Program Agreement

(Strengthening Markets for Agriculture and Rural Transformation in Punjab Program)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

PROVINCE OF PUNJAB
PROGRAM AGREEMENT

AGREEMENT between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and the PROVINCE OF PUNJAB ("Program Implementing Entity") ("Program Agreement") in connection with the Loan Agreement ("Loan Agreement") of the Signature Date between the ISLAMIC REPUBLIC OF PAKISTAN ("Borrower") and the Bank. The Bank and the Program Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) apply to and form 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 Loan Agreement or the General Conditions.

ARTICLE II — PROGRAM

2.01. The Program Implementing Entity declares its commitment to the objectives of the Program. To this end, the Program Implementing Entity shall carry out the Program in accordance with the provisions of Article V of the General Conditions and the Schedule to this Agreement, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Program.

ARTICLE III — TERMINATION

3.01. For purposes of Section 9.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the Signature Date.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Program Implementing Entity's Representative is its Secretary of the Planning and Development Department.

4.02. For purposes of Section 10.01 of the General Conditions:
(a) the Bank's address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Bank's Electronic Address is:

Telex: Facsimile:

248423(MCI) or 1-202-477-6391
64145(MCI)

4.03. For purposes of Section 10.01 of the General Conditions:

(a) the Program Implementing Entity's address is:

Secretary
Planning and Development Department
Government of Punjab
Lahore
Pakistan; and

(b) the Program Implementing Entity's Electronic Address is:

Facsimile:

+92-42-99210182
AGREED, as of the latest of the two dates written below.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: PATCHAMUTHU ILLANGARATAN
Title: COUNTRY DIRECTOR
Date: February 2, 2018

PROVINCE OF PUNJAB

By

Authorized Representative

Name: IFTIKHAR ALI SAHOO
Title: Secretary PDSP Department
Date: February 9, 2018
Section I. Implementation Arrangements

A. Program Fiduciary, Environmental and Social Systems

Without limitation on the provisions of Article V of the General Conditions, the Program Implementing Entity shall carry out the Program in accordance with financial management, procurement and environmental and social management systems acceptable to the Bank which are designed to ensure that:

(a) the Loan proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and

(b) the actual and potential adverse environmental and social impacts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

B. Institutional Arrangements

The Program Implementing Entity shall vest the overall responsibility for coordinating the Participating Department’s implementation of Program’s activities in the P&DD. To this end, the Program Implementing Entity shall:

(a) maintain throughout the period of Program implementation, a Program steering committee (the “Steering Committee”) headed by the Chief Minister of Punjab, which committee shall include representatives from all Participating Departments, key provincial agencies and stakeholders as agreed with the Bank, in order to provided policy guidance and direction, establish Program priorities, facilitate interagency coordination, and oversee the progress of Program activities and the achievement of DLIs;

(b) establish by no later than one (1) month after the Effective Date, and thereafter maintain throughout the period of Program implementation, a Program coordination and monitoring unit within the P&DD (“PCMU”), which unit shall be: (i) headed by a Program Director, assisted by experienced and qualified staff, in adequate numbers, under terms of reference satisfactory to the Bank; and (ii) provided with powers, financial resources, function and competences acceptable to the Bank, as shall be required for it to carry out the overall coordination of the Participating Departments’ implementation of the Program, including developing standard templates and consolidating Program Reports, recruiting the
Independent Verification Agent and coordinating the verification of DLIs met, monitoring the Participating Departments' compliance with, and/or execution of, the Program Action Plan; and reporting, on quarterly basis, to the Steering Committee on the progress achieved in the implementation of Program;

(c) maintain within the DoAg, and PID throughout the period of Program implementation, and establish within the PFD and the DoL&DD by not later than one (1) month after the Effective Date, and thereafter maintain throughout the period of Program implementation, individual program delivery units ("PDUs") for each such Participating Department, which units shall be: (i) staffed with an experience and qualified workforce, including technical, procurement, financial management, communications, social and environmental, monitoring and evaluation, and internal audits specialists, all under terms of reference satisfactory to the Bank; and (ii) provided with powers, financial resources, function and competences acceptable to the Bank, as shall be required for them to carry out the Program activities under the purview of their respective Participating Departments, including their compliance with procurement, financial management, monitoring and evaluation, environmental and social management, and reporting requirements under this Agreement and/or the Program; and

(d) designate by not later than one (1) month after the Effective Date, and thereafter maintain within the FD and the ICID throughout the period of Program implementation, a respective focal person within each such Participating Department, which person shall: (i) have experience and qualifications satisfactory to the Bank, and operate under terms of reference acceptable to the Bank; and (ii) be provided with the powers financial resources, function and competences acceptable to the Bank, as shall be required for them to carry out the Program activities under the purview of their respective Participating Departments, including their compliance with procurement, financial management, monitoring and evaluation, environmental and social management, and reporting requirements under this Agreement and/or the Program.

C. Internal Audits

The Program Implementing Entity shall, though the PCMU hire, by not later than three (3) months after the Effective Date, and thereafter maintain throughout the period of implementation of the Program, a firm of chartered accountants, with experience and qualifications and under terms of reference acceptable to the Bank, in order to carry out the internal audit functions for each Participating Departments, in respect of the activities and resources administered under the Program.
D. Program Action Plan

The Program Implementing Entity shall:

(a) implement the Program Action Plan agreed with the Bank, in a manner and substance satisfactory to the Bank; and

(b) refrain from amending, revising, waiving, voiding, suspending or abrogating, any provision of the Program Action Plan, whether in whole or in part, without the prior written concurrence of the Bank.

In the event of any inconsistency between the provision of the Program Action Plan and those of this Agreement and/or the Loan Agreement, the provision of the latter agreement shall govern.

E. Verification Protocols

The Program Implementing Entity shall:

(a) for purpose of verifying the achievement of the DLRs, engage, not later than one (1) month after the Effective Date, an independent third party entity or entities (the "Independent Verification Agent"), with qualifications, experience and terms of reference satisfactory to the Bank, to undertake the verification process referred to in sub-paragraph (b) below;

(b) undertake, at least semi-annually, though the Independent Verification Agent, a verification process, in a manner and substance satisfactory to the Bank, and pursuant to the verification protocol agreed with the Bank, to ascertain the Program Implementing Entity’s achievement/fulfillment of Disbursement-Linked Results during the period under review; and

(c) furnish to the Bank corresponding verification reports in form and substance acceptable to the Bank, by not later than April 30th and October 31st of each year, with the first such report due on April 30th, 2018.

F. Communications Focal Point

The Program Implementing Entity shall appoint, by not later than one (1) month after the Effective Date, and thereafter maintain throughout the period of Program execution, at least one (1) focal person in each Participating Department, responsible for the carrying out of the above-referred communications strategy.
G. Anti-Corruption Guidelines

For purposes of Section 5.13 of the General Condition the Program Implementing Entity undertakes to cooperate with the Bank and discharge its responsibilities under the Anti-corruption Guidelines, pursuant to the Anti-corruption Protocol.

Section II. Excluded Activities

The Program Implementing Entity shall ensure that the Program shall exclude any activities which:

(a) in the opinion of the Bank, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or

(b) involve the procurement of: (1) works, estimated to cost fifty million Dollars (USD 50,000,000) equivalent or more per contract; (2) goods, estimated to cost thirty million Dollars (USD 30,000,000) equivalent or more per contract; (3) non-consulting services, estimated to cost thirty million Dollars (USD 30,000,000) equivalent or more per contract; or (4) consultants' services, estimated to cost fifteen million Dollars (USD 15,000,000) equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation

1. The Program Implementing Entity, through the PCMU, shall monitor and evaluate the progress of the Program and prepare Program Reports in accordance with the provisions of Section 5.08 (b) of the General Conditions. Each Program Report shall cover the period of one calendar quarter, and shall be furnished to the Borrower and the Bank not later than forty-five (45) days after the end of the period covered by such report.

2. Notwithstanding the provision of paragraph 1 above, the Program Implementing Entity shall:

(a) prepare and furnish to the Borrower and the Bank, by no later than August 31, 2020 or such other date as may be agreed with the Bank, a mid-term review report, in a manner and substance satisfactory to the Bank, integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (1) above on the progress achieved in the carrying out of the Program and the Program Action Plan during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Program and the Program Action Plan, and the achievement of the objectives of the Program, during the period following such date; and
review with the Bank and the Borrower the mid-term review report referred in sub-paragraph (a) above, and, thereafter, take all measures required to ensure the efficient completion of the Program and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Bank's views on the matter.

3. The Program Implementing Entity shall: (a) prepare the completion report referred to in Section 5.08 (c) of the General Conditions; (b) furnish it to the Borrower and the Bank not later than six (6) months after the Closing Date; and (c) provide all such additional information as the Borrower or the Bank shall reasonably request for the purposes of that Section.