
CREDIT NUMBER 7253-PK

Financing Agreement

(Sindh Flood Emergency Housing Reconstruction Project)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER 7253-PK

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between 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, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to three hundred eighty-nine million seven hundred thousand Special Drawing Rights (SDR 389,700,000) (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 The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.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 The Interest Charge is one and a quarter percent (1.25%) per annum on the Withdrawn Credit Balance.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 May 1 and November 1 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 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 Additional Conditions of Effectiveness consist of the following, namely, that the Program Guidelines has been adopted, in a manner satisfactory to the Association, in accordance with Section I.C of Schedule 2 to this Agreement and Section I.B of the Schedule to the Project Agreement.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 4.03. 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 Recipient's Ministry of Economic Affairs.
- 5.02. For purposes of Section 11.01 of the General Conditions:

- (a) the Recipient's address is:

Ministry of Economic Affairs
Government of Pakistan
Islamabad
Pakistan; and

- (b) the Recipient's Electronic Address is:

Facsimile: 92-51-910-4016 E-mail: 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:

Facsimile:
1-202-477-6391

E-mail:
CMUPakistan@worldbank.org

AGREED as of the Signature Date.

ISLAMIC REPUBLIC OF PAKISTAN

By



Authorized Representative

Name: Dr. Kazim Niaz

Title: Secretary Ministry of Economic Affairs

Date: 06-Jan-2023

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Najy Benhassine

Title: Country Director

Date: 05-Jan-2023

SCHEDULE 1

Project Description

The objective of the Project is to deliver Beneficiary-driven, multi-hazard resilient reconstruction of core housing units affected by the 2022 floods in selected districts of Sindh.

The Project consists of the following parts:

Part 1. Housing Reconstruction Grants

Provision of Housing Reconstruction Grants to Beneficiaries for reconstruction and/or restoration of a core housing unit, which comprises: (a) a core unit of fixed covered area built or restored to prescribed multi-hazard resilient standards; and (b) a basic rainwater harvesting system and twin pit latrine to improve water, sanitation, and hygiene access.

Part 2. Institutional Strengthening and Technical Assistance

- 2.1. Carrying out of detailed damage assessment and eligibility verification survey to: (a) categorize the level of damage to each housing unit; (b) establish status of land ownership; and (c) establish lists of eligible beneficiaries and vulnerable individuals/households that are unable to prove their identity/property ownership, including those with disabled persons and those headed by women with high dependency ratios.
- 2.2. Provision of technical assistance for the Project Implementing Entity's reconstruction program, including support for: (a) formulation of housing reconstruction strategy; (b) development of multi-hazard resilient housing solutions; and (c) skills training program for communities and artisans.
- 2.3. Provision of implementation support through Implementation Partners.

Part 3. Project Management and Implementation Support

Provision of support for the management and implementation of the Project, including the establishment and operationalization of an empowered Implementing Agency and a grievance redressal mechanism.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. On-lending Arrangements.

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 as shall have been received from the Association and in accordance with the provision of this Agreement and the Recipient's on-lending policies and budgetary procedures.
2. Notwithstanding paragraph (1) above, in the event that any of the provisions of this Agreement, including the instructions that the Association shall have specified by notice to the Recipient pursuant to this Schedule, are inconsistent with the budgetary procedures of the Recipient, the provisions of this Agreement shall prevail.
3. The Recipient shall exercise its rights under the on-lending arrangements referred to in Section I.A.1 of this Schedule 2 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 under such arrangements.

B. Environmental and Social Standards.

1. The Recipient shall, and shall cause the Project Implementing Entity to, ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
2. Without limitation upon paragraph 1 above, the Recipient shall, and shall cause the Project Implementing Entity to, ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Association. To this end, the Recipient shall, and shall cause the Project Implementing Entity to, ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and

- (d) the ESCP, or any provision thereof, is not amended, repealed, suspended, or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
- 3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- 4. The Recipient shall, and shall cause the Project Implementing Entity to, ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Association is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
- 5. The Recipient shall, and shall cause the Project Implementing Entity to, establish, publicize, maintain, and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.
- 6. The Recipient shall, and shall cause the Project Implementing Entity to, ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors, and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

C. Program Guidelines.

The Recipient shall cause the Project Implementing Entity to prepare and adopt, and thereafter implement the Project in accordance with, a Program Guidelines, in form and substance satisfactory to the Association, which shall include detailed institutional, administrative, financial, procurement, technical, and operational arrangements and procedures for the implementation of the Project, including the criteria and procedures for the selection of Implementation Partners, the preparation and approval processes of annual work plans and budgets, eligibility criteria and procedures for the selection of Beneficiaries, and criteria and procedures for the disbursement of Housing Reconstruction Grants (provided, however, that in the event of any conflict between the arrangements and procedures set out in said manual and the provisions of this Agreement, the latter shall prevail) and, except as the Association shall otherwise agree in writing, shall not amend, abrogate, or waive, or permit to be amended, abrogated, or suspended, any provision of the Project Guidelines.

D. Data Protection.

The Recipient shall, or shall cause the Project Implementing Entity to, ensure that collection, storage, usage, or processing of Personal Data are carried out with due regard to appropriate data protection and privacy standards and practices.

Section II. Project Monitoring, Reporting and Evaluation

1. The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.
2. Except as may be otherwise explicitly required or permitted under this Agreement or as may be explicitly requested by the Association, in sharing any information, report or document related to the activities described in Schedule 1 to the Financing Agreement, the Recipient, through the Project Implementing Entity, shall ensure that such information, report or document does not include Personal Data.

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) Housing Reconstruction Grants, goods, non-consulting services, consulting services, Training, and Incremental Operating Costs for the Project	389,700,000	100
TOTAL AMOUNT	389,700,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed SDR155,880,000 may be made for payments made prior to this date but on or after July 1, 2022, for Eligible Expenditures, provided that the Recipient, through the Project Implementing Entity, has conducted an environmental and social audit and implemented any necessary corrective actions, in form and substance satisfactory to the Association, for any activities subject to such payments.
2. The Closing Date is June 30, 2027.

SCHEDULE 3

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage) *
On each May 1 and November 1:	
commencing May 1, 2028 to and including November 1, 2047	1.65%
commencing May 1, 2048 to and including November 1, 2052	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. “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.
2. “Beneficiaries” means homeowners meeting the Housing Reconstruction Grant eligibility criteria set out in the Program Guidelines; and “Beneficiary” means any one of such Beneficiaries.
3. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
4. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated November 18, 2022, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
5. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; and (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Association.

6. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, April 1, 2021, and January 1, 2022).
7. “Housing Reconstruction Grants” means cash-grants to be provided by the Project Implementing Entity to Beneficiaries under Part 1 of the Project for the purposes of housing reconstruction and/or restoration, in accordance with Section I.C of the Schedule to the Project Agreement and the Program Guidelines.
8. “Housing Reconstruction Grant Agreement” means the agreement to be entered into between the Project Implementing Entity and a Beneficiary for the purpose of providing the Housing Reconstruction Grant, in accordance with Section I.C.2 of the Schedule to the Project Agreement.
9. “Implementation Partners” means non-governmental organizations and micro-finance institutions to be selected in accordance with Section I.A.2 of the Schedule to the Project Agreement for the purposes of carrying out credible administration and monitoring of the housing reconstruction activities.
10. “Incremental Operating Costs” means the reasonable costs of the incremental expenditures required for the Project, including consumable materials and supplies; office rental costs; utilities fees; insurance; communications; advertising and newspaper subscriptions; printing and stationery costs; vehicle and/or office equipment operation and maintenance; charges for opening and operating bank accounts required for the Project, travel, lodging and per diems for Project staff, but does not include salaries or salary supplements of the Recipient’s or the Project Implementing Entity’s civil servants, except for the salaries and/or salary supplements to the Recipient’s or the Project Implementing Entity’s civil servants formally deputed to the Project to assist in carrying out of the Project activities are entitled to in accordance with the applicable government policies during the period of their deputation.
11. “Personal Data” means any information relating to an identified or identifiable individual. An identifiable individual is one who can be identified by reasonable means, directly or indirectly, by reference to an attribute or combination of attributes within the data, or combination of the data with other available information. Attributes that can be used to identify an identifiable individual include, but are not limited to, name, identification number, location data, online identifier, metadata, and factors specific to the physical, physiological, genetic, mental, economic, cultural, or social identity of an individual.
12. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.

13. “Program Guidelines” means the guidelines referred to in Section I.C of Schedule 2 to this Agreement and Section I.B of the Schedule to the Project Agreement, as the same may be amended from time to time in agreement with the Association, and such term includes any schedules to the Project Guidelines.
14. “Project Implementing Entity” means Recipient’s Province of Sindh.
15. “Project Implementing Unit” means the unit to be established by the Project Implementing Entity in accordance with Section I.A.2 of the Schedule to the Project Agreement.
16. “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.
17. “Sindh Peoples Housing for Flood Affectees” means the Project Implementing Entity’s independent company established under Section 42 of the Companies Act 2017 and assigned by the Project Implementing Entity to lead the housing reconstruction program and serve as the Project Implementing Unit, in accordance with Section I.A.1 of the Project Agreement, or any successor thereto.
18. “Training” means the costs of training activities under the Project, including seminars, workshops, and study tours, along with travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to training preparation and implementation, all based on annual work plans and budgets approved by the Association.