 January 1 and July 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 within the Recipient's territory 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 Event of Suspension consists of the following:

The Association has suspended in whole or in part the right of the Recipient to make withdrawals under the Original Agreement.

- 4.02. The Additional Event of Acceleration consists of the event specified in Section 4.01 of this Agreement.

ARTICLE V — TERMINATION

- 5.01. The Effectiveness Deadline is the date one hundred eighty (180) days after the Signature Date.
- 5.02. 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 (20) years after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is the Secretary to the Government of Pakistan, Economic Affairs Division ("EAD"), or any Additional Secretary, Joint Secretary, Deputy Secretary or Section Officer in EAD.

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

(a) the Recipient's address is:

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

(b) the Recipient's Electronic Address is:

Facsimile:
(92-51) 9202417

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:

Telex:	Facsimile:
248423 (MCI)	1-202-477-6391

AGREED as of the Signature Date.

ISLAMIC REPUBLIC OF PAKISTAN

By



Authorized Representative

Noor Ahmed

Name: _____

Title: Secretary

Date: 26-Nov-2019

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Patchamuthu Illangovan

Name: _____

Title: Country Director

Date: 05-Jun-2019

SCHEDULE 1

Project Description

The objective of the Project is to create the conditions for sustainable electricity trade between the Central Asian countries of Tajikistan and Kyrgyzstan and the South Asian countries of Afghanistan and Pakistan.

The Project consists of the Original Project, of which the activities under Parts A.2 (iii) and B within the territory of the Recipient may be financed pursuant to this Agreement.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall assign to the Project Implementing Entity the responsibility for overall Project management and coordination, including, *inter alia*:
 - (a) preparation of withdrawal applications under the Financing;
 - (b) maintenance of records and accounts related to the Project and arranging for the audit thereof;
 - (c) participation in administration of bidding procedures and of contracts under the Project; and
 - (d) preparation of quarterly Project Reports pursuant to paragraph A of Section II of this Schedule.
2. The Recipient shall: (a) take all actions, including ensuring the provision of funds, facilities, services, and other resources, necessary or appropriate for the carrying out of the Project by the Project Implementing Entity; and (b) not take or permit to be taken any action which would prevent or interfere with the carrying out of the Project.
3. The Recipient shall participate in the work of the IGC, its secretariat and the committees through a designated representative or representatives and shall take all necessary actions to enable the IGC to: (a) provide overall strategic guidance for the Project; (b) serve as a liaison between the Participating Countries and Project Implementing Entities; and (c) monitor the Project activities and consolidate progress reporting.

B. Subsidiary Agreement

1. To facilitate the carrying out of Parts A.2 (iii) and B of the Project within the territory of the Recipient the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity under a subsidiary agreement between

the Recipient and the Project Implementing Entity, in accordance with the Recipient's re-lending policies and procedures, under terms and conditions acceptable to the Association ("Subsidiary Agreement").

2. The Recipient shall exercise its rights under the Subsidiary 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 Agreement or any of its provisions.

C. Safeguards

1. The Recipient shall, and shall cause the Project Implementing Entity to, take all actions required on their behalf to ensure that the Project is implemented in accordance with the provisions of the Safeguards Instruments, all in a manner satisfactory to the Association.
2. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall cause the Project Implementing Entity to furnish to the Association on a quarterly basis reports on the status of compliance with the Safeguards Instruments, giving details of:
 - (a) measures taken in furtherance of the Safeguards Instruments;
 - (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of any of the Safeguards Instruments; and
 - (c) remedial measures taken or required to be taken to address such conditions.
3. The Recipient shall promptly take, or cause the Project Implementing Entity to take, all remedial measures referred to in paragraph 2 (c) above, as shall have been agreed by the Association.
4. The Recipient shall cause the Project Implementing Entity to ensure that each contract procured under the Project includes the obligation of the relevant contractor to comply with the relevant Safeguard Instruments applicable to the respective activities commissioned/awarded pursuant to said contract.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall 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 Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services for the activities within the territory of the Recipient, Training and Operating Costs for Parts A.2 (iii) and B of the Project	46, 900,000	100%
TOTAL AMOUNT	46, 900,000	

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, except that withdrawals up to an aggregate amount not to exceed SDR 721,560 may be made for payments for Eligible Expenditures made prior to this date but on or after January 1, 2019.
2. The Closing Date is March 31, 2023.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage) *
On each January 1 and July 1:	
commencing July 1, 2024 to and including January 1, 2044	1.65%
commencing July 1, 2044 to and including January 1, 2049	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

Section I. 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. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
3. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018.
4. “Operating Costs” means incremental operating costs incurred by the Project Implementing Entity for purposes of Project management, implementation, monitoring and evaluation, on account of office supplies and consumables, utilities, bank charges, taxes payable on a discrete basis (such as those payable through stamped paper), communications, mass media and printing services, vehicle rental, operation, maintenance, and insurance, office space rental, building and equipment maintenance, domestic and international travel, lodging, and subsistence allowances, and salaries and salary supplements of contractual and temporary staff (those incremental to the Project Implementing Entity and working exclusively on the Project), but excluding salaries, fees, honoraria, bonuses, and any other salary supplements of members of the Project Implementing Entity’s civil service, all based on annual work plans and budgets approved by the Association.
5. “Original Financing Agreement” means the financing agreement for the Central Asia South Asia Electricity Transmission and Trade Project between the Recipient and the Association, dated May 11, 2015, as amended (Credit No. 5409-PK).
6. “Original Project” means the Project described in Schedule 1 to the Original Financing Agreement.
7. “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.

8. “Project Management Unit” means a unit within the Project Implementing Entity in charge of coordination of the overall carrying out of the Project within the Recipient’s territory.
9. “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.
10. “Training” means the costs of training activities under the Project, including seminars, workshops, and study tours, along with travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to training preparation and implementation, all based on annual work plans and budgets approved by the Association.