Project Agreement

(Additional Financing for the Tarbela Fourth Extension Hydropower Project)

between

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

and

NATIONAL TRANSMISSION AND DESPATCH COMPANY, LTD.

Dated January 18, 2017
PROJECT AGREEMENT

AGREEMENT dated January 18, 2017, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and the NATIONAL TRANSMISSION AND DESPATCH COMPANY, LTD. ("Project Implementing Entity") ("NTDC Project Agreement") in connection with the Loan Agreement ("Loan Agreement") of same date between the ISLAMIC REPUBLIC OF PAKISTAN ("Borrower") and the Bank. The Bank 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 Loan 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 Loan Agreement or the General Conditions.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out Part B.3 of the Project (its "Respective Part of the Project") in accordance with the provisions of Article V of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for its Respective Part of the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out its Respective Part of the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

3.01. The Project Implementing Entity's Representative is NTDC's Managing Director.

3.02. The Bank's Address is:

International Bank for Reconstruction and Development
1818 H Street, NW
Washington, DC 20433
United States of America
Telex: Facsimile:
248423(MCI) or 1-202-477-6391
64145(MCI)

4.03. The Project Implementing Entity’s Address is:

WAPDA House
Sharah-e-Quaid-e-Azam
Lahore
Pakistan

Facsimile:
+92-42-9202053

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

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

By

Authorized Representative

Name: ___________________________
Title: ___________________________

NATIONAL TRANSMISSION AND DESPATCH
COMPANY, LTD.

By

Authorized Representative

Name: ___________________________
Title: ___________________________
SCHEDULE

Execution of the Project Implementing Entity’s Respective Part of the Project

Section I. Implementation Arrangements

A. Institutional and Contractual Arrangements.

The Project Implementing Entity shall establish and thereafter maintain throughout the period of implementation of the Project the Improved Arrangement for the implementation of its Respective Part of the Project, as described in the Procurement and Contract Management Protocol (the Protocol), including:

(a) maintain throughout the period of implementation of its Respective Part of the Project the Common Organization (as such term is defined in the Protocol) in accordance with the provisions of the Protocol;

(b) no later than three (3) months after the Effective Date, establish and thereafter maintain the Transmission PMU, and designate the NTDC General Manager as Project Director heading the Transmission PMU for the implementation of its Respective Part of the Project, in accordance with the provisions of the Protocol, unless otherwise agreed between the Project Implementing Entity and the Bank in writing; and

(c) take all measures under its power to ensure compliance with the provisions of the Protocol for the execution of its Respective Part of the Project, including the delegation of powers, staff and consultant management and procurement thresholds and procedures, unless otherwise agreed in writing between the Project Implementing Entity and the Bank.

B. Anti-Corruption

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

C. Annual Work Plans and Budgets.

The Project Implementing Entity shall:

(a) furnish to the Borrower and the Bank for approval as soon as available, but in any case not later than October 31 of each year, the annual work plan and budget for its Respective Part of the Project, covering the activities proposed for the subsequent year of Project implementation; which plan and budget shall be of such scope and detail as the Bank shall have reasonably requested, except for the annual work plan and budget for
the Project for the first year of implementation of its Respective Part of the Project, which shall be furnished no later than one (1) month after the Effective Date (once approved by the Bank, an "Annual Work Plan and Budget"); and

(b) thereafter ensure that its Respective Part of the Project are carried out in accordance with such Annual Work Plan and Budget as agreed with the Bank.

D. **Safeguards**

1. The Project Implementing Entity shall ensure that all terms of reference for any technical assistance or studies carried out under its Respective Part of the Project are consistent with, and pay due attention to, the Bank Policies, as well as the Borrower’s own laws relating to the environment and social aspects relevant to its Respective Part of the Project.

2. The Project Implementing Entity shall carry out all activities of its Respective Part of the Project with due regard to health-safety, social, cultural and environmental principles, practices and standards reflected in the Safeguard Documents, and in each case irrespective of the source of financing for the particular Project activity.

3. The Project Implementing Entity shall ensure, that prior to commencing any civil works under its Respective Part of the Project that require land taking and the resettlement of Displaced Persons, all resettlement measures set forth in the applicable Safeguard Documents 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 applicable Safeguard Documents and irrespective of the source of financing for such activity.

4. Except as the Bank shall otherwise agree in writing and subject to compliance with applicable consultation and public disclosure requirements of the Bank, 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 entity participating in the implementation of the Project to do so.

5. Without limitation upon its other reporting obligations under this Agreement, the Project Implementing Entity shall regularly collect, compile and submit to the Borrower and the Bank, on a semi-annual basis, reports on the status of compliance with the Safeguard Documents, irrespective of the source of financing of the Project activities, 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.
6. The Project Implementing Entity shall strengthen, maintain and continue operating throughout the period of Project implementation, the GRM established for the Original Project for the handling of environment- and social- (including labor-) related stakeholder complaints which may arise out of the implementation of its Respective Part of the Project activities.

7. In the event that any provision of the Safeguard Documents shall conflict with any provision under the Loan Agreement or this Agreement, the terms of the Loan Agreement or this Agreement shall prevail in this order (unless otherwise expressly agreed by the Bank in writing, and in any case subject to compliance with the Bank Policies).

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports and Reviews

1. The Project Implementing Entity shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank. Each such Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Borrower not later than thirty (30) days after the end of the period covered by such report.

2. The Project Implementing Entity shall: (a) prepare the Project execution/completion report referred to in Section 5.08 (c) of the General Conditions for its Respective Part of the Project; and (b) furnish it to the Borrower and the Bank not later than five (5) months after the Closing Date.

3. The Project Implementing Entity shall participate in the reviews referred to in Section II.A.2 and 3 of Schedule 2 to the Loan Agreement, and thereafter take all measures required to ensure the efficient completion of the Project Implementing Entity's Respective Part of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of the Borrower and the Bank.

4. The Project Implementing Entity shall, with respect to the reviews referred to in Section II.A.3 of Schedule 2 to the Loan Agreement:

(a) 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 Part A.1 of this Section II, on the progress achieved in the carrying out of its Respective Part 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 its Respective Part of the Project and the achievement of the objective thereof during the period following such date; and

(b) review jointly with the Borrower and the Bank the report referred to in paragraph ab) of this Part 4 and thereafter take all measures required to ensure the efficient completion of its Respective Part of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of such report and the Borrower’s and the Bank’s views on the matter.

B. Financial Management

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards satisfactory to the Bank, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to its Respective Part of the Project.

2. Without limitation on the provisions of Part A of this Section, the Project Implementing Entity shall prepare and furnish to WAPDA, not later than thirty (30) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter.

3. The Project Implementing Entity shall provide all necessary access to ensure that it will have its Project Financial Statements referred to above audited by independent auditors satisfactory to the Bank, in accordance with consistently applied auditing standards satisfactory to the Bank. Each audit of these Project 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 Project Financial Statements for each period shall be: (a) furnished to WAPDA not later than four (4) months after the end of the period; and (b) made publicly available in a timely fashion and in a manner satisfactory to the Bank.

Section III. Procurement

1. All goods, works, consultants’ services and non-consulting services required for the Project Implementing Entity’s Respective Part of the Project shall be procured in accordance with the provisions of Section III of Schedule 2 to the Loan Agreement.

2. The Project Implementing Entity shall maintain throughout the period of implementation of the Project:
(a) a fully operational procurement documentation and record keeping system, in a manner and substance acceptable to the Bank, including a freely and publicly accessible database, showing the procurement plans and procurement notices, invitations to bid, biding documents and requests for proposals, as well as the procurement status of various contracts, including short lists of consultants, contract awards and the complaints received and the actions taken in respect thereof. The Project Implementing Entity shall update such details on a monthly basis throughout the period of implementation of the Project; and

(b) a system for the handling of procurement complaints, in a manner and substance acceptable to the Bank, which system shall include, *inter alia*: (i) a second tier appeal system; (ii) a complaint database with an interface (link) to the management information systems, providing free and public access for the submission of electronic claims; and (iii) a standard protocol with appropriate triggers for carrying out investigation.