Financing Agreement

(Balochistan Integrated Water Resources Management and Development Project)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated 31 August, 2016
FINANCING AGREEMENT

AGREEMENT dated 31 August , 2016 entered into between ISLAMIC REPUBLIC OF PAKISTAN ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("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 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 — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to one hundred forty-two million six hundred thousand Special Drawing Rights (SDR 142,600,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%).

2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.
2.06. The Payment Dates are March 1 and September 1 in each year.

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

2.08. The Payment Currency is Dollar.

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 and the Project Agreement.

3.02. Without limitation upon the provisions of Section 3.01 of this 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 Agreement.

ARTICLE IV - REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension is that the Project Implementing Entity’s Integrated Water Resource Management Policy has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the Project Implementing Entity’s ability to perform any of its obligations under the Project Agreement.

4.02. The Additional Event of Acceleration is that the event specified in Section 4.01 of this Agreement occurs.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following: namely, that the financial management specialist to be employed by the PMU throughout the period of Project implementation with qualifications, experience and terms of reference acceptable to the Association, all pursuant to the provisions of paragraph 2 of Section I.A of the Schedule to the Project Agreement, shall have duly commenced active service under a defined work program whose scope includes measures satisfactory to the Association pertaining to the management of expenditures under the Project.
5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

5.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

-ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is the Secretary, Additional Secretary, Joint Secretary, Deputy Secretary or Section Officer of the Economic Affairs Division of the Ministry of Finance, Revenue, Economic Affairs, Statistics and Privatization, each such person acting individually.

6.02. The Recipient’s Address is:

Economic Affairs Division
Ministry of Finance, Revenue, Economic Affairs, Statistics and Privatization
Islamabad
Pakistan

Facsimile:

+92-51-921-8976

6.03. 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)
Facsimile: +1-202-477-6391

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

ISLAMIC REPUBLIC OF PAKISTAN

By

[Signature]
Authorized Representative

Name: [Name]
Title: [Title]

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]
Authorized Representative

Name: [Name]
Title: [Title]
The objective of the Project is to strengthen provincial government capacity for water resources monitoring and management and to improve community-based water management for targeted irrigation schemes in Balochistan.

The Project consists of the following parts:

A. **Institutions, Capacity and Information**

1. Strengthening the capacity of the Project Implementing Entity for implementation of the Project Implementing Entity's Integrated Water Resource Management Policy through institutional restructuring, professional development, and provision of consulting services relating to, *inter alia*: (i) hydro-meteorological system design, implementation and operation; (ii) water data systems, geographic information systems, river and groundwater modeling and analysis; and (iii) river basin planning and management, including stakeholder participation and economic analysis.

2. Establishment of hydro-meteorological observation networks in the Nari and Porali river basins, consisting of supply and installation (or rehabilitation) of automatic climate stations, rainfall recording stations, streamflow gauging stations, groundwater monitoring wells, and associated communications equipment; and supporting the capacity of the Project Implementing Entity in network operation and maintenance through provision of training and establishment of information technology systems.

B. **Water Infrastructure and Management Investments**

1. Development of infrastructure investments, including:

   (a) Construction works to remodel irrigation headwork structures and canal systems in the Nari and Porali river basins (six irrigation schemes of Yatabad, Nari Gorge, and Mushkaf in the Nari; and Gundacha, Nimmi, and Khuzdar small schemes in the Porali river basins);

   (b) Construction, rehabilitation and remodeling of village drinking water supply schemes in selected scheme areas; and

   (c) Provision of flood protection infrastructure in approximately 16 villages in five districts in the Nari basin (Loralai, Bolan, Sibi, Jhal Magsi...
and Naseer Abad) and two districts in the Porali basin (Lasbela and Khuzdar).

2. Watershed and rangeland management activities in targeted areas in the Nari basin including the Yatabad watershed, Nari Gorge watershed, and Mushkaf watershed; and in the Porali basin including the Khuzdar District and the watershed areas of the Gundacha and Nimmi irrigation schemes, and other areas associated with Project infrastructure investments.

3. Supporting on-farm water management and agricultural productivity activities in the Project scheme areas, including through: (a) the establishment of community-based organizations/farmer organizations; (b) construction of contour terraces, watercourses, water conveyance systems, water storage tanks and ponds at the tertiary/on-farm level and access tracks for transportation of farm produce; (c) provision of Matching Grants to Beneficiaries to improve on-farm water use efficiency and productivity; and (d) building the capacity of farmers, entrepreneurs and PMU/PIU staff on improved water and crop management techniques such as integrated pest management and crop diversification.

C. Project Management and Technical Assistance

1. Provision of support to the Project Management Unit and Project Implementation Units for overall Project implementation and management activities, consisting of incremental operating expenditures.

2. Provision of support to the Project Implementing Entity to appoint consultants to perform monitoring and evaluation, project supervision and implementation assistance, and to complete various Management Plans and Studies and carry out of Safeguard Instruments.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. On-lending

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity under the same terms and conditions under which they are made available by the Association to the Recipient and in accordance with the Recipient’s on-lending and budgetary policies and procedures.

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

3. The Recipient shall exercise its rights under the on-lending arrangements referred to in paragraph 1 of this Part A in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive its rights or obligations under said arrangements.

B. Anti-Corruption

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

C. Safeguards

1. The Recipient shall ensure, and cause the Project Implementing Entity to ensure, that the activities under the Project:

   (a) are carried out in accordance with the Safeguards Instruments; and

   (b) do not involve, or result in, any Involuntary Resettlement. In the event that any private land is required for the Project, the Recipient, in consultation with the Association, shall cause the Project Implementing Entity to ensure that such land be obtained on a willing-buyer-willing-seller basis and on replacement cost, or as a voluntary donation or bequest, in each case in conformity with the requirements of the SIAMP.
2. The Recipient shall not, and shall ensure the Project Implementing Entity does not assign, amend, abrogate or waive, or permit to be assigned, amended, abrogated or waived, any provision of the Safeguards Instruments, whether in whole or in part, except as the Association shall otherwise agree in writing and subject to compliance with the applicable consultation and public disclosure requirements of the Association.

3. (a) Not later than twelve (12) months after the Effective Date, and prior to the commencement of civil works, the Recipient shall cause the Project Implementing Entity to prepare a Cultural Heritage Management Plan satisfactory to the Association, and to hold consultations on and disclose the Cultural Heritage Management Plan all in accordance with the Environmental Assessment; (b) thereafter, the Recipient shall cause the Project Implementing Entity to prepare Cultural Heritage Plans, as required under the Environmental Assessment, prior to the commencement of civil works in the Project scheme area in which the civil works will be carried out; and (c) the Recipient shall ensure that the Project Implementing Entity does not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, any provision of the Cultural Heritage Management Plans, whether in whole or in part, except as otherwise agreed with the Association in writing.

4. The Recipient shall ensure that the Project Implementing Entity shall:
   (a) prepare, prior to commencement of civil works, including civil works under the Matching Grants Program, Site-specific EMPs and Scheme-specific SIAMPs, satisfactory to the Association, and in accordance with the terms of reference in the EA and SIAMP, respectively;
   (b) implement the Site-specific EMPs and Scheme-specific SIAMPs; and
   (c) not amend, suspend or abrogate any of the provisions of the Site-specific EMPs or Scheme-specific SIAMPs without the prior agreement of the Association.

5. The Recipient shall ensure that the Project Implementing Entity shall:
   (a) prepare, prior to the commencement of any construction works requiring Involuntary Resettlement under the Project, Resettlement Action Plans (RAPs), satisfactory to the Association, in accordance with the RPF;
   (b) implement the RAPs, including, unless otherwise agreed with the Association, payment in full of compensation to all affected people prior to commencing of any related works; and
not amend, suspend or abrogate any of the provisions of the RAPs without the prior agreement of the Association.

6. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall, and shall cause the Project Implementing Entity to regularly collect, compile and submit to the Association, on a semi-annual basis, reports on the status of compliance with the Safeguard Instruments, giving details of: (a) measures taken in furtherance of the Safeguard Instruments; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguard Instruments; and (c) remedial measures taken or required to be taken to address such conditions.

7. In the event of a conflict between the provisions of any of the Safeguards Instruments and those of this Agreement or the Project Agreement, the latter two shall govern.

8. The Recipient shall ensure that the Project Implementing Entity shall: (a) carry out any studies or technical assistance to be supported under the Project under terms of reference satisfactory to the Association following its review thereof and, to that end, said technical assistance and studies shall duly incorporate the requirements of Association’s safeguard policies and be publicly disclosed and consulted upon in accordance with Bank safeguard policies; and (b) ensure that any capacity building activities under the Project are consistent with, and pay due attention to, Association’s safeguard policies.

D. Annual Work Plans and Budgets

The Recipient shall cause the Project Implementing Entity to:

(a) throughout Project implementation, furnish to the Association for approval as soon as available, but in any case not later than January 31 of each year, the annual work plan and budget for the Project for each subsequent fiscal year, of such scope and detail as the Association shall have reasonably requested, except for the annual work plan and budget for the first fiscal year which shall be furnished no later than one (1) month after the Effective Date; and

(b) no later than three (3) months after furnishing the annual work plan and budget referred to in the preceding paragraph to the Association, finalize and adopt, and thereafter ensure that the Project is carried out in accordance with, such plan and budget as agreed with the Association.

E. Matching Grants Program

1. For the purposes of Part B.3(c) of the Project, the Recipient shall cause the Project Implementing Entity to make Matching Grants to Beneficiaries in
accordance with eligibility criteria and procedures set forth in the Matching Grants procedures set out in the Operations Manual, and acceptable to the Association, which shall include the following: Matching Grants shall be selected, appraised, implemented and evaluated in accordance with the principles and procedures set forth in the Operations Manual, the Financial Management Manual, the Procurement Guidelines, the Anti-Corruption Guidelines and the Safeguard Instruments.

2. The Recipient shall cause the Project Implementing Entity to make each Matching Grant under a Matching Grant Agreement with the respective Beneficiary on terms and conditions approved by the Association, which shall include the following:

(a) Matching Grant Agreements shall be denominated in Pakistan Rupees; and

(b) the Recipient shall, and shall cause the Project Implementing Entity to, obtain rights adequate to protect its interests and those of the Association, including the right to:

(i) suspend or terminate the right of the Beneficiary to use the proceeds of the Matching Grant, or obtain a refund of all or any part of the amount of the Matching Grant, upon the Beneficiary’s failure to perform any of its obligations under the Matching Grant Agreement; and

(ii) require each Beneficiary to: (A) carry out its obligations under the Matching Grant Agreement with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient, and the Safeguard Instruments; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of the Matching Grant Agreement in accordance with the provisions of this Agreement, and the Procurement Guidelines; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Sub-project and the achievement of its objectives; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project; and (2) maintain records and accounts adequate to reflect the operations, resources and expenditures under the Sub-project in accordance with the Operations Manual; (F) enable the Recipient and the
Association to inspect the Sub-project, its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

3. The Recipient shall cause the Project Implementing Entity to exercise their rights under each Matching Grant Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall cause the Project Implementing Entity not to assign, amend, abrogate or waive any Matching Grant Agreement or any of its provisions.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

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 set forth in the Operations Manual. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

B. Project In-Depth and Midterm Reviews

The Recipient shall:

(a) carry out jointly with the Association and the Project Implementing Entity:

   (i) not later than twelve months after the Effective Date, or such other period as may be agreed with the Association, an in-depth review of the Project; and

   (ii) not later than September 30, 2019, or such other date as may be agreed with the Association, a midterm review of the Project;

in each case, to assess the status of Project implementation, as measured against the indicators set forth in the Operations Manual and the legal covenants included in this Agreement and the Project Agreement. 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
Project staff turnover; and (vi) the need to make any adjustments to the Project
and reallocate funds to improve performance;

(b) to this end, cause the Project Implementing Entity to prepare and furnish to the
Recipient and the Association, at least one (1) month before such review, a
report, in scope and detail satisfactory to the Association and integrating the
results of the monitoring and evaluation activities performed pursuant to
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 Association and the Project Implementing Entity the
report referred to in the preceding paragraph 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 Association’s
views on the matter.

C. 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
cause the Project Implementing Entity to prepare and furnish to the Association
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 Association.

3. The Recipient shall cause the Project Implementing Entity to have the 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 (1) fiscal year of the Project Implementing Entity. 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.

D. PMU Performance

1. The Recipient shall cause the Project Implementing Entity to ensure that:
(a) staff and consultants of the PMU are at all times selected or recruited on the basis of terms of reference, qualifications and experience satisfactory to the Association;

(b) full financial and administrative authority for the Project is delegated to the Project Director;

(c) the Project Director is working full time as Project Director for the Project; and

(d) annual work plans and budgets referred to in Section I.D of this Schedule (the “Annual Work Plans and Budgets”) are submitted to the Association in a timely manner.

2. Without limitation to the generality of the provisions of Section 2.01 of the Project Agreement, Section II.C of this Schedule and Section 4.01 of the General Conditions, before deciding to replace any key management, fiduciary or technical staff member or consultant of the PMU, including without limitation the project director, the financial management specialist, the procurement specialist, the communication specialist, the environmental safeguards specialist, the social safeguards specialist, the gender development specialist, the monitoring and evaluation specialist, the matching grants specialist, the training management specialist, the water resources specialist, the livestock specialist, and the agriculture specialist, the Recipient shall ensure that the Project Implementing Entity shall exchange views with the Association and the Recipient on: (a) the performance of such staff member; (b) the justification for such replacement; (c) the potential adverse impact of such replacement on the satisfactory implementation of the Project and the achievement of its objective, and (d) proposed mitigation measures of such impact on the Project.

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 Financing 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 Financing 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 Association 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, works, and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the additional provisions set forth in the Annex to this Schedule; (b) Shopping; (c) Direct Contracting; and (d) Community Participation procedures set out in the Operations Manual which have been found acceptable to the Association.

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 Association of Procurement Decisions**

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

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association 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 Financing ("Category"), the allocations of the amounts of the Financing 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 Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services,</td>
<td>131,880,000</td>
<td>100%</td>
</tr>
<tr>
<td>consultants' services and training</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Matching Grants</td>
<td>5,000,000</td>
<td>100% of the amount disbursed</td>
</tr>
<tr>
<td>(3) Incremental Operating Costs</td>
<td>5,720,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>142,600,000</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:

(a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 28,520,000 equivalent may be made for payments under Categories 1 and 3 made prior to this date but on or after September 1, 2015, for Eligible Expenditures, subject to the Recipient’s submitting
a confirmation of the validity of the amount claimed, supported by a satisfactory audit report completed by an independent auditor with qualifications and terms of reference satisfactory to the Association, testifying that the expenditures are eligible Project expenditures, in accordance with the requisites for eligibility referred to in Section 2.05 of the General Conditions; or

(b) under Category 2 until the Project Implementing Entity has prepared and adopted Matching Grants procedures as part of the Operations Manual, satisfactory to the Association.

2. The Closing Date is October 31, 2022.
ANNEX 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 Recipient’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 Association.

(ix) Before rejecting all bids and soliciting new bids, the Association’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) Bids shall be solicited and works contracts awarded on the basis of unit prices.

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

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

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

(xvii) Each contract financed from the proceeds of the Financing shall provide that the suppliers, contractors, and subcontractors shall permit the Association, 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 Association. The deliberate and material violation by the supplier, contractor, or subcontractor of such provision may amount to an obstructive practice.

(xviii) Recipient-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 Recipient.

(xix) The Association shall declare a firm ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Association 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 Association.
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 1 and September 1:</td>
<td></td>
</tr>
<tr>
<td>Commencing September 1, 2021, to and including March 1, 2031</td>
<td>1.65%</td>
</tr>
<tr>
<td>Commencing September 1, 2031 to and including March 1, 2041</td>
<td>3.35%</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


2. "Balochistan" means the Recipient’s Province of Balochistan, or any successor thereto.

3. "Beneficiary" means a recipient of a Matching Grant under Part B3 of the Project, selected in accordance with criteria and procedures set forth in the Matching Grants Manual, and "Beneficiaries" means more than one such Beneficiary.

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


6. "Cultural Heritage Management Plan" means a detailed cultural heritage management plan for a project scheme area, setting out measures to mitigate adverse impacts on physical cultural resources, referred to in Section IC3 of Schedule 2 to this Agreement; and "Cultural Heritage Management Plans" means more than one such Cultural Heritage Management Plan.

7. "Displaced Persons" means persons who, on account of the execution of the Project, have experienced or would experience direct economic and social impacts caused by Involuntary Resettlement.

8. "Environmental Assessment" and the acronym "EA" means environmental assessment, prepared by the Project Implementing Entity, dated January 2016, and disclosed locally and in Infoshop January 25 and January 26, 2016 respectively, which includes an EMP, and sets forth mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to eliminate any adverse environmental impacts of activities to be implemented under the Project, offset them, or reduce them to acceptable levels, or enhance positive impacts, and guidelines and procedures for the preparation of Site-specific EMPs and Scheme-specific SIAMPs, and such term includes any annexes, appendices, or schedules to such framework.
9. "Environmental Management Plan" means the plan prepared by Project Implementing Entity, dated January 2016 and disclosed locally and in Infoshop on January 25 and January 26, 2016 respectively, as part of the EA, and including an Integrated Pest Management Plan, which sets forth Project-wide mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to eliminate any adverse environmental impacts of activities, offset them, or reduce them to acceptable levels, or enhance positive impacts, and such term includes any annexes, appendices, or schedules to such plan.

10. "Financial Management Manual" means the manual prepared and adopted by the Project Implementing Entity and dated April 19, 2016, setting out the necessary financial management arrangements for implementation of the Project, including details on internal controls.

11. "Gender Action Plan" means the action plan included in the Project Implementing Entity’s document entitled “Social Impact Assessment and Mitigation Plan—Balochistan Integrated Water Resources Management and Development Project, Final Feasibility Report”, and included in the SIAMP, which sets forth actions to intensify the implementation of gender mainstreaming of the Project, and such term includes any annexes, appendices, or schedules to such plan.

12. "General Conditions" means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.

13. "Grievance Redress Committee” and the acronym "GRC” means the committee to be established by the Project Implementing Entity in accordance with Section I.A.3 of the Schedule to the Project Agreement.

14. "Grievance Redress Mechanism” and the acronym “GRM” means the mechanism established by the Project Implementing Entity for considering complaints and referred to in Section I.A.3 of the Schedule to the Project Agreement, and included in the SIAMP.

15. "Incremental Operating Costs” means the incremental operating costs of the Project incurred by the Recipient or the Project Implementing Entity for purposes of Project management, implementation, and monitoring and evaluation on account of office supplies and consumables, utilities, bank charges, 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, but excluding salaries, salary supplements and overheads of members of the Recipient’s or the Project Implementing Entity’s civil service.
16. "Integrated Pest Management Plan" means the provisions related to pest management embedded in the Project Implementing Entity’s EMP, which sets forth mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, for integrated pest management and the safe handling of pesticides under activities to be implemented under the Project, and such term includes any annexes, appendices, or schedules to such plan.


18. "Involuntary Resettlement" means the following caused on account of Project implementation: (a) the involuntary taking of land, resulting in (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not the affected person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihood of the affected person.

19. "Management Plans and Studies" means plan and studies, including detailed feasibility studies, relating to water basins in the territory of the Recipient, and for detailed feasibility studies (i) which do not trigger OP7.50 (International Waterways) of the Association safeguard policies; and (ii) with respect to which the Association has confirmed in writing that its scope and the terms of reference are acceptable for financing under Part C of the Project.

20. "Matching Grant" means a grant to support investment in farm technologies, value chain enhancements and farm development work, made or proposed to be made by the Project Implementing Entity under Part B.3(c) of the Project; and "Matching Grants" means more than one such grant.

21. "Matching Grant Agreement" means the grant agreement entered into between the Project Implementing Entity and a Beneficiary, referred to in Part E.2 of Section I of Schedule 2 to this Agreement.

22. "Operations Manual" means the Project Implementing Entity’s operations manual, entitled “Balochistan Integrated Water Resources Management and Development Project – Project Operations Manual”, to be prepared and adopted pursuant to Section 1.B of the Schedule to the Project Agreement, setting forth implementation, organizational, administrative, monitoring and evaluation, financial management, disbursement, and procurement arrangements for purposes of implementation of the Project, including for the Matching Grants Program, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes, appendices, or schedules to such manual.

24. "Procurement Plan" means the Recipient's procurement plan for the Project, dated March 19, 2016, 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.

25. "Project Implementing Entity" means the Recipient's Province of Balochistan, or any successor thereto.

26. "Project Implementation Unit" or the acronym "PIU" means the project implementation unit in the Nari river basin and the project implementation unit in the Porali river basin, referred to in Section I.A.4 of the Schedule to the Project Agreement; and "Project Implementation Units" means both Project Implementation Units.

27. "Project Management Unit" and the acronym "PMU" means the unit established by the Project Implementing Entity referred to in Section I.A.2 of the Schedule to the Project Agreement.

28. "Project Steering Committee" and the acronym "PSC" means the committee to be established by the Project Implementing Entity in accordance with Section I.A.1 of the Schedule to the Project Agreement.

29. "Resettlement Action Plan" and the acronym "RAP" means the Project Implementing Entity's resettlement and action plan to be prepared in accordance with the provisions of the Resettlement Policy Framework, identifying Displaced Persons on account of implementation of Project activities, and setting forth the terms and conditions for providing them with resettlement assistance and/or compensation, as well as the procedures to be applied in the identification, assessment and mitigation of potential Project related social impacts, including the protocols for consultation, the processing of complaints and grievance redress, monitoring and reporting requirements, and the Displaced Persons' entitlement schedules; as such plan may be revised, updated or supplemented from time to time with the prior written agreement of the Association.

30. "Resettlement Policy Framework" and its acronym "RPF" means the Project Implementing Entity's document, disclosed locally and in the Association's Infoshop on February 9, 2016, and included in the SIAMP, which sets forth measures to mitigate and respond to Involuntary Resettlement, including guidelines and procedures for the preparation of Resettlement Action Plan(s), and a protocol for voluntary land donation and such term includes any annexes, appendices, or schedules to such framework.
31. "Safeguards Instruments" means, collectively, the Environmental Assessment, the Environmental Management Plan, the SIAMPs, Scheme-specific SIAMPs, Site-specific EMPs, the Gender Action Plan, the Integrated Pest Management Plan, the Cultural Heritage Management Plans, the Resettlement Policy Framework, and any Resettlement Action Plan(s).

32. "Scheme-specific SIAMP" means a social impact assessment and management plan for a particular Project scheme area, to be prepared by the Project Implementing Entity pursuant to the requirements of the Social Impact Assessment, for assessing and managing the social impacts of the Project; and "Scheme-specific SIAMPs" means more than one such Scheme-specific SIAMP.

33. "SIAMP" means the project-wide social impact assessment and management plan, including the RPF, the Grievance Redress Mechanism and the Gender Action Plan, dated January 2016 and disclosed in Infoshop February 9, 2016, prepared by the Project Implementing Entity for assessing and managing the social impacts of the Project.

34. "Site-specific EMP" means a site-specific environmental management plan, to be prepared by the Project Implementing Entity, pursuant to Section I.C.4 of Schedule 2 of this Agreement, in accordance with the EA and EMP, setting out: (i) measures to effectively manage the environmental issues and concerns identified for the site; (ii) required monitoring associated with the mitigating measures; and (iii) implementation arrangements, including institutional requirements and responsibilities during the pre-construction, construction, and operation phases.

35. "Sub-project" means a sub-project selected for a Matching Grant under Part B.3(c) of the Project.

36. "Training" means the reasonable cost of trainings, seminars and workshops, conferences and study tours, conducted in the territory of the Recipient, including: (i) the fees of training institutions and courses; (ii) domestic travel costs, lodging costs, and subsistence/per diem allowances both for trainers and trainees; (iii) the rental of training facilities; and (iv) preparation, purchase or reproduction of training materials.
Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Section 3.02 is modified to read as follows:

   "Section 3.02. Service Charge and Interest Charge

   (a) Service Charge. The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

   (b) Interest Charge. The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months."

2. Paragraph 28 of the Appendix ("Financing Payment") is modified by inserting the words "the Interest Charge" between the words "the Service Charge" and "the Commitment Charge".

3. The Appendix is modified by inserting a new paragraph 32 with the following definition of "Interest Charge", and renumbering the subsequent paragraphs accordingly:

   "32. "Interest Charge" means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b)."

4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix ("Payment Date") is modified by inserting the words "Interest Charges" between the words "Service Charges" and "Commitment Charges".

5. Renumbered paragraph 50 (originally paragraph 49) of the Appendix ("Service Charge") is modified by replacing the reference to Section 3.02 with Section 3.02(a).