
LOAN NUMBER 9177-PK

Loan Agreement

(Solid Waste Emergency and Efficiency Project)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between ISLAMIC REPUBLIC OF PAKISTAN (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank 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 — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of one hundred million United States Dollars, as such amount may be converted from time to time through a Currency Conversion (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.06. The Payment Dates are May 15 and November 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower 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 — EFFECTIVENESS; TERMINATION

- 4.01. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 4.02. For purposes of Section 9.05 (b) of the General Conditions, the date on which the obligations of the Borrower under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

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

- 5.02. For purposes of Section 10.01 of the General Conditions:

- (a) the Borrower's address is:

Ministry of Economic Affairs
Government of Pakistan
Islamabad
Pakistan; and

- (b) the Borrower's Electronic Address is:

Facsimile: 92-51-910-4016 E-mail: secretary@ead.gov.pk

- 5.03. For purposes of Section 10.01 of the General Conditions:

- (a) the Bank's address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

- (b) the Bank'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

Noor Ahmed

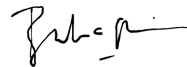
Name: _____

Title: Secretary

Date: 25-Feb-2021

INTERNATIONAL BANK FOR RECONSTRUCTION AND
DEVELOPMENT

By



Authorized Representative

Najy Benhassine

Name: _____

Title: Country Director, Pakistan

Date: 15-Feb-2021

SCHEDULE 1

Project Description

The objectives of the Project are to mitigate the impacts of flooding and COVID-19 emergencies and to improve solid waste management services in Karachi.

The Project consists of the following parts:

Part 1. Immediate Emergency Response Interventions

- (a) Cleaning of *nullahs* and disposal of waste, including: (i) removing waste obstructing the flow of water and restoring the drainage capacity of the *nullahs*; and (ii) construction of a temporary storage cell for waste and sediments cleared from *nullahs* at the Jam Chakro dumpsite.
- (b) Development and implementation of a targeted communication and awareness campaign aimed at communities living around the *nullahs*.

Part 2. Development of Solid Waste Management Backbone Infrastructure

- (a) Provision of urgent collection equipment for under-served districts and improvement of *Kachra Kundis*, including: (i) provision of critical equipment to improve occupational safety and collection efficiency, such as personal protective equipment for workers, collection trucks, bins, and containers; and (ii) upgrading of up to thirty (30) existing *kachra kundis* and the construction of approximately fifty (50) *kachra kundis*.
- (b) Construction of a new sanitary disposal cell at Jam Chakro dumpsite, including: (i) design and construction of a new landfill cell; (ii) design and construction of a manual material recovery facility adjacent to the disposal cell; (iii) implementation of measures to improve safety and environmental performance of the dumpsite; (iv) progressive closure and rehabilitation of areas that have reached capacity; and (v) development and implementation of community support plan for waste pickers living at Jam Chakro.
- (c) Construction and/or upgrading of transfer stations, including the development and implementation of an appropriate operating model for the operation and maintenance of the transfer stations.
- (d) Development of long-term waste solutions for Karachi, including: (i) planning, design and construction of a new sanitary landfill with associated facility; (ii) planning, carrying out of feasibility studies, engineering design, development of business and operating models, and provision of advisory services for the preparation of a large ecosystem of waste treatment solutions; (iii) design and construction of solutions to improve treatment of non-municipal waste streams such as medical waste and/or construction and demolition waste, including: (A) assessment of existing systems for collection, transport and disposal of such

waste streams; (B) identification of gaps to be addressed through processes, investments and technologies; (C) development of service improvement plans needed to build end-to-end solutions for each stream, as well as policy recommendations on regulation and tariffs for producers; and (D) identification of priority investments.

Part 3. Project Management and Implementation Support

Support for implementing agencies to manage, implement, and supervise Project activities and investments and training and skill development in the areas of monitoring and evaluation, communication, audits, social and environmental management, engineering, operations and maintenance, and Project management.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. On-lending.

1. To facilitate the implementation of the Project, the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity under the same terms and conditions under which they are made available by the Bank to the Borrower and in accordance with the Borrower's on-lending and budgetary policies and procedures.
2. Notwithstanding the provisions of the preceding paragraph, in the event of a conflict between the on-lending and budgetary policies and procedures of the Borrower and the provisions of this Agreement, including such additional instructions as the Bank shall have specified in the Disbursement and Financial Information Letter, the provisions of this Agreement, including said additional instructions, shall govern.
3. The Borrower shall exercise its rights under the on-lending arrangements referred to in paragraph 1 of this Part A in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive its rights or obligations under said arrangements.

B. Environmental and Social Standards

1. The Borrower shall, and shall cause the Project Implementing Entity to, ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, the Borrower shall, and shall cause the Project Implementing Entity to, ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Bank. To this end, the Borrower shall, and shall cause the Project Implementing Entity to, ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;

- (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
- 3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- 4. The Borrower shall, and shall cause the Project Implementing Entity to, ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
- 5. The Borrower shall, and shall cause the Project Implementing Entity to, establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.
- 6. The Borrower shall, and shall cause the Project Implementing Entity to, ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors, and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

Section II. Project Monitoring Reporting and Evaluation

The Borrower shall furnish to the Bank 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 Loan Proceeds

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 Borrower may withdraw the proceeds of the Loan to: (a) finance Eligible Expenditures; and (b) pay: (i) the Front-end Fee; and (ii) each Interest Rate Cap or Interest Rate Collar premium; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Training, and Incremental Operating Costs for the Project	99,750,000	100%
(2) Front-end Fee	250,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(3) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 4.05 (c) of the General Conditions
TOTAL AMOUNT	100,000,000	

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, except that withdrawals up to an aggregate amount not to exceed eleven million United States Dollars (\$11,000,000) may be made for payments made prior to this date but on or after January 1, 2020, for Eligible Expenditures under Category (1).
2. The Closing Date is June 30, 2025.

SCHEDULE 3

Repayment Schedule

Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”).

The Borrower shall repay the principal amount of the Loan as follows:

Principal Payment Date	Installment Share
May 15, 2026	0.50%
November 15, 2026	0.50%
May 15, 2027	1.50%
November 15, 2027	1.75%
May 15, 2028	2.00%
November 15, 2028	2.00%
May 15, 2029	1.00%
November 15, 2029	1.00%
May 15, 2030	1.00%
November 15, 2030	1.00%
May 15, 2031	1.00%
November 15, 2031	1.00%
May 15, 2032	1.00%
November 15, 2032	1.00%
May 15, 2033	1.00%
November 15, 2033	3.00%
May 15, 2034	3.00%
November 15, 2034	3.00%
May 15, 2035	2.00%
November 15, 2035	2.00%
May 15, 2036	1.00%
November 15, 2036	1.00%
May 15, 2037	1.00%
November 15, 2037	1.00%
May 15, 2038	2.25%
November 15, 2038	4.00%
May 15, 2039	4.00%
November 15, 2039	5.00%
May 15, 2040	5.00%
November 15, 2040	5.00%
May 15, 2041	4.00%
November 15, 2041	4.00%
May 15, 2042	4.00%
November 15, 2042	4.00%
May 15, 2043	4.00%
November 15, 2043	4.00%
May 15, 2044	4.00%
November 15, 2044	4.00%
May 15, 2045	4.00%
November 15, 2045	4.50%

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. “COVID-19” means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
4. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated October 27, 2020, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
5. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
6. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018.

7. “Incremental Operating Costs” means the reasonable costs of incremental expenditures required for the Project and incurred by the Borrower 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 Borrower’s civil service, except for salaries and/or salary supplements of members of the Borrower’s civil service formally deputed to the Project to assist in carrying out the Project activities in accordance with the applicable government policies during the period of such deputation.
8. “Kachra Kundis” means a designated waste collection point, where household waste is deposited and periodically collected, which may consist of basic concrete slabs with minimal confinement.
9. “Karachi” means the provincial capital of the Project Implementing Entity.
10. “Local Council” means a council created under the Local Government Act 2013, or any successors thereto, which the Bank has confirmed in writing to the Project Implementing Entity is acceptable for the purpose of the Project.
11. “Local Government, Housing and Town Planning Department” means the Project Implementing Entity’s department, responsible for local government, housing and town planning, or any successor thereto.
12. “Operations Manual” means the manual to be prepared by the Project Implementing Entity, through the PIU, in accordance with Section I.B.1 of the Schedule to the Project Agreement, satisfactory to the Bank, as such manual may be amended from time to time with prior written agreement of the Bank.
13. “PIU” or “Project Implementing Unit” means the unit to be established by the Project Implementing Entity in accordance with Section I.A.1(c)(i) of the Schedule to the Project Agreement.
14. “Planning & Development Board” means the Project Implementing Entity’s board responsible for planning and development, or any successor thereto.
15. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated July 2016, revised November 2017 and August 2018.

16. “Project Implementing Entity” means the Province of Sindh, or any successor thereto.
17. “Province” means a province of the Borrower, which constitutes the first order administrative division of the Borrower’s territory.
18. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
19. “SSWMB” or “Sindh Solid Waste Management Board” means the Project Implementing Entity’s board responsible for solid waste management, established and operating pursuant to the Project Implementing Entity’s legislation, or any successor thereto which the Bank has confirmed in writing is acceptable for the purpose of the Project.
20. “Steering Committee” means the committee to be established by the Project Implementing Entity in accordance with Section I.A.2 of the Schedule to the Project Agreement.