
CREDIT NUMBER 6258-PK

Financing Agreement

(Sindh Solar Energy Project)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER 6258-PK

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between the ISLAMIC REPUBLIC OF PAKISTAN (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association 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 — FINANCING

- 2.01. The Association agrees to extend to the Recipient a credit, deemed by the Association to be on concessional terms, as set forth or referred to in this Agreement, in an amount equivalent to sixty-nine million and six hundred thousand Special Drawing Rights (SDR 69,600,000) (variously, “Credit” and “Financing”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.
- 2.05. The Interest Charge is one and a quarter percent (1.25%) per annum on the Withdrawn Credit Balance.
- 2.06. The Payment Dates are April 15 and October 15 in each year.

- 2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.08. The Payment Currency is the Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient 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 10.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is the Secretary, Additional Secretary, Joint Secretary, Deputy Secretary or Section Officer of the Economic Affairs Division of the Ministry of Finance, Revenue and Economic Affairs, each such person acting individually.
- 5.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient's address is:

Economic Affairs Division
Ministry of Finance, Revenue and Economic Affairs,
Islamabad
Pakistan; and

(b) the Recipient's Electronic Address is:

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

5.03. For purposes of Section 11.01 of the General Conditions: (a) the Association's address is:

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

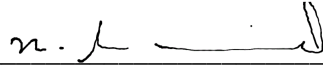
(b) the Association's Electronic Address is:

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

AGREED as of the Signature Date.

ISLAMIC REPUBLIC OF PAKISTAN

By



Authorized Representative

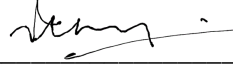
Name: Noor Ahmed

Title: Secretary EAD

Date: 09-Jan-2019

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Patchamuthu Illangovan

Title: Country Director

Date: 09-Jan-2019

SCHEDULE 1

Project Description

The objective of the Project is to increase solar power generation and access to electricity in Sindh Province.

The Project consists of the following parts:

Part 1: Utility-Scale Solar

(a) Identification and development of a series of publicly owned solar parks, including: site identification, feasibility and environmental studies; land acquisition and resettlement; obtaining of permits; as well as up-front development of shared infrastructure such as grid connection and reinforcement, road access, security arrangements and water supply; and

(b) Provision of support for the competitive selection of private sector developers through solar auction for the construction of solar power plants in the solar parks developed under (a) above, including transaction advisory services, arrangements for off-taking of power and financial support, through equity or otherwise, as needed.

Part 2: Distributed Solar

Procurement and installation of solar photovoltaic systems and associated energy management systems on rooftops and other available space on and around public-sector buildings, including: building identification, feasibility and other related studies; arranging for inter-agency agreements and leasing arrangements; transaction advisory services and contracting arrangements for construction and operations and maintenance; and obtaining of permits and arranging for off-taking of power.

Part 3: Solar Home Systems

(a) Deployment of affordable solar home systems in prioritized areas with low or no access to electricity; and

(b) Analysis and identification of priority areas; activities to enhance consumer awareness and financial literacy; product certification and quality control; and monitoring and evaluation activities.

Part 4: Capacity Building and Technical Assistance

Implementation of a program of capacity building and technical assistance activities to support the design and implementation of the Project, and compliance with fiduciary, procurement, monitoring and evaluation, and environmental and social

(including gender) safeguards requirements, including: training for SED staff and Project stakeholders (including women); planning and synchronization of activities of the relevant experts; consultation and coordination with key stakeholders and community groups; and data collection, including household energy surveys.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. On-lending

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity under the same terms and conditions under which they are made available by the Association to the Recipient and in accordance with the Recipient'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 Recipient and the provisions of this Agreement, including such additional instructions as the Association shall have specified in the Disbursement and Financial Information Letter, the provisions of this Agreement, including said additional instructions, shall govern.
3. The Recipient 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 Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive its rights or obligations under said arrangements.

B. Safeguards

1. The Recipient shall, and shall cause the Project Implementing Entity to, ensure that all terms of reference for any technical assistance or studies carried out under the Project are consistent with, and pay due attention to, the Association Policies, as well as the Recipient's and the Project Implementing Entity's own laws relating to the environment and social aspects relevant to the Project; and
2. The Recipient shall, and shall cause the Project Implementing Entity to, ensure that the Project shall be implemented in accordance with the guidelines, procedures, timetables and other specifications set forth in the Safeguard Documents.
3. Except as the Association shall otherwise agree in writing and subject to compliance with applicable consultation and public disclosure requirements of the Association, the Recipient shall not abrogate, amend, repeal, suspend or waive any provisions of any of the Safeguard Documents, nor shall it permit the Project Implementing Entity or any other entity participating in the implementation of the Project to do so.

4. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall, and shall cause the Project Implementing Entity to, regularly collect, compile and submit to the Association, on a semi-annual basis, reports on the status of compliance with the Safeguard Documents, giving details of: (a) measures taken in furtherance of the Safeguard Documents; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguard Documents; and (c) remedial measures taken or required to be taken to address such conditions.
5. The Recipient shall, and shall cause the Project Implementing Entity to, strengthen, maintain and operate throughout the period of Project implementation, a grievance redress mechanism (the “GRM”) for the handling of any stakeholder complaints arising out of the implementation of the Project activities. The operation and procedures of the GRM shall be subject to guidelines agreed between the Recipient, the Project Implementing Entity and the Association.
6. In the event that any provision of the Safeguard Documents shall conflict with any provision under this Agreement or the Project Agreement, the terms of this Agreement and the Project Agreement shall prevail, in this order of priority.

C. Counterpart Funds

1. Without limitation to Section 5.03 of the General Conditions, the Recipient shall ensure that the Project Implementing Entity provide the Counterpart Funds.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar semester (six months), covering the calendar semester.

Section III. Withdrawal of the Proceeds of the Financing

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 Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, and consulting services for the Project, including and Training, but expressly excluding: (i) Incremental Operating Costs, and (ii) Grants under Part 3(a) of the Project	52,113,000	100%
(2) Grants under Part 3(a) of the Project	17,487,000	100% of amounts disbursed
TOTAL AMOUNT	69,600,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed SDR13,920,000 may be made for payments made prior to this date but on or after December 18, 2017, for Eligible Expenditures; or
 - (b) under Category (2) until the Project Operations Manual has been adopted in form and substance satisfactory to the Association in accordance with the provisions of Section I.C.1 of the Schedule to the Project Agreement.
2. The Closing Date is September 29, 2023.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 15 and October 15:	
commencing October 15, 2023 to and including April 15, 2043	1.65%
commencing October 15, 2043 to and including April 15, 2048	3.40%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.05 (b) of the General Conditions.

APPENDIX

Definitions

1. “Annual Work Plan and Budget” means, individually, one of the annual work plans and budgets (including related cash forecasts) for the implementation of the Project reviewed and approved by the Association, referred to in Section I.D.2 of the Schedule to the Project Agreement; and “Annual Work Plans and Budgets” means, collectively, all such annual work plans and budgets.
2. “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.
3. “Association Policies” means, collectively, but only to the extent that they are applicable to the Project activities, the operational policies and procedures OP/BP 4.01 (Environmental Assessment), OP/BP 4.03 (Performance Standards for Private Sector Activities), OP/BP 4.04 (Natural Habitats), OP/BP 4.07 (Water Resources Management), OP/BP 4.09 (Pest Management), OP/BP 4.10 (Indigenous Peoples), OP/BP 4.11 (Physical Cultural Resources), OP/BP 4.12 (Involuntary Resettlement), OP/BP 4.36 (Forests), and OP/BP 4.37 (Safety of Dams) contained in the Association’s Operational Manual which can be found on the Association’s website at www.worldbank.org; and “Association Policy” means one of the Association Policies, as the context may require.
4. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
5. “Counterpart Funds” means funds provided or to be provided by the Project Implementing Entity in accordance with Section I.D.1 of the Schedule to the Project Agreement.
6. “Displaced Persons” means persons who, on account of the execution of the Project, have experienced or would experience direct economic and social impacts caused by Involuntary Resettlement.
7. “Environmental and Social Management Framework” means the Project Implementing Entity’s document entitled “Sindh Solar Energy Project – Environmental and Social Management Framework” dated February 2018, which sets forth, *inter alia*, baseline conditions, potential impact assessment and mitigation measures as well as a resettlement policy framework and guidelines and procedures for the determination of the entitlement for compensation and calculation of compensation payments, and preparation of resettlement action

plans for the Project; as such framework may be revised, updated or supplemented in accordance with the provisions of Section I.E.3 of the Schedule to the Project Agreement; and such term includes any annexes, appendices, or schedules to such framework

8. “Environmental and Social Management Plan” means each plan which may be prepared by the Project Implementing Entity in accordance with the provisions of the Environmental and Social Management Framework, if any, and which may include a Physical Cultural Resources Management Plan if it relates to an activity which triggers the Association Policy OP/BP 4.11 (Physical Cultural Resources); as such plan may be revised, updated or supplemented in accordance with the provisions of Section I.E.3 of the Schedule to the Project Agreement; and such term includes any annexes, appendices, or schedules to such plan.
9. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated July 14, 2017.
10. “Grant” means a grant to be financed from the proceeds of the Financing extended in accordance with the provision of Section IB.3 of the Schedule to the Project Agreement for the implementation of Part 3(a) of the Project; and “Grants” means collectively, all such grants.
11. “Incremental Operating Costs” means the incremental operating costs of the Project, considered to be reasonable by the Association and included in an Annual Work Plan and Budget, incurred by the PMU for purposes of Project management, implementation, and monitoring and evaluation on account of office supplies and consumables, utilities, bank charges, communications, mass media and printing services, vehicle rental, operation, maintenance, and insurance, office space rental, building and equipment maintenance, domestic and international travel, lodging, and subsistence allowances, and salaries and salary supplements of contractual and temporary staff, but excluding salaries, salary supplements and overheads of members of the Recipient’s or the Project Implementing Entity’s civil service.
12. “Involuntary Resettlement” means the following caused on account of Project implementation: (a) the involuntary taking of land, resulting in (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not the affected person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihood of the affected person.
13. “Physical Cultural Resources Management Plan” means a plan prepared in accordance with the provisions of the Environmental and Social Management Framework for an activity triggering the Association Policy OP/BP 4.11 (Physical

Cultural Resources); as such plan may be revised, updated or supplemented in accordance with the provisions of Section I.E.3 of the Schedule to the Project Agreement; and such term includes any annexes, appendices, or schedules to such plan.

14. “Procurement Regulations” means, for purposes of paragraph 87 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated July 2016, revised November 2017.
15. “Project Implementing Entity” means the Recipient’s Province of Sindh, or any successor thereto.
16. “Project Management Unit” or “PMU” means the unit to be established in accordance with the provisions of Section I.A.2(a) of the Schedule to the Project Agreement.
17. “Project Operations Manual” means the Project Implementing Entity’s manual to be developed and adopted in accordance with the provisions of Section I.C of the Schedule to the Project Agreement; as the same may be modified from time to time in accordance with Section I.C.3 of the Schedule to the Project Agreement, and such term includes any annexes, appendices, or schedules to such manual.
18. “Province” means a province of Pakistan, which constitutes the first order administrative division of the Recipient’s territory.
19. “Provincial” is the adjective which relates to Province.
20. “Resettlement Action Plan” means a resettlement action plan which may be prepared by the Project Implementing Entity for the Project in accordance with the provisions of the Resettlement Policy Framework, identifying Displaced Persons on account of implementation of Project activities, and setting forth the terms and conditions for providing them with resettlement assistance and/or compensation, as well as the procedures to be applied in the identification, assessment and mitigation of potential Project related social impacts, including the protocols for consultation, the processing of complaints and grievance redress, monitoring and reporting requirements, and the Displaced Persons’ entitlement schedules; as such plan may be revised, updated or supplemented in accordance with the provisions of Section I.E.3 of the Schedule to the Project Agreement; and such term includes any annexes, appendices, or schedules to such plan.
21. “Resettlement Policy Framework” means the resettlement policy framework contained in Section 6 of the Environmental and Social Management Framework, containing guidelines, procedures, timetables and other specifications for the provision of compensation, rehabilitation and resettlement assistance to Displaced Persons; as the same may be amended from time to time in accordance with Section

I.E.3 of Schedule 2 to this Agreement; and such term includes any annexes, appendices, or schedules to such framework.

22. “Safeguards Documents” means, collectively, the Environmental and Social Management Framework, the Environmental and Social Management Plan(s), if any, and the Resettlement Action Plan(s), if any.
23. “SED” means Sindh Energy Department; or any successor thereto which the Association has confirmed in writing, is acceptable for the purpose of the Project.
24. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
25. “Steering Committee” means the committee to be established in accordance with the provisions of Section I.A.1(a) of the Schedule to the Project Agreement.
26. “Training” means the cost of trainings, seminars and workshops, conferences and study tours, conducted in the territory of the Recipient, considered to be reasonable by the Association and included in an Annual Work Plan and Budget, including: (i) the fees of training institutions and courses; (ii) domestic travel costs, lodging costs, and subsistence/per diem allowances both for trainers and trainees; (iii) the rental of training facilities; and (iv) preparation, purchase or reproduction of training materials.