
LOAN NUMBER 9318-PK

Project Agreement

(Electricity Distribution Efficiency Improvement Project)

between

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

and

HYDERABAD ELECTRIC SUPPLY COMPANY LIMITED

LOAN NUMBER 9318-PK

PROJECT AGREEMENT

AGREEMENT between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and HYDERABAD ELECTRIC SUPPLY COMPANY LIMITED (“Project Implementing Entity” or “HESCO”) (“Project Agreement”) in connection with the Loan Agreement (“Loan Agreement”) of the Signature Date between the ISLAMIC REPUBLIC OF PAKISTAN (“Borrower”) and the Bank, concerning Loan No.9318-PK. The Bank and the Project 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 — PROJECT

- 2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out Parts 1(a)(i), 1(b)(i), 1(c)(i), 2(a)(i), 2(b)(i) and the Project Implementing Entity’s related activities under Part 3 of the Project (collectively, the Project Implementing Entity’s or HESCO’s “Respective Parts of the Project”) in accordance with the provisions of Article V 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 its Respective Parts of the Project.

ARTICLE III — REPRESENTATIVE; ADDRESSES

- 3.01. The Project Implementing Entity’s Representative is its Chief Executive Officer.
- 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	

PakistanCMU@worldbank.org
64145(MCI)

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

Hyderabad Electric Supply Company Limited
WAPDA Offices Complex
Hussainabad
Hyderabad
Pakistan; and

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

Facsimile:	E-mail:
(92)-22-9260361	ceo@hesco.gov.pk

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

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By Benhassine
Authorized Representative
Name: Najy Benhassine
Title: Country Director, Pakistan
Date: 21-Dec-2021

HYDERABAD ELECTRIC SUPPLY COMPANY
LIMITED

By Noor Ahmad Soomro
Authorized Representative
Name: Noor Ahmad Soomro
Title: CEO HESCO HYDERABAD
Date: 23-Dec-2021

SCHEDULE

Execution of the Project Implementing Entity's Respective Parts of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. For purposes of carrying out the Project Implementing Entity's Respective Parts of the Project, the Project Implementing Entity shall:
 - (a) maintain, throughout the implementation period of its Respective Parts of the Project, a Project management unit ("Project Management Unit"), which shall be: (i) headed by its Chief Engineer (Development) and assisted by competent staff and experts, all with experience and qualifications, in numbers and under terms of reference acceptable to the Bank; and (ii) provided with such power, financial resources, functions and competences, acceptable to the Bank, as shall be required for it to carry out the day-to-day coordination and implementation of the activities under the Project Implementing Entity's Respective Parts of the Project;
 - (b) select and engage, by not later than three (3) months after the Effective Date, and thereafter maintain, throughout the implementation period of its Respective Parts of the Project, the services of a Project implementation and management support consultant, with qualifications and experience and under terms of reference acceptable to the Bank, in order to assist the Project Management Unit with the implementation of activities under the Project Implementing Entity's Respective Parts of the Project, including, *inter alia*, preparation and review of feasibility studies, design studies, construction supervision, monitoring and evaluation, progress reporting, and support and capacity building activities for the Project Implementing Entity regarding Project management operations and maintenance, including procurement, contract management, quality control, financial management, environmental and social management, occupational health and safety; and
 - (c) establish, by not later than one (1) month after the Effective Date, and thereafter maintain, throughout the implementation period of its Respective Parts of the Project, a Procurement Committee ("Procurement Committee"), which shall be: (i) headed by its Chief Engineer (Development) and with composition and terms of reference acceptable to the Bank; and (ii) provided with such power, financial resources, functions

and competences, acceptable to the Bank, as shall be required to serve as a single review body for the evaluation of bidding documents and procurement reports prepared for activities under the Project Implementing Entity's Respective Parts of the Project.

2. The Project Implementing Entity shall perform its obligations and exercise its rights under its Subsidiary Agreement 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 Project Implementing Entity shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

B. Environmental and Social Standards.

1. The Project Implementing Entity shall ensure that its Respective Parts of the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon Section I.B.1 above, the Project Implementing Entity shall ensure that its Respective Parts of 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 Project Implementing Entity shall 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 Project 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 Implementing Entity's Respective Parts of 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 Project 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 Project Implementing Entity shall ensure that all bidding documents and contracts for civil works under its Respective Parts of 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.

C. Annual Work Plans and Budgets.

- 1. Except for the Borrower's Fiscal Year during which the Loan Agreement shall become effective, the Project Implementing Entity shall: (a) prepare and furnish to the Bank by not later than March 31 of each year, a draft Annual Work Plan and Budget for its Respective Parts of the Project for review and comment, summarizing the implementation progress of its Respective Parts of the Project for the said Fiscal Year and the activities under its Respective Parts of the Project to be undertaken in the following Fiscal Year (together with documentary evidence

that the environment and social management obligations related to such upcoming Project activities shall be fully complied with in a timely fashion in accordance with the ESCP), including the proposed annual budget and sources of financing for its Respective Parts of the Project (Loan, counterpart financing, and any other source of financing which may become available for its Respective Parts of the Project); (b) taking into account the Bank's comments, finalize and furnish to the Bank no later than April 30 in each year, the Annual Work Plan and Budget, acceptable to the Bank; and (c) thereafter ensure the implementation of its Respective Parts of the Project during the following Fiscal Year in accordance with the Annual Work Plan and Budget agreed with the Bank and in a manner acceptable to the Bank. Any amendment, suspension, abrogation or waiver to an Annual Work Plan and Budget needed during the Fiscal Year covered by such plan shall be subject to a prior written no-objection of the Bank.

2. For the Borrower's Fiscal Year during which the Loan Agreement shall become effective, the date referred to in Section I.C.1(a) of this Schedule shall be one (1) month after the Effective Date and the date referred to in Section I.C.1(b) of this Schedule shall be two (2) months after the Effective Date.
3. In the event that any provision of any Annual Work Plan and Budget shall conflict with any provision under the Loan Agreement or this Agreement, the provisions of the Loan Agreement and this Agreement shall prevail, in that order of priority.

Section II. Project Monitoring, Reporting and Evaluation

1. The Project Implementing Entity shall monitor and evaluate the progress of its Respective Parts of the Project and prepare Project Reports for its Respective Parts of the Project in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of indicators acceptable to the Bank. Each such Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Borrower and the Bank not later than forty-five (45) days after the end of the period covered by such report.
2. The Project Implementing Entity shall:
 - (a) participate in the Midterm Review to assess the status of its Respective Parts of the Project implementation, as measured against the indicators agreed with the Bank and the legal covenants included in this Agreement;
 - (b) to this end, prepare and furnish to the Borrower not later than forty-five (45) days prior to the Midterm Review for incorporation in, and/or forwarding by the Borrower to the Bank of, the overall Midterm Review

report, a report, in scope and detail satisfactory to the Borrower and the Bank. Such report shall integrate the results of the monitoring and evaluation activities performed pursuant to Section II.1 of this Schedule, and elaborate on the progress achieved in the carrying out of the Project Implementing Entity's Respective Parts of the Project during the period preceding the date of such report and setting out the measures recommended to ensure the efficient carrying out of its Respective Parts of the Project and the achievement of its objectives during the period following such date; and

- (c) review jointly with the Bank and the Borrower the report referred to in the preceding paragraph, and thereafter take all measures required to ensure the efficient completion of its Respective Parts of the Project and the achievement of its objectives, based on the conclusions and recommendations of such report and the Bank's views on the matter.

3. The Project Implementing Entity shall provide to the Borrower not later than five (5) months after the Closing Date, for incorporation in the report referred to in Section 5.08 (c) of the General Conditions all such information as the Borrower or the Bank shall reasonably request for the purposes of that Section.