KP / FATA / Balochistan
Multi-Donor Trust Fund
Project Agreement

(Second Additional Financing for Khyber Pakhtunkhwa Emergency Roads Recovery Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT / INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the KP/FATA/Balochistan Multi-Donor Trust Fund

and

PAKHTUNKHWA HIGHWAYS AUTHORITY

Dated MAY 30, 2014
AGREEMENT dated, 2014, entered into between:

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/
INTERNATIONAL DEVELOPMENT ASSOCIATION (collectively, "World Bank"),
acting as administrator of the KP / FATA / Balochistan Multi-Donor Trust Fund; and
PAKHTUNKHWA HIGHWAYS AUTHORITY ("Project Implementing Entity")
("Project Agreement") in connection with the KP / FATA / Balochistan Multi-Donor
Trust Fund Grant Agreement ("Grant Agreement") of same date between Islamic
Republic of Pakistan ("Recipient") and the World Bank.

The World Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I—STANDARD CONDITIONS; DEFINITIONS

1.01. The Standard Conditions (as defined in the Appendix to the Grant 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 Grant Agreement or the
Standard Conditions.

ARTICLE II—PROJECT

2.01. The Project Implementing Entity declares its commitment to the objective of the
Project. To this end, the Project Implementing Entity shall carry out the Project
in accordance with the provisions of Article II of the Standard Conditions, and
shall provide promptly as needed, the funds, facilities, services and other
resources required for the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and
except as the World Bank and the Project Implementing Entity shall otherwise
agree, the Project Implementing Entity shall carry out 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 its Managing Director.

3.02. The World Bank’s Address is:
International Bank for Reconstruction and Development/
International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

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

3.03. The Project Implementing Entity's Address is:

Pakhtunkhwa Highways Authority
Attached Department Complex
Khyber Road
Peshawar 25000
Khyber Pakhtunkhwa
Pakistan

Facsimile:

92-91-921-0434
AGREED at Islamabad, Pakistan, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT/
INTERNATIONAL DEVELOPMENT
ASSOCIATION
acting as administrator of the KP / FATA / Balochistan
Multi-Donor Trust Fund

By:  
Authorized Representative

Name:  Rachid Bennassaroud  
Title:  Country Director

PAKHTUNKHWA HIGHWAYS AUTHORITY

By:  
Authorized Representative

Name:  Engr. Javed Afridi  
Title:  Managing Director, PHA
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

Project Steering Committee

1. The Project Implementing Entity shall be responsible for overall Project oversight through the Project Steering Committee.

2. To this end, the Project Implementing Entity shall maintain, throughout Project implementation, the Project Steering Committee, with a composition, including the Managing Director of the Project Implementing Entity as chair and the Project Director and Deputy Directors (North, Headquarters, and Finance, respectively) of the Project Implementing Entity, an institutional framework, functions, and resources satisfactory to the World Bank.

Project Management Unit

3. The Project Implementing Entity shall be responsible for Project management, implementation, including administrative management, procurement, and implementation of environmental and social safeguards, and monitoring and evaluation through the Project Management Unit.

4. To this end, the Project Implementing Entity shall maintain, throughout Project implementation, the Project Management Unit, with an institutional framework, functions, and resources satisfactory to the World Bank, including competent personnel in adequate numbers, including the Project Director as head and the Deputy Director (Headquarters) and Deputy Director (Finance) of the Project Implementing Entity.

Finance Section

5. The Project Implementing Entity shall be responsible for Project financial management and disbursement through the Finance Section.

6. To this end, the Project Implementing Entity shall maintain, throughout Project implementation, the Finance Section, with an institutional framework, functions, and resources satisfactory to the World Bank, including competent personnel in adequate numbers.
Field Implementation Unit

7. The Project Implementing Entity shall be responsible for field-level Project implementation through the Field Implementation Unit.

8. To this end, the Project Implementing Entity shall maintain, throughout Project implementation, the Field Implementation Unit, with an institutional framework, functions, and resources satisfactory to the World Bank, including competent personnel in adequate numbers, including the Deputy Director (North) of the Project Implementing Entity as head and the Deputy Director (Environment) and Assistant Director (Resettlement) of the Project Implementing Entity.

Project Engineer

9. The Project Implementing Entity shall, for purposes of implementation of Parts I (a) and 1(b)(i) of the Project, not later than one (1) month after the Effective Date, revise the contract of, and thereafter maintain throughout Project implementation, with terms of reference satisfactory to the World Bank, the consultant appointed as the works contractor under the Original Project.

10. The Project Implementing Entity shall, for purposes of implementation of Part 2 (a) of the Project, not later than one (1) month after the Effective Date, revise the contract of, and thereafter maintain throughout Project implementation, with terms of reference satisfactory to the World Bank, the consultant appointed as the Project engineer pursuant to Section I.A.9 of the Schedule to the Original Project Agreement.

11. The Project Implementing Entity shall cause the consultant referred to in the preceding paragraph to:

   (a) (i) revise and adopt as revised, not later than one (1) month after the above mentioned revision of its contract for appointment as the Project engineer, the Contract Administration and Construction Supervision Manual in a manner satisfactory to the Project Implementing Entity, and (ii) thereafter ensure that the Project is carried out in accordance with the provisions of said Manual as revised; and

   (b) except as the World Bank shall otherwise agree in writing, not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

12. In the event of a conflict between the provisions of the Contract Administration and Construction Supervision Manual and those of this Agreement, the latter shall govern.
B. Anti-Corruption

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

C. Donor Use

Notwithstanding the right of the respective author, the Recipient, or the Project Implementing Entity to copyright any books, publications, or other copyrightable materials developed in the course of implementation of or under this Agreement, the Project Implementing Entity shall grant to the Donors, upon the World Bank's request, a royalty-free, non-exclusive, and irrevocable right to reproduce, publish, or otherwise use, and to authorize others to use, such materials for government purposes.

D. Safeguards

1. The Project Implementing Entity shall carry out the Project in accordance with the provisions of the Safeguards Instruments, and, except as the World Bank shall otherwise agree in writing, the Project Implementing Entity shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

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

3. The Project Implementing Entity shall:

   (a) take all necessary action to avoid or minimize to the extent possible any Involuntary Resettlement;

   (b) before taking possession of any land, or commencing Involuntary Resettlement or works which would result in Involuntary Resettlement, ensure that all Project Affected Persons have been compensated and provided with applicable resettlement and rehabilitation benefits in accordance with the provisions of the Resettlement Plan;

   (c) uniformly apply the provisions of the Resettlement Plan to all parts of the Project, as well as any other construction contracts being undertaken during Project implementation on Provincial Highway S-3B that result in Involuntary Resettlement, regardless of the source of financing for such contracts;
(d) ensure that, except as the World Bank shall otherwise agree in writing, no land
acquisition is carried out under the Project pursuant to the emergency provisions (Section 17) of the Land Acquisition Act; and

(e) establish, for purposes of grievance redress in relation to implementation of the Resettlement Plan, not later than one month after the Effective Date, and thereafter maintain throughout Project implementation, a grievance redress committee, comprising, inter alia, the Deputy Director (North) of the Project Implementing Entity as head, the Assistant Director (Resettlement), Resident Engineer, and Land Acquisition Collector of the Project Implementing Entity, and two representatives of Project Affected Persons and with an institutional framework, functions, and resources satisfactory to the World Bank for purposes of Project implementation.

4. The Project Implementing Entity shall ensure that each contract for works under the Project includes the obligation of the relevant contractor to implement the Safeguards Instruments.

5. The Project Implementing Entity shall take all measures necessary on its part to regularly collect, compile, and submit to the World Bank, not later than forty-five (45) days after the end of each calendar quarter, information covering the quarter on the status of compliance with the Safeguards Instruments, providing details of:

(a) measures taken in furtherance of said Instruments;

(b) any conditions which interfere or threaten to interfere with the smooth implementation of said Instruments; and

(c) remedial measures taken or required to be taken to address such conditions.

6. The Project Implementing Entity shall appoint:

(a) not later than one month after the Effective Date, a consultant, with terms of reference satisfactory to the World Bank, for purposes of independent monitoring of the following environmental parameters at locations identified in the Environmental Management Plan: (i) ambient air quality; (ii) ground and surface water quality; and (iii) noise levels; and

(b) not later than eight (8) months after the Effective Date, a consultant each, with terms of reference satisfactory to the World Bank, for purposes of independent monitoring and validation of implementation of the
Environmental Management Plan and the Resettlement Plan, respectively.

Section II. **Project Monitoring, Reporting and Evaluation**

A. **Project Reports**

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 (b) of the Standard Conditions and on the basis of the indicators set forth in the Results Framework. Each such Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Recipient not later than three (3) weeks after the end of the period covered by such report for incorporation in and forwarding by the Recipient to the World Bank of the overall Project Report.

2. The Project Implementing Entity shall provide to the Recipient not later than five (5) months after the Closing Date, for incorporation in the report referred to in Section 5.08 (c) of the Standard Conditions, all such information as the Recipient or the World Bank shall reasonably request for the purposes of that Section.

B. **Midterm Review**

The Project Implementing Entity shall:

(a) participate in the midterm review referred to in Section II.B(a) of Schedule 2 to the Grant Agreement;

(b) prepare and furnish to the Recipient and the World Bank, at least one (1) month before such review, a report, in scope and detail satisfactory to the World Bank and integrating the results of the monitoring and evaluation activities performed pursuant to Part A.1(a) of this Section II, 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 such report jointly with the Recipient and the World Bank and thereafter 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 Recipient's and the World Bank's views on the matter.
C. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World 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 the Project.

2. The Project Implementing Entity shall:
   
   (a) ensure that the Project is carried out in accordance with the provisions of the Financial Management Manual; and
   
   (b) not, except as the World Bank may otherwise agree in writing, assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

3. In the event of a conflict between the provisions of the Financial Management Manual and those of this Agreement, the latter shall govern.

4. The Project Implementing Entity shall prepare and furnish to the Recipient and the World Bank, not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the World Bank.

5. The Project Implementing Entity shall have its financial statements referred to in paragraph 1 above audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank. Each audit of these 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 financial statements for each period shall be: (a) furnished to the Recipient and the World Bank not later than six (6) months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the World Bank.

Section III. Procurement

All works and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the provisions of Section III of Schedule 2 to the Grant Agreement.
Section IV. Other Undertakings

The Project Implementing Entity shall prepare and furnish to the Recipient and the World Bank, not later than two (2) weeks after the end of each calendar month, progress reports covering the month, in form and substance satisfactory to the World Bank, on the implementation of works under the Project and the Safeguards Instruments.