

**OFFICIAL
DOCUMENTS**

CREDIT NUMBER 5684 - PK

Project Agreement

(Sindh Barrages Improvement Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

PROVINCE OF SINDH

Dated *August 26*, 2015

PROJECT AGREEMENT

Agreement dated *August 26*, 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:

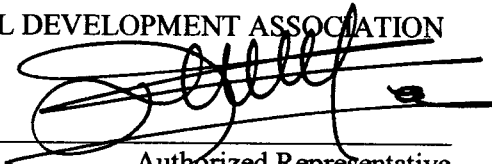
Planning and Development Department
Government of Sindh
Tughlaq House
Karachi, Pakistan

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



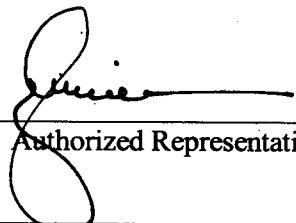
Authorized Representative

Name: _____

Title: _____

PROVINCE OF SINDH

By



Authorized Representative

Name: _____

Title: _____

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. *Project Steering Committee.*

- (a) The Project Implementing Entity has established and shall maintain throughout the period of Project implementation, the Project Steering Committee (“PSC”) with composition and terms of reference satisfactory to the Association.
- (b) Without limitation to the provisions of sub-paragraph (a) immediately above, the PSC shall be responsible for, *inter alia*, the provision of overall guidance and coordination among different stakeholders.
- (c) Without limitation to the provisions of sub-paragraph (a) immediately above, the PSC shall be chaired by the Additional Chief Secretary of the PDD and include representatives from the Project Implementing Entity’s irrigation, agriculture, environment, public health engineering, forestry and wildlife departments, local and district administration as well as selected non-governmental organizations.

2. *Project Coordination and Management Unit.*

- (a) The Project Implementing Entity has established under the PDD and shall maintain throughout the period of Project implementation, the Project Coordination and Management Unit (“PCMU”) with composition and terms of reference satisfactory to the Association.
- (b) Without limitation to the provisions of sub-paragraph (a) immediately above, the PCMU shall provide for coordination, monitoring of citizens’ feedback, and evaluation.
- (c) Without limitation to the provisions of sub-paragraph (a) immediately above, the PCMU shall at all times be 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. In addition, no later than two (2) months after the Effective Date, the Project Implementing Entity shall recruit and maintain throughout the period of Project implementation a project management consultant with terms of reference, qualification and experience acceptable to the Association, for the recruitment and supervision of the consulting services under the Project.

3. Project Management Office.

- (a) The Project Implementing Entity has established under its department responsible for irrigation and shall maintain throughout the period of Project implementation, the Project Management Office (“PMO”) with composition and terms of reference satisfactory to the Association.
- (b) Without limitation to the provisions of sub-paragraph (a) immediately above, the PMO shall be responsible for, *inter alia*, Project implementation including technical, operational, financial management, and oversight of the technical assistance and training program. It shall also coordinate the analysis, studies and assessment for the establishment of the BMO.
- (c) Without limitation to the provisions of sub-paragraph (a) immediately above, the PMO shall be headed by a Project Director and shall manage four units (the engineering unit, the budget and finance unit responsible for procurement, financial management and disbursement, the environmental and social unit and the monitoring and knowledge management unit), each provided with sufficient resources and staffed with competent personnel in adequate numbers, in each case with terms of reference, qualifications, experience acceptable to the Association. Without limitation to the foregoing provisions the PMO shall recruit, and thereafter maintain, throughout the Project implementation period, the following staff, in each case with terms of reference qualifications and experience satisfactory to the Association: no later than two (2) months after the Effective Date, one (1) financial management specialist; and one (1) communication specialist.

4. Panel of Experts.

- (a) The Project Implementing Entity has recruited consultants in each case with terms of reference, qualifications, experience acceptable to the Association to act collectively as Panel of Experts.
- (b) The Project Implementing Entity shall maintain the Panel of Experts throughout the period of implementation of the Project.

5. Project personnel.

- (a) The Project Implementing Entity shall ensure that:
 - (i) members of the PCMU are at all times selected or recruited on the basis of terms of reference, qualifications and experience satisfactory to the Association;
 - (ii) full financial and administrative authority for the Project is delegated to the Project Director;

- (iii) the Project Director is working full time as Project Director for the Project; and
- (iv) (A) the performances of the Project Director and other key management, fiduciary and technical staff members/consultants of the PMO,
 - (B) the timely carrying out of the respective contribution of the Project Director and other key management, fiduciary and technical staff members/consultants of the PMO to the annual work plans and budgets referred to in Section D below (the “Annual Work Plans and Budgets”), and
 - (C) 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.

- (b) 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 PCMU, the PMO or the BMO, including without limitation the Project Director, the Financial Management Specialist, the Procurement Specialist, the Environmental and Social Specialist and the Monitoring and Evaluation 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.

B. Technical Implementation

1. Water Level:

Throughout the period of implementation of the Project, the Project Implementing Entity shall make its best efforts, during the construction season, to:

- (a) maintain a constant flow of water in the Indus river, sufficient to meet the water supply requirements for irrigation and household consumption for the communities downstream of the Guddu barrage;

- (b) maintain a constant and sufficient flow of water through the three off taking canals in order to meet the water supply requirements for irrigation and household consumption for the communities, and the Guddu thermal power plant served by the three canal systems (except for the normal annual maintenance closure of the three canals); and
- (c) ensure that the annual maintenance closure of the three canals water off-take from the Guddu Barrage does not exceed the annual average historical pattern of closure period of approximately thirty (30) days per year.

2. Communication Campaign

Throughout the period of implementation of the Project, the Project Implementing Entity shall make its best efforts, during the construction season, to carry out a communications campaign, in a manner and substance satisfactory to the Association, to keep the stakeholders served by the three main canal system informed about the construction plans and advancement of civil works, any possible adverse effects (including normal and extended canal closure schedules) and mitigation measures to be implemented, as well as the stakeholders' entitlements pursuant to the Safeguard Documents, as the case may be.

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

- 1. Each year of Project implementation, the Project Implementing Entity shall prepare:
 - (a) a draft annual work plan and budget for the Project (including Training and Incremental Operating Costs) for each subsequent year of Project implementation, of such scope and detail as the Association shall have reasonably requested; and
 - (b) the evidence, in form and substance satisfactory to the Association, that all Safeguard Documents required prior to the implementation of the activities, if any, included in the draft annual work plan and budget have been prepared or are in the process of being prepared so as to be available in form and substance acceptable to the Association and disclosed in accordance with the Association Policies before approval by the Association of the bidding documents for each activity.
- 2. The Project Implementing Entity shall furnish to the Association, as soon as available, but in any case not later than July 1st of each year, the annual work plans

and budgets and the evidences referred to in subparagraph 1(b) above, for the Association's review and approval; except for the annual work plan and budget for the Project for the first year of Project implementation, and the evidence which may be required for the implementation of the activities included in the draft annual work plan and budget for such period which shall be furnished no later than one (1) month after the Effective Date. Only the activities included in an annual work plan and budget expressly approved by the Association (each an "Annual Work Plan and Budget") are eligible to a financing from the proceeds of the Financing.

3. The Project Implementing Entity shall ensure that training shall be carried out on the basis of Annual Work Plans and Budgets, which shall, *inter alia*, identify: (a) particulars of the training envisaged; (b) the personnel to be trained; (c) the selection method of the institution or individuals conducting such training; (d) the institution conducting such training if identified; (e) the purpose and justification for such training; (f) the location and duration of the proposed training; and (g) the estimate of the cost of such training.
4. The Project Implementing Entity shall ensure that the Project is carried out in accordance with the Annual Work Plans and Budgets.
5. Annual Work Plans and Budgets may be revised as needed during Project implementation subject to the Association's prior approval.

E. Safeguards.

1. The Project Implementing Entity shall 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.
2. (a) The Project Implementing Entity shall ensure that the Project is implemented in accordance with the guidelines, procedures, timetables and other specifications set forth in the Safeguard Documents.
- (b) Without limitation to the generality of sub-paragraph (a) immediately above, the Project Implementing Entity shall ensure that:
 - (i) for each activity under the Project of a type for which the Social Management Framework provides that a Social Management Plan should be prepared, such Social Management Plan, in form and substance satisfactory to the Association, is effectively prepared and locally disclosed, before the implementation of such activity, in accordance with the provisions of the Social Management

Framework, and the relevant activity is implemented in accordance with its Social Management Plan; and

- (ii) for each activity under the Project of a type for which the Resettlement Policy Framework provides that a Resettlement Action Plan should be prepared, such Resettlement Action Plan, in form and substance satisfactory to the Association, is effectively prepared and locally disclosed, before the implementation of such activity, in accordance with the provisions of the Resettlement Policy Framework, and the relevant activity is implemented in accordance with its Resettlement Action Plan.
 - (c) Without limitation to the generality of sub-paragraph (a) immediately above, the Project Implementing Entity shall ensure that in the event that any private land is required for the Project, the Project Implementing Entity, in consultation with the Association and the Recipient, 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 Resettlement Policy Framework.
3. (a) Without limitation to the generality of subparagraph (3)(a) immediately above, 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 Safeguard Documents applicable to such civil works commissioned/awarded pursuant to said contract.
- (b) Without limitation to the generality of the foregoing provisions in subparagraph (a) immediately above, the Project Implementing Entity shall ensure, prior to commencing any works under the Project, that: (i) all necessary governmental permits and clearances for such civil works shall have been obtained from the competent governmental authority/ies; (ii) all pre-construction conditions imposed by the governmental authority/ies under such permit(s) or clearance(s) shall have been complied with/fulfilled; and (iii) all resettlement measures for the respective civil works set forth in the applicable Resettlement Action Plan shall have been fully executed, including the full payment of compensation prior to displacement and/or the provision of relocation assistance to all Displaced Persons, as per the entitlements provided in the Resettlement Policy Framework and/or the applicable Resettlement Action Plan.
4. The Project Implementing Entity shall ensure that the following expenditures for the Project are financed exclusively out of the Recipient's or the Project Implementing Entity's own resources, and, to this end, shall provide or obtain from the Recipient to provide, as promptly as needed, the resources required therefor, namely:

- (a) all land acquisition required for the purpose of the Project, if any; and
 - (b) any compensation, resettlement and rehabilitation payment to Displaced Persons in accordance with the provision of the Resettlement Action Plans.
5. Except as the Association shall otherwise agree in writing and subject to compliance with applicable consultation and public disclosure requirements of the Association, the Project Implementing Entity shall not abrogate, amend, repeal, suspend or waive any provisions of any of the Safeguard Documents, nor shall it permit any other entity participating in the implementation of the Project to do so.
6. Without limitation upon its other reporting obligations under this Agreement, the Project Implementing Entity shall, regularly collect, compile and submit to the Association and the Recipient, on a quarterly 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.
8. The Project Implementing Entity shall strengthen, maintain and operate throughout the period of Project implementation, a safeguard grievance redress mechanism (the "SGRM") for the handling of any stakeholder safeguard related complaints arising out of the implementation of the Project activities. The operation and procedures of the SGRM shall be subject to guidelines agreed between the Project Implementing Entity, the Recipient and the Association.
9. In the event that any provision of the Safeguard Documents shall conflict with any provision of the Financing Agreement or this Agreement, the terms of the Financing Agreement and this Agreement shall prevail, in that order of priority.

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 indicators agreed with the Association. Each such Project Report shall cover the period of one (1) calendar semester (six months), 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 Midterm Reviews

The Project Implementing Entity shall:

- (a) participate in the review 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 semester (six months), 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.