September 9, 2016

Mr. Hammad Naqi Khan  
Director General  
World Wide Fund for Nature – Pakistan  
46/K Main PECHS Block 6  
Karachi, Pakistan

Re: Islamic Republic of Pakistan: JSDF Grant for Indus Ecoregion Community Livelihood Project (JSDF Grant No. TF0A3059)

Dear Mr. Khan:

In response to the request for financial assistance made on behalf of World Wide Fund for Nature – Pakistan (the “Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development and the International Development Association (collectively, the “World Bank”), as administrator of grant funds provided by Japan (the “Donor”) under the Japan Social Development Fund, proposes to extend to the Recipient, for the benefit of the Islamic Republic of Pakistan (the “Member Country”), a grant in an amount not to exceed two million eight hundred fifty thousand United States Dollars (U.S.$2,850,000) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”).

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donor. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement with the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the
countersigned copy of this Agreement with in ninety (90) days after the date of signature of this Agreement unless the World Bank shall have established a later date for such purpose.

Very truly yours,
International Bank for Reconstruction and Development
International Development Association

By
 Patchamuthu Illangovan
Country Director, Pakistan
South Asia Region

AGREED:
World Wide Fund for Nature – Pakistan

By
Authorized Representative

Name: HAMMAD NAQI KHAN
Title: DIRECTOR GENERAL
Date: 9th September, 2016

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
ANNEX

Article I
Standard Conditions; Definitions

1.01. Standard Conditions. The Standard Conditions constitute an integral part of this Agreement.

1.02. Definitions. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement, (including the cover letter to this Agreement and this Section) as follows:


(b) “Area Coordination Committees” or “ACCs” means networks of CBOs and NGOs from the Pilot Project Sites established by the Recipient and responsible for addressing issues of conservation, sustainable use of natural resources, education, equality, and health and hygiene, and ownership of project interventions by the communities, sustainability and continuous post project monitoring.


(d) “Community Based Organization” or “CBO” means each community-based organization identified by the Recipient at the community level in accordance with criteria specified in the Project Operations Manual to receive Sub-Grants, capacity building support and training for the purposes of the Project and for the benefit of the communities in the Pilot Project Sites, and collectively referred to as “Community Based Organizations” or “CBOs”

(e) “Ecoregion” means a large unit of land or water containing a geographically distinct assemblage of species, natural communities, and environmental conditions.

(f) “Environmental and Social Management Framework” or “ESMF” means the Recipient’s framework, dated April 21, 2015, and acceptable to the World Bank, for undertaking environmental and social analysis and developing mitigation measures for all Project activities, as said framework may be revised from time to time with the prior written agreement of the World Bank, and such term includes any annexes or schedules to such framework.

(g) “Environmental Management Plan” or “EMP” means, each plan to be prepared by the Recipient in accordance with the ESMF, and pursuant to Section 2.03(d) of this Annex, each such plan in form and substance satisfactory to the World Bank, and setting forth the measures for mitigating the environmental risks and impacts associated with the implementation of Project activities, as well as the administrative and monitoring arrangements for ensuring the implementation of said plans, as said plans may be revised from time to time with the prior written agreement of the World Bank, and such term
includes any annexes or schedules to such plan, and collectively referred to as “Environmental Management Plans” or “EMPs”.

(h) “Indus Ecoregion” means the ecoregion in Sindh Province.

(i) “Operating Costs” means the reasonable costs of goods and non-consulting services required for the day-to-day coordination, administration and supervision of Project activities, including leasing and/or routine repair and maintenance of vehicles, equipment, facilities and office premises, fuel, office supplies, utilities, consumables, communication expenses (including postage, telephone and internet costs), transportation, translation, printing and photocopying expenses, bank charges, publications and advertising expenses, insurance, Project-related meeting expenses, Project-related travel, subsistence and lodging expenses, and salaries of selected local staff of the Recipient (other than consultants) for time spent on the Project not exceeding five per cent (5%) of the total amount of the Grant, but excluding salaries of other staff of the Recipient or civil servants of the Member Country, as may be approved by the World Bank.

(j) “Pilot Project Sites” means the four (4) priority sites of the Indus Ecoregion namely - Keenjhar Lake in Thatta District; Manchar Lake and surrounding communities in Jamshoro District; Chotiari Reservoir in Sanghar District; and Nara Canal and surrounding communities in Khairpur District, each individually referred to as “Pilot Project Site”.


(l) “Procurement Plan” means the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines.

(m) “Program Management Unit” means the unit to be maintained by the Recipient in accordance with the provisions of Section 2.03(a) of this Annex, for purposes of overall planning, management, implementation and coordination of the Project.

(n) “Project Operations Manual” means the Recipient’s manual, dated November 26, 2014, acceptable to the World Bank, setting forth implementation, organizational, administrative, monitoring and evaluation, financial management, disbursement, and procurement arrangements for purposes of implementation of the Project, and procedures for the identification and selection of Sub-Grant recipients in the Pilot Project Sites, and terms and conditions for approval and award of Sub-Grants, as said manual may be revised from time to time with the prior written agreement of the World Bank, and such term includes any annexes or schedules to such manual.


(p) “Sub-Grant” means each sub-grant made, or proposed to be made, by the Recipient, out of the proceeds of the Grant to a CBO for the purposes of carrying out Part B.2 of the
Project, in accordance with the relevant provisions of this Agreement and the Project Operations Manual, and collectively referred to as “Sub-Grants”.

(q) Sub-Grant Agreement” “means each sub-grant agreement to be entered into between the Recipient and CBOs for the carrying out of the activities under Part B.2 of the Project, and collectively referred to as Sub-Grant Agreements.

(r) “Training” means training conducted in the territory of the Member Country, including purchase and publication of materials, rental of facilities, course fees, and travel and subsistence of trainees.

**Article II**

**Project Execution**

2.01. **Project Objectives and Description.** The objective of the Project is to pilot alternative livelihood opportunities and improve the capacity of households of fisher communities in the Pilot Project Sites. The Project consists of the following parts.

**Part A: Improvement in Fishing Practices and Establishment of Fisher Groups**

1. Carrying out of training activities: (a) for targeted fishing communities, including freshwater fishers in the Pilot Project Sites to promote sustainable fishing and management practices; and (b) for trainers and master-trainers applying training-of-trainers approach, including refresher courses for master trainers.

2. Establishment of legally recognized fisher groups for freshwater bodies in each Pilot Project Site: (a) to promote rights-based and co-management approaches between the fisher groups and their respective fisheries departments, and minimize extra expenses, gather market information and adjust exploitation; and (b) to be linked to the Area Coordination Committees to ensure that the needs of the fisher groups are met in terms of facilities, including access roads, ice factories, or alternative practices such as drying, salting etc.; and that freshwater bodies are protected from pollution and over- or improper exploitation.

3. Establishment of chilling units, ice boxes and packaging units, which will be used to process selected high quality fish species for direct export, with the aim to generate more income for fisher communities and reduce over-fishing.

**Part B: Promotion of Alternative Livelihood for Women and Youth**

1. Carrying out of an assessment of communities to identify their skills, potentials and demands/needs in order to promote alternative livelihoods; and organizing communities into groups to participate in community-driven and revenue generating alternative livelihoods activities, including community managed bakeries, milk production, indigo production and local recycling handled mainly by marginalized groups who collect waste.

2. Provision of Sub-Grants to CBOs for the purposes of acquiring indigo production plots and raw materials for the benefit of the communities in the Pilot Project Sites.
3. Carrying out of capacity building activities for communities to start and sustain their alternative livelihood initiatives, and to strengthen their business operations, including training in packaging and marketing goods, book-keeping, paper recycling and indigo production.

Part C: Project Management and Administration, Monitoring and Evaluation, and Knowledge Dissemination

Provision of implementation support in the areas of Project management, monitoring and evaluation, knowledge dissemination, procurement, financial management, and environmental and social safeguards; facilitation of public awareness and communications; and provision of technical advisory services, operational support, and financing of Operating Costs.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project, in accordance with: (a) the provisions of Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. Institutional and Other Arrangements.

Institutional Arrangements

(a) Program Management Unit. The Recipient shall maintain throughout the implementation of the Project, a Program Management Unit under the direction of qualified management provided with sufficient resources, and staffed with competent personnel in adequate numbers including, among others, a Project director, an environmental specialist, a social specialist, and financial management, procurement, engineering, and administrative staff, in each case with qualifications, experience and under terms of reference acceptable to the World Bank. The Program Management Unit shall be responsible for overall planning, management, implementation and coordination of the Project.

Other Arrangements

(b) Project Operations Manual. The Recipient shall ensure that the Project is carried out in accordance with the Project Operations Manual (provided however that in the event of any inconsistency between the provisions of this Agreement and those of the Project Operations Manual, the provisions of this Agreement shall prevail) and, except as the World Bank shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the Project Operations Manual or any provision thereof.

(c) Sub-Grants. To facilitate the carrying out of Part B.2 of the Project, the Recipient shall make Sub-Grants available to eligible CBOs under Sub-Grant Agreements between the Recipient and each eligible CBO, under terms and conditions approved by the World Bank, which shall include the obligation of the Recipient to provide Sub-Grants to CBOs in accordance with the Project Operations Manual and the following additional terms:
1. The Recipient shall:

(a) make the Sub-Grants available to CBOs on a grant basis for the carrying out of Part B.2 of the Project; and

(b) monitor and evaluate the progress of the implementation of Part B.2 of the Project in accordance with the provisions of the Project Operations Manual, the Anti-Corruption Guidelines and the ESMF and EMP as applicable, for the purposes of financing the activities to be carried out using the Sub-Grants, and furnish to the World Bank copies of said fully executed Sub-Grant Agreements as and when the World Bank shall reasonably request.

2. Other terms of the Sub-Grant Agreement shall include the following:

(a) each CBO shall undertake to carry out the activities under Part B.2 of the Project, with due diligence, efficiency and in accordance with appropriate management, financial, engineering and public utility practices, and social and environmental standards acceptable to the World Bank, and shall provide, promptly as needed, the funds, facilities and other resources required for the purpose;

(b) each CBO shall undertake to implement the activities to be financed out of the proceeds of the Sub-Grant in a cost effective manner and within the budget set out in the Sub-Grant Agreement and in accordance with the procedures set out in the Project Operations Manual;

(c) each CBO shall submit regular progress reports and undertake to maintain records and accounts adequate to reflect sound accounting practices, its operations and financial condition;

(d) each CBO shall retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under the Sub-Grants; and

(e) each CBO shall enable the Recipient and the World Bank’s representatives to examine such records; and monitor and evaluate the progress of the activities under Part B.2 of the Project, in accordance with the provisions of the Project Operations Manual.

3. The Recipient shall have the right to suspend or terminate the right of any CBO to the use of the proceeds of the Sub-Grants made available under a Sub-Grant Agreement upon failure by any CBO to perform its obligations under such Sub-Grant Agreements.

4. The Recipient shall exercise its rights under the Sub-Grant Agreements in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Project. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Sub-Grant Agreements or the provisions of any of such Sub-Grant Agreements.
5. In the event of a conflict between the provisions of any of the Sub-Grant Agreements, and those of this Agreement, the latter shall prevail.

(d) Safeguards. Without limitation upon the provisions of Section 2.02 of this Annex and except as the World Bank and the Recipient shall otherwise agree, the Recipient shall carry out the Project in accordance with the ESMF and the EMP(s) (provided however that in the event of any inconsistency between the provisions of this Agreement and those of the ESMF or the EMP(s), the provisions of this Agreement shall prevail) and, except as the World Bank shall otherwise agree in writing, the Recipient shall not amend, abrogate or waive any provision of the ESMF and the EMP(s).

2.04. Donor Visibility and Visit. (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, take all measures required on its part to enable the representatives of the Donor to visit any part of the Member Country’s territory for purposes related to the Project.

2.05. Project Monitoring, Reporting and Evaluation. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators acceptable to the World Bank and set forth in the Project Operations Manual. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

2.06. Financial Management. (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.
2.07. **Procurement**

(a) **General.** All goods, works, non-consulting services and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the Procurement Guidelines, in the case of goods, works and non-consulting services;

(ii) Sections I and IV of the Consultant Guidelines, in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the Procurement Plan.

(b) **Definitions.** The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank 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.

(c) **Particular Methods of Procurement of Goods, Works and Non-consulting Services.**

(i) Except as otherwise provided in sub-paragraph (ii) below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of National Competitive Bidding.

(ii) The following methods, other than National Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (A) Shopping; (B) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the World Bank; (C) Direct Contracting; (D) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the World Bank; and (E) Community Participation procedures which have been found acceptable to the World Bank.

(d) **Particular Methods of Procurement of Consultants’ Services**

(i) Except as otherwise provided in sub-paragraph (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments 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) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the World Bank; (G) Selection of Individual Consultants; and (H) Single-source procedures for the Selection of Individual Consultants.
(e) **Review by the World Bank of Procurement Decisions.** The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

**Article III**  
**Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may 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 World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant 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 Grant Allocated (expressed in U.S. $)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods and non-consulting services</td>
<td>676,750</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultants’ Services</td>
<td>268,300</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Sub-Grants under Part B.2 of the Project</td>
<td>225,000</td>
<td>100% of Sub-Grants disbursed</td>
</tr>
<tr>
<td>(4) Training</td>
<td>1,396,625</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Operating Costs</td>
<td>283,325</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>2,850,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is August 31, 2019.
Article IV
Recipient’s Representative: Addresses

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Director General.

4.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

World Wide Fund for Nature - Pakistan
46/K Main PECHS Block 6
Karachi
Pakistan

Tel: +92 322 301 5407

4.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development
International Development Association

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

Facsimile:

1-202-477-6391