

Public Disclosure Authorized

OFFICIAL DOCUMENTS

CREDIT NUMBER 6247-PK

Program Agreement

(Punjab Green Development Program)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

PROVINCE OF PUNJAB

29 May 2018

PROGRAM AGREEMENT

AGREEMENT between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and the PROVINCE OF PUNJAB (“Program Implementing Entity”) (“Program Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of the Signature Date between the ISLAMIC REPUBLIC OF PAKISTAN (“Recipient”) and the Association, concerning Credit No. 6247-PK. The Association and the Program Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

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

ARTICLE II — PROGRAM

- 2.01. The Program Implementing Entity declares its commitment to the objectives of the Program. To this end, the Program Implementing Entity shall carry out the Program 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 the Program.

ARTICLE III — TERMINATION

- 3.01. For purposes of Section 10.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the Signature Date.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

- 4.01. The Program Implementing Entity’s Representative is the Secretary of its Planning and Development Department.
- 4.02. For purposes of Section 11.01 of the General Conditions:

- (a) the Association’s address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America; and

(b) the Association's Electronic Address is:

Telex:

Facsimile:

248423(MCI) or

1-202-477-6391

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

(a) the Program Implementing Entity's address is:

Secretary
Planning and Development Department
Government of Punjab
Lahore,
Pakistan; and

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

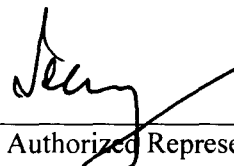
Facsimile:

+92-042-99210182

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

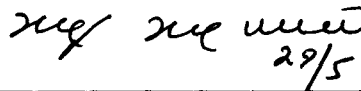
Name: Patchamuthu Mangovara

Title: Country Director

Date: 29-05-2018

PROVINCE OF PUNJAB

By



Authorized Representative

Name: Capt. (Retd.) Saif Anjum

Title: Secretary PSD Board

Date: 29-05-2018

SCHEDULE

Program Execution

Section I. Implementation Arrangements

A. Program Fiduciary, Environmental and Social Systems

1. Without limitation on the provisions of Article V of the General Conditions, the Program Implementing Entity shall carry out the Program in accordance with financial management, procurement and environmental and social management systems acceptable to the Association which are designed to ensure that:
 - (a) the Financing proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and
 - (b) 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. Institutional Arrangements

The Program Implementing Entity shall vest the overall responsibility for coordinating the Participating Department's implementation of Program's activities in the P&DD and EPD. To this end, the Program Implementing Entity shall:

- (a) within one (1) month after the Effective Date establish, and thereafter maintain throughout the period of Program implementation, a Program steering committee (the "Steering Committee") headed by a representative of the P&DD, which committee shall include, *inter alia*, representatives from all Relevant Provincial Departments, and chambers of commerce, as agreed with the Association, in order to provide policy guidance and direction, establish Program priorities, facilitate interagency coordination, and oversee the progress of Program activities and the achievement of DLIs/DLRs;
- (b) within one (1) month after the Effective Date establish, and thereafter maintain throughout the period of Program implementation, a Program coordination unit within the P&DD ("PCU"), which unit shall be: (i) headed by the Member (Environment and Climate Change) of P&DD, assisted by experienced and qualified staff, in adequate numbers, under terms of reference satisfactory to the Association; and (ii) provided with powers, financial resources, function and competences acceptable to the

Association, as shall be required for it to carry out the overall coordination of the Relevant Provincial Departments' implementation of the Program, and provide administrative support to the Steering Committee;

- (c) within three (3) month after the Effective Date establish, and thereafter maintain throughout the period of Program implementation, a strategic planning and implementation unit within the EPD ("SPIU"), which unit shall be: (i) headed by a Project Director, assisted by experienced and qualified staff, in adequate numbers, under terms of reference satisfactory to the Association; and (ii) provided with powers, financial resources, function and competences acceptable to the Association, as shall be required for it to implement EPD's activities under the Program, ensuring EPD's compliance with procurement, financial management, monitoring and evaluation, environmental and social management, and reporting requirements under this Agreement and/or the Program, monitoring the Relevant Provincial Departments' compliance with, and/or execution of, the Program Action plan, developing standard templates and consolidating Program Reports, recruiting the Independent Verification Agent(s), coordinating the verification of DLIs/DLRs met, and reporting, on quarterly basis, to the Steering Committee on the progress achieved in the implementation of the Program; and
- (d) within one (1) month after the Effective Date nominate, and thereafter maintain within each of the Relevant Provincial Departments (other than the EPD) throughout the period of Program implementation, a Program delivery unit ("PDU") for each such Relevant Provincial Department, which unit shall be: (i) provided with adequate staff with experience and qualifications, and under terms of reference, satisfactory to the Association; and (ii) provided with powers, financial resources, function and competences acceptable to the Association, as shall be required for them to carry out the Program activities under the purview of their respective Relevant Provincial Departments, including their compliance with procurement, financial management, monitoring and evaluation, environmental and social management, and reporting requirements under this Agreement and the Program.

C. Environmental Endowment Fund

For purposes of para. 1(b) in Results Area 2, prior to capitalizing the Environmental Endowment Fund, and as a condition for the financial eligibility of such capitalization under the Program, the Program Implementing Entity, acting through the EPD, shall have: (i) established the fund's legal and institutional framework, including governance arrangements, capital structure, and operational policies and procedures, including the selection criteria and terms and condition for the provision of financing for environmental protection proposals; (ii)

appointed the fund's board of directors and essential staff; and (iii) hired a professional fund manager; all in a manner and substance and under terms of reference acceptable to the Association.

D. RECP technologies

1. For purposes of para. 3 in Results Area 2, and as a condition precedent for the provision of financing to SMEs for the piloting of RECP technologies, the Program Implementing Entity shall have screened the RECP investment proposals and beneficiary SMEs to ensure compliance with applicable laws and regulation on child and forced labor, in a manner and substance satisfactory to the Program Implementing Entity and the Association, and, upon their clearance, enter into a written commitment whereby, the beneficiary SMEs shall:
 - (a) at all times, abide by, and comply with, the applicable laws and regulations on child and forced labor;
 - (b) upon completion of the respective green investment, attain full compliance with the social and environmental standard applicable to their respective investments, in a manner and substance satisfactory to the Program Implementing Entity and the Association;
 - (c) accept random unannounced physical and documentary inspections by the Program Implementing Entity and/or the Association in connection with Program-financed RECP investments; and
 - (d) refund to the Program Implementing Entity any amounts received under the Program upon any breach of their written commitment which has not been sanitized within sixty (60) days as of the observed breach notified by the Project Implementing Entity and/or the Association.
2. The Program Implementing Entity shall immediately disqualify from any support, whether financial and/or technical, under the Program, any SMEs that have breached their written commitments, made pursuant to paragraph 1 above.
3. Any amounts committed by the Program Implementing Entity to any beneficiary SME(s) which should have been deemed ineligible pursuant to paragraph 1 of this Section I.E. or which has/ve breached their written commitments (as prescribed in para. 1 above), shall be deemed ineligible for financing under the Program Expenditures.

E. Program Action Plan

The Program Implementing Entity shall:

- (a) implement the Program Action Plan agreed with the Association, in a manner and substance satisfactory to the Association; and
- (b) refrain from amending, revising, waiving, voiding, suspending or abrogating, any provision of the Program Action Plan, whether in whole or in part, without the prior written concurrence of the Association.

In the event of any inconsistency between the provision of the Program Action Plan and those of this Agreement and/or the Financing Agreement, the provision of the latter agreement shall govern.

F. Verification Protocols

The Program Implementing Entity shall:

- (a) for purpose of verifying the achievement of the DLRs, engage, not later than six (6) months after the Effective Date, an independent third-party entity or entities (the “Independent Verification Agent(s)”), with qualifications, experience and terms of reference satisfactory to the Association, to undertake the verification process referred to in subparagraph (b) below;
- (b) undertake, at least semi-annually, through the Independent Verification Agent(s), a verification process, in a manner and substance satisfactory to the Association, and pursuant to the verification protocol agreed with the Association, to ascertain the Program Implementing Entity’s achievement/fulfillment of Disbursement-Linked Results during the period under review, and Project Implementing Entity and SMEs compliance with the provisions and commitments of paragraphs 1 and 2 of Section I.D of this Schedule; and
- (c) furnish to the Association the corresponding verification reports in form and substance acceptable to the Association, by not later than February 28 and August 31 of each year, with the first such report due on February 28, 2019.

G. Anti-Corruption Protocol

For purposes of Section 5.13 of the General Condition the Program Implementing Entity undertakes to cooperate with the Association and discharge its responsibilities under the Anti-Corruption Guidelines, pursuant to the Anti-Corruption Protocol.

Section II. Excluded Activities

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

- (a) in the opinion of the Association, 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 fifty million Dollars (USD 50,000,000) equivalent or more per contract; (2) goods, estimated to cost thirty million Dollars (USD 30,000,000) equivalent or more per contract; (3) non-consulting services, estimated to cost thirty million Dollars (USD 30,000,000) equivalent or more per contract; or (4) consultants' services, estimated to cost fifteen million Dollars (USD 15,000,000) equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation

- 1. The Program Implementing Entity, through the SPIU, shall monitor and evaluate the progress of the Program and prepare Program Reports in accordance with the provisions of Section 5.08 (b) of the General Conditions. Each Program Report shall cover the period of one calendar semester, and shall be furnished to the Recipient and the Association not later than forty-five (45) days after the end of the period covered by such report.
- 2. Notwithstanding the provision of paragraph 1 above, the Program Implementing Entity shall:
 - (a) prepare and furnish to the Recipient and the Association, by no later than June 30, 2020, or such other date as may be agreed with the Association, a mid-term review report, in a manner and substance satisfactory to the Association, integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (1) above on the progress achieved in the carrying out of the Program and the Program Action Plan during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Program and the Program Action Plan, and the achievement of the objectives of the Program, during the period following such date; and
 - (b) review with the Association and the Recipient the mid-term review report referred in sub-paragraph (a) above, and, thereafter, take all measures required to ensure the efficient completion of the Program and the achievement of the objectives thereof, based on the conclusions and

recommendations of the said report and the Association's views on the matter.

2. The Program Implementing Entity shall: (a) prepare the completion report referred to in Section 5.08 (c) of the General Conditions; (b) furnish it to the Recipient and the Association not later than three (3) months after the Closing Date; and (c) provide all such additional information as the Recipient and/or the Association shall reasonably request for the purposes of that Section.