Loan Agreement

(Additional Financing for the Punjab Irrigated Agriculture Productivity Improvement Program Project)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated December 29, 2017
LOAN AGREEMENT

Agreement dated December 29, 2017 between ISLAMIC REPUBLIC OF PAKISTAN ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this 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 General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of one hundred thirty million Dollars (USD 130,000,000) ("Loan"), to assist in financing the project described in Schedule I to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.

2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, however, that the interest payable shall in no event be less than zero percent (0%) per annum; and provided furthermore that, upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty
days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.

2.06. The Payment Dates are May 1 and November 1 in each year.

2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in provisions of Schedule 3 to this Agreement.

2.08. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; and (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

(c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.
ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall cause the Project to be carried out by the Project Implementing Entity, with the assistance of Service Providers and Water Users’ Associations in relation to Parts A and B of the Project, respectively, in accordance with the provisions of Article V of the General Conditions and the Project Agreement.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Borrower’s Representative is the Secretary, Additional Secretary, Joint Secretary, Deputy Secretary or Section Officer of the Economic Affairs Division of the Ministry of Economic Affairs and Statistics, each such person acting individually.

5.02. The Borrower’s Address is:

   Economic Affairs Division
   Ministry of Economic Affairs and Statistics
   Islamabad
   Pakistan
   Facsimile: 92-51-921-8976

5.03. The Bank’s Address is:

   International Bank for Reconstruction and Development
   1818 H Street, N.W.
   Washington, D.C. 20433
   United States of America
   Facsimile: 1-202-477-6391
AGREED at Islamabad, Islamic Republic of Pakistan, as of the day and year first above written.

ISLAMIC REPUBLIC OF PAKISTAN

By

Authorized Representative

Name: Mr. Arif Ahmed Khan
Title: Secretary, EAD

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: Ms. Ratnaseethi Illangovan
Title: Country Director, Pakistan
SCHEDULE 1

Project Description

The objective of the Project is to improve the productivity of water use in irrigated agriculture.

The Project consists of the following parts:

A. Installation of High-Efficiency Irrigation Systems

Installation of high-efficiency irrigation systems, such as drip, trickle, bubbler or sprinkler systems, controlled application of water and non-water inputs, and provision of related technical assistance to farmers for horticulture, vegetable, floriculture, and other high-value field and/or row crops. Construction of ponds in canal command areas underlain with saline groundwater and ponds for rain water harvesting in Pothohar region of Punjab.

B. Upgrading of Community Irrigation Systems

1. Carrying out of watercourse improvements in canal-irrigated areas;

2. Completion of improvements to partially improved watercourses; and

3. Carrying out of improvements to community irrigation systems in non-canal command areas,

all including construction and installation of canalets, carrying out of lining of watercourses, replacement and new installation of water turnout structures, and provision of technical assistance to Water Users’ Associations in relation to layout and construction supervision in this regard.

C. Improvement of Agricultural Technology and Practices, and Monitoring and Evaluation of Project and Environmental and Social Management Plan

1. (a) provision of effective applied agricultural research, extension, and information services to farmers; (b) carrying out of participatory training for farmers in relation to various agro-technical fields, farm management, and irrigation agronomy; (c) carrying out of demonstration of and provision of technical assistance in relation to modern, improved agricultural technologies and methods and agronomic practices to farmers; (d) carrying out of training of Service Providers and trainers in related areas; and (e) establishment of a farmer information services desk with internet, electronic media, and cell phone platforms.

3. Provision of equipment, technical assistance and training to support post-harvest processing and value addition, including, inter alia, through provision of small-scale processing equipment/machines units, etc., and capacity building of farmers.

D. Project Management, Independent Project Supervision, Strategic Studies, and Technical Assistance to Project Implementing Entity

(i) Project implementation and management activities, including mobilization of farmers, carrying out of surveys, engineering, and design, provision of technical assistance to farmers and Service Providers, and quality control; (ii) independent Project supervision and verification of Outputs and Subproject Performance Indicators; and (iii) carrying out of strategic studies in areas identified during Project implementation, and provision of technical assistance and training to the Project Implementing Entity, farmers and Service Providers, in areas such as crop diversification, shifting to horticulture, vegetable, and floriculture crops, operation and maintenance of irrigation systems installed under the Project, and supporting Master’s Degree programs in high efficiency irrigation systems.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

A. On-lending

1. To facilitate the carrying out of the Project, the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity under financial terms and conditions identical to those provided for under this Agreement and in accordance with the Borrower’s on-lending and budgetary policies and procedures.

2. Notwithstanding paragraph 1 above, in the event of a conflict between the on-lending and budgetary policies and procedures of the Borrower and the provisions of this Agreement, including such additional instructions as the Bank shall have specified by notice to the Borrower pursuant to Section IV.A of this Schedule, the provisions of this Agreement, including said additional instructions, shall govern.

3. The Borrower shall exercise its rights under the on-lending arrangements referred to in paragraph 1 above in such a manner as to protect its interests and those of the Bank and to accomplish the purposes of the Loan.

B. Anti-Corruption

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

C. Sub-projects

1. The Borrower shall, jointly with the Project Implementing Entity and the Bank, not later than six (6) months after the Effective Date, again not later than twelve (12) months after the Effective Date, and thereafter on an annual basis throughout Project implementation, review the Outputs and related Unit Costs, and thereafter adjust them as necessary, both in a manner satisfactory to the Bank.

2. In the event that the adjustments referred to in Section I.E.4 (b) of the Schedule to the Project Agreement are not possible, or are insufficient to compensate for the amounts paid in excess of the actual average cost of the respective Outputs, the Borrower undertakes to refund, or cause the Project Implementing Entity to refund, to the Bank any amounts withdrawn for Subprojects in excess of said average cost.

3. The Borrower shall ensure that any withdrawal application in relation to a Subproject shall only be made upon satisfactory completion of the Subproject, including delivery of the respective Output/s, agreed in the respective Subproject
Agreement and accounted for in such withdrawal application, as duly certified by the consultant referred to in Section I.A.11 of the Schedule to the Project Agreement, both in a manner satisfactory to the Bank.

D. Safeguards

1. The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Environmental and Social Management Plan and Site-specific Environmental and Social Management Plans, and, except as the Bank shall otherwise agree in writing, the Borrower shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

The Borrower shall cause the Project Implementing Entity to monitor and evaluate the progress of the Project and cause the Project Implementing Entity to prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by such report.

B. Semi-Annual Reviews

The Borrower shall review jointly with the Bank and the Project Implementing Entity, no later than one (1) month after the submission of every second Project Report to the Bank, such report and the one preceding, and thereafter cause the Project Implementing Entity to 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 reports and the Bank’s views on the matter.

C. Midterm Review

The Borrower shall:

(a) carry out jointly with the Bank and the Project Implementing Entity, not later than twenty-four (24) months, or such other period as may be agreed with the Bank, after the Effective Date, a midterm review to assess the status of Project implementation, as measured against the performance indicators. Such review shall include an assessment of the following: (i) overall progress in implementation; (ii) results of monitoring and evaluation activities; (iii) progress
on procurement and disbursement; (iv) progress on implementation of safeguards measures; (v) implementation arrangements; and (vi) the need to make any adjustments to the Project and reallocate funds to improve performance;

(b) cause the Project Implementing Entity to prepare and furnish to the Borrower and the Bank, at least one (1) month before such review, a report, in scope and detail satisfactory to the Bank and integrating the results of the monitoring and evaluation activities performed pursuant to Section II.A.1 of the Schedule to the Project Agreement, 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 Bank and the Project Implementing Entity the report referred to in paragraph (b) of this Part C and thereafter cause the Project Implementing Entity to 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 Bank’s views on the matter.

D. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Borrower shall cause the Project Implementing Entity to prepare and furnish to the Bank 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 Bank.

4. The Borrower shall, and shall cause the Project Implementing Entity to, have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.
Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants' Services. All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods and works for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the following additional provisions set forth in Annex 1 to this Schedule; (b) Shopping; (c) Direct Contracting; (d) Community Participation procedures which have been found acceptable to the Bank; and (e) Framework Agreements.

C. Particular Methods of Procurement of Consultants' Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. Other Methods of Procurement of Consultants' Services. The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the
Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

D. **Review by the Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.
Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “Disbursement Guidelines for Investment Project Financing” dated February 1, 2017, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Subprojects (Parts A and B of the Project)</td>
<td>109,675,000</td>
<td>100% of the applicable Unit Costs of the Outputs included in a Subproject paid by the Project Implementing Entity to the respective Service Provider or Water Users’ Association as per the terms of the respective Subproject Agreement</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, and consultants’ services for the Project (including audits), Training, and Operating Costs under parts C and Part D of the Project</td>
<td>20,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Front-end Fee</td>
<td>325,000</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
<tr>
<td>(4) Interest Rate Cap or Interest Rate Collar premium</td>
<td>0</td>
<td>Amount due pursuant to Section 2.08(c) of this Agreement</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>130,000,000</td>
<td></td>
</tr>
</tbody>
</table>
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 date of this Agreement.

2. The Closing Date is December 31, 2021.
ANNEX 1 TO SCHEDULE 2

National Competitive Bidding; Additional Provisions

The procedures applicable to the procurement of goods, works, and non-consulting services under contracts awarded on the basis of National Competitive Bidding shall be undertaken with the additional provisions set forth below in order to ensure economy, efficiency, transparency, and broad consistency with the provisions of Section I of the Procurement Guidelines, pursuant to paragraph 3.3 of said Guidelines. In the event of a conflict between the Borrower’s procedures and the additional provisions set forth below, the latter shall govern.

(i) Invitations to bid shall be advertised in at least one (1) national newspaper with a wide circulation, at least thirty (30) days prior to the deadline for the submission of bids.

(ii) Bid documents shall be made available, by mail or in person, to all who are willing to pay the required fee.

(iii) Foreign bidders shall not be precluded from bidding, and no preference of any kind shall be given to national bidders in the bidding process.

(iv) Bidding shall not be restricted to pre-registered firms.

(v) Qualification criteria shall be stated in the bidding documents.

(vi) Bids shall be opened in public, immediately after the deadline for the submission of bids.

(vii) Single bids shall also be evaluated.

(viii) Bids shall not be rejected merely on the basis of a comparison with an official estimate without the prior written agreement of the Bank.

(ix) Before rejecting all bids and soliciting new bids, the Bank’s prior written agreement shall be obtained.

(x) Bids shall be solicited and works contracts shall be awarded on the basis of unit prices and not on the basis of a composite schedule of rates.

(xi) Contracts shall not be awarded on the basis of nationally negotiated rates.

(xii) Contracts shall be awarded to the lowest evaluated and qualified bidder.
(xiii) Post-bidding negotiations shall not be allowed with the lowest evaluated or any other bidder.

(xiv) Draft contracts shall be reviewed by the Bank in accordance with Prior Review procedures.

(xv) A firm declared ineligible by the Bank, based on a determination by the Bank that the firm has engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for or executing an Bank-financed contract, shall be ineligible to be awarded an Bank-financed contract during the period of time determined by the Bank.

(xvi) Each contract financed from the proceeds of the Loan shall provide that the suppliers, contractors, and subcontractors shall permit the Bank, at its request, to inspect their accounts and records relating to the performance of the contract and to have said accounts and records audited by auditors appointed by the Bank. The deliberate and material violation by the supplier, contractor, or subcontractor of such provision may amount to an obstructive practice.

(xvii) Borrower-owned enterprises shall be eligible to bid only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not a dependent agency of the Borrower.

(xviii) The Bank shall declare a firm ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Bank if it at any time determines that the firm has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for or executing a contract financed by the Bank.
ANNEX 2 TO SCHEDULE 2

Outputs

The Outputs eligible for financing for each type of Subproject are as follows:

<table>
<thead>
<tr>
<th>Subprojects</th>
<th>Outputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Irrigation Systems Subprojects</td>
<td>1. High-efficiency irrigation system installed in an area of up to three (3) acres.</td>
</tr>
<tr>
<td></td>
<td>2. High-efficiency irrigation system installed in an area of up to five (5) acres.</td>
</tr>
<tr>
<td></td>
<td>3. High-efficiency irrigation system installed in an area of up to twelve and a half (12.5) acres.</td>
</tr>
<tr>
<td>Watercourse Improvement Subprojects</td>
<td>1. New prefabricated concrete lining of watercourse carried out.</td>
</tr>
<tr>
<td></td>
<td>2. Prefabricated concrete lining of partially improved watercourse carried out.</td>
</tr>
<tr>
<td></td>
<td>3. Lining of watercourse in rain-fed area carried out: (a) pipes installed; (b) concrete channels built; and (c) brick lining carried out.</td>
</tr>
</tbody>
</table>
SCHEDULE 3

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>From May 1, 2023 – November 1, 2024</td>
<td>1.5%</td>
</tr>
<tr>
<td>From May 1, 2025 – November 1, 2026</td>
<td>1.75%</td>
</tr>
<tr>
<td>From May 1, 2027 – November 1, 2028</td>
<td>2%</td>
</tr>
<tr>
<td>From May 1, 2029 – May 1, 2030</td>
<td>3.5%</td>
</tr>
<tr>
<td>On November 1, 2030</td>
<td>3%</td>
</tr>
<tr>
<td>From May 1, 2031 – November 1, 2032</td>
<td>5%</td>
</tr>
<tr>
<td>May 1, 2033 – November 1, 2035</td>
<td>4%</td>
</tr>
<tr>
<td>On May 1, 2036</td>
<td>2%</td>
</tr>
<tr>
<td>From November 1, 2036 – November 1, 2042</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.

(b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such withdrawal.
date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.
APPENDIX

Section I. Definitions


2. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


4. "Department of Agriculture" means the Project Implementing Entity's department responsible for agriculture or a successor thereto.

5. "Devolution Plan" means the Borrower's Local Government Plan dated August 14, 2001 providing for the devolution of certain powers from the federal government to the local governments, as the same may be modified from time to time, and such term includes any annexes or schedules to such plan.

6. "Directorate General, Agriculture (Water Management)" means the directorate of the Department of Agriculture responsible for agriculture, and particularly water management, or a successor thereto.

7. "District Implementation Committees" means, collectively, the Project Implementing Entity's committees, under the Directorate General, Agriculture (Water Management), established and operating pursuant to the Project Implementing Entity's Notification Number SOA(P) 3-12/2011 dated January 2, 2012 and whose responsibilities are set out in Section I.A.8 of the Schedule to the Project Agreement, or successors thereto.

8. "District Rate Committees" means, collectively, the Project Implementing Entity's committees, under the District Implementation Committees, established and operating pursuant to the Project Implementing Entity's Notification Number SOA(P) 3-12/2011 dated January 2, 2012 and whose responsibilities are set out in Section I.A.9 of the Schedule to the Project Agreement, or successors thereto.

9. "Divisional Directorate Agriculture Water Management" means, collectively, the Project Implementing Entity's units, under the Directorate General, Agriculture (Water Management), established and operating pursuant to the Project
Implementing Entity's whose responsibilities are set out in Section I.A.6 of the Schedule to the Project Agreement or successors thereto.

10. “Environmental and Social Management Plan” means the Project Implementing Entity’s plan, updated and disclosed locally and at Infoshop June 15, 2016, and agreed with the Bank, setting out mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to eliminate any adverse environmental and social impacts of activities to be implemented under the Project, offset them, or reduce them to acceptable levels, or enhance positive impacts, as the same may be modified from time to time with the prior written agreement of the Bank, and such term includes any annexes or schedules to such plan.

11. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated March 12, 2012, with the modifications set forth in Section II of this Appendix.

12. “Irrigation Systems Subproject” means a specific activity under Part A.1 of the Project financed out of the proceeds of the Loan in accordance with the provisions of Section I.E of the Schedule to the Project Agreement and carried out by a Service Provider; and “Irrigation Systems Subprojects” means more than one (1) such activity.

13. “Irrigation Systems Subproject Agreement” means an agreement, referred to in Section I.E.2 of the Schedule to the Project Agreement, among the Project Implementing Entity, represented by the Directorate General, Agriculture (Water Management), a Service Provider, and a farmer, setting forth the terms and conditions governing the implementation of an Irrigation Systems Subproject, including the related cost-sharing arrangements between the Project Implementing Entity and the farmer, and such term includes any annexes or schedules to such agreement.

14. “Office of Deputy Director Agriculture” means, collectively, the Project Implementing Entity’s offices, whose responsibilities are set out in Section I.A.7 of the Schedule to the Project Agreement, or successors thereto.

15. “Operating Costs” means the incremental operating costs under the Project incurred by the Borrower and the Project Implementing Entity for purposes of Project management, implementation, and monitoring and evaluation, on the basis of the annual work plans and budgets referred to in Section I.D of the Schedule to the Project Agreement, on account of office supplies and consumables, utilities, bank charges, Taxes payable on a discrete basis (such as those payable through stamped paper), communications, mass media and printing services, vehicle rental, operation, maintenance, and insurance, office space rental, building and equipment maintenance, domestic and international travel, lodging, and subsistence
allowances, and salaries and salary supplements of contractual and temporary staff (including those incremental to the Project Implementing Entity and working exclusively on the Project), but excluding salaries, fees, honoraria, bonuses, and any other salary supplements of members of the Borrower’s or the Project Implementing Entity’s civil service.

16. “Original Financing Agreement” means the financing agreement for a Punjab Irrigated Agriculture Productivity Improvement Program Project between the Recipient and the Association, dated April 12, 2012, as amended to the date of this Agreement, including as set forth in Section III to the Appendix of this Agreement (Credit No. 5081-PK).

17. “Original Project” means the Punjab Irrigated Agriculture Productivity Improvement Program Project described in Schedule 1 to the Original Financing Agreement.


19. “Output” means any of the construction- or operation-phase outputs of a Subproject (as hereinafter defined), as set forth in Annex 2 to Schedule 2 to this Agreement for each type of Subproject, eligible for financing out of the proceeds of the Financing on the basis of its Unit Cost (as hereinafter defined).

20. “Pre-Qualification Committee” means the Project Implementing Entity’s committee, under the Project Steering Committee, whose responsibilities are set out in Section I.A.10 of the Schedule to the Project Agreement, or successors thereto.


22. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated March 21, 2017 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

23. “Project Agreement” refers to the Project Agreement, of the same date as this Agreement, for the Additional Financing for the Punjab Irrigated Agriculture Productivity Improvement Program Project.

and disbursement arrangements and procedures for purposes of Project implementation, including, in relation to Subprojects, specific requirements and operating guidelines, and, in relation to each type of Subproject, the Outputs and the Unit Costs (as hereinafter defined) of such Outputs, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such manual.

25. “Project Implementation Committee” means the Project Implementing Entity’s committee, under the Directorate General, Agriculture (Water Management), established and operating pursuant to Project Implementing Entity’s Notification Number SOA(P) 3-12/2011 dated January 2, 2012 and whose responsibilities are set out in Section I.A.5 of the Schedule to the Project Agreement, or a successor thereto.

26. “Project Implementing Entity” means the Province of Punjab (as hereinafter defined).


28. “Project Policy Committee” means the Project Implementing Entity’s committee, established and operating pursuant to its Notification Number 1453-61/DGA/OFWM/Dev.DS/1-12 dated February 6, 2012 and referred to in Section I.A.2 of the Schedule to the Project Agreement or a successor thereto.

29. “Project Steering Committee” means the Project Implementing Entity’s committee, established and operating pursuant to its Notification Number 4233-40 DGA/OFWM/Dev dated June 22, 2011 and referred to in Section I.A.3 of the Schedule to the Project Agreement or a successor thereto.

30. “Province of Punjab” means the Borrower’s administrative subdivision of such name established pursuant to the Project Implementing Entity’s Legislation or a successor thereto.

31. “Service Provider” means a service and supply company participating in the implementation of Subprojects in accordance with the criteria and requirements of Section I.E of the Schedule to the Project Agreement.

32. “Site-specific Environmental and Social Management Plan” means each of the Project Implementing Entity’s site-specific plans for Part C.3 of the Project, to be prepared pursuant to Section I.F.5(b) of the Schedule to the Project Agreement, and to be agreed with the Bank, setting out mitigation, enhancement, monitoring, and institutional measures, to eliminate any adverse environmental and social impacts of activities to be implemented under Part C.3 of the Project, offset them, or reduce them to acceptable levels, or enhance positive impacts, as the same may
be modified from time to time with the prior written agreement of the Bank, and such term includes any annexes or schedules to such plan; and "Site-specific Environmental and Social Management Plans" means more than one such "Site-specific Environmental and Social Management Plan".

33. "Subproject" means an Irrigation Systems Subproject, or a Watercourse Improvement Subproject (as hereinafter defined) or a Water Storage Pond Subproject; and "Subprojects" means more than one (1) of said Subprojects.

34. "Subproject Agreement" means an Irrigation Systems Subproject Agreement, or a Watercourse Improvement Subproject Agreement (as hereinafter defined); and "Subproject Agreements" means more than one (1) of said Subproject Agreements.

35. "Subproject Performance Indicators" means the indicators and targets set forth in a Subproject Agreement to be fulfilled by the respective Service Provider or Water Users' Association as conditions of sustainability of the respective Subproject for the final payment of the Unit Costs of Outputs.

36. "Training" means the cost of training financed under the Project, on the basis of the annual work plans and budgets referred to in Section I.D of the Schedule to the Project Agreement, attributable to seminars, workshops, and study tours, along with the cost of domestic and international travel and subsistence for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.

37. "Unit Cost" means the pre-agreed unit cost of all goods, works, and consultants' services required for the delivery of each of the Outputs of a Subproject, as specified in the Project Financial Management Manual and the respective Subproject Agreement; and "Unit Costs" means more than one such "Unit Cost".

38. "Water Storage Pond Subproject" means a specific activity under Part A of the Project financed out of the proceeds of the Loan in accordance with the provisions of Section I.E. of the Schedule to the Project Agreement and carried out by the farmers.

39. "Watercourse Improvement Subproject" means a specific activity under Part B of the Project financed out of the proceeds of the Loan in accordance with the provisions of Section I.E of the Schedule to the Project Agreement and carried out by a Service Provider; and "Watercourse Subprojects" means more than one (1) such activity.

40. "Watercourse Improvement Subproject Agreement" means an agreement, referred to in Section I.E.2 of the Schedule to the Project Agreement, between the Project Implementing Entity, represented by the Directorate General, Agriculture (Water
(Management), and a Water Users' Association (as hereinafter defined), setting forth the terms and conditions governing the implementation of a Watercourse Improvement Subproject, and such term includes any annexes or schedules to such agreement.

41. "Water Users' Association" means an autonomous association of irrigators and other water users in a specific irrigation scheme, established pursuant to the Borrower's laws, owning accounts, empowered to raise and retain revenue, and having elected leadership, or a successor thereto; and "Water Users' Associations" means more than one (1) such association.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the Table of Contents, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.

2. Section 3.01. (Front-end Fee) is modified to read as follows:

"Section 3.01. Front-end Fee; Commitment Charge

(a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the "Front-end Fee").

(b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the "Commitment Charge"). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date."

3. In the Appendix, Definitions, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.

4. The Appendix is modified by inserting a new paragraph 19 with the following definition of "Commitment Charge", and renumbering the subsequent paragraphs accordingly:

"19. "Commitment Charge" means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b)."
Section III. Amendment to the Original Financing Agreement

The Original Financing Agreement is amended as follows:

The Closing Date at Section IV.B.2 of Schedule 2 of the Original Financing Agreement is amended to read “December 31, 2019”.