



CREDIT NUMBER 5494 -PK

Project Agreement

(Sindh Agricultural Growth Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

PROVINCE OF SINDH

Dated *August 25*, 2014

PROJECT AGREEMENT

Agreement dated August 25, 2014, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and PROVINCE OF SINDH ("Project Implementing Entity") ("Project 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 Project 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 — PROJECT

- 2.01. The Project Implementing Entity declares its commitment to the objective of the Project. To this end, the Project Implementing Entity shall carry out the Project 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 Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project 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 Project Implementing Entity's Representative is its Additional Chief Secretary (Development).
- 4.02. The Association's Address is:

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

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423(MCI)	1-202-477-6391

4.03. The Project Implementing Entity's Address is:

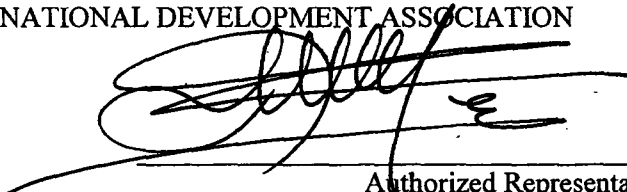
Planning and Development Department
Government of Sindh
Tughlaq House
Karachi, Pakistan

Cable:	Facsimile:
DEVELOPMENT Karachi Pakistan	92-21-9211922

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



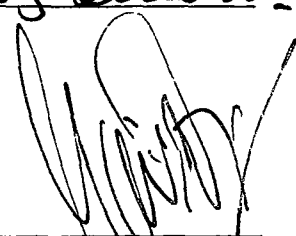
Authorized Representative

Name: Rachid Bemessouel

Title: Geny Director Pakistan

PROVINCE OF SINDH

By



Authorized Representative

Name: Saqib Ahmad Soomro

Title: Secretary Agriculture - Sindh

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project Implementing Entity shall maintain, throughout the implementation of the Project, a Project Steering Committee with composition and terms of reference satisfactory to the Association. The PSC shall be responsible for monitoring, supervising, and providing overall strategic guidance for Project implementation.
2. The Project Implementing Entity shall establish by no later than July 31, 2014 and maintain, within its Department of Planning and Development, throughout the implementation of the Project, a Project Coordination Unit under the direction of qualified management provided with sufficient resources and staffed with competent personnel in adequate numbers including, among others, a Project coordinator in each case with qualifications, experience and under terms of reference acceptable to the Association. The PCU shall be responsible for preparing consolidated annual reports and plans, ensuring consolidated Project monitoring and evaluation; and management, implementation, and dissemination of feasibility studies and the provincial agricultural sector development strategy.
3. The Project Implementing Entity shall establish by no later than July 31, 2014 and maintain within its Department of Agriculture, throughout the implementation of the Project, a DoA Project Management Unit under the direction of qualified management provided with sufficient resources, and staffed with competent personnel in adequate numbers including, among others, a Project director, financial management officer, and a procurement officer, in each case with qualifications, experience and under terms of reference acceptable to the Association. The DoA PMU shall be responsible for Project management, implementation, supervision, and monitoring of DoA's Respective Part of the Project.
4. The Project Implementing Entity shall establish by no later than July 31, 2014 and maintain within its Department of Livestock and Fisheries, throughout the implementation of the Project, a DoLF Project Management Unit under the direction of qualified management provided with sufficient resources, and staffed with competent personnel in adequate numbers including, among others, a Project director, accountant officer, and a procurement officer, in each case with qualifications, experience and under terms of reference acceptable to the Association. The DoLF PMU shall be responsible for Project management, implementation, supervision, and monitoring of DoLF's Respective Part of the Project.
5. The Project Implementing Entity shall establish by no later than July 31, 2014 and maintain within each of its Districts, throughout the implementation of the Project, a Project Implementation Unit under the direction of qualified management provided with sufficient resources, and staffed with competent personnel in adequate numbers

including, among others, a deputy director, in each case with qualifications, experience and under terms of reference acceptable to the Association. The PIU shall be responsible for the management, implementation, supervision, and monitoring of Project activities within its respective Districts.

6. The Project Implementing Entity shall establish and maintain, throughout the implementation of the Project, adequate internal audit arrangements for the Project acceptable to Association and further detailed in the Operations Manual, including the appointment, by no later than July 31, 2014, of internal auditors with qualifications, experience and under terms of reference acceptable to the Association.

B. Operations Manual

1. The Project Implementing Entity shall:
 - (a) ensure that the Project is carried out in accordance with the Operations Manual; and
 - (b) except as the Association shall otherwise agree in writing, not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.
2. In the event of a conflict between the provisions of the Operations Manual and those of this Agreement or the Financing Agreement, the latter two shall govern.

C. Anti-Corruption

The Project Implementing Entity shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Annual Work Plans and Budgets

The Project Implementing Entity shall:

1. throughout Project implementation, furnish to the Association for approval and to the Recipient as soon as available, but in any case not later than April 30 of each year, the annual work plan and budget for the Project for each subsequent fiscal year, of such scope and detail as the Association shall have reasonably requested, except for the annual work plan and budget for the Project for the first fiscal year, which shall be furnished not later than one (1) month after the Effective Date; and
2. not later than three (3) months after furnishing the annual work plan and budget referred to in the preceding paragraph to the Association, finalize and adopt, and thereafter ensure that the Project is carried out in accordance with, such plan and budget as agreed with the Association.

E. Safeguards

1. The Project Implementing Entity shall ensure that:
 - (a) the Project is carried out in accordance with the provisions of the Environmental and Social Management Framework, each Environmental and Social Management Plan prepared pursuant to said Framework and sub-paragraph 1(b) below, and the Integrated Pest Management Plan;
 - (b) whenever an Environmental and Social Management Plan shall be required for any proposed Project activity in accordance with the provisions of the Environmental and Social Management Framework, the Recipient shall: prior to the commencement of such activity, proceed to have such Environmental and Social Management Plan: (i) prepared in accordance with the provisions of the Environmental and Social Management Framework; (ii) furnished to the Association for review and approval; and (iii) thereafter adopted and disclosed as approved by the Association, in a manner acceptable to the Association; and
 - (c) except as the Association shall otherwise agree in writing, the Project Implementing Entity shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.
2. The Project Implementing Entity shall ensure that no land acquisition or Involuntary Resettlement is carried out under the Project. In the event that any land acquisition be required for the Project, the Project Implementing Entity shall, in consultation with the Association, ensure that such land be obtained on a willing-buyer-willing-seller basis, or as a voluntary donation or bequest, in each case in conformity with the requirements of the Environmental and Social Management Framework.
3. The Project Implementing Entity shall ensure that:
 - (a) all terms of references for the purposes of research or a study to be carried out under the Project are consistent with, and pay due attention to, the Association's environmental and social safeguards policies, as well as the Recipient's own laws relating to the environment and social aspects; and
 - (b) in drafting any regulations, guidelines or corporate procedures and carrying out capacity building activities under the Project, due attention is given to said policies and laws.
4. Without limitation upon its other reporting obligations under Section II.A.1 of this Schedule, the Project Implementing Entity shall take all measures necessary to regularly collect and compile, and submit to the Association, as part of the Project Reports, information on the status of compliance with the Environmental and Social Management Framework, any Environmental and Social Management Plans, and the Integrated Pest Management Plan, providing details of:

- (a) measures taken in furtherance of said instruments;
 - (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of said instruments; and
 - (c) remedial measures taken or required to be taken to address such conditions.
5. In the event of a conflict between the provisions of any of the Environmental and Social Management Framework, any Environmental and Social Management Plan, or the Integrated Pest Management Plan, and those of this Agreement or the Financing Agreement, the latter two shall govern.

F. Investment Subprojects

General

1. The Project Implementing Entity shall, through the Project Management Units, review and approve applications for Investment Subprojects, and thereafter monitor and evaluate such Investment Subprojects in accordance with the provisions of this Part F and the Operations Manual.

Criteria

2. The Project Implementing Entity shall support Investment Subprojects in accordance with the criteria set forth in the Operations Manual and which shall include the following:
- (a) the Investment Subproject is aligned with the objectives of the Project;
 - (b) the Investment Subproject Beneficiary(ies) must be involved in one of the targeted value chains; and
 - (c) the Investment Subproject: (i) is technically feasible and environmentally sustainable; (ii) is consistent with the relevant technical, economic, financial, managerial, environmental, and social standards; (iii) complies with the Environmental and Social Management Framework, and if required by such framework, has prepared an Environmental and Social Management Plan in accordance with paragraph 1 of Section I.E of this Schedule; (iv) does not require Involuntary Resettlement; and (v) does not require land acquisition, unless the Project Implementing Entity has ensured that such land has been obtained on a willing-buyer-willing-seller basis, or as a voluntary donation or bequest, in each case in conformity with the requirements of the Environmental and Social Management Framework.

G. Research Grants

General

1. The Project Implementing Entity shall, through the Project Management Units, review and approve applications for Research Grants in accordance with criteria acceptable to the Association and set forth in the Operations Manual, and thereafter monitor and evaluate the research for which a Research Grant was provided, all in accordance with the provisions of this Part G and the Operations Manual.

Terms

2. The Project Implementing Entity shall make a Research Grant to a Research Grant Beneficiary pursuant to a Research Grant Agreement between the Project Implementing Entity, acting through the respective Project Management Unit, and the Research Grant Beneficiary on the terms and conditions set forth in the Operations Manual and which shall include the following:
 - (a) the amount of the Research Grant, a description of the research to be carried out, the eligible expenditures, a budget, the performance indicators, and the disbursement arrangements;
 - (b) disbursement of the Research Grant in the amounts and at the intervals specified in the Research Grant Agreement;
 - (c) the right of the Project Implementing Entity to suspend or terminate the right of the Research Grant Beneficiary to use the proceeds of the Research Grant, or obtain a refund of all or any part of the amount of the Research Grant then withdrawn, upon the Research Grant Beneficiary's failure to perform any of its obligations under the Research Grant Agreement; and
 - (d) the obligation of the Research Grant Beneficiary to:
 - (i) provide, promptly as needed, the resources required for the purpose of the research, including the funds required pursuant to any cost-sharing arrangement set forth in the Operations Manual or the Research Grant Agreement;
 - (ii) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with indicators acceptable to the Association, the progress of the research and the achievement of its objectives;
 - (iii) (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources, and expenditures related to the research; and (B) at the Recipient's, the Association's, or the Project Implementing Entity's request, have such statements audited by independent auditors acceptable

to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the accounts and records as so audited to the Recipient, the Association, and the Project Implementing Entity;

- (iv) procure the goods, works, and services to be financed out of the Research Grant in accordance with Section III of Schedule 2 to the Financing Agreement, and use such goods, works, and services exclusively in the carrying out of the research;
 - (v) ensure that all terms of references for the purposes of research or a study to be carried out under the Project are consistent with, and pay due attention to, the Association's environmental and social safeguards policies, as well as the Recipient's own laws relating to the environment and social aspects; and
 - (vi) prepare and furnish to the Recipient, the Association, and the Project Implementing Entity all such information as the Recipient, the Association, or the Project Implementing Entity shall reasonably request relating to the foregoing .
3. The Project Implementing Entity shall exercise its rights under each Research Grant Agreement in such manner as to protect the interests of the Project Implementing Entity and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree in writing, the Project Implementing Entity shall not assign, amend, abrogate or waive, or permit to be assigned, amended, abrogated or waived, any Research Grant Agreement or any provision thereof.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth in the Operations Manual. Each such Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Recipient not later one (1) month after the end of the period covered by such report for incorporation in and forwarding by the Recipient to the Association of the overall Project Report.
2. The Project Implementing Entity shall provide to the Recipient not later than six (6) months after the Closing Date, for incorporation in the report referred to in Section 4.08 (c) of the General Conditions, all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.

B. Midterm Review

The Project Implementing Entity shall:

1. participate in the review referred to in Section II.B of Schedule 2 to the Financing Agreement;
2. to this end, prepare and furnish to the Recipient and the Association, not later than one (1) month before such review, a report, in scope and detail satisfactory to the Association and integrating the results of the monitoring and evaluation activities performed pursuant to Part A.1 of this Section, on the progress achieved in the carrying out 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 the Project and the achievement of the objective thereof during the period following such date; and
3. review jointly with the Recipient and the Association the report referred to in the preceding paragraph and thereafter take all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of such report and the Recipient's and the Association's views on the matter.

C. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources, and expenditures related to the Project.
2. Without limitation on the provisions of Part A of this Section, the Project Implementing Entity shall prepare and furnish to the Association, not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Project Implementing Entity shall have its financial statements referred to in paragraph 1 of this Part C audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one (1) fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Recipient and the Association not later than six (6) months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Association.

Section III. Procurement

All goods, works, and services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.