
LOAN NUMBER 9170-PK

Operation Agreement

(Punjab Resource Improvement and Digital Effectiveness)

between

INTERNATIONAL BANK

FOR

RECONSTRUCTION AND DEVELOPMENT

and

PROVINCE OF PUNJAB

LOAN NUMBER 9170-PK

OPERATION AGREEMENT

AGREEMENT between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and PROVINCE OF PUNJAB (“Implementing Entity”) (“Operation Agreement”) in connection with the Loan Agreement (“Loan Agreement”) of the Signature Date between ISLAMIC REPUBLIC OF PAKISTAN (“Borrower”) and the Bank, concerning Loan No. **9170-PK**. The Bank and the Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to the Loan 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 Loan Agreement or the General Conditions.

ARTICLE II — OPERATION

- 2.01. The Implementing Entity declares its commitment to the objectives of the Operation. To this end, the Implementing Entity shall carry out the Operation in accordance with the provisions of the General Conditions and the Schedule to this Agreement, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Operation.

ARTICLE III — REPRESENTATIVE; ADDRESSES

- 3.01. The Implementing Entity’s Representative is its Secretary of the Planning and Development Board.

3.02. 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:

Telex:	Facsimile:	E-mail:
248423(MCI) or 1-202-477-6391 64145(MCI)		CMUPakistan@worldbank.org

3.03. For purposes of Section 10.01 of the General Conditions: (a) the Implementing Entity's address is:

Secretary
Planning and Development Board
Government of Punjab
Lahore
Pakistan; and

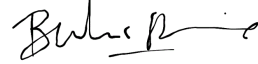
(b) the Implementing Entity's Electronic Address is:

Facsimile:
+92-42-99210308

AGREED as of the later of the two dates written below.

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

By



Authorized Representative
Najy Benhassine

Name: _____

Country Director, Pakistan
Title: _____

19-Nov-2020
Date: _____

PROVINCE OF PUNJAB

By



Authorized Representative

Imran Sikandar Baloch
Name: _____

Secretary PnD Board Punjab
Title: _____

22-Nov-2020
Date: _____

SCHEDULE

Operation Execution

Section I. Implementation Arrangements

A. Program Fiduciary, Environmental and Social Systems

Without limitation on the provisions of Article V of the General Conditions, the Implementing Entity shall carry out the Program in accordance with financial management, procurement and environmental and social management systems acceptable to the Bank which are designed to ensure that:

1. the Loan proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and
2. the actual and potential adverse environmental and social impacts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

B. Implementation Manual

1. The Implementing Entity shall:
 - (a) prepare and furnish to the Bank for its review, an Implementation Manual setting out detailed institutional, administrative, financial, technical and operational standards and procedures for the implementation of the Operation, Program Action Plan, and including: (i) detailed disbursement calculation formula; (ii) detailed safeguards, financial management (including funds flow and budgeting), personal data collection/processing and procurement arrangements; and (iii) a monitoring and verification system for the Program, in accordance with good international practice, roles and responsibilities for the implementation of the Operation and such other arrangements and procedures as shall be required for the effective implementation of the Operation, in form and substance satisfactory to the Bank;
 - (b) within three (3) months after the Effective Date, adopt such Implementation Manual as shall have been approved by the Bank and thereafter, implement the Operation in accordance with the Implementation Manual; and

- (c) shall not amend, abrogate or suspend, or permit to be amended, abrogated or suspended any provision of the Implementation Manual without the prior written agreement of the Bank.
- 2. Notwithstanding the foregoing, if any provision of the Implementation Manual is inconsistent with the provisions of this Agreement, the provisions of this Agreement shall prevail.

C. Operation Implementation Arrangements

- 1. The Implementing Entity shall maintain, throughout the period of implementation of the Operation, the Public Financial Management Reform Steering Committee comprised of officials of various government entities, in adequate numbers and under terms of reference satisfactory to the Bank, vested with the responsibility of overseeing the implementation of the Operation in their respective agencies.
- 2. The Implementing Entity shall vest the overall responsibility for the implementation of the Project in its Finance Department and shall maintain, throughout the period of implementation of the Project, the Public Financial Management Unit with the composition, resources and terms of reference satisfactory to the Bank and adequate for successful implementation of the Project.
- 3. The Implementing Entity shall carry out the Program Action Plan in accordance with the schedule set out in the said Program Action Plan in a manner satisfactory to the Bank.
- 4. The Implementing Entity shall ensure that collection, storage, usage or processing of personal data are carried out with due regard to appropriate data protection and privacy standards and practices.

D. Environmental and Social Standards for the Project

- 1. The Implementing Entity shall 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 Implementing Entity shall 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 Implementing Entity shall ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as 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 Implementing Entity shall 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, including, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
- 5. The Implementing Entity shall 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 Implementing Entity shall 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. Excluded Activities

The Implementing Entity shall ensure that the Program shall exclude any activities which:

- A. in the opinion of the Bank are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or
- B. involve the procurement of: (1) works, estimated to cost \$75,000,000 equivalent or more per contract; (2) goods, estimated to cost \$50,000,000 equivalent or more per contract; (3) non-consulting services, estimated to cost \$50,000,000 equivalent or more per contract; or (4) consultants' services, estimated to cost \$20,000,000 equivalent or more per contract.

Section III. Operation Monitoring, Reporting and Evaluation

- A. The Implementing Entity shall monitor and evaluate the progress of the Program and the Project and prepare Program Reports in accordance with the provisions of Section 5.08 of the General Conditions. Each Project Report and Program Report shall cover the period of one calendar semester, and shall be furnished to the Borrower not later than thirty (30) days after the end of the period covered by such report for incorporation and forwarding by the Borrower to the Bank of the overall Project Report and Program Report.
- B. For purpose of verifying the achievement of the DLRs, the Implementing Entity shall engage, not later than six (6) months after the Effective Date, an independent third-party entity or entities (the "Third-Party Independent Verification Agent"), with qualifications, experience and terms of reference satisfactory to the Bank, to undertake the verification process.
- C. P&DB and FD shall prioritize annual development plan schemes supporting program result areas and ensure continuous and predictable release of funds for program activities, which shall be assessed at the time of third-party review of program expenditure framework.