Financing Agreement

(Punjab Land Records Management and Information Systems Project)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated February 28, 2007
FINANCING AGREEMENT

FINANCING AGREEMENT (the “Financing Agreement”) dated, February 28, 2007, between ISLAMIC REPUBLIC OF PAKISTAN acting by its President (the “Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the “Association”). The Recipient and the Association hereby agree as follows:

ARTICLE I – GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Financing Agreement) constitute an integral part of this Financing Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Financing Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Financing Agreement.

ARTICLE II – FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Financing Agreement, a credit in an amount equivalent to thirty million three hundred fifty thousand Special Drawing Rights (SDR 30,350,000) (the “Credit”) to assist in financing the project described in Schedule 1 to this Financing Agreement (the “Project”).

2.02. The Recipient may withdraw the proceeds of the Credit in accordance with Section IV of Schedule 2 to this Financing Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are March 15 and September 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with repayment schedule set forth in Schedule 3 to this Financing Agreement.

2.07. The Payment Currency is Dollars.
ARTICLE III – PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article IV of the General Conditions.

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

ARTICLE IV – EFFECTIVENESS; TERMINATION

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

4.02. For purposes of Section 8.05(b) of the General Conditions, the date on which this Financing Agreement shall terminate is twenty (20) years after the date of this Financing Agreement.

ARTICLE V – REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is the Secretary to the Government of Pakistan, Economic Affairs Division, Ministry of Economic Affairs and Statistics, or any Additional Secretary, Joint Secretary, Deputy Secretary or Section Officer in that Division.

5.02. The Recipient’s Address is:

The Secretary to the Government of Pakistan
Economic Affairs Division
Ministry of Economic Affairs and Statistics
Islamabad, Pakistan
5.03. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: INDEVAS  Telex: 248423 (MCI) or 1-202-477-6391
Telex: 64145 (MCI)

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

ISLAMIC REPUBLIC OF PAKISTAN

By /s/ M. Akram Malik  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ John Wall  
Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to improve land record service delivery in Punjab.

The Project consists of the following parts, subject to such modifications thereof as the Recipient and the Association may agree from time to time:

Part 1: Improving Business Processes and Enhancing Institutional Capacity

(a) Enhancing institutional capacity for the effective management and administration of a modernized land records system, including: (i) carrying out an assessment of the organizational structure of BOR and identifying appropriate changes in fee structures, staffing levels and functions, information flows and management arrangements; (ii) analyzing the use of public-private partnerships in the provision of services; (iii) informing and instructing stakeholders of the overall Project rationale and design; (iv) raising awareness of the roles of staff and other relevant stakeholders so as to facilitate Project implementation; and (v) developing and refining a business model for the operation of various Service Centers, all through the provision of training and technical advisory services.

(b) Improving business processes, including: (i) reviewing and proposing changes to legislative, policy and procedural instruments for the operation of Service Centers, the use of public-private partnerships, the development of a linkage between the land records system and the registration of deeds system, and the use of digital data; and (ii) carrying out of studies to assess and improve the financial sustainability of automated systems.

Part 2: Development and Deployment of the Land Record Management Information System

Establishing automated land records systems in Participating Districts, including: (i) developing and testing software for the land records management information system and for the automation of the deeds registration system; (ii) deployment and further enhancement of software; (iii) establishing procedures for data movement, data entry, data verification, data correction and data validation; (iv) establishing data centers at the Tehsil and provincial levels; (v) establishing Service Centers for the delivery of land record services; (vi) establishing connectivity between the data centers and Service Centers; (vii) provision of web access through website and web content development; and (viii) carrying out of pilot testing of integrated spatial data through the scanning and digitization of existing maps, all through the provision of technical advisory services and training, acquisition of equipment, and financing of operating costs.
Part 3: Service Delivery and Information Campaigns

(a) Supporting the operation of Service Centers through the provision of technical advisory services and operating costs to improve system operations.

(b) Raising public awareness by consulting with stakeholders and undertaking an information and education campaign to encourage participation and usage of the new land records management system.

Part 4: Project Management, Monitoring and Evaluation

(a) Supporting and facilitating the overall management, monitoring and evaluation of the Project by PMU, through the provision of technical advisory services, training and operating costs.

(b) Supporting and facilitating PITB in the implementation of its respective activities under the Project, through the provision of technical advisory services, training and operating costs.

(c) Establishing and maintaining Project monitoring groups at the district level in each Participating District through the provision of technical advisory services, training and operating costs.

(d) Conducting three (3) social assessments and/or user surveys (one baseline, one at mid-term and one after Project completion) for the provision of independent and objective feedback on the impact of the Project.
SCHEDULE 2

Project Execution

Section I. Subsidiary Financing

A. Subsidiary Arrangements

To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Credit available to the Project Implementing Entity in accordance with the Recipient’s on-lending policies, and under the same terms and conditions as shall have been received from the Association.

Section II. Project Monitoring, Reporting, Evaluation

A. Project Reports

1. The Recipient 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 agreed with the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty five (45) days after the end of the period covered by such report.

2. For purposes of Section 4.08(c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six (6) months after the Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish, or shall cause to be prepared and furnished, to the Association not later than forty five (45) days after the end of each calendar quarter, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall cause the Project Implementing Entity to have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each
such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

All goods, works and services required for the Project Implementing Entity in carrying out 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 the Schedule to the Project Agreement.

Section IV. Withdrawal of the Proceeds of the Credit

A. General

1. The Recipient may withdraw the proceeds of the Credit in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient, 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 Credit (“Category”), the allocations of the amounts of the Credit 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 Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Works, Consultants’ Services and Incremental Operating Costs* for the Project</td>
<td>30,350,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>30,350,000</td>
<td></td>
</tr>
</tbody>
</table>

* For purposes of this Agreement “Incremental Operating Costs” means the Project-related incremental expenses incurred on account of Project implementation support and management including:

   (a) with respect to PMU, PITB, DPMGs, and district information technology monitoring teams, throughout the implementation of the Project, (i) salaries, allowances and other emoluments of incremental staff; (ii) operation, maintenance and rental of office space and equipment; (iii) operation, maintenance, rental and insurance of
vehicles; (iv) fuel costs; (v) communications supplies and charges; (vi) stationary and advertisement costs; (vii) bank transaction charges; (viii) utility charges; and (ix) domestic travel and per diem but excluding salaries of officials and staff of the Recipient’s civil service; and

(b) with respect to Service Centers at the district, Kanungoi and Tehsil levels, for the first 18 months after the establishment of each Service Center, (i) salaries, allowances and other emoluments of incremental staff; (ii) rental and insurance of vehicles; (iii) advertisement costs; (iv) bank transaction charges; and (v) domestic travel and per diem but excluding salaries of officials and staff of the Recipient’s civil service.

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 Financing Agreement, except that withdrawals up to an aggregate amount not to exceed $1,500,000 equivalent may be made for payments made prior to this date but on or after February 1, 2006, for Eligible Expenditures.

2. The Closing Date is March 31, 2012.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each March 15 and September 15:</td>
<td></td>
</tr>
<tr>
<td>commencing March 15, 2017 to and including September 15, 2026</td>
<td>1.25%</td>
</tr>
<tr>
<td>commencing March 15, 2027 to and including September 15, 2041</td>
<td>2.50%</td>
</tr>
</tbody>
</table>

*The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions.
APPENDIX

Section I. Definitions

1. “Board of Revenue” or “BOR” means the board of revenue established pursuant to the Punjab Board of Revenue Act, 1957 (W.P. Act XI of 1957).

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


4. “District Project Monitoring Group” or “DPMG” means a group to be established in accordance with paragraph 5(i) of Section I of the Schedule to the Project Agreement.

5. “Financial Management Manual” means the financial management manual dated August 25, 2006, which sets out the guidelines, institutional arrangements and procedures with respect to financial management, as the same may be amended from time to time with the consent of the Association.


7. “Kanungoi” means a jurisdiction comprising one or more Patwar circles, declared as such by the Board of Revenue under the Punjab Land Revenue Act of 1967.

8. “MOU” means a memorandum of understanding to be entered into between BOR and each Participating District in accordance with paragraph 5(ii) Section I of the Schedule to the Project Agreement.

9. “Participating District” means a district selected by the Project Implementing Entity in accordance with selection criteria acceptable to the Association, to participate in the implementation of the Project, which district shall prior to implementation of the Project comply with the provisions of paragraph 5 of Section I of the Schedule to the Project Agreement.

10. “Patwar circles” is a jurisdiction comprising one or more revenue estates, declared as such by the Board of Revenue.
11. “PITB” means the Punjab Information Technology Board established pursuant to the Punjab Information Technology Board Ordinance 1999.

12. “PMU” means the Project Management Unit referred to in Section 1 of the Schedule to the Project Agreement.


14. “Procurement Manual” means the procurement manual dated November 6, 2006, which sets out the institutional and procedural requirements for procurement under the Project, as the same may be amended from time to time with the consent of the Association.

15. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated November 14, 2006, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.


17. “Punjab” means the Recipient’s Province of Punjab, a political sub-division of the Recipient, or any successor thereto.

18. “Service Center” means a center to be established under Part 2 of the Project as described in Schedule 1 to this Agreement, to be responsible for the provision of land record services.