
CREDIT NUMBER 6246-PK

Financing Agreement

(Pakistan Hydromet and Climate Services Project)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER 6246-PK

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date 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) 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 — CREDIT

- 2.01. The Association agrees to extend to the Recipient a credit, deemed by the Association to be on concessional terms, as set forth or referred to in this Agreement, in an amount equivalent to one hundred twenty-nine million four hundred thousand Special Drawing Rights (SDR 129,400,000) (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 The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance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 The Interest Charge is one and a quarter percent (1.25%) per annum on the Withdrawn Credit Balance.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 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, namely, that the Project Implementing Entity Legislation has been amended, suspended, abrogated, repealed or waived, whether in whole or part, so as to materially and adversely affect the Project Implementing Entity's capacity to carry out the Project.
- 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 thirty (30) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V —EFFECTIVENESS, TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following, namely, that the Subsidiary Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Project Implementing Entity to make withdrawals under it 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 (20) years after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is the Secretary, Additional Secretary, Joint Secretary, Deputy Secretary or Section Officer of the Ministry of Economic Affairs.

6.02. The Recipient's Address is:

The Secretary to the Government of Pakistan
Ministry of Economic Affairs
Islamabad
Pakistan

Facsimile:

+92-(51) 910-4016

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

Facsimile:

+1-202-477-6391

AGREED as of the Signature Date.

ISLAMIC REPUBLIC OF PAKISTAN

By



Authorized Representative

Name: Mr. Noor Ahmed

Title: Secretary

Date: 22-May-2020

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Patchamuth Illangovan

Title: Country Director

Date: 21-May-2020

SCHEDULE 1

Project Description

The objective of the Project is to strengthen the delivery of reliable and timely climate and hydro-meteorological services and enhance community resilience to shocks.

The Project consists of the following parts:

Part 1: Hydro-meteorological and Climate Services

Provision of a Grant to PMD to carry out a program of activities, including:

- (a) *Institutional strengthening and capacity building.* (i) Training for technical personnel, main stakeholders, and end-users; (ii) establishing potential collaboration with local universities for research and development; and (iii) enhancing PMD operational facilities, including the establishment of a monsoon research center in Islamabad, establishment of digital meteorology workshop in Lahore, and upgrading of the institute of meteorology and geophysics and the meteorology workshop in Karachi.
- (b) *Modernization of the observation infrastructure, data management, and forecasting systems and services.* (i) Upgrading, expanding, and ensuring the interoperability of the meteorological and hydrological observation networks; (ii) modernizing data management, communication, and information and communication technology systems; (iii) improving weather and hydrological forecasting processes and numerical prediction systems; (iv) assessing and designing an optimum composite observation network and forecasting and service delivery processes (weather, climate, and hydrological); (v) enhancing PMD service delivery; and (vi) carrying out outreach, public education, awareness raising, and marketing activities.
- (c) Provision of Project management, monitoring and implementation support to the PMD in carrying out the day-to-day execution of its respective parts of the Project, including safeguards, reporting, monitoring and evaluation.

Part 2: Enhancing Resilience

- (a) Provision of Grants to public sector, non-public sector and/or community-based organizations to carry out a program of activities to enhance community-resilience to immediate COVID-19 pandemic and medium to longer term climate impacts.
- (b) Provision of Grants to federal and/or provincial governments to carry out a program of activities under ESRI to: (i) promote nature-based solutions in forest conservation, promoting biodiversity, and mitigating land degradation; (ii) carry

out climate adaptation and mitigation activities in preventing high intensity floods through improved flood water management, promoting clean mobility, and supporting Clean Green Pakistan Index; and (iii) promote climate-smart technology.

- (c) Provision of support for Project management, capacity building, and analytical activities to Project Implementing Entity.

Part 3: Contingent Emergency Response

Provision of immediate response to an Eligible Crisis or Emergency, as needed.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Subsidiary 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 agreement between the Recipient and the Project Implementing Entity, as a grant, under terms and conditions approved by the Association and in accordance with the provisions of this Agreement and the Recipient's on-granting policies and budgetary procedures ("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.

B. Contingent Emergency Response

1. The Recipient shall ensure that the contingent emergency response activities under Part 3 of the Project are carried out in accordance with the arrangements and procedures set out in the Emergency Response Manual ("ERM") (provided, however, that in the case of any conflict between the arrangements and procedures set out in the said manual and the provisions of this Agreement, the provisions of this Agreement shall prevail) and, except as the Association shall otherwise agree, shall not assign, amend, abrogate or waive any provision of the said manual.
2. The Recipient shall undertake no activities under Part 3 of the Project unless and until the following conditions have been met in respect of said activities:
 - (a) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities under Part 3 of the Project in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and
 - (b) the Recipient has ensured the preparation and disclosure of all safeguard instruments as may be required for said activities in accordance with the ERM, the Association has approved all said instruments, and the Recipient

has ensured the implementation of any actions which are required to be taken under said instruments.

C. Procurement of Emergency Expenditures under Part 3 of the Project

Notwithstanding any provision to the contrary in this Section, Emergency Expenditures required for activities included in Part 3 of the Project shall be procured in accordance with the procurement methods and procedures set forth in the ERM.

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 Credit

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

Category	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, and consulting services, Incremental Operating Costs, and Training for the Project	129,400,000	100%
(2) Emergency Expenditures	0	100%
TOTAL AMOUNT	129,400,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:

- (a) for payments made prior to the Signature Date; or
- (b) for Emergency Expenditures under Category (2), unless and until the Association is satisfied that all of the following conditions have been met in respect of said expenditures:
 - (i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in Part 3 of the Project in order to respond to said crisis or emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;
 - (ii) the Recipient has ensured that all safeguards instruments required for said activities have been prepared and disclosed, and the Recipient has ensured that any actions which are required to be taken under said instruments have been implemented, all in accordance with the provisions of Section I.C of this Schedule;
 - (iii) the entities in charge of coordinating and implementing Part 3 of the Project have adequate staff and resources, in accordance with the provisions of the ERM, for the purposes of said activities; and
 - (iv) the provisions of the ERM remain relevant, or have been updated in a manner and substance satisfactory to the Association, so as to be appropriate for the inclusion and implementation of Part 3 of the Project.

2. The Closing Date is December 31, 2024.

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 on July 1, 2023 to and including January 1, 2043	1.65%
commencing July 1, 2043 to and including January 1, 2048	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. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
3. “Clean Green Pakistan Index” means the Recipient’s city-level index that ranks cities in accordance with their cleanliness and greenery.
4. “Displaced Persons” means persons who, on account of the implementation of the Project, have experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; (iii) loss of income source or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such persons.
5. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.
6. “Emergency Expenditure” means any of the eligible expenditures set forth in the Emergency Response Manual in accordance with the provisions of Section I.D of Schedule 2 to this Agreement, and required for Part 3 of the Project.
7. “Emergency Response Manual” or “ERM” means the Recipient’s manual referred to in Section I.D of Schedule 2 to this Agreement, in form and substance satisfactory to the Association, containing detailed arrangements and procedures for activities under Part 3 of the Project: (a) any special institutional arrangements for coordinating and implementing said Part; (b) specific activities which may be included in said Part, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (c) financial management arrangements; (d) procurement methods and procedures; (e) documentation required for withdrawals of Emergency Expenditures; (f) application of the Safeguard Instruments and any other relevant safeguard instruments; and (g) any other arrangements necessary to ensure proper coordination and implementation of said Part; as said manual may be modified from time to time with the prior written approval of the World Bank, and such term includes any schedules to such manual.

8. “Environmental and Social Management Framework” or “ESMF” means the environmental and social management framework adopted by the Project Implementing Entity and disclosed on February 25, 2020, acceptable to the Association, setting out the principles, standards, processes and tools to be applied to assess potential adverse environmental and social impacts associated with Project activities and the ways to avoid, minimize and/or mitigate them, with related public consultation, disclosure, reporting and grievance redress procedures, including for the preparation of Environmental and Social Management Plans, as may be required for Project activities, as said framework may be modified from time to time by agreement between the Recipient and the Association.
9. “Environmental and Social Management Plan” or “ESMP” means, individually, each of the Project Implementing Entity’s environmental and social management plans, as may be required to be prepared in accordance with the ESMF, setting forth mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to eliminate any adverse environmental impacts of activities to be implemented under the Project, offset them, or reduce them to acceptable levels, or enhance positive impacts, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such plan; and “Environmental and Social Management Plans” and “ESMPs” means, collectively, all such plans.
10. “ESRI” or “Ecosystem Restoration Initiative” means the Recipient’s program to manage risks of environmental degradation and climate change.
11. “Fund Implementation Partner” means the PMD, the federal government, provincial government, or non-public and/or community-based organization, which are the beneficiary of a Grant and a party to the Grant Agreement, and “Fund Implementation Partners” means, collectively, all such Fund Implementation Partners.
12. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated July 14, 2017.
13. “Grant” means a grant to be provided out of the proceeds of the Credit to a Fund Implementation Partner under a Grant Agreement for the purpose of carrying out Parts 1, 2(a), and 2(b) of the Project, and “Grants” means, collectively, all such Grants.
14. “Grant Agreement” means an agreement between the Project Implementing Entity and a Fund Implementation Partner referred to in Section I.B.2 of the Schedule to the Project Agreement.

15. "Incremental Operating Costs" means the reasonable costs of incremental expenditures required for the Project and incurred by the Recipient for day-to-day coordination, administration, and supervision of Project activities, including consumable materials and supplies, office rental, utility fees, insurance, communications, advertising and newspaper subscriptions, printing and stationery, operation and maintenance of office equipment and vehicles, charges for opening and operating bank accounts, in-country travel costs, boarding/lodging and per-diems for Project staff, and salaries of contractual staff (other than consultants) required for Project management, but excluding salaries, bonuses, fees, and honoraria or equivalent payments of members of the Recipient's civil service, except for salaries and/or salary supplements of members of the Recipient's civil service formally deputed to the Project to assist in carrying out of the Project activities in accordance with the Recipient's applicable policies during the period of such deputation.
16. "Indigenous Peoples Plan" or "IPP" means each plan for a Project activity or a Sub-project, meeting the requirements of the Indigenous Peoples Planning Framework and acceptable to the Association, which includes the principles, procedures, organizational arrangements and budget to implement indigenous peoples related activities under the Project or under parts of the Project, as said indigenous peoples plan may be revised from time to time with the prior written agreement of the Association; and "Indigenous Peoples Plans" or "IPPs" means, collectively, all such plans.
17. "Indigenous Peoples Planning Framework" or "IPPF" means the Recipient's indigenous peoples planning framework acceptable to the Association and disclosed on February 25, 2020, which sets out the principles, organizational arrangements (including consultation, budget and disclosure), and design criteria to be applied to Project and Sub-project activities which affect indigenous peoples, including the preparation of indigenous peoples plans, as such framework may be amended from time to time with the prior written agreement of the Association.
18. "National Disaster Risk Management Fund" or "NDRMF" means the Recipient's National Disaster Risk Management Fund registered with the Securities & Exchange Commission of Pakistan under Section 42 of the Companies Act 2017, or any successor thereto.
19. "Pakistan Meteorological Department" or "PMD" means the Recipient's meteorological department under Aviation Division, or any successor thereto.
20. "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.
21. "Project Implementing Entity" means the NDRMF.

22. “Project Implementing Entity Legislation” means the Recipient’s and Project Implementing Entity’s legislation that enables the establishment and operations of the Project Implementing Entity, including, but not limited to, the Companies Act 2017.
23. “Project Management Team” means the team to be established pursuant to Section I.A of the Schedule to the Project Agreement.
24. “Project Operations Manual” means the Project Implementing Entity’s manual referred to in Section I.B of the Schedule to the Project Agreement, setting out policies and procedures for the implementation of the Project, including the selection criteria, requirements and procedures for the provision of Grants, as the same may be updated from time to time by agreement between the Project Implementing Entity, through the Recipient, and the Association.
25. “Resettlement Action Plan” or “RAP” means, individually, each of the Project Implementing Entity’s resettlement action plans, as may be required to be prepared in accordance with the RPF and Section D.2(b)(i) of the Schedule to the Project Agreement, acceptable to the Association, which sets out the: (i) principles and procedures governing the acquisition of land required for the Project; (ii) Displaced Persons as a result of Project activities; (iii) actions and measures for the payment of compensation to Displaced Persons and for their resettlement and rehabilitation; (iv) criteria and procedures for developing and implementing actions and measures for mitigating the adverse social impacts resulting from the implementation of Project activities; and (v) principles and procedures for consultation, grievance redress, reporting and monitoring requirements, as said plan may be revised from time to time by agreement between the Recipient and the Association; and “Resettlement Action Plans” and “RAPs” means, collectively, all such plans.
26. “Resettlement Policy Framework” or “RPF” means the RPF adopted by the Project Implementing Entity and disclosed on February 25, 2020, acceptable to the Association, which sets out the policies and procedures for addressing adverse temporary or permanent social impacts resulting, or likely to result, from the carrying out of the Project, including for the preparation of Resettlement Action Plans as may be required for Project activities, as said framework may be revised from time to time by agreement between the Recipient and the Association.
27. “Safeguards Instruments” means the Environmental and Social Management Framework, the Resettlement Policy Framework, the Indigenous Peoples Planning Framework, the Environmental and Social Management Plan(s), the Resettlement Action Plan(s) and the Indigenous Peoples Plan(s).
28. “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.

29. “Sub-project” means a set of activities to be financed by the Project Implementing Entity and carried out by a Fund Implementation Partner in accordance with the terms and conditions set forth in the project Agreement and included in the Project Operations Manual and the relevant Grant Agreement; and “Sub-projects” means, collectively, all such Sub-projects.
30. “Subsidiary Agreement” means the agreement to be entered into between the Recipient and the Project Implementing Entity in accordance with Section I.A.1 of Schedule 2 to this Agreement.
31. “Training” means the reasonable costs incurred by the Project Implementing Entity for training and workshops under the Project and directly attributable to seminars, workshops, and study tours, along with travel and subsistence allowances for training participants, course fees, services of trainers, rental of training facilities, preparation, acquisition, distribution and reproduction of training materials, and other activities directly related to course preparation and implementation.