REIMBURSABLE ADVISORY SERVICES AGREEMENT

between

STATE BANK OF PAKISTAN

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated 19 August, 2014
AGREEMENT FOR REIMBURSABLE ADVISORY SERVICES

AGREEMENT dated the 19th day of AUGUST, 2014, between STATE BANK OF PAKISTAN (the “Client”) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the “Bank”) (jointly referred to as “the Parties”).

WHEREAS, the Client has requested the Bank to provide to the Client reimbursable advisory services (the “Reimbursable Advisory Services” or “RAS”) described in the Schedule to this Agreement related to the Financial Inclusion and Infrastructure Support Technical Assistance for the purpose of drafting a national financial inclusion strategy and strengthening the Client’s capacity and knowledge exchange in the areas including financial infrastructure and financial market development;

NOW, therefore, the Parties hereto agree as follows:

1. **Reimbursable Advisory Services.** The Bank shall provide to the Client the services (“Reimbursable Advisory Services” or “RAS”) described in the Schedule to this Agreement, on the terms and conditions set out in this Agreement, including the Annex hereto, which constitutes an integral part hereof.

2. **Client Contacts.** In carrying out the Reimbursable Advisory Services, the Bank will work closely with the designated officials of the Client. The Client will provide the Bank with the names and contact information for said designated officials and Client personnel assigned to work on the Financial Inclusion and Infrastructure Support Technical Assistance.

3. **Timing.** While the Bank undertakes to mobilize all reasonable means available to it to carry out the Reimbursable Advisory Services in a timely manner, the work program and timetable set out in the Schedule to this Agreement have been prepared in good faith based in light of information currently available to the Bank, and are given on an indicative basis assuming that: (i) the Client and its personnel will carry out their respective duties in a satisfactory and timely manner; and (ii) the Client will at all times act in a timely manner in providing information, making decisions and providing necessary support as provided herein and as requested from time to time by the Bank.

4. **Payment**

The Client shall pay the Bank a fixed fee of five hundred thousand three hundred and fourteen US Dollars (US$500,314) in accordance with the following schedule of payment:
<table>
<thead>
<tr>
<th>Amount of Installment</th>
<th>Event upon which Payment is Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. $150,000</td>
<td>Submission of the main mission report and Aide Memoire</td>
</tr>
<tr>
<td>2. $150,000</td>
<td>Submission of draft national financial inclusion strategy</td>
</tr>
<tr>
<td>3. $150,000</td>
<td>Submission of final draft of national financial inclusion strategy after consultation and feedback from the stakeholders through workshops</td>
</tr>
<tr>
<td>4. $50,314</td>
<td>National financial inclusion strategy dissemination event</td>
</tr>
<tr>
<td><strong>TOTAL: US$500,314</strong></td>
<td></td>
</tr>
</tbody>
</table>

5. **Effectiveness.** This Agreement shall become effective as of the day and year first above written, once it has been duly signed by both Parties.

6. **Expiration.** This Agreement shall expire on February 28, 2015, unless it shall earlier be renewed with the mutual agreement of the Client and the Bank.

7. **Termination.** Either the Client or the Bank may terminate this Agreement prior to its expiration upon ninety (90) days written notice to the other. Upon receipt of such notice, the Parties shall take all appropriate steps to terminate in an orderly manner the activities then ongoing under the Reimbursable Advisory Services and to settle promptly all outstanding matters.

8. **Cooperation.** (a) The Client shall at all times provide the Bank in a timely manner with any and all information that may affect the performance of the Reimbursable Advisory Services, inform the Bank of any developments relating to the Reimbursable Advisory Services, and do all things necessary to enable Bank Personnel to carry out the Reimbursable Advisory Services hereunder.

   (b) It is expressly agreed and understood that the Bank shall bear no responsibility for delay in performance occasioned by the Client’s failure to provide its support as set forth in Section D of the Schedule or otherwise cooperate as set forth in paragraph (a) above.

9. **Notices and Addresses.** (a) All notices required or permitted to be given pursuant to this agreement shall be in writing and shall be deemed to have been duly given or made when delivered by hand or by mail, or facsimile to the signatories to this Agreement at their addresses as set out below or such other addresses as may be notified by either party from time to time. Notices forwarded by registered mail shall be deemed
to be delivered upon delivery. Notices made by facsimile transmission shall also be confirmed by mail, with their effective date being the date of initial transmission.

(b) The following addresses are specified for the purposes of this Agreement:

For the Client:

Mr. Noor Ahmed
Additional Director
Agriculture Credit and Microfinance Department
State Bank of Pakistan
I.I. Chundrigar Road
Karachi, Pakistan

Phone: +92 21 9922 1579
E-mail: noor.ahmed@sbp.org.pk

For the Bank:

Mr. Gabi George Afram
Program Leader
Pakistan Country Management Unit
The World Bank
20-A, Shahrah-e-Jamhuriat, G-5/1
Islamabad, Pakistan

Phone: +92 51 909 0220
E-mail: gafram@worldbank.org

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

STATE BANK OF PAKISTAN

By
Authorized Representative

Name: SYED SAMAR HASAN
Title: EXECUTIVE DIRECTOR
STATE BANK OF PAKISTAN

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By
Authorized Representative

Name: RACHID BEN TEJESSAOUED
Title: COUNTRY DIRECTOR, PAKISTAN
### SCHEDULE

Description of the Reimbursable Advisory Services

A.  *Reimbursable Advisory Services.*

1. Except as the Client and the Bank may otherwise agree, the Reimbursable Advisory Services shall include the following activities and outputs:

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>MILESTONE</th>
<th>OUTPUT</th>
<th>DESCRIPTION</th>
<th>INDICATIVE COMPLETION DATE</th>
</tr>
</thead>
</table>
| Develop a national financial inclusion strategy and action plan | No. 1: National financial inclusion strategy report | National financial inclusion strategy report and an action plan | Preparation of a national financial inclusion strategy and action plan including:  
(i) Assistance to design a framework for coordinating and implementing the national financial inclusion strategy.  
(ii) Assess and produce technical notes on status of financial inclusion in the following areas: micro, small and medium enterprises (MSME) finance, housing finance, insurance and pensions, branchless banking, financial literacy and consumer protection, legal and regulatory framework including for secured transactions and collateral registry to inform the strategy.  
(iii) Produce financial inclusion strategy including recommendations and action plan with priority policy actions and other activities to be addressed by the State Bank of Pakistan and other financial regulators as well as other public and private sector actors. | December 2014  
August - September 2014  
August – October 2014  
October - December 2014 |
<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>MILESTONE</th>
<th>OUTPUT</th>
<th>DESCRIPTION</th>
<th>INDICATIVE COMPLETION DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. 2: M&amp;E framework and coordination framework</td>
<td>M&amp;E framework and evaluation (M&amp;E) framework</td>
<td>(iv) Develop a monitoring and evaluation (M&amp;E) framework for financial inclusion to track progress and to provide real-time feedback.</td>
<td>October – December 2014</td>
<td></td>
</tr>
<tr>
<td>No. 3: Dissemination and outreach</td>
<td>Workshops and Final launch</td>
<td>(v) Develop a stakeholder consultation and dissemination strategy. Stakeholder consultation will be organized by the Bank throughout the process of preparing the strategy in close coordination with the Client. (vi) The National-level launching and dissemination event of the national financial inclusion strategy report and action plan, highlighting the way forward will be led by the Client and held in consultation and participation of the Bank</td>
<td>August – December 2014</td>
<td></td>
</tr>
</tbody>
</table>

2. Any change to the foregoing scope of work shall be set out in a writing signed by the Client and the Bank, setting out the additional work to be undertaken and the fees in respect thereof.

3. It is expressly agreed and understood that the Bank shall not be responsible for the drafting of the secured transaction law or any other law and the implementation of the national financial inclusion strategy and its action plan.
B. **Timetable.** Except as the Client and the Bank may otherwise agree, the Bank shall endeavor to perform the Reimbursable Advisory Services in accordance with the tentative timetable set forth in the table in Part A.1 of this Schedule.

C. **Bank Personnel; Indicative Staff Weeks and Travel:** The following is an indicative list of persons likely to be involved and number of weeks and travel required to carry out the RAS.

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Specialization</th>
<th>Weeks</th>
<th>Trips</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Activity Management</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Gabi George Afram</td>
<td>Program Leader</td>
<td>Team Leader and Task Manager</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td><strong>Financial Inclusion Experts</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Korotoumou Ouattara</td>
<td>Senior Financial Economist</td>
<td>Financial Markets Development</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>3 Sebnem Sener</td>
<td>Financial Sector Specialist</td>
<td>Financial Inclusion</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>4 Luis Trevino Garza</td>
<td>Senior Financial Sector Specialist</td>
<td>Financial Inclusion</td>
<td>2.2</td>
<td>1</td>
</tr>
<tr>
<td><strong>NFIS Components Experts</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Banking, SME Finance Expert (Secured Transactions)</td>
<td>External Expert and Banking and SME Finance</td>
<td>6</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>6 Housing Finance Expert</td>
<td>External Expert</td>
<td>Housing Finance</td>
<td>3.5</td>
<td>1</td>
</tr>
<tr>
<td>7 Payments Systems Expert</td>
<td>External Expert</td>
<td>Payments Systems</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>8 Microfinance, Rural &amp; Agriculture Finance Expert</td>
<td>External Expert</td>
<td>Microfinance, Rural &amp; Agriculture Finance</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>9 Insurance and Pensions Expert</td>
<td>External Expert</td>
<td>Insurance and Pensions</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>10 Islamic Finance Expert</td>
<td>External Expert</td>
<td>Islamic Finance</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>11 Consumer Protection and Financial Literacy Expert</td>
<td>External Expert</td>
<td>Consumer Protection and Financial Literacy</td>
<td>1.5</td>
<td>1</td>
</tr>
</tbody>
</table>
### Reviewers (WBG)

<table>
<thead>
<tr>
<th></th>
<th>Name</th>
<th>Role</th>
<th>Department</th>
<th>Hours</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>Massimo Cirasino</td>
<td>Service Line Manager</td>
<td>Payment Systems</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>13</td>
<td>Douglas Pearce</td>
<td>Practice Manager</td>
<td>Financial Inclusion and Infrastructure</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>14</td>
<td>Stephen F. Rasmussen</td>
<td>Lead Specialist</td>
<td>Digital Financing, Microcredit</td>
<td>0.5</td>
<td>0</td>
</tr>
<tr>
<td>15</td>
<td>Shabana Khawar</td>
<td>Senior Country Officer</td>
<td>Investments, SME Financing</td>
<td>0.5</td>
<td>0</td>
</tr>
</tbody>
</table>

### Operations and Support

<table>
<thead>
<tr>
<th></th>
<th>Name</th>
<th>Role</th>
<th>Department</th>
<th>Hours</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>Sarwat Aftab</td>
<td>Senior Private Sector Development Specialist</td>
<td>Capital Markets Development</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>17</td>
<td>Kiran Afzal</td>
<td>Private Sector Development Specialist</td>
<td>Operations, SME Finance</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>18</td>
<td>Sarmad Shaikh</td>
<td>Analyst (ETC)</td>
<td>Gender and Access to Finance</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>19</td>
<td>Rafay Khan</td>
<td>Analyst (STC)</td>
<td>Research</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Ehtesham-ul Haq</td>
<td>Program Assistant</td>
<td>Admin</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>41</strong></td>
<td><strong>17</strong></td>
</tr>
</tbody>
</table>

D. **Facilities.** The Client shall provide the following facilities in support of the Reimbursable Advisory Services:

The Client shall provide the Bank Personnel with necessary administration and organizational support (assistance in organizing meetings/seminars, provision of premises, etc.), as well as ensuring timely processing and approval of the regulatory and operational documents related to the preparation and implementation of the Financial Inclusion and Infrastructure Support Technical Assistance within their responsibilities.

E. **Records.** The Bank shall keep appropriate records of the Reimbursable Advisory Services in accordance with its normal record-keeping practices and shall furnish to the Client such information regarding the Reimbursable Advisory Services as the Client shall reasonably request. As such, the Bank shall maintain appropriate records for a period of seven years after the end of the Bank’s fiscal year to which the record pertains.
ANNEX
STANDARD TERMS AND CONDITIONS

1. **Performance Standard; Non-Exclusivity.** The Bank hereby shall carry out the Reimbursable Advisory Services with the same care and diligence as it uses in its other analytical and advisory activities. The engagement of the Bank as adviser to the Client hereunder is non-exclusive and shall not restrict the Client from engaging other advisers on the same or related issues.

2. **Bank Personnel.** The Bank shall, in its sole discretion, determine the composition of the staff (including staff holding consultant appointments) ("Bank Personnel") assigned to perform the Reimbursable Advisory Services. The Schedule to this Agreement contains an indicative list of Bank Personnel likely to be involved in carrying out the Reimbursable Advisory Services; provided, however, that the Bank retains at all times the right to assign such other person or persons in addition to, or substitution for, any of the persons appearing on that list as the Bank may deem necessary or appropriate in the performance of its duties hereunder. The Client may, if it has reasonable cause for dissatisfaction with the performance of any of the Bank Personnel, request the Bank to replace such person(s). For avoidance of doubt, it is agreed and understood that this Agreement does not create any employment or other contractual relationship between the Client and Bank Personnel.

3. **Client Contributions.** The Client shall carry out the activities and provide the facilities and other arrangements set out in the Schedule to this Agreement.

4. **Bank Operational Policies.** The Bank shall provide its advice in a manner consistent with its relevant environmental and social safeguards policies.

5. **Confidentiality.** The Parties agree that this Agreement and the outputs set out in the Schedule to this Agreement shall only be made available to the public after the Client has given its written consent to such disclosure. With respect to underlying information provided by the Client in support of the Reimbursable Advisory Services, the Client reserves the right to designate said information as confidential. The Bank may publicly disclose such information only after the Client has given its prior consent. With respect to underlying information (other than the final outputs) provided by the Bank in support of the Reimbursable Advisory Services, the Bank reserves the right to designate said information as confidential. The Client may publicly disclose such information only after the Bank has given its prior consent.

6. **Intellectual Property.** The intellectual property rights of the Parties in any of its pre-existing data or documents used by the Bank in connection with the Reimbursable Advisory Services shall remain with that Party. The intellectual property rights in new materials prepared by the Bank in connection with the Reimbursable Advisory Services shall belong to the Client and royalty-free right to use, copy, display, distribute, publish and create derivative works of all or part of these materials and incorporate the information therein in its research, papers, publications, web sites, and
other media without the consent of the Bank subject to the limitations on disclosure of confidential information and any third party rights, as indicated in paragraph 5, Confidentiality, of this Annex 1.

7. Representation of the Client's/ Bank's views and use of the Bank's name, marks and logo.

   (a) Both Parties agree that they shall not represent, or permit the representation of, the views of the other Party without the prior written consent of the respective other Party.

   (b) The Client further agrees that it shall not use, or permit the use of the Bank's name, marks or logos in any advertisements, promotional literature or information without the prior written consent of the Bank, and that if such consent is provided that it shall use the name, marks and logos strictly in accordance with the permission provided and with the insertion of the Bank's usual disclaimers.

   (c) Both Parties shall include the appropriate attribution and disclaimers in new materials prepared in connection with the Reimbursable Advisory Services.

8. Disclaimers and Liabilities.

   (a) While the Bank will make diligent efforts in its performance of the Reimbursable Advisory Services, the Bank makes no express or implied representation or warranty as to the extent of success that may be achieved in the implementation of any recommendation contained in any work product prepared by or with the assistance of the Bank or Bank Personnel.

   (b) Without limitation to the immunities and privileges of the Bank under its Articles of Agreement and other applicable rules of law, the Bank shall not be liable to the Client or other third party for any loss, cost, damage or liability that the Client shall incur as a result of the Reimbursable Advisory Services.

   (c) The Parties acknowledge and agree that it is not the purpose of this Agreement to create a partnership, joint venture or similar arrangement whereby the Parties could be held jointly liable vis-a-vis third Parties or for any other purposes. Nothing herein shall constitute a commitment by the Bank to provide financing to the Client in respect of the Financial Inclusion and Infrastructure Support Technical Assistance or otherwise.

9. Settlement of Disputes. (a) The parties hereto will endeavor in good faith to resolve any differences and disputes under, or in connection with, this Agreement by amicable settlement. Any dispute arising out of or in connection with this Agreement which is not settled by agreement of the Parties shall be finally settled by arbitration in accordance with the UNCITRAL Arbitration Rules in force on the date of this Agreement. In the event of a conflict between the UNCITRAL Arbitration Rules and the
terms of this Agreement, the terms of this Agreement shall govern. The place of
arbitration shall be Karachi, Pakistan, and the language of arbitration shall be English.

(b) Neither the Client nor the Bank shall be entitled in any proceeding under
paragraph (a) of this Section to assert any claim that any provision of these Standard
Conditions or of the RAS Agreement is invalid or unenforceable because of any
provision of the Bank’s Articles of Agreement

10. Privileges and Immunities; Tax Immunity. The Client recognizes and
shall take all reasonable steps to give effect to the status, immunities and privileges of the
Bank and its Personnel set forth in the Bank’s Articles of Agreement and other applicable
rules of law. The Parties acknowledge and agree that no provision of this Agreement, nor
the submission to arbitration by the Bank, in any way constitutes or implies a waiver,
renunciation, termination, or modification by the Bank of any privilege, immunity or
exemption of the Bank granted in the Bank’s Articles of Agreement and other applicable
rules of law. This includes, inter alia, the immunity of the Bank, its assets, income and
its operations and transactions, from all taxation and customs duties.

11. Amendments. Any amendment or waiver of, or any consent given under,
any provision of this Agreement shall be in writing and, in the case of an amendment,
signed by the Parties.

12. Saving of Rights. No course of dealing and no failure or delay by any
party hereto in exercising any power, remedy, discretion, authority or other right under
this Agreement shall impair, or be construed to be a waiver of or an acquiescence in, that
or any other power, remedy, discretion, authority or right under this Agreement, or in any
manner preclude its additional or future exercise.

13. Successors and Assignees; No Assignment without Consent. This
Agreement binds and benefits the respective successors and assignees of the Parties,
provided that none of them may assign this Agreement in whole or in part without the
prior consent of the other.

14. Entire Agreement and Counterparts. (a) This Agreement, together with
its Schedule, constitutes the entire agreement among the Parties hereto and supersedes
any and all prior agreements, understandings and arrangements, oral or written, between
the Parties with respect to the subject matter hereof.

(b) This Agreement may be executed in several counterparts, each of which
is an original, but all of which constitute the same agreement.

15. Termination. Notwithstanding termination or expiration of this
Agreement, the provisions of this Agreement relating to (i) obligation of confidentiality
under Section 5 of this Annex, (ii) the obligations spelled out in Sections 6 on Intellectual
Property and 11 on Privileges and Immunities of this Annex; and (iii) the obligation of
the Client to pay to the Bank remuneration for the Reimbursable Advisory Services
performed prior to the date of termination or expiration of the Agreement, as well as reimbursement of any reasonable costs related to the termination of the Agreement by the Client, shall continue in full force and effect.