

**OFFICIAL
DOCUMENTS**

CREDIT NUMBER 5604 - PK

Project Agreement

(Sindh Irrigated Agriculture Productivity Enhancement Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

PROVINCE OF SINDH

Dated

July 9, 2015

PROJECT AGREEMENT

Agreement dated July 9, 2015, 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 the 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:

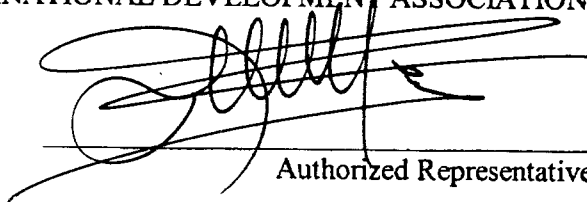
DEVELOPMENT
Karachi
Pakistan

92-21-9211922

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

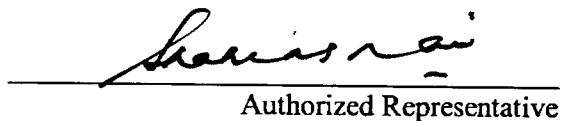

Authorized Representative

Name: Rachid Benmassaoud

Title: Country Director, World Bank

PROVINCE OF SINDH

By


Authorized Representative

Name: Shahid Gulzar Shaikh

Title: Secretary, Agriculture, Supply
and Price Department,
Govt. of Sindh

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project Implementing Entity shall establish by no later than one (1) month after the Effective Date and maintain throughout the period of Project implementation, a Project Steering Committee ("PSC") with composition and terms of reference satisfactory to the Association. The PSC shall be responsible for, *inter alia*, providing planning and strategic guidance for Project implementation, ensuring coordination among all stakeholders, reviewing and monitoring the progress of the Project, making policy decisions and suggesting measures to ensure the smooth implementation of Project activities, and arranging bridge financing for local resources if required and resolving complaints brought to it by the chairperson of the GRC.
2. The Project Implementing Entity shall maintain throughout the period of Project implementation, a Project Implementation Committee ("PIC") with composition and terms of reference satisfactory to the Association. The PIC shall be responsible for, *inter alia*, ensuring implementation of the decisions of the PSC, monitoring and reviewing the progress of the Project and taking follow-up action to ensure the smooth implementation of Project activities, facilitating the PIU's activities, approving annual work plans, approving the criteria for selection of beneficiaries under the Project, identifying constraints affecting the execution of Project activities and suggesting measures to overcome them, reviewing audit reports and ensuring adequate financial management of the Project.
3. The Project Implementing Entity shall maintain throughout the period of Project implementation, a Project Implementation Unit ("PIU") under the direction of qualified management provided with sufficient resources and staffed with competent personnel in adequate numbers, in each case with qualifications, experience and under terms of reference acceptable to the Association. The PIU shall be responsible for day to day implementation of the Project.
4. The Project Implementing Entity shall establish by no later than one (1) month after the Effective Date and maintain throughout the period of Project implementation: (a) a Grievance Redress Mechanism ("GRM") with guidelines and procedures satisfactory to the Association, in order to deter fraud and corruption, maintain standards of integrity and governance, mitigate risks, provide Project staff with practical suggestions and feedback that allow them to be more accountable, transparent, and responsive to beneficiaries, assess the

effectiveness of internal organizational processes, and increase stakeholder involvement in the Project; and (b) a Grievance Redress Committee (“GRC”) with composition and terms of reference satisfactory to the Association, which shall be responsible for considering complaints under the Grievance Redress Mechanism.

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 one (1) month after the Effective Date, of two internal auditors with qualifications, experience and under terms of reference acceptable to the Association.
7. The Project Implementing Entity shall ensure that:
 - (a) members of the PIU are at all times selected or recruited on the basis of terms of reference, qualifications and experience satisfactory to the Association;
 - (b) full financial and administrative authority for the Project is delegated to the Project Director;
 - (c) the Project Director is working full time as Project Director for the Project; and
 - (d)
 - (i) the performances of the Project Director and other key management, fiduciary and technical staff members/consultants of the PIU,
 - (ii) the timely carrying out of the respective contribution of the Project Director and other key management, fiduciary and technical staff members/consultants of the PIU to the annual work plans and budgets referred to in Section D below (the “Annual Work Plans and Budgets”), and
 - (iii) the review of the activities undertaken for the implementation of the Annual Work Plans and Budgets,

will be assessed by the Project Implementing Entity, in conjunction with the Recipient and the Association on a six-monthly basis, unless otherwise agreed between the Project Implementing Entity, the Recipient and the Association.

8. Without limitation to the generality of the provisions of Section 2.01 of this Agreement, Section I.A.3 of this Schedule and Section 4.03 of the General Conditions, before deciding to replace any key management, fiduciary or

technical staff member or consultant of the PIU, including without limitation the Project Director, the Financial Management Specialist, the Procurement Specialist, the Communication Specialist, the Environmental and Social Specialist, the Social Mobilization and Gender Specialist, the Monitoring and Evaluation Specialist, the Water Specialist, the Agriculture Specialist and the HEIS Specialist, the Project Implementing Entity shall exchange views with the Association and the Recipient on: (a) the performance of such staff member; (b) the justification for such replacement; (c) the potential adverse impact of such replacement on the satisfactory implementation of the Project and the achievement of its objective; and (d) proposed mitigation measures of such impact on the Project.

9. No later than one (1) month after the Effective Date, the Project Implementing Entity shall recruit or nominate the following additional staff for the Project:
 - (a)
 - (i) one (1) financial management officer and one (1) accountant for its Provincial office; and
 - (ii) one (1) assistant accountant for each of its two Regional directorates; and
 - (b) one (1) procurement officer and one (1) procurement assistant for its Provincial office.

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 Operations Manual, whether in whole or in part.
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:

- (a) throughout Project implementation, furnish to the Association for approval and to the Recipient as soon as available, but in any case not later than January 31 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
- (b) 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:

- (a) carry out the Project in accordance with the provisions of the Safeguards Instruments; and
- (b) not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, any provision of the Safeguards Instruments, whether in whole or in part, except as otherwise agreed with the Association in writing.

2. Whenever an Environmental and Social Management Plan and/or Resettlement Action Plan shall be required for any proposed Project activity in accordance with the provisions of the Environmental and Social Management Framework or the Land Acquisition and Resettlement Policy Framework, as applicable, the Project Implementing Entity shall:

- (a) prior to the commencement of such activity, proceed to have such Environmental and Social Management Plan and/or Resettlement Action Plan, as the case may be: (i) prepared in accordance with the provisions of the Environmental and Social Management Framework Land Acquisition and Resettlement Policy Framework, as applicable; (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

- (b) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such Environmental and Social Management Plan and/or Resettlement Action Plan.
- 3. The Project Implementing Entity shall ensure that the activities under the Project do not involve, or result in, any land acquisition or Involuntary Resettlement. In the event that any private land is required for the Project, the Project Implementing Entity, in consultation with the Recipient and the Association, shall ensure that such land be obtained on a willing-buyer-willing-seller basis and on replacement cost, or as a voluntary donation or bequest, in each case in conformity with the requirements of the Land Acquisition and Resettlement Policy Framework.
- 4. The Project Implementing Entity shall ensure that each contract for civil works under the Project includes the obligation of the relevant contractor to comply with the relevant Safeguards Instruments applicable to such civil works commissioned/awarded pursuant to said contract.
- 5. The Project Implementing Entity shall ensure that the following Project expenditures are financed exclusively out of the Project Implementing Entity's own resources, and, to this end, shall provide, as promptly as needed, the resources required therefor, namely:
 - (a) all land acquisition required for the purpose of the Project; and
 - (b) any compensation, resettlement and rehabilitation payments to Displaced Persons in accordance with the provision of the RAP(s).
- 6. 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.
- 7. 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 Safeguards Instruments, providing details of:

- (a) measures taken in furtherance of the Safeguards Instruments;
 - (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments; and
 - (c) remedial measures taken or required to be taken to address such conditions.
8. In the event of a conflict between the provisions of any of the Safeguards Instruments and those of this Agreement or the Financing Agreement, the latter two shall govern.

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. Project In-Depth and Midterm Reviews

The Project Implementing Entity shall:

- (a) participate in the reviews referred to in Section II.B of Schedule 2 to the Financing Agreement;
- (b) 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

- (c) 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.