
GRANT NUMBER 0519-PAK(EF)

GRANT AGREEMENT
(Externally Financed)

(National Disaster Risk Management Fund)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

ASIAN DEVELOPMENT BANK

DATED 2nd Dec. 2016

PAK 50316

**GRANT AGREEMENT
(Externally Financed)**

GRANT AGREEMENT dated 2nd Dec. 2016 between ISLAMIC REPUBLIC OF PAKISTAN ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a loan agreement of even date herewith between the Recipient and ADB ("Ordinary Operations Loan Agreement"), ADB has agreed to provide a loan to the Recipient from ADB's ordinary capital resources in an amount of seventy-five million Dollars (\$75,000,000) ("OCR Loan") for the purposes of the Project described in Section 3.01 of the Ordinary Operations Loan Agreement;

(B) by a loan agreement of even date herewith between the Recipient and ADB ("Special Operations Loan Agreement"), ADB has agreed to provide a loan to the Recipient in various currencies equivalent to ninety million one hundred eighty thousand Special Drawing Rights (SDR90,180,000) ("ADF Loan") for the purposes of the Project;

(C) by a cofinancing arrangement dated 27 June 2016 between the Government of Australia ("Donor") and ADB ("Cofinancing Agreement"), the Donor has agreed to provide, and ADB has agreed to administer, the grant provided for herein upon the terms and conditions set out in the Cofinancing Agreement;

(D) the Project will be carried out by the National Disaster Risk Management Fund ("Fund") and for this purpose the Recipient will make available to the Fund the proceeds of the grant provided for herein upon terms and conditions satisfactory to ADB; and

(E) ADB has agreed to make the proceeds of the grant from the Donor available to the Recipient upon the terms and conditions set forth herein;

NOW THEREFORE the parties agree as follows:

ARTICLE I

Grant Regulations; Definitions

Section 1.01. All provisions of the Externally Financed Grant Regulations of ADB, dated 8 April 2009 ("Grant Regulations"), are hereby made applicable to this Grant Agreement with the same force and effect as if they were fully set forth.

Section 1.02. Wherever used in this Grant Agreement, the several terms defined in the Grant Regulations and the Ordinary Operations Loan Agreement have the respective meanings therein set forth unless modified herein or the context otherwise requires.

ARTICLE II

The Grant

Section 2.01. (a) ADB agrees to make available to the Recipient a grant from the Donor in the amount of three million three hundred sixty-one thousand five hundred Dollars (\$3,361,500), as such amount may be adjusted from time to time in accordance with subsection (b) hereinafter.

(b) The amount of the Grant shall be adjusted from time to time to account for currency fluctuations, such that the amount of the Grant, denominated in Dollars, shall be equivalent to four million five hundred thousand Australian dollars (A\$4,500,000) at the time that ADB converted the resources made available to ADB by the Donor for the purposes of the Grant.

ARTICLE III

Use of Proceeds of the Grant

Section 3.01. (a) The Recipient shall make the proceeds of the Grant available to the Fund under the Subsidiary Grant Agreement upon terms and conditions satisfactory to ADB.

(b) The Recipient shall cause the proceeds of the Grant to be applied to the financing of expenditures on the Project in accordance with the provisions of the Ordinary Operations Loan Agreement, the Special Operations Loan Agreement, the Project Agreement and this Grant Agreement.

(c) The Recipient agrees that the proceeds of the Grant may be used to pay ADB's administration fees and other charges pursuant to the Cofinancing Agreement. ADB shall be entitled to withdraw from the Grant Account and pay to itself, on behalf of the Recipient, the amounts required to meet payments, when due, of such administration fees and other charges.

Section 3.02. The proceeds of the Grant shall be allocated and withdrawn in accordance with the provisions of the Schedule to this Grant Agreement, as such Schedule may be amended from time to time by agreement between the Recipient and ADB.

Section 3.03. Except as ADB may otherwise agree, the Recipient shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Grant in accordance with the provisions of Schedule 3 to the Ordinary Operations Loan Agreement.

Section 3.04. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 17 May 2020 or such other date as may from time to time be agreed between the Recipient and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. In the carrying out of the Project, the Recipient shall perform, or cause to be performed, all obligations set forth in Schedule 4 to the Ordinary Operations Loan Agreement.

Section 4.02. (a) The Recipient shall cause the Fund to (i) maintain separate accounts and records for the Project; (ii) prepare annual statements of utilization of funds for the Project in accordance with accounting principles acceptable to ADB; (iii) have such statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report, which includes the auditors' opinion(s) on the statements and the use of the Grant proceeds, and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the close of the fiscal year to which they relate, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited statements of utilization of funds for the Project and the opinion of the auditors on the statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.

(c) In addition to the annual audited statements of utilization of funds referred to in subsection (a) hereinabove, the Recipient shall cause the Fund to (i) provide its annual financial statements prepared in accordance with financial reporting standards acceptable to ADB; (ii) have its financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (iii) as part of each such audit, have the auditors prepare the auditors' opinion(s) on the financial statements and compliance with the financial covenants of the Ordinary Operations Loan Agreement; and (iv) furnish to ADB, no later than 1 month after approval by the relevant authority, copies of such audited financial statements and auditors' opinion(s), all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(d) The Recipient shall cause the Fund to enable ADB, upon ADB's request, to discuss the statements of utilization of funds for the Project and the financial statements of the Fund and its financial affairs where they relate to the Project with the auditors appointed by the Fund pursuant to subsections (a)(iii) and (c)(ii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Fund, unless the Fund shall otherwise agree.

Section 4.03. The Recipient shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

Section 4.04. The Recipient acknowledges and agrees that this Grant Agreement is entered into by ADB, not in its individual capacity, but as grant administrator for the Donor. Accordingly, the Recipient agrees that (a) it may only withdraw Grant proceeds to the extent that ADB has received proceeds for the Grant from the Donor; and (b) that ADB does not assume any obligations or responsibilities of the Donor in respect of the Project or the Grant other than those set out in this Grant Agreement.

ARTICLE V

Suspension

Section 5.01. The following are specified as additional events for suspension of the right of the Recipient to make withdrawals from the Grant Account for the purposes of Section 8.01(k) of the Grant Regulations:

- (a) the Recipient shall have failed to perform one or more of its obligations under the Ordinary Operations Loan Agreement;
- (b) the Recipient shall have failed to perform one or more of its obligations under the Special Operations Loan Agreement;
- (c) the Recipient or the Fund shall have failed to perform one or more of their obligations under the Subsidiary Grant Agreement;
- (d) the OCR Loan or the ADF Loan shall have become liable for suspension or cancellation or shall have become repayable prior to its agreed maturity date;
- (e) the Cofinancing Agreement shall have been suspended; or
- (f) the Memorandum and Articles or any provision thereof shall have been repealed, suspended or amended in any manner which in the reasonable opinion of ADB will or may adversely affect the carrying out of the Project or the ability of the Fund to perform one or more of its obligations under the Project Agreement.

ARTICLE VI

Effectiveness

Section 6.01. The following are specified as additional conditions to the effectiveness of this Grant Agreement for the purposes of Section 9.01(e) of the Grant Regulations:

- (a) the Fund has been incorporated as an association not for profit under section 42 of the Pakistan Companies Ordinance, 1984; and
- (b) the Project Agreement, in form and substance satisfactory to ADB, shall have been duly executed and delivered on behalf of the Fund and shall have become fully effective and legally binding on the Fund in accordance with its terms.

Section 6.02. A date 90 days after the date of this Grant Agreement is specified for the effectiveness of this Grant Agreement for the purposes of Section 9.04 of the Grant Regulations.

ARTICLE VII

Miscellaneous

Section 7.01. The Secretary, Economic Affairs Division, Ministry of Finance, Revenue, Economic Affairs, Statistics and Privatization of the Recipient is designated as representative of the Recipient for the purposes of Section 11.02 of the Grant Regulations.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the Grant Regulations:

For the Recipient

Secretary
Economic Affairs Division
Ministry of Finance, Revenue, Economic Affairs, Statistics and
Privatization
Government of Pakistan
Islamabad, Pakistan

Facsimile Number:

(92-51) 920-4086.

For ADB

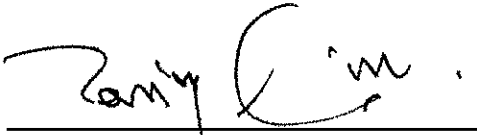
Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Facsimile Numbers:

(63-2) 636-2444
(92-51) 208-7397-98.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Grant Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

ISLAMIC REPUBLIC OF PAKISTAN

By 


TARIQ BAJWA

Secretary

Economic Affairs Division

Ministry of Finance, Revenue, Economic
Affairs, Statistics and Privatization

ASIAN DEVELOPMENT BANK

By 

WERNER LIEPACH

Country Director

Pakistan Resident Mission

SCHEDULE**Allocation and Withdrawal of Grant Proceeds**General

1. The table attached to this Schedule sets forth the Categories of items of expenditure to be financed out of the proceeds of the Grant and the allocation of the Grant proceeds to each such Category ("Table"). (Reference to "Category" in this Schedule is to a Category or Subcategory of the Table.)

Basis for Withdrawal from the Grant Account

2. Except as ADB may otherwise agree, the proceeds of the Grant shall be disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Reallocation

3. Notwithstanding the allocation of Grant proceeds and the withdrawal percentages set forth in the Table,

- (a) if the amount of the Grant allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, in consultation with the Recipient, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Grant which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures; and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and
- (b) if the amount of the Grant allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, in consultation with the Recipient, reallocate such excess amount to any other Category.

Disbursement Procedures

4. Except as ADB may otherwise agree, the Grant proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

Condition for Withdrawals from Grant Account

5. Notwithstanding any other provision of this Grant Agreement, no withdrawals shall be made from the Grant Account until:

- (a) the Fund shall have appointed financing and accounting specialists for the finance and accounts departments of the Fund with qualifications, experience and expertise acceptable to ADB; and
- (b) the Subsidiary Grant Agreement, in form and substance satisfactory to ADB, shall have been duly executed and delivered on behalf of the Recipient and the Fund.

TABLE

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS (National Disaster Risk Management Fund)			
Number	Item	Total Amount Allocated for Donor Financing (\$)	Basis for Withdrawal from the Grant Account
		Category	
1	Multihazard Vulnerability Risk Assessment Studies	2,801,865	44% of total expenditure claimed
2	Unallocated*	559,635	
	Total	3,361,500	

*This amount also serves as a reserve for (i) currency fluctuations; and (ii) payment of ADB's administration fees and bank charges or other charges pursuant to the Cofinancing Agreement.