

Public Disclosure Authorized

OFFICIAL DOCUMENTS

CREDIT NUMBER 5973-PK

Implementing Entity Agreement

(National Social Protection Operation)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

BENAZIR INCOME SUPPORT PROGRAMME

Dated MARCH 30, 2017

IMPLEMENTING ENTITY AGREEMENT

Agreement dated March 30, 2017, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and the BENAZIR INCOME SUPPORT PROGRAMME ("Implementing Entity") ("Implementing Entity Agreement") in connection with the Financing Agreement ("Financing Agreement") of same date between ISLAMIC REPUBLIC OF PAKISTAN ("Recipient") and the Association. The Association 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 Financing Agreement) constitute an integral 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 — 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 Article IV of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Operation.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and the Implementing Entity shall otherwise agree, the Implementing Entity shall carry out the Operation in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — TERMINATION

- 3.01. For purposes of Section 8.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

- 4.01. The Implementing Entity's Representative is the Secretary of BISP.

4.02. The Association's Address is:

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

Facsimile:

1-202-477-6391

4.03. The Implementing Entity's Address is:

Benazir Income Support Programme
F-Block Pakistan Secretariat
Islamabad
Pakistan

Facsimile:

+92-51-9246-319

AGREED at Islamabad, Islamic Republic of Pakistan, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



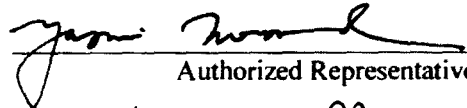
Authorized Representative

Name: Hlanga Patshamuthu

Title: Country Director

BENAZIR INCOME SUPPORT PROGRAMME

By



Authorized Representative

Name: Yasmin Masood

Title: Secretary

SCHEDULE

Execution of the Operation

Section I. Implementation Arrangements

A. Institutional Arrangements for the Operation

The Recipient shall vest the overall responsibility for the implementation of the Operation's activities in BISP. To this end, the Implementing Entity shall maintain, throughout the period of implementation of the Project:

- (a) The Board of the Implementing Entity shall continue to approve, *inter alia*: (i) strategies, policies and regulations of the BISP; (ii) the terms and condition for BISP safety nets programs, including eligibility criteria, periodicity, nature and size of benefits; and (iii) the BISP budget;
- (b) a management body with competent staff and adequate resources acceptable to the Association, including, *inter alia*, a Secretary, a Director-General for cash transfers, a Director-General for the national socio-economic registry, a Director-General for the management information system, a Director-General for monitoring and evaluation, a Director-General for finance and accounts, a Director-General for internal audit, a Director-General for complementary initiatives, a Director for co-responsibility cash transfers, and provincial directors-generals; to be responsible for the day-to-day implementation of the Operation;
- (c) a qualified technical team within the Waseela e Taleem, National Socio- economic Registry, Management Information System, Monitoring and Evaluation, Finance and Accounts, Internal Audit and, Complementary Initiatives units, with the necessary experience and qualifications acceptable to Association, and operating under terms of reference agreed to between the Recipient and the Association, who shall report to the Director General of the respective unit, or his or her designee; said technical team shall include, *inter alia*, a national socio-economic registry specialist; a complementary initiative specialist; a management information system specialist, a system architect/technical lead, a software project manager and, a software quality assurance coordinator for the Management Information System Unit; a conditional cash transfer specialist; a monitoring and evaluation specialist; a finance and accounts specialist; an internal auditor, to be responsible for technical input for, *inter alia*, designing, developing and evaluating the Operation, including the provision of assistance to the respective Director General for compliance with operational responsibilities;
- (d) an independent consultant with experience and qualifications acceptable to the Association, under terms of reference acceptable to the Association, to be

responsible for the carrying out review of operational activities covered under the Program; and

- (e) a financial management specialist to support the Director-General for finance and accounts and a procurement specialist to support the Secretary.

B. Program Action Plan

- (a) The Implementing Entity shall:
 - (i) implement the Program Action Plan agreed with the Association, in a manner and substance satisfactory to the Association; and
 - (ii) 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.
- (b) 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.

C. Fiduciary, Environmental and Social Systems for the Program

- 1. Without limitation on the provisions of Article IV 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 Association, including those set out in the ESSA, and the Program Action Plan ("Program Fiduciary, Environmental and Social Systems"), 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.
- 2. The Implementing Entity shall maintain, throughout the implementation of the Program, a grievance redress mechanism, with staffing and operating procedures acceptable to the Association, for monitoring and addressing the concerns of people affected by the Program and building public and stakeholder support for the Program.

D. Safeguard Requirements under the Project

The Implementing Entity shall maintain, throughout the implementation of the Project, a Project grievance redress mechanism, with staffing and operating procedures acceptable to the Association, for monitoring and addressing the concerns of people affected by the Project and building public and stakeholder support for the Project.

E. Anti-Corruption for the Program

The Implementing Entity shall carry out the Program in accordance with the provisions of the Association's "Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing," dated February 1, 2012, and revised July 10, 2015.

F. Anti-Corruption for the Project

The Implementing Entity shall carry out the Project in accordance with the provisions of the Association's "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.

Section II. Excluded Activities under the Program

The Implementing Entity shall ensure that the Program excludes 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: (i) works, estimated to cost fifty million United States Dollars (US\$ 50,000,000) equivalent or more per contract; (ii) goods, estimated to cost thirty million United States Dollars (US\$ 30,000,000) equivalent or more per contract; (iii) non-consulting services, estimated to cost twenty million United States Dollars (US\$ 20,000,000) equivalent or more per contract; or (iv) consultants' services, estimated to cost fifteen million United States Dollars (US\$ 15,000,000) equivalent or more per contract.

Section III. Operation Monitoring, Reporting and Evaluation; Audits

A. Progress Reports for the Operation

- 1. The Implementing Entity shall monitor and evaluate the progress of the Operation and prepare Progress Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators agreed with the Association. Without limiting Section 4.08 of the General Conditions the Progress Reports shall cover the progress

achieved by the Implementing Entity in the implementation of the Operation's activities, including the achievement of development results and the compliance with/fulfillment of the Program Action Plan. Each such Progress Report shall cover the period of one calendar semester, and shall be furnished to the Recipient and the Association not later forty-five (45) days after the end of the period covered by such report.

2. Notwithstanding the provision of paragraph 1 above, the Implementing Entity shall:
 - (a) prepare, by no later than September 30, 2019, and furnish to the Recipient and 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 Operation 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 Operation and the Program Action Plan, and the achievement of the objectives of the Operation, during the period following such date; and
 - (b) review with the Association, by October 31, 2019, or such later date as the Association shall request, the mid-term review report referred in sub-paragraph (a) above, and, thereafter, take all measures required to ensure the efficient completion of the Operation 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.
3. The Implementing Entity shall: (a) prepare the Operation execution/completion report referred to in Section 4.08 (c) of the General Conditions; and (b) furnish it to the Recipient and the Association not later than six (6) months after the Closing Date.

B. Financial Management and Audits for the Operation

1. The Implementing Entity shall maintain a financial management system and prepare financial statements ("Financial Statements") in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations and financial condition of the Implementing Entity, including the operations, resources and expenditures related to the Operation.
2. Without limitation on the generality of Section 4.09 of the General Conditions, the Implementing Entity shall have the respective Financial Statements for the Project and the Program (including BISP's financial statements) audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Program's and Project's Financial Statements shall cover the period of one fiscal year of the Implementing Entity, commencing with the fiscal year in which the first withdrawal was made under the Program and/or the Project, respectively. The audited Financial Statements for each such period

shall be furnished to the Association not later than nine (9) months after the end of such period.

C. Verification Protocols for the Program

The Implementing Entity shall:

- (a) undertake a verification process to certify the fulfillment of the Disbursement Linked Results set out in Schedule 3 to the Financing Agreement. To this end the Implementing Entity shall select and engage by the earlier of the date which is three (03) months after the Effective Date and the first date on which the Recipient undertakes a verification protocol, and thereafter maintain throughout the period of implementation of the Operation, the services of an Independent Verification Agency (IVA) with qualification and experience and under terms of reference acceptable to the Association, in order to: (i) support the Operation's monitoring and evaluation; (ii) document the achievement of DLIs/DLRs; and
- (b) furnish to the Association the corresponding verification report, in form and substance agreed with the Association.

D. Interim Financial Reports for the Project

Without limitation on the provision of Section III.A of this Schedule, the Implementing Entity shall prepare and furnish to the Association, by not later than forty five (45) days after the end of each calendar semester (six months), interim financial reports for the Project covering the Eligible Expenditures incurred during the Semester and/or providing a forecast thereof for the two (2) subsequent quarters, all in form and substance satisfactory to the Association.

Section IV. Procurement under the Project

All consultants' services required for the Project and to be financed out of the proceeds of the Financing (i.e. under Category (2) of the Table in Section V.A.2 of Schedule 2 to the Financing Agreement) shall be procured in accordance with the provisions of Section IV of Schedule 2 to the Financing Agreement.